Designing a performance management system for a Vietnamese printing company

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This Bachelor’s thesis presents the performance management system designed by the author for a Vietnamese printing company. The primary objective of the system was to control and to improve the performance of the employees within the organization.

This study is a project-based thesis. The contents include the introduction to the thesis, detailed information of the commissioning company, theories on performance management and the final product. There are two major theory parts. The first one explains precisely what performance management is and what it comprises of. The second part presents the models in developing a performance management system.

Both qualitative and quantitative methods were used during the project. Constant interviews and discussions were carried out with the board of directors and employees to gain a deep understanding of the company’s human resources system. The author worked at the company for two months and questions were always responded to quickly. A quantitative employee survey was conducted to determine the preferences of employees concerning the final product. 38 employees holding different positions in the company were surveyed.

The performance management system contains different processes and instructions for implementing each process. Additionally, a time frame of the system was provided to give a clear picture of how the processes proceed throughout the year.

The project was well received by the commissioning company and could be seen as a success to both parties. The author was able to gain practical experiences and deep knowledge in performance management and human resources in a growing company. The company received a tool to improve its employees’ performance.

**Keywords**
Performance management, performance appraisal, performance management process
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1 Introduction

Human Resources Management (HRM) is one of the most important functions in all companies as it involves working with people – the most valuable capital of every company. Other departments within an organization rely on human resources (HR) activities such as recruitment, reward management, performance management, exit management or career orientation.

Performance management, in theory, helps the organization achieve strategic objectives by maintaining and developing employees’ performance. Nevertheless, in practice, there have been difficulties for firms to measure the performance of their people due to the non-measurable factors and the sensitivity of this topic. Performance management offers the powerful tool in developing measurable and non-measurable performance of the employees within the organization.

Being specialized in Human Resources Management, the author had the chance to encounter many interesting topics during lectures and practical assignments. However, the one that brought the greatest interest to him is performance management.

The commissioning company is a small size printing company in Vietnam. The company’s director wanted to improve their workforce efficiency and decided to let the author work on their personnel administration and design a performance management system for their own use in the future. The final product is a performance management system which is used in order to track and improve the performance of individuals in the company. The company is referred in this thesis as “the printing company” or “the company” since they wanted to keep their name confidential.

1.1 Background

Performance management system is one key area in the whole human resources of each company. It helps organizations achieve their goals by tracking and improving performance. In addition, it supports other HR functions such as compensation and reward, strategic HR and learning and development.
As the human resources management system was not very established at the printing company, the author’s offer to improve it by designing the performance management system was accepted by the director. The system will be later implemented by the company’s management.

1.2 Project objective and project tasks

This chapter presents the project objective and the tasks that the author had carried out during the project. The project objective is designing a performance management system for the printing company. The performance management system will be used primarily to track and improve performance of the individuals in the company. Furthermore, it should also be used as a strategic key in human resources and business development of the firm. The project was accomplished at the beginning of March 2015. The six project tasks are:

1. Designing a theoretical framework:
Theories were collected from books and articles from credible human resources practitioners. After that, the theories are used to get a big picture of the performance management process. After that, the author designed a theoretical framework to demonstrate the components and general processes of a performance management system.

2. Working at the company to get familiar with the working environment and get employees’ information
The author worked at the company for two months to find out the nature of the working environment of the printing company. During the working time, information on employees and human resources were collected. The information was given out formally in documents and informally during discussions with the board of directors.

3. Discussing with the director on how the system should be designed
After having the necessary information and the theoretical framework. The author at that time had enough knowledge of performance management to discuss with the directors. During the interviews and discussions with the directors, different types of performance management systems were suggested to the printing company. The direc-
tors provided his preference and information so that the author could design a suitable system for the company.

4. Conducting an employee survey to figure out the preferences of employees on the performance management system
An employee survey was conducted to find out the employees’ preferences on the performance management system. The questionnaires were delivered by the author himself to the respondents. The author explained the questions and the system to the employees to make sure they can give good answers to the survey.

5. Designing the system by using the theories and collected data
With the theoretical framework and the data from the printing company, the author proceeded to design the system based on the results of interviews and survey. During the design phase, the author had frequent discussions with the director to make sure that the system is what he wanted. The author suggested the preliminary system based on the theories and data. However, adjustments were also made to fit the director’s selection.

6. Evaluating of the project
With the products in hand, the author evaluated the success of the project in the last chapter of this thesis. The evaluation includes feedback from the company and reflects the author’s learning experience while writing the thesis.

1.3 Demarcation

The final product’s purpose is to keep track and improve the overall performance of employees of the printing company. The integration of performance management system and other core functions of business was not included in the project. The thesis did not cover the usage of technology in developing the performance management system. Last, compensation and reward issues related to performance were not included in this thesis due to the limited responsibility of the author and the accessibility to compensation and reward package of the printing company.
1.4 International aspect

As a Vietnamese student studying in a Finnish university, the international aspects lie within applying the theories into a Vietnamese company. The author had the chance to interact with different working environment and learnt the differences between two contrasting working cultures. Additionally, the thesis covered the cultural problems of applying Western’s HR theories into a developing country.

1.5 Benefits for stakeholders

For the **author**, he had the opportunity to deepen his knowledge inside the area of performance management. In addition, he had the chance to understand human resources management operations in a small Vietnamese company. Writing the thesis required the skills to connect the theories and practices as well as to develop reasoning abilities during the progress.

For the **printing company’s director**, he had the tool needed in managing the performance of the employees. As the performance management system is strongly related to learning and development or strategic business development, he might find it vital in connecting different HR functions. With the system, the directors should be able to identify the development needs of the employees in order to provide them enough resources for personal growth.

For the **employees**, the performance management system was created in order to enhance their performance. Furthermore, it helped them achieve their personal goals as well as their competency development. As no one paid attention to this before, this was also a chance for them to raise their voices about concerns of the work they were doing every day.

1.6 Key concepts

There are many definitions of **performance management** in the world of human resources. Armstrong and Baron (2004, in Foot & Hook 2011, 249) defined performance management as “a process which contributes to the effective
management of individuals and teams in order to achieve high levels of organizational performance”. It is stated by Foot & Hook (2011, 249) that the final goal of performance management is to motivate the people in the company to achieve the objectives of the organization.

The connection between performance management and organizational objectives is emphasized by all human resources books. The company strategic objectives define how the employees should perform to meet their personal objectives and to achieve the organizational objectives.

Performance appraisal is a yearly or a biannual meeting between the manager and the employee to evaluate the performance of the individual. At this meeting, they will discuss about the objectives, the performance as well as the plans for future development. (Naisby 2002, 6.)

Personal development reviews are one-to-one reviews which provide the possibility for managers and employees to manage the performance regularly. The results from these reviews are used to support the process of the appraisal interview. The frequency of this review should be at least quarterly, ideally monthly. It also varies depending on the circumstances. (Naisby 2002, 18.)

Measuring performance is another important concept. According to Armstrong & Baron (2000, 270), measurement is the core of performance management as it helps generate feedback and identify the good and bad things within the organization. The questions in this area are “what to measure” and “how to measure it”. Armstrong & Baron (2000, 271) stated that the measurement relies on the customers and stakeholders. The latter question is described by Armstrong and Baron (2000) in their books with different ways of measuring ranging from financial to non-financial.

1.7 Risks and risk management

One of the biggest risks is that the director, vice-director and line managers were not familiar with the term performance management which made it hard for the data
collection process. It was essential to make sure that the managers understood what it was and could tell the author how they wanted the system to be. The risk was mitigated by clarification by the author during constant discussions with the managers.

Another risk was the honesty of the employees when being interviewed. The normal employees might not want to tell the truth when encountering questions about their performance. The risk was eliminated by using quantitative survey instead of qualitative interview. The survey provided the possibility to be anonymous when responding to the questions concerning their preferences.
2 Case company

The commissioning company is a small printing company in Vietnam. The company granted permission to the author to gain personnel information for the purpose of developing the performance management system. The author worked at the company once in July 2014 and once in January 2015. During the time, the author learnt the HR operations at the company and gained the necessary information for his project. In addition, his research methods including interviews and surveys were conducted during these times. Because the information in this chapter was gathered during conversations between the authors and the directors of the printing company, no in-text preference is included.

