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PERFORMANCE MANAGEMENT IN BUSINESSES

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ABSTRACT

Performance Management, The Path to Motivation;

We live in a rapidly changing and evolving world. The continuous advancement of technology, increasing global competition, and accelerated cultural and social changes compel businesses to effectively leverage their most valuable resource, human capital. With this awareness, new strategies and systems have begun to be developed in the field of Human Resource Management (HRM).

Businesses are now investing in innovative and dynamic HRM practices, transcending beyond old methods and static systems. By doing so, they effectively motivate their employees and enable them to fully unleash their potentials.

Utilizing the benefits of technology, modern HRM systems and tools are employed. These systems facilitate critical processes such as recruitment, training, performance evaluation, and talent management to be conducted more swiftly, fairly, and objectively.

While implemented with various methods by different firms, the fundamental objective of the Performance Management System remains the same: to enhance communication between managers and employees and improve management processes, thereby creating a highly motivated work environment.

The foundation of this system lies in planning, managing, guiding, and fairly evaluating performance. When properly implemented, a performance appraisal system enhances employee motivation, contributing to the success of the organization.

Performance management is critically important for the success of businesses in today's complex and competitive business world. It constitutes a set of tools and methods used to measure, improve, and contribute to the achievement of organizational goals by assessing employee performance.

The benefits of performance management include enhancing employee performance and motivation, supporting talent management, and fostering a fairer work environment.

Performance management is a critical process that contributes to a range of contributions from individuals to organizations in today's business world. It plays a significant role in individual development, effective communication, increased motivation, and achieving strategic objectives. By effectively implementing performance management, businesses can gain sustainable competitive advantages. Therefore, for organizations striving to keep pace with the dynamics of the business world, performance management is an indispensable tool.

In conclusion, for businesses to thrive and succeed in today's competitive environment, they need to perceive HRM as a strategic partner and closely monitor developments in this field. With modern HRM practices, businesses can efficiently utilize human resources to significantly enhance their performance and productivity.

Performance appraisal is one of the most crucial functions of human resources. This concept, which holds great importance for both companies and employees, forms the basis of the Performance Management System.

This study aims to evaluate the concept of performance appraisal theoretically and emphasize the importance of the subject in this context.

INTRODUCTION

In today's competitive business environment, the success of enterprises largely depends on the performance of their employees. Therefore, it is crucial for enterprises to have an effective performance management system that helps maximize the potential of their employees.

The business world operates in a rapidly changing and highly competitive environment. In this dynamic context, gaining a strategic advantage and maintaining sustainable performance are of critical importance for enterprises to succeed. In this regard, human resources, which are the most important asset of enterprises, should be effectively managed through performance management processes.

Performance management aims to plan, evaluate, and develop the process of individuals, teams, and organizations reaching their goals. This process not only measures current performance but also plays a critical role in providing the necessary skills and motivation to achieve future goals. However, effectively implementing the performance management process entails various challenges and complexities.

Performance management is of critical importance for the success of enterprises. An effective performance management system contributes to the achievement of the organization's goals by helping employees maximize their potential.

The productivity of employees and its impact on costs require a different perspective in this new era. The fact that capital and technology are no longer the only factors affecting productivity may have been one of the most serious mistakes of companies that have perhaps disappeared into natural changes. The necessity for companies to be present in the international arena requires them to work with people from different cultures, understandings, and structures. Management methods spreading all over the world, continuous improvement,

just-in-time production, customer/employee satisfaction are examples of how human input stands out. This thesis also addresses performance evaluation methods, one of the most important pillars of human resources management.

This thesis will examine the importance of performance management in enterprises and explore different performance management systems. This thesis work is designed to understand and enhance the effectiveness of performance management processes in enterprises. Analyzing the factors influencing the success of the performance management process and proposing strategies for enterprises to make this process more effective constitute the main focus of this study. The aim of the thesis is to guide enterprises in selecting and implementing a performance management system tailored to their needs.

Within the scope of the thesis, challenges encountered in the performance management process will be examined in detail, emphasis will be placed on effective implementation strategies, and practical solutions will be provided to enterprises with support from successful examples. This study aims to provide valuable insights to organizations seeking to optimize their performance management systems, increase their competitive advantages, and achieve sustainable success.

CHAPTER 1: GENERAL FRAMEWORK, IMPORTANCE, AND PURPOSE OF PERFORMANCE AND PERFORMANCE EVALUATION CONCEPTS

1.1 Performance Concept and Performance Evaluation

Performance, generally speaking, refers to how effectively an individual or an organization accomplishes a specific task, job, or goal. In businesses, performance is evaluated based on the behaviors exhibited by employees, their ability to fulfill their duties, and their contributions to the overall goals of the organization. The concept of performance is crucial for businesses to gain competitive advantage, achieve sustainable success, and operate towards their strategic objectives.

Performance is the level of success displayed by an individual or a system in carrying out a specific task. In other words, it is the measure of the outputs resulting from the effort expended to achieve a goal. Performance is evaluated within a specific time frame and under certain conditions.

Performance evaluation is a process used to assess the performance of an employee or an organization during a specific period. This process is typically conducted based on predefined objectives, the ability to fulfill duties, skills, behaviors, and other performance criteria. Performance evaluation aims to identify employees' strengths, identify areas for improvement, and create reward or performance improvement plans.