2.1 Introduction to the company

The printing company is located in Ho Chi Minh City, Vietnam. The products provided by the company are brochures, catalogues, flyers, product packages and other printing services. The company was established in 2008. During the difficult phase 2008 – 2012, the company struggled finding business customers and generating profits. Nevertheless, in the last two years, the company has been able to gain a great number of big business clients which ensure them sustainable partnership. The company currently has three foreign partners situated in the Netherlands, Switzerland and Austria. There are one office and one printing workshop located close to each other in Ho Chi Minh City, Vietnam.

With current revenue growth which is up to 40 percent annually from 2012, the company has been thinking of opening one more printing workshop to fulfil the production needs in the future. Currently, the company is working with around 30-35 customers with one-third of them being long-term partners. The company’s revenue in 2013 was 62 billion Vietnam Dong (approximately 2.26 million Euro).

The company’s current strategy is to ensure the satisfaction of their long-term business partners as they are the main sources of revenue. In addition, there has been a slight
discussion on finding further foreign partnership. However, it is currently not a priority of the company due to the growing number of domestic customers.

2.2 HRM at the printing company

At the moment, the company has employed 42 people with potential 10-15 temporary employees more depending on the seasonal needs. There are fifteen people working in the office: one vice-director, six graphic designers, five accountants and three salespeople. In the workshop, there are three lines manager who lead the rest of employees (24 workers). In addition, there are three foreign employees who work as part-time salespeople for the company in the Netherlands, Switzerland and Austria.

Until now, the HR processes have been carried out by the director and the vice-director with the help of the chief-accountant. The principle of HRM of the company is simply filling the gaps at the moment. This includes recruiting new persons for the necessary positions, providing learning opportunities if necessary and organizing parties. Even though HRM has not been seen as a prime concern for the director, he did emphasize on increasing the welfare of the current workforce.

Figure 1 illustrates the board of directors of the printing company. There is one chief accountant who leads the accounting team, one chief designer who leads the graphic designer team, one chief salesperson and three workshop managers. These people report their work to the vice-director and the vice-director reports important work to the director. The director together and the vice-director are in charge of the HR system of the company. Should there be problems related to HR, the chiefs have to discuss with at least one of the directors.
Figure 1. Board of directors of the printing company
3 Performance management

Performance management has been developed throughout the history of HRM from the performance appraisal systems which focus on the past performance. Nowadays, the process is more future oriented towards the organizational strategy. It is applicable to every employee within the company and is controlled by line-managers. (Torrington, Hall, Taylor & Atkinson 2009, 100.)

Performance management is one of the most essential processes in the human resources management of each organization. The process integrates different human resources aspects such as organizational development, human resource development and reward system. (Armstrong & Baron 2000, 8.)

The goals of performance management are motivating employees in the company and linking the individual objectives with the strategic objectives. There are various ways of implementing a performance management process but the organization always aims at the above mentioned final goals. (Foot & Hook 2011, 249.)

The aspects needed in developing the process for a company are: vision and mission, objectives and performance standards, competency analysis, performance appraisal, personal development review, 360-degree feedback and cultural aspects.

3.1 Definition of performance management

Performance management, as defined by Armstrong & Baron (2000, 7) is “a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors”. Many people think that performance management should be carried out by the human resource department of the organization. However, Foot & Hook (2011, 250) define it as a “shared process between managers, individuals and teams”. The term should not be thought of as a tool for monitoring and disciplining employees. It should be viewed as a tool for the organization to achieve the
strategic objectives by motivating and engaging the employees. (Foot & Hook 2011, 256)

One factor that plays an essential role in performance management is how engaged the employees feel to the process. It is a must for people in the company to be motivated by different aspects of the process. The aspects, usually, are the incentives for them to take part such as bonus, pay and development opportunities. (Foot & Hook 2011, 253.) For example, employees are likely to engage in performance management if it either affects their pay or provides them training opportunities as a result.

The tools and techniques for the process vary depending on the scale: individual, team and organization. The performance management implementation process by Foot & Hook (2011, 253) is described as applicable for any level (Figure 2). The process starts with the evaluation of the current performance before deciding the required levels in the future and the measures to be used. The techniques used in the first two phases could be performance appraisal (chapter 3.4) and personal development review (chapter 3.5). After comparing the present performance and the desired performance, it comes to planning how to get to the goals. The organization finalizes the process by implementing their plan before reviewing it for improvement in the last phase. (Foot & Hook 2011, 253.)
3.2 Vision, mission and value statement

Torrington et al (2009, 102) stressed that the preliminary step before managing performance of individuals is identifying the required performance of the whole organization. Most organizations do this based on their vision, mission and value statement. It acts as a compass showing them which way to go and they decide how far they want to go.
The vision is what the organization aims for and “gives a clear sense of direction”. The mission sets out the future goals in the business and how the organization achieves them. The value statements show the beliefs of the organization and act as bible for employees’ actions. (Naisby 2002, 8.)

If employees do not understand the vision, mission and value statement from the top down, the appraisal system is likely to fail. The statements help set objectives of individuals, teams, organizations and link them together. They also represent the culture and value of the company which eventually affect the choice of the performance management scheme. (Naisby 2002, 11.)

Aguinis (2009, 31) specifies the two prerequisites for any performance management system. The first one is the knowledge of the organization’s mission and strategic goals. The second one is the knowledge of the job in question. Organizations use competency analysis to ensure that employees have the knowledge of their jobs in question.

3.3 Competency analysis

Competencies are the knowledge, skills and abilities (KSAs) required from employees to fulfil the jobs. They also set out the standards for measuring the performance of the jobs. By identifying the necessary competencies of each employee, it ensures the objectivity and consistency of the PM process. (Naisby 2002, 2). Aguinis (2009, 35) said that job description should always have KSAs as they are measurement criteria for performance.

Knowledge refers to having the information needed to carry out the work. Skills are the required attributes of the jobs that one possesses by having done it before. (Aguinis 2009, 32.) Ability could also be referred as behavioral competencies or the behaviors that are expected from an employee to carry out the work (Armstrong 2012, 90).

The process of identifying necessary competencies can be done through job analysis. Job analysis is “determining the key components of particular jobs, including activities,
tasks, products, services and processes”. There are different ways of conducting a job analysis: observation and data collection from the persons who are doing job and interview. Managers should choose the suitable methods based on the nature of the job to bring out the best analysis. (Aguinis 2009, 35.)

3.4 Performance appraisals

Performance appraisal is an indispensable step in performance management. Foot & Hook (2011, 257) defines it simply as a process of giving feedback on employee performance.

Performance appraisal involves annual or biannual meetings to review the past performance. The meeting is supported by regular personal development reviews during the year. The goal of performance appraisal is to discuss the past performance, to draft the future goals and to plan for necessary actions. (Naisby 2002, 6.)

The benefits of performance appraisal (Naisby 2002, 6) are:

- Showing the commitment of senior and managers to employees
- Increasing morale and enhancing communication
- Encouraging feedback giving between managers and individuals
- Linking organization objectives with individual objectives.

To conduct the performance appraisal, company is required to choose a suitable appraisal scheme; to set the objectives, standards and targets for the jobs and to hold the appraisal meeting with employees.

3.4.1 Type of appraisal scheme

There are various types of schemes that could be used in organizations. Naisby (2002, 26) provide the following schemes for managers to choose from:
- Traditional appraisal: In this scheme, the manager simply rate the performance of their staff. The discussion, however, can range from “two-way discussion” to authoritarian “tell session” depending on the culture of the country and the company.
- Competency-based appraisal: Performance is evaluated on the predetermined competency needed for the jobs.
- Performance-related pay scheme: This method link the employees’ performance to their pay by giving out incentives or bonuses.
- 360-degree appraisal: Managers are appraised by different people inside and outside the company.

The structure of the scheme is based on two factors: frequency and paperwork/documents. Managers should think of these matters when implementing the scheme. The managers need to have enough meetings with the employees during the year to give them constructive feedback for the purpose of continuously developing performance. In addition, guidance should be provided to employees about the procedures and paperwork. (Naisby 2002, 29.)

In order to select the most appropriate scheme for the organization, the management has to identify the type of the company. There are two types of organization: traditional command and control type and customer-focused support and empower type. While traditional command and control type runs on a traditional and authoritarian control lines, the customer-focused support and empower seeks to improve processes and empower employees in order to serve external customers better. (Naisby 2002, 30.)

3.4.2 Objectives, standards and targets

A successful performance appraisal relies on the ability of organization to measure and develop their employee’s performance by setting objectives, standards and identifying the targets. Objectives, standards and targets should meet the SMART principles: specific, measurable, achievable/agreed, recognizable/relevant and time-bound. (Naisby 2002, 60.)
Objectives should be directional and state the purpose of the job role. Key results areas should also be identified with the objectives. They are the tasks that the person is expected to do as his/her job. Performance standards are tailored specifically to each job and must be similar for every job holder of that position. On the other hand, targets are individually oriented. Targets need to be realistic, but challenging enough to motivate the employees. (Naisby 2002, 61.)

Naisby (2002, 60) listed the following measurable ways for objectives, standards and targets: numerically, by deadline, procedurally, financially, by feedback and recognizable.

### 3.4.3 The appraisal interview/meeting

Naisby (2002, 53) specified the three elements of an appraisal interview:

- Past performance review: evaluating the performance of the interviewee in the past to gain the performance results, the interviewee’s skills, attributes and competencies
- Future preview: planning the necessary actions to enhance upcoming performance by identifying objectives, standards and targets.
- Action planning: identifying the actions that are needed to be done to achieve the future performance.

The appraisal form is a document that keeps records of the appraisal meeting and should be filled by both the interviewer and interviewee beforehand. The interviewer should notify the employees in advance of the meeting and give them enough time to be prepared. In addition, other factors that influence the ease of the interviewee should be taken care of: the room, the desk, distractions (telephone) and external environment. Should there have been appraisal in the past; a record of the appraisal should be reviewed. The job description of the employee is needed to identify their competencies and necessary development for the job. (Foot & Hook 2011, 277.)
It is recommended that the interviewer should show the results to the appraisee. Should the employee recognize any differences from his performance, he/she can give arguments and evidence to justify it. The results of the appraisal interview should be confidential and should be kept safe from other people. (Foot & Hook 2011, 277.)

3.5 Personal development review

Personal development reviews are regular reviews in which managers give constructive feedback to employees to develop their ongoing performance. The interview should be considered as a learning event for the individual. There are three phases of this kind of interview: prior to reviews, during the review and after the review. (Armstrong & Baron 2000, 228.) Foot & Hook (2011, 255) says that those reviews are intended to motivate performance on a regular basis but they could also be used to identify the bad results at the early stage.

As the reviews happen frequently during the year, it gives the employees timely feedback to adjust their performance and aim for new objectives if the old ones are met. The frequency of the review depends on the needs of the company but it should not be less than four times a year (Naisby 2002, 18).

Prior to reviews: Similar to the appraisal meeting, this review requires inputs in preparation from both the manager and the employee. Both of them prepare all points in the review-form so as to stay focused during the meeting.

During the reviews: Naisby (2002, 20) defined the steps in this type of review:

- The manager asks questions from the employee to review their past performance by following the headlines of the review form.
- The manager shares the results with the employee and checks the facts and assumptions together. Clarifications from employees are encouraged in this step if there is discrepancy in the manager’s evaluation.
- The manager and the employee finally come up to an “agreed review”. If there is disagreement between the two of them, notes should be taken.
- The “agreed review” copies are kept by both parties. The employee can use it for reference and the manager needs it for later use in the appraisal meeting.

Naisby (2002, 21) stresses that all objectives, targets and standards should always be updated after each review.

**After the reviews:** the employee carries out the job as planned in the interview and the manager keeps track of the performance.

### 3.6 360-degree feedback

Ward (1997, in Armstrong & Baron 2000, 313) defined 360-degree feedback as “the systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance”.

An individual receives feedback from different sources of stakeholders. The 360-degree feedback model from Armstrong & Baron (2000, 313) shows different types of stakeholders that generate feedback to individuals (Figure 3).

![Figure 3. 360-degree feedback model (Armstrong & Baron 2000, 313)](image)
According to the above figure, an individual receives feedback from internal and external stakeholders. The internal stakeholders are their colleagues, their managers and the ones that they report to (direct reports). The external stakeholders are their customers, clients or suppliers. (Armstrong & Baron 2000, 312.)

There are various purposes of this method: personal development plan, performance appraisal and pay system. The generated feedback is used to develop a plan for the evaluated person to develop his/her performance. In this type of purpose, the feedback is used for future potentials. On the other hand, it could also be in performance appraisal by focusing on current performance. In some cases, HR managers decide to use the results in for pay decisions. (Armstrong & Baron 2000, 316)

3.7 Cultural aspects

There are specific things that need to be taken care of when implementing a human resources management practice into Asian countries. The cultural aspects are seen as the biggest problem for practitioners. Weber (1958, in Mendonca & Kanungo 1996, 66) stated that developing countries have unique built-in features that are “not only not conducive to economic and human resource development, but are actually opposed to such development”. Mendonca & Kanungo (1996, 67) suggested that human resource management practices need to be modified to adapt the cultural values and beliefs of the targeting countries.

In order to understand the cultural differences between developed and developing countries, Hofstede (1980, in Mendonca & Kanungo 1996, 68) pointed that organizations need to understand the following four cultural dimensions: power distance, uncertainty avoidance, individualism and masculinity.

3.7.1 Power distance

Power distance is the “the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally” (Hofstede 1980, in Mendonca &
Kanungo 1996, 68). Vietnam has a relatively high score in power distance and people tend to accept the hierarchy in the system (The Hofstede centre 2015).

In high power distance country, managers have the power in their hand and are expected to make decisions on their own. Asking or rationalizing his/her decisions may be seen as a sign of weakness to their subordinates. In performance management, managers need to act as a coach in the performance review and appraisal interview. However, this is not compatible to the nature of managers and employees in high power distance country.

3.7.2 Uncertainty avoidance

Uncertainty avoidance is “the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity”. Vietnam has a quite low score on uncertainty avoidance which means that people have a more relaxed attitude towards uncertainty and ambiguity in the future. (The Hofstede centre 2015)

Vietnam, unlike many Asian countries, has a low score in uncertainty avoidance. Therefore, the Vietnamese people tend to take more risks and are more comfortable with the future uncertainty. This allows managers to implement the performance management system easier, especially in setting challenging and difficult goals.

3.7.3 Individualism

Individualism is “the degree to which an individual “takes care of only themselves and their immediate families”. Vietnam has relatively low individualism and is a collectivistic society. (The Hofstede centre 2015)

To individuals in collectivistic society, work “is not so much of an act of self-fulfilment or self-expression, but is primarily a means to maintain family, to provide for the well-being of aged parents, spouse and children” (Mendonca & Kanungo 1996, 69). As a result, performance management is not very effective as the focus of employees is not in the job objectives.
3.7.4 Masculinity

Masculinity “represents a preference in society for achievement, heroism, assertiveness and material rewards for success”. Vietnam is seen to have a feminine society. In a feminine society, people see success as quality of life and caring for others. (The Hofstede centre 2015)

In working context, low masculinity means that employees orientate themselves towards people or relationship instead of performance. In performance management, feedback could be misinterpreted as an attack. In addition, it is difficult for managers to evaluate employees as people may believe that loyalty should count more than job performance. (Mendonca & Kanungo 1996, 69)

3.7.5 Possible organizational interventions in cultural problems

The previous four subchapters explained the four dimensions and the problems they bring to performance management. This subchapter presents the solution in implementing the performance management system in Vietnam or similar countries that have the same cultural patterns.

Vietnam has a low uncertainty avoidance pattern which is similar to many western countries. Thus setting challenging goal is not totally out of the comfort zone of employees. However, the country has contrast cultural norms in the other three dimensions.

To solve the effects of low masculinity, job objectives could be set to meet the needs of the internal and external users. In addition, managers should make employees aware of how their performance contribute to the whole departmental or organizational goals. The job would then serve the purpose of developing relationship. (Mendonca & Kanungo 1996, 70.)
To tackle the low individualism, managers should enhance and reinforce employee’s self-efficacy by organizing constructive and encouraging dialogue. In addition, the organization needs to make sure that the employees have all the support needed in attaining to their goals. (Mendonca & Kanungo 1996, 70.)

Last but not least, to reduce the gap of power distance, managers should function as coach and mentor instead of supervisor. Consequently, a supportive and personalized relationship is established between the managers and the subordinates. Such relationships enhance the employees to see feedback as opportunities and perceive the performance review session more positively. (Mendonca & Kanungo 1996, 70.)
4 Models of developing performance management system

This chapter presents two models needed in the process of developing performance management system for the printing company. The models are the performance management process by Aguinis (2009) and the performance management process for individual employees by Foot & Hook (2011).

The performance management process by Aguinis (2009) is used as the main tool in developing the performance management system for the printing company as it not only reflects simply the necessary processes to include but also actions in each steps. The performance management process for individual employee by Foot & Hook (2011) is redesigned in this chapter as a time frame for individual employee within the system.

4.1 The performance management processes

Performance management system comprises of different processes and each of them needs to be appropriately implemented. A poorly executed process may lead to a sub-standard system. The performance management processes in figure 4 below shows the key components and the relation between them. (Aguinis 2009, 32.)
4.1.1 Prerequisites

Before implementing the performance management system, Aguinis (2009, 30) stated the two prerequisites that company needs to make sure that their employees have:

- Knowledge of the organization’s mission and strategic goals
- Knowledge of the job in question

The system will fail if the prerequisites are not communicated by the organization. Companies need to ensure that both the employees and managers know and understand the vision, mission and value statement. In addition, each employee needs to be aware of their job and responsibility. As mentioned in chapter 3.3, a job analysis needs to be done to evaluate the KSAs of the job. After that, it should be put in the job description and the employee must learn it. As soon as the prerequisites are conveyed to the employees, company can move forward to performance planning.
4.1.2 Performance planning

This phase is the beginning of the performance management cycle. The employee and the manager first begin with discussion about results, behaviours and a developmental plan. (Aguinis 2009, 38.)

**Results** are what the employee must do as his/her job or the outcome that he/she must bring to the organization. The job description provides such information for the employee and the manager. During the discussion, employee may set his/her objectives for the work and agree the performance standards with the manager. The performance standards are acceptable level of performance that a person at least needs to reach. (Aguinis 2009, 38.)

For some jobs such as sales job, employees are not able to control the results all the time. In this case, employers need to consider the behaviours of the employees when evaluating the results. **Behaviours** are the competencies needed in performing the jobs. (Aguinis 2009, 39.)

After discussion about the results and behaviours of the job, employee and manager should agree on a **developmental plan**. The developmental plan includes the areas that the employee needs to improve upon and the goal that he/she sets for each specific area. (Aguinis 2009, 39.)

4.1.3 Performance execution

Even though employee is the main actor in this process, supports from the manager are required. Aguinis (2009, 40) stated what employees need to do during this process:

- Commitment to goal achievement: Employees should commit their best to achieve their personal and organizational goals.
- Ongoing performance feedback and coaching: The employees must be proactive in achieving feedback from the manager and ask for coaching if needed to realize the mistakes at an early stage.
- Communication with supervisor
- Collecting and sharing performance data:
- Preparing for performance reviews: employees should constantly review themselves on a regular basis to understand more about their performance and better prepare for the review. It could be enhanced by actively gathering information from colleagues and external customers.

Aguinis (2009, 40) also listed the responsibilities of the supervisor in the process:

- Observation and documentation: supervisor needs to do this on a daily basis to keep track of all the positive and negative performance.
- Updates: manager needs to communicate with employees about any change within the organization
- Feedback should be given to employees on a regular basis
- Resources: supervisor needs to make sure that employees have all the resources to fulfil their job duties and developmental activities
- Reinforcement: It is necessary to encourage and reinforce employees to let them know that supervisors are aware of the good performance and progress. Feedback on negative performance should be provided early so the problem can be remedied at an early stage.

4.1.4 Performance assessment

Performance assessment is the process when the employee evaluates themselves during their work. Manager is expected to pay attention to employees to notice any good and bad sides of their performance. Written records are encouraged in order to have valid information and evidence for the personal development review.

It is crucial for the employee to actively engage in the process as it will help him/her identify the difference between his/her evaluation and the manager’s evaluation on performance. In addition, self-appraisal increases the satisfaction on the process and consequently enhances the acceptance of the system. (Aguinis 2009, 42.)
4.1.5 Performance review

This stage is mentioned earlier in chapter 3.5 as personal development review. The review is done in a discussion between the employee and the manager. Even though some managers are not comfortable providing feedback, especially negative ones; it could be resolved by providing enough training. Besides talking about the past on what was done and how it was done, the manager should pay attention to renewing the developmental plans of the employee.

4.1.6 Performance renewal and recontracting

This process is seen as performance appraisal in chapter 3.4. Different from the previous process, using the results from the personal development reviews, employees and managers set the new goals and objectives for the next period. Unrealistic goals are eliminated and standards are negotiated. In addition, change in market or customer’s preference may happen and organizations should be fast to react and adjust their prerequisites accordingly.

4.2 Performance management process for individual employee
The previous chapter describes the general processes of a performance management system. This chapter further discusses the performance management process of an individual employee. The model of performance management process for individual employee (Figure 5) is developed from the original model of Foot & Hook (2011, 255). The redesigned model removes some unnecessary repetition and unimportant process to the commissioning company.

Figure 5. Performance management process for individual employee
The process starts even before the employee is recruited to the company. It begins with using the organization’s strategic objectives to define the desired targets that the organization expects a person to fit in. To be more specific, the targets reflect the skills, knowledge and competencies required from an employee. After that, the targets are transferred to the job description and are used in the recruitment and selection process. The induction phase is when the company communicates their vision, mission, strategic objectives and desired targets for performance. In addition, an early personal development review will be conducted at this stage to identify the gap between the company’s requirements and the employee’s competencies. If needed, a learning and talent development process should be organized to fill the gap. During the year, regular personal development review and learning and talent development sessions are held to monitor performance and determine development needs. The frequency of these phases is dependent on the organization’s decisions. The objective is not only to motivate employees achieve better performance but also to identify poor performance at a primal stage.

The performance appraisal interview is organized once or twice a year to sum up the results from the regular personal development reviews. Thereafter rewards are considered by managers based on the performance evaluation. During the appraisal interview, new targets for performance are set and the process repeats again from the first personal development review in the upcoming year. However, if the individual is assigned new tasks or transferred to a new position, he/she should be seen as a new employee. As a result, the process will go back to the initial targets and repeats itself from there.
5 Project design and methods

The project objective is to design a performance management process which benefits both the organization and the employees. The required data for designing such systems are: vision, mission and value statement of the company, job descriptions of the jobs, what to measure in the performance, employee’s opinions and the managers’ preferences on the system.

The author first collected the data on human resources management at the company by requesting for paper documents. As the vision, missions, value statement as well as the job descriptions were not available at the company; the author together discussed with the director and formulated them together with the director by analysing the business strategy and goals in the next five years. Discussions with the managers resulted in the information of their preferences of the system. Additionally, the employee survey aims to collect their opinions on what they think about the systems and how they want their performance to be measured.

5.1 Searching for secondary data

The data that existed already that we need for a project is called secondary data. A researcher should always examine what secondary data he/she can get before getting the primary data. There are two types of secondary data: internal data and external data. Internal data “are produced by organization in its day-to-day operation”. External data are information that does not come from different sources outside an organization. (Proctor 2005, 70.)

The external data of this project came from literature sources of credible human resources books and articles. The internal data was provided by the printing company. The director provided the author with information of their personnel such as the board of directors (Figure 1), number of employees, positions of the employees, job descriptions, working hours, welfare and training and development. Overall information of the company was also given by the director: financial information, number of clients and their recent business strategy.
5.2 Interviews observation and discussion

After having the preliminary information, the author designed the theoretical framework to gain the knowledge in performance management. The theories cover two models of designing performance management system for a company in different levels from overall organization to specific individual.

As there are different models for performance management system and each process in the models has different ways of implementing it. More information was needed from the director about his decisions. The system was tailored to best fit the director’s opinion and the company’s interest.

Qualitative research provides the “ability to study phenomena which are simply unavailable elsewhere”. Qualitative research seeks to answer the question “how” and “why” of such behaviours or theories instead of “when”, “what” and “where” questions of quantitative research. (Silverman 2011, 16.)

There are three types of interviews: structured, semi-structured and unstructured. Semi-structured interview, which is the most common type in qualitative research, is the mixture of both previous types. It includes some basic questions and requires a flexible reactions from the researchers during the interviewing process to get provoke more information from the interviewees. Kvale & Brinkmann (2009, in Qu & Dumay 2011, 246) described it as the best way of gathering information based on effectiveness and convenience as it is “flexible, accessible and intelligible”. (Qu & Dumay 2011, 246.)

However, there is drawbacks in the interview method: the ability to remember the occurrence by the interviewees. The person might not recall exactly what happened in the past or why he/she did such actions. Observation method can help overcome the mentioned problems. Observation, as described by Proctor, is the “personal or mechanical monitoring of selected activities”. (Proctor 2005, 249.)
During the time working at the company, the author had the chance to conduct qualitative research on the employees when they performed their job by observation. Moreover, semi-structured interviews and conversations with the employees were made to better understand the nature of their jobs. During the conversations, the author explained to the interviewees about performance management and probed answers about their opinions. Such information cannot be obtained through quantitative research.

5.3 Survey on employees

The author also needed data on the opinions of the accountants, the graphic designers, salespeople and workshop employees on the system. As the qualitative interview about performance might result in dishonesty during the process, a quantitative survey was chosen to make employees feel more confident giving out opinions.

Questionnaire (or survey), according to Proctor (2005, 139) offer the following advantages:
- Low cost
- No interviewer bias
- Large amount of responses in short time

Self-administered survey is a type of survey that grants the respondent the control on answering the question. The person can decide to answer certain questions or not. The respondents usually fill in the questionnaire copy. This type of survey usually gains high responses rate and the respondents are not influenced by the interviewers. (Burns & Bush 2014, 193.)

The survey is needed as the employees are the beneficiaries in the system. Without the cooperation from the workers, the appraisal interviews and the personal development reviews cannot bring out the desired results. The system will not work as it is intended. Therefore, it is essential to make the people feel engaged and to hear their voices. There have not been any precedents on surveying the company’s employees so it might be difficult as the employees did not know how to do it. The questionnaires were
handed out by the author to the employees in January 2015. The author made sure that the employees understand the questions to avoid getting bad data.

Even though the main question of the survey was “What are your preferences on the performance management system?”, there were additional questions required by the director. The survey can be found as attachment 1 (English version) and attachment 2 (Vietnamese version). The overlay matrix below (Figure 6) presents the investigative questions for the survey as well as the link between them and each question.

Figure 6. Overlay matrix of employee survey

5.4 Conceptual image of the methods

Figure 7 illustrates the process of the methods used for this project. The goal of the project was the performance management system for the printing company. In order to complete the project, the author carried out both qualitative methods and quantitative methods to ensure the quality of the product. The qualitative methods include the interviews and discussions with chief accountant, chief designer, chief salesperson, the workshop manager and the director. The quantitative methods comprise of conducting employee survey at the last phase. After the interview and the survey, the author final-
ized the data and analysed it. Eventually, the system is designed from the results and the theories.

Figure 7. Conceptual image of the methods
5.5 Reliability and validity of the methods

The results of the project was heavily influenced by the preferences of the people at the printing company. They were the respondents in the interviews, discussions and survey.

External secondary data was collected from credible sources of literature review. Internal data was provided in documents by the printing company. This ensures the accuracy and authenticity of the project’s secondary data.

Most of the interviews are recorded and transcribed. Discussions were harder to record as it occurred during the author’s working time. However, important notes were taken down by the author during these sessions.

Observations sessions were carefully executed according to the suggestion of Spradley (1979, in Silverman 2011):
- Making short notes
- Expanding the notes after the field sessions
- Having a journal to record ideas and problems during field work

In addition, the author made sure that he understood the employees’ jobs by asking necessary questions during observation sessions.

The quantitative survey reflected accurately the thoughts of the employees on the matters because the employees felt comfortable expressing their ideas anonymously. In addition, the author also ran a test on five employees before handing out the survey to all of them. With the good results after the test, the author made small changes and conducted the survey.

To sum up, the methods were carried out with high transparency and cautiousness to ensure the high-quality data. The main purpose of the project is to design the optimal system for the printing company. Considering the fact that the system was presented to the company before being finalized, it reflected exactly what the employees and the director would have wanted.
The result of the project, can be used, in designing another performance management system for another company similar in size in Vietnam. Nevertheless, the preferences of the respondents may be different. Such problem could be solved by conducting the same survey to the employees and collecting necessary data from the target company.
6 Performance management system at the printing company

This chapter represents the performance management system as well as the guidelines for the responsible people in each process to fulfil their duties. After constant discussions with the company’s management, the system is designed based on the director’s preferences. The first subchapter presents the results from the employee survey to explain reasons behind the decisions in choosing the elements for the system.

Generally, there are two parties in every process: the manager and the employee. Each of them has to do their work in order to have a successful system. In the printing company, there are two persons that take the responsibilities of the managers: the first one is the vice-director and the second one is the workshop manager (one of the three workshop managers). The vice-director is the manager of the 14 office staff and the workshop manager is responsible for the 24 workshop workers.

As mentioned in chapter 4, the system depends mostly on the performance management processes by Aguinis (2009, 32). The system comprises of 6 processes: prerequisites, performance planning, performance execution, performance assessment, personal development review and performance renewal and recontracting (performance appraisal). The system is a cycle and it repeats itself every one year.

6.1 Results from employee survey

The employee survey was conducted in order to find out the opinions and the preferences of employees on implementing the performance management system. In addition, the survey determined how well some available performance management processes are perceived by the employees. 38 responses were collected from 3 salespeople, 6 graphic designers, 5 accountants and 24 workshop workers. An analysis was performed and the results are shown below. Even though the gender, age and working periods of the employees were asked, the analysis showed no correlation between these variables and other relevant performance management factors. Therefore, the mentioned variables are left out of the result section.
Figure 8 revealed that only 5.26% of surveyed employees feel that performance management is not important. The rest of the employees agreed on the importance of performance management to their jobs. However, as the employees have not experienced performance management before, this figure could be misleading. It is recommended to ask the same question in the following years to see how employees actually think after being through the real process.

Figure 8. Reflection on the question “Performance management is important to me”

Figure 9 showed how satisfied the respondents are with the performance recognition at the company. With 10.53% disagree and 39.47% somewhat disagree, the graph showed some disappointment in recognition at the company.
2.63% strongly disagree, 15.79% somewhat disagree and 28.95% disagree that the company provides enough training and development opportunities. A little bit more than half are satisfied with the training opportunities at the company. (Figure 10.)
The pie chart (Figure 11) presents how employees feel towards discussing difference in performance management with managers. Almost 60% of employees do not feel comfortable discussing the difference with their managers with 2.63% strongly disagree, 10.53% disagree and 47.37% disagree.

Figure 11. Reflection on question “I feel comfortable discussing with my manager if there is difference in my performance evaluation”

From the numbers of figure 12, more than 70% of the employees would like to discuss their target performance with their managers with 34.21% agree, 34.21% somewhat agree and 10.53% strongly agree. All the people on the disagree side are workshop workers.
The question “If you have to evaluate your manager, what type of method would you prefer?” was asked for implementing 360-degree feedback. Most employees do not want a personal dialogue with managers to give feedback to them. The most preferred method is anonymously (with 34/38 responses), followed by team feedback (with 16/38 responses).
The most preferred options on frequency of performance review is biannually (65.79%) and the second most preferred is annually with 15.79%. (Figure 14)

![Bar chart showing preferences on frequency of personal development review]

Figure 14. Preferences on frequency of personal development review

Figure 15 presented employee’s preferences on who should evaluate their performance. The dominant answers are managers and colleagues with 28 and 25 over 38 responses. The least favoured evaluator is yourself with only 13 over 38.

![Bar chart showing preferences on evaluator]

Figure 15. Preferences on evaluator
Table 1 provides more detailed numbers from the answers of different job positions.

Table 1. Detailed answers from question “Who should evaluate your performance” from different positions

<table>
<thead>
<tr>
<th></th>
<th>Workshop workers</th>
<th>Accountant</th>
<th>Designer</th>
<th>Salesperson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yourself</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Colleague</td>
<td>22</td>
<td>2</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Manager</td>
<td>14</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

6.2 Prerequisites

There are two prerequisites in the performance management system: knowledge of the organization’s mission, strategic goals and knowledge of the job itself.

6.2.1 Communicating the organization’s mission & strategic goals to employees

As the company does not really have the vision, mission and strategic objectives before. A mission and strategic objectives were formulated during the discussion with the director and the vice-director. Because of the instability of the market and the competition from other companies, the company was not able to set the vision for the upcoming years. The director wanted to do what they do best and would continue doing so.

The mission of the company is: “To produce high-quality products with a competitive price”. The competitive advantage of the company is its high quality printing product and services at a competitive price due to the investment in technology and techniques. The director wants the company to keep it up to maintain the current growth. In order to do that, he sets the strategic goals that the company wants to achieve in the next five years:

- 100% customer satisfaction
- 50% growth every year
- 50% long-term partner
Excellent employee welfare

The company takes pride on its customer satisfaction. They have always tried to satisfy their customer. “Customers should receive the products with a smile on his/her face” – the director. The company believes customer satisfaction is the key to other strategic goals. As a printing company, the customer satisfaction lies within three factors: high quality products, good design and on-time delivery. The mission and strategic goals are presented as a document in attachment 3.

In order to communicate the mission statement, a company meeting shall be scheduled to convey the message to the employees. In addition, constant reminders from the managers to teams are necessary. For the last strategic goal, the director advised the employees to take part and give suggestions to him. He wanted that the employees are happy with the company and enjoy the benefits from producing the best products for the customers. It is suggested this point be communicated clearly to the employees as it states the core value of the organization. The strategic goals could be used as a compass in setting individual goals. Whenever employees set their own goals within the organization, they should make sure that their goals can and will lead to the company’s strategic goals.

6.2.2 Competency analysis and setting job description

Another prerequisite for the process is that the employee must have the knowledge of the work he/she is doing. Analyses were carried out by reviewing the old descriptions as well as discussing with line managers and current employees in each position. This subchapter presents the job descriptions for the four positions: accountant, graphic designer, salesperson and workshop worker. Even though the job name is the same to every employee, each of them has different responsibilities. The descriptions list all the responsibilities in each job within the printing company and the directors must discuss with the staff / workers about their personalized job description. The descriptions are listed as attachment 4 (Accountant job description), attachment 5 (Graphic Designer job description), attachment 6 (Salesperson job description) and attachment 7 (Workshop Worker job description).
With the attached job descriptions, managers should show it to the employees and discuss personally about their job at the company. During the discussion, the two parties should examine, analyse and agree on the KSAs needed for the job.

6.3 Performance planning

The performance planning is carried out after having the prerequisites communicated to the employees. Using the available information, the manager and the employee agree on the potential results, behaviours (competencies) and a developmental plan. This subchapter presents the content of performance planning and how it should be carried out.

Together with the employee, the manager agreed on the potential results and behaviours that the employee should have. This is done by going through the job description together. After that, the two parties set up a developmental plan which reflects the future actions that the employees must do.

6.3.1 Results

Results are simply the key accountabilities of every employee. Results comprise of performance objectives and performance standards for the job of employees. To distinguish the difference, performance objectives are the goals that employees expect to get to. Performance standards, on the other hand, are the minimum accomplishments that an employee must do for his job. The fundamentals for results are the job description. To facilitate, results should be measured in the four elements: quality, quantity, cost or time.

6.3.2 Behaviours

The measurable results, however, do not reflect the whole image of an employee performance. For many jobs, the objectives and standards are not very measurable. Behaviours reflect how an employee does the job. Take an example of the salesperson within the company, sometimes he/she cannot find enough potential customers as
expected but that does not mean he/she does the job badly. A salesperson’s competencies can be measured in different ways such as the knowledge of the company’s products or his/her communication skills.

6.3.3 Developmental plan

Developmental plan includes the actions needed for the employee to improve his/her performance and the methods. The template for personal development plan can be seen as attachment 8.

The employees first fill in the table themselves before handing it to the managers. The managers later evaluate if the developmental needs fit with the strategic goals of the company. Later on, the company is responsible for providing the resources and support needed for the employees to obtain their professional needs.

6.4 Performance execution

This is the phase where employees produce their results. Employees need to actively work and produce their results during this time. However, managers are also required to support employees in fulfilling their duties. Table 2 shows the primary responsibilities of both the employee and the manager. Detailed explanations could be found in chapter 4.2.3.

Table 2. Employees’ and Manager’s responsibilities in performance execution

<table>
<thead>
<tr>
<th>Employees</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to goal achievement</td>
<td>Observation and documentation</td>
</tr>
<tr>
<td>Ongoing performance feedback and coaching</td>
<td>Updates</td>
</tr>
<tr>
<td>Communication with supervisor</td>
<td>Feedback</td>
</tr>
<tr>
<td>Collecting and sharing performance data</td>
<td>Resources</td>
</tr>
<tr>
<td>Preparing for performance reviews</td>
<td>Reinforcement</td>
</tr>
</tbody>
</table>
6.5 Performance assessment

In this process, the manager and the employee both fill out their performance review form or appraisal form depending on the current review period. As the employees at the printing company prefer having performance review biannually, **performance review will occur twice a year** and **performance appraisal is held annually in this system.**

Involving the employees in the process will enhance their self-efficacy in the long run. As many employees of the printing company do not feel comfortable discussing the differences with their supervisors, the managers should encourage the employees to be more open and talk about it. The high power distance may hinder the openness of the conversation and managers are expected to establish a supportive relationship with employees. The performance and development review form and performance appraisal forms are presented in the next two subchapters.

6.6 Performance review (Personal development review)

Performance review is the session where manager and employees discuss about their current performance and development plan until the next review. According to the employee survey on performance management, approximately 66% of employees prefer having the performance review twice a year in addition to the appraisal interview (Figure 14). Workshop workers, however, are not required to the performance reviews due to the nature of the work. It is repetitive and there is not much room for improvement after a short period. The performance reviews are only applied to office staff: accountants, graphic designers and salespeople.

The length of the interview varies from twenty to sixty minutes, depending on the position of the employee or content of their reviews. During the interview, managers should always aim for open questions to open dialogue and share ideas. A detailed instruction and procedures can be found in chapter 3.5.
Both employees and managers are required to prepare by filling in the performance review form before coming to the interview. As mentioned in the performance execution, employees should keep track of their daily performance and managers should keep track of their observations so that they have valid records and evidence to fill in the performance review form. The personal development review form can be found as attachment 9.

Review of performance since last meeting includes the important information from the last performance review. This space is left blank for the first time. It should include at least the agreed actions to work on and areas for improvements from last review.

Results reflect on what the employees have been successful to achieve during the review period. Using the job description and the information from performance planning phase, the manager and employee evaluate what have been done and what not.

After evaluating the achievements of the employees, the manager and the reviewee should further discuss the areas for improvements. These are simply what the employees could have done better in his work.

The feedback is an additional piece of facts that allow the managers or employees have a better understanding of the person’s performance. Feedback could be gathered from different sources: supervisor, colleagues and customers. This small piece of information could be used as evidence for clarifying discrepancies.

The last part is the agreed actions or areas to work on by both employees. At this point, both parties should have an idea about the employee’s weaknesses. Action plan is needed to verify accountability before the next review period. Manager is expected to have supportive actions to help employees achieve their objectives and targets. These actions could be: further training on the job or providing development opportunities.
6.7 Performance renewal and recontracting (Performance appraisal)

Performance renewal and recontracting (or performance appraisal) concludes the old performance management processes of the current period and commence the new cycle for upcoming year. Performance appraisal could be seen as a big performance review for the whole year. The interview is supported by the results of regular performance reviews during the year.

As mentioned in chapter 3.4.1, there are two types of company: “command and control” type and “customer-focused support and empower” type. Even though the current printing company is more similar to a command and control type, the director wants the company to be a customer-focused support and empower organization. As a result, between different types of appraisal scheme mentioned in 3.4.1, the competency-based appraisal was chosen as the scheme fits better for such type of organization. This type of appraisal is based on the predetermined competencies needed for the job and ensures unbiased evaluation in the appraisal interview.

Before the appraisal interview, managers should notice the employees beforehand about the time and place of the interview. In addition, the appraisal interview form must be given to the employees to fill in before coming to the meeting. The appraisal interview form for the printing company is presented as attachment 10.

The appraisal form starts with the objectives and standards which are extracted from the job description. After that, the parties compare the expected accomplishment and actual accomplishment. The comparison is supported by the results from the two previous performance reviews during the year. Similar to the performance review, there are the areas for development and the new targets as well as the agreed action plans. However, the difference between the appraisal form and the performance review is the time. While the performance review prepares the reviewee for the next review period, the appraisal prepares the person for the upcoming years. We can say that appraisal interview is more long-term oriented. Performance reviews are utilized as a helping tool for controlling performance, identifying mistakes and planning actions at an early stage to achieve the ultimate objectives from the appraisal interview.
6.8 Timeframe of the performance management system

Figure 16 describes the chronological order of the performance management processes. For the printing company, it now starts with the induction and targets for performance (or prerequisites and performance planning). As agreed with the director, during the year, two personal development reviews and one appraisal interview are conducted. It is recommended that the company has each interview every four months to allow enough time for employees to perform their work and managers to carry out the evaluation.

With almost half of the employees not happy with the training and development opportunities (Figure 10), the reviews are used to find out the development needs of employees. After each personal development review, the organization should provide the employees with the necessary resources for them to fulfil the target performance as well as their personal growth goal. This process is called learning and talent development and is implemented after every successful personal development review.

The performance appraisal is seen as the reset point for the next year. The objectives of frequent personal development reviews are to monitor performance and to identify poor performance at an early stage. The rewards are optional in the process and are decided by the director at the end of year. As personal rewards can create competition within teams, the company should have group or organizational rewards.
Figure 16. Timeframe of the performance management system at the printing company

6.9 Additional useful information when implementing the system

With the system presented in the above subchapters, there are still certain additional information that managers need to be aware of when implementing the system in the printing company.
6.9.1 Tackling the cultural problems

To prevent the Vietnamese’s culture from hindering the implementation process. There are three things that managers need to do:

- Setting objectives to meet the needs of internal and external users: the employee’s objectives should be linked to contributing to team’s or organizational objectives or enhancing customer’s experiences.
- Enhancing and reinforcing employee’s self-efficacy by organizing constructive and encouraging dialogue.
- Functioning as coach and mentor instead of supervisor to create a supportive and personalized relationship with subordinates.

6.9.2 Setting the right performance targets

The performance targets can be very tricky for both employees and managers to have it right. The key, however, is simple: the job description. All the results, behaviours and development plan can and should always be based on the job descriptions. Furthermore, targets must always fulfil the SMART principles: specific, measurable, achievable/agreed, recognizable/relevant, time-bound. A target is not good enough until it is SMART.

6.9.3 360-degree feedback. Is it viable?

360-degree feedback is a very interesting concept that has gained notable successes in Western organizations. However, for the printing company, it would not be a good idea at the moment due to the high power distance of the country’s culture. Employees do not feel comfortable giving feedback to their managers. The implementation of 360-degree feedback could be reconsidered in the company in the next 2-3 years when employees are more open to give their feedback to supervisors and managers should take the responsibilities in enhancing employee’s self-efficacy. According to the employee survey, two possible ways for employees to give feedback to the managers are via team feedback and via anonymous feedback.
7 Discussion

The primary objective of the thesis was to design a performance management system for the printing company which can be used to track and improve overall performance of the employees. Additionally, the product is used to communicate the company’s strategic goals to their employees. Using the information provided by the author, the company should be able to implement the system to the company themselves. The final product was presented and accepted by the printing company. This chapter presents the company feedback on the product and the author’s personal project evaluation.

7.1 Company’s feedback on the product

The company is now planning on the suitable time to implement the system. They felt the designed product was a bit overwhelming as they did not expect much packed HR information at the beginning. However, the board of directors were satisfied with the designed system stating it was clear and specific. As the author has already communicated with most of the employees what performance management is, it is now easier for them to do the next step.

The project was done through constant communication between the author and the commissioning company. Both parties involved in discussions throughout the designing phases of the system and every question from the author was answered quickly by the company. As a result, the product was almost similar to what the company expected it to be. There were some adjustments made at the end to fit the company’s choice.

The product, however, was meant for the employees. At this point (March 2015), the employees cannot evaluate exactly how good the system will be. There were different opinions from company’s people about the future performance management system. The office staff are more welcoming to the system than the workshop workers.
7.2 Project evaluation

The thesis project for the printing company in Vietnam was a good learning opportunity for the author in human resources, performance management, corporate strategy and business environment in a fast growing company. The company was very supportive in the process and made the communication very effective.

Performance management is a very interesting topics with various opinions on different sources. Reading through the theories was confusing at the beginning but the author got a deeper understanding of the topic as he read further from various HR experts. There is not a worldwide acceptance on the definition of performance management but there are just different ways of improving the employee’s performance. Each of them has their own advantages and disadvantages. The hardest part was analysing the commissioning company as well as choosing the suitable theories to apply.

The working time at the company was an amazing chance to learn about the business strategy and human resources. Having talked to the employees to discuss and listen to their thoughts on the company, the author have been amazed by different ideas employees could give out. The culture factors are rooted in each person and changing that is not possible. The employees were scared when hearing about evaluating their supervisor. Reading cases on solving the cultural problems have helped the author gained knowledge in harmonizing Western HR and Asian cultures.

The product designing process gave the author deeper understanding on the development of the printing company. Stories about the HR and growth strategy were discussed by the managers. The people at the company were very supportive during the process. Most of them were open to questions and answered thoroughly. Having talked to the employees about different problems, the author was able to provide extra information on employee’s to the management board of the company.

Having worked in a Finnish company before, the author was able to see the differences in working style between two cultures. The Vietnamese working style, is more hard-working and dedicating, yet less efficient. They could have a two-hour lunch break to
eat and nap and stayed at the company in total 14 hours to finish the work. In the author’s opinion, the labour law in Vietnam is undeveloped compared to the Finnish one. Overtime hours are paid normally and temporary workers receive no benefits from the company.

It was very surprising to find out that Human Resources Management is very underdeveloped in Vietnam. There is hardly any HR book similar to what is available in the English speaking community. The author has put efforts browsing through bookstores and Vietnamese universities’ libraries but he could not find a good book about HR in Vietnamese. This makes translation quite hard as the author struggled translating the HR jargons and terms into Vietnamese for the company to understand. The author went on the research about the HRM curriculum in different universities in Vietnam and found out that not a single one in the top 20 Vietnamese universities offer HRM major for business student. It is recommended that business universities in Vietnam should take HRM more seriously and start offering them in the curriculum.

To sum up, the project has been a great success for both parties. The company now had the necessary tool to leverage employee’s performance to an efficient level and the employees would be happy to have their goals supported. Strategic goals will be now connected with employees’ goals to create mutual objectives. On the other hand, the author has not learnt what he wanted to from the beginning, but also other practical and surprising facts during the working time for the company.
References


Attachments

Attachment 1. Employee survey (English)

Employee opinion on performance management

1. Gender
   - Male
   - Female

2. Age
   [ ] years old

3. What is your job position?
   - Workshop worker
   - Accountant
   - Designer
   - Salesman

4. How long have you worked at the company?
   [ ] Months

5. Choose a circle in each row that explains your opinion

- Performance management is important to me
- I am satisfied with current performance recognition at the company
- I receive enough training and development opportunities
- I feel comfortable discussing with my manager if there is differences in my performance evaluation
- I would like to have career development discussion with my manager
6. If you have to evaluate your manager, what type of method would you prefer?

☐ Anonymously (Feedback mailbox)
☐ Personal Dialogue
☐ Team feedback (your team gather feedback and one represents)
☐ Other option: ____________________________

7. During a year, you will have different performance review interviews with your manager to discuss about your current performance and development plan. How often would you like to have it in a year?

☐ Annually
☐ Biannually
☐ Quarterly
☐ Once every two months
☐ Monthly

8. In your opinion, who should evaluate your performance?

☐ Yourself
☐ Colleague
☐ Manager

9. In your opinion, what criteria should your manager base on to evaluate your performance?
Attachment 2. Employee survey (Vietnamese)

Tham khảo ý kiến về quản lý chất lượng công việc

1. Giới tính
   - Nam
   - Nữ

2. Tuổi
   [ ] tuổi

3. Vị trí công việc hiện tại của anh/chi là gì?
   - Nhân viên công xưởng
   - Kế toán
   - Thiết kế
   - Nhân viên bán hàng

4. Anh/chi đã làm việc ở công ty được bao lâu?
   [ ] tháng

5. Chọn ô tròn thể hiện đúng nhất quan điểm cá nhân của anh/chi

<table>
<thead>
<tr>
<th>Quan lý chất lượng công việc quan trọng đối với tôi</th>
<th>Hoàn toàn đồng ý</th>
<th>Không đồng ý</th>
<th>Có phần đồng ý</th>
<th>Động</th>
<th>Hoàn toàn động ý</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tôi cảm thấy hài lòng với quan lý chất lượng công việc hiện tại ở công ty</td>
<td>[ ]</td>
<td>[ ]</td>
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<td>[ ]</td>
</tr>
<tr>
<td>Quá trình đào tạo nhân viên ở công ty rất tốt</td>
<td>[ ]</td>
<td>[ ]</td>
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<td></td>
<td>[ ]</td>
</tr>
<tr>
<td>Tôi cảm thấy thời gian để thảo luận với cấp trên nếu có sự khác biệt trong đánh giá về chất lượng công việc</td>
<td>[ ]</td>
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<td>[ ]</td>
</tr>
<tr>
<td>Tôi muốn thảo luận về sự nghiệp tương lai với cấp trên</td>
<td>[ ]</td>
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<td>[ ]</td>
<td></td>
<td>[ ]</td>
</tr>
</tbody>
</table>
Tôi muốn thảo luận về mục tiêu của chất lượng công việc của tôi với quản lý
Tôi biết chính xác công ty muốn gì ở công việc của tôi

6. Nếu anh/ chị phải đánh giá c impass trên của mình, hình thức nào sau đây anh/ chị nghĩ là phù hợp?
- Án danh (Hợp thư)
- Đổi thaoi riêng tư
- Đưa ý kiến phản hối theo nhóm
- Ý kiến khác: ____________________

7. Trong một năm, anh/ chị sẽ có nhiều lần kiểm điểm về chất lượng công việc với quản lý để bàn về chất lượng công việc hiện tại và kế hoạch phát triển khả năng. Anh/ chị muốn các lần kiểm điểm này diễn ra bao nhiêu lần trong một năm?
- 1 lần/ năm
- 2 lần/ năm
- 4 lần/ năm
- 6 lần/ năm
- 12 lần/ năm (mỗi tháng)

8. Theo ý kiến của anh/ chị, ai là người thích hợp để đánh giá chất lượng công việc của anh/ chị?
- Tôi
- Đồng nghiệp
- Quản lý

9. Theo ý kiến của anh/ chị, quản lý nên dựa trên những tiêu chuẩn nào để đánh giá chất lượng công việc?
Company’s mission:

“To produce high-quality products with a competitive price”

Strategic goals:

- 100% customer satisfaction
  - High quality products
  - Good design
  - On-time delivery
- 50% growth every year
- 50% long-term partner
- Excellent employee welfare
## JOB DESCRIPTION

**Job title:** Accountant

### Key responsibilities

1. Verify the accuracy of invoices before sending to the clients
2. Process invoices
3. Support budget and forecasting activities
4. Help new and existing staff in their daily activities
5. Maintain and update account journals or other business financial transactions
6. Submit financial data to company system
7. Investigate data and resolve discrepancies
8. Perform journal entries for account payable and account receivable areas
9. Handle the payroll for all the employees
10. Job costing
11. Monthly financial reports to the vice-director
12. Other office duties if needed

### Qualifications

1. Excellent computer skills (especially Excel)
2. Good knowledge in accounting and bookkeeping
3. Detail-oriented
4. Good communication skills

**Supervisor:**
## JOB DESCRIPTION

<table>
<thead>
<tr>
<th>Job title: <strong>Graphic Designer</strong></th>
</tr>
</thead>
</table>

### Key responsibilities

1. Meet clients and salespeople to discuss the requirements of their business
2. Interpret the business needs and developing briefs
3. Calculate the required time and cost and report to the vice-director / director / sales-man
4. Produce new ideas and concepts
5. Present ideas or briefs to clients
6. Work in team with other graphic designers
7. Transfer the design to workshop managers for production
8. Design new and creative prototype

### Qualifications

1. Degree in graphic design or similar
2. Analytical skills
3. Creativity
4. Time-management skills
5. Communication skills
6. Proficiency in graphic programs (at least Photoshop and CAD)

### Supervisor:
## JOB DESCRIPTION

**Job title:** Salesperson

<table>
<thead>
<tr>
<th>Key responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Study the products/services to gain a deep understanding of the company</td>
</tr>
<tr>
<td>2. Attend networking events to find new partners</td>
</tr>
<tr>
<td>3. Report daily and weekly activities as well as results to the director or vice-director</td>
</tr>
<tr>
<td>4. Help customers choose the suitable products for their needs</td>
</tr>
<tr>
<td>5. Hold meeting with potential customers</td>
</tr>
<tr>
<td>6. Update customer profiles</td>
</tr>
<tr>
<td>7. Study the industry and identify potential clients</td>
</tr>
<tr>
<td>8. Gather information on competitors</td>
</tr>
<tr>
<td>9. Evaluate the current products and recommend changes if needed to better suit the needs of customers</td>
</tr>
<tr>
<td>10. Communicate with customers and solve problems if needed</td>
</tr>
<tr>
<td>11. Cooperate with graphic designers</td>
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</table>

<table>
<thead>
<tr>
<th>Qualifications</th>
</tr>
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<tbody>
<tr>
<td>1. At least 2-5 year experience</td>
</tr>
<tr>
<td>2. Knowledge of basics in sales job</td>
</tr>
<tr>
<td>3. Communication and negotiation skills</td>
</tr>
<tr>
<td>4. Adaptability</td>
</tr>
<tr>
<td>5. Presentation skills</td>
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</table>

**Supervisor:**
## JOB DESCRIPTION

<table>
<thead>
<tr>
<th>Job title: <strong>Workshop worker</strong></th>
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<tbody>
<tr>
<td><strong>Key responsibilities</strong></td>
</tr>
<tr>
<td>1. Working in different processes of production: inking system, dampening system, plate cylinder, offset cylinder, etc.</td>
</tr>
<tr>
<td>2. Cooperating with other workers in the process</td>
</tr>
<tr>
<td>3. Operating with printing machines</td>
</tr>
<tr>
<td>4. Cutting papers</td>
</tr>
<tr>
<td>5. Following the manager's order</td>
</tr>
<tr>
<td><strong>Qualifications</strong></td>
</tr>
<tr>
<td>1. Cooperative</td>
</tr>
<tr>
<td>2. Attentive to details</td>
</tr>
<tr>
<td>3. Responsible and team-player</td>
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**Supervisor:**
Company Name

PERSONAL DEVELOPMENTAL PLAN

<table>
<thead>
<tr>
<th>Name:</th>
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<tr>
<td>Position:</td>
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</table>

Please list professional development activities to be completed and resources needed to support these activities

<table>
<thead>
<tr>
<th>Professional Development Needs</th>
<th>Resources/ Support Needed</th>
<th>Time Frame</th>
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<tbody>
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67
**PERSONAL DEVELOPMENT REVIEW FORM**

<table>
<thead>
<tr>
<th>Name</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td></td>
</tr>
</tbody>
</table>

Review of performance since last meeting:

Achievements – in objectives, standards and targets

Areas for improvement

Feedback – from colleagues, customers

Agreed actions / areas to work on by Reviewee:

Manager:

Signature:  Reviewee  Manager
**APPRAISAL INTERVIEW FORM**

**Appraisal interview form (Aguinis 2009, 122)**

<table>
<thead>
<tr>
<th>Name – Position:</th>
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<tbody>
<tr>
<td>Manager:</td>
</tr>
<tr>
<td>Date of Appraisal Meeting:</td>
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<table>
<thead>
<tr>
<th>Objectives &amp; Standards / Job description</th>
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<table>
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<tr>
<th>Expected accomplishment &amp; actual accomplishment</th>
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<table>
<thead>
<tr>
<th>Areas of development for upcoming year</th>
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<table>
<thead>
<tr>
<th>Targets for upcoming year</th>
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</table>

Please choose the level of performance that describe best the employee’s performance

<table>
<thead>
<tr>
<th>Results</th>
<th>Very bad</th>
<th>Bad</th>
<th>Satisfactory</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.g Processing invoices</td>
<td></td>
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<td></td>
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<table>
<thead>
<tr>
<th>Behaviours (Competencies)</th>
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</table>

<table>
<thead>
<tr>
<th>Very bad</th>
<th>Bad</th>
<th>Satisfactory</th>
<th>Good</th>
<th>Excellent</th>
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<tr>
<td>E.g Teamwork</td>
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"Company Name"
Appraisal interview form (cont.)

<table>
<thead>
<tr>
<th>Agreed action plans:</th>
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<table>
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<tr>
<th>Signature</th>
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<table>
<thead>
<tr>
<th>Manager</th>
<th>Employee</th>
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