This evaluation usually includes a summary of performance over a specific period, and this information often serves as the basis for business decisions such as performance feedback, promotion decisions, reward distribution, and identifying training needs. Performance evaluation is an important tool for increasing employee motivation, supporting their development, and ensuring they progress in alignment with the organization's overall goals.

1.2. Factors Affecting Performance:

There are many factors that can affect performance. These factors may include

1.2.1. Individual Factors

Competence, skill, experience, motivation, personality, attitude, and health, among others.

Individual factors in performance refer to various attributes and behaviors that influence an employee's or individual's performance. These factors typically play a significant role in determining success in the workplace. Here are some examples of individual factors in performance:

- **Knowledge and Skills:** The level of knowledge and application skills related to an employee's job significantly influences their performance.
- **Work Ethic:** An employee's commitment to their job, reliability, sense of responsibility, and ethical behavior can positively influence their performance.
- **Job Commitment:** An employee's emotional attachment to the company and passion for their work can increase their motivation and performance.
- **Communication Skills:** Effective communication is important for collaboration and teamwork. Having good communication skills can positively impact performance.
- **Openness to Development:** Being open to innovation, learning, and development can help individuals continuously improve their performance
- **Time Management:** Effectively managing one's time contributes to completing tasks on time and maintaining high performance.

- **Problem Solving Ability:** The ability to identify problems, analyze them, and generate effective solutions is a crucial factor in determining an individual's performance.
- **Leadership Skills:** For managers, strong leadership skills enable effective team management and goal achievement.
- **Flexibility:** The ability to adapt to changing work conditions can positively impact an individual's performance.
- **Task Factors:** Factors such as the difficulty, complexity, clarity, and repetitiveness of tasks also influence performance.

These factors are important elements that influence an employee's performance in the workplace. Employers can develop strategies to enhance employees' strengths and address their weaknesses by evaluating these factors.

1.2.2. Organizational Factors

Organizational factors affecting performance encompass elements such as an organization's overall structure, culture, and management policies. These factors determine the environment and conditions that influence employee performance.

Here are some examples of organizational factors that affect performance:

- **Management Policy:** A significant portion of internal factors that affect performance evaluation is formed by the organization's management philosophy. There is a close relationship between the management policies implemented in organizations and the success of employees in their jobs. Managers can use performance evaluation in various ways. For example, if a manager tends to be punitive, they may alienate a subordinate who could be motivated by rewards, or even cause them to leave the organization. Liberal or democratic approaches to subordinates

seeking authority may also not yield the desired results (Akçakanat, 2009: 14).

- **Leadership and Management:** An organization's leadership style and management policies play a crucial role in determining employee motivation, commitment, and performance. These factors significantly influence the overall work environment and employee satisfaction. Leaders who adopt a participative and supportive leadership approach often foster a culture of trust and collaboration, which enhances employee morale and productivity. On the other hand, authoritarian or micromanagement practices can result in lack of motivation, decreased loyalty, and reduced performance among employees. Therefore, prioritizing effective leadership development within organizations and implementing management policies that promote transparency, empowerment, and recognition will ultimately contribute to a motivated and high-performing workforce.
- **Organizational Culture:** The culture of an organization has a significant impact on the values, norms, and behaviors of employees. A positive work culture enhances employee motivation, fosters collaboration, and increases job satisfaction. Consequently, employees can perform more effectively, efficiently, and with greater commitment. Organizational culture is influenced by various factors such as leadership style, management policies, company values, and communication methods, which collectively determine the overall performance of the organization. Therefore, creating a healthy and supportive work culture is of critical importance for the success of organizations..

- **Job Structure and Organization:** Elements such as task distribution, communication channels, organizational structure, and work processes directly influence employee performance. Clear and accurate task distribution facilitates employees' understanding of their roles and responsibilities, making it easier for them to fulfill their duties. Effective communication channels increase information flow and enable team members to collaborate effectively. Organizational structure, including management hierarchy and decision-making processes, determines how tasks are performed and problems are solved, thus affecting employee motivation and performance. Work processes are essential for ensuring tasks are completed efficiently and organizing workflow to enhance employee productivity. Therefore, effectively managing these elements is crucial for improving employee performance..
- **Reward and Recognition:** Performance reward systems and recognition policies can contribute to motivating employees and encouraging higher performance levels. Reward systems are methods used to recognize and reward employees' achievements. These systems may include both monetary and non-monetary rewards, as well as career opportunities and development prospects. On the other hand, recognition policies are utilized to appreciate employees' contributions and make them feel valued. These policies encompass various methods such as praise, gratitude, celebrations on special occasions, and publicly acknowledging employees' accomplishments. Both approaches enhance employee motivation, strengthen loyalty, and facilitate higher performance levels. Therefore, effectively implementing performance reward systems and recognition policies within businesses can significantly contribute to the organization's success by increasing employee engagement and job satisfaction.

- **Training and Development Opportunities:** The training and development opportunities provided by an organization can help employees enhance their skills and improve their performance. These opportunities enable employees to develop their existing skills, acquire new ones, and progress in their careers. Training programs are essential tools for updating employees' knowledge and skills required for their jobs. These programs are often tailored to meet the specific needs of the business and allow employees to specialize in critical areas. Development opportunities, on the other hand, are offered to enhance leadership skills, communication abilities, and problem-solving skills. Such opportunities enable employees to discover their potential and contribute more effectively to their roles. Consequently, investing in training and development opportunities for employees enhances their capabilities, increases motivation and loyalty, and ultimately improves performance. Therefore, effectively providing such opportunities is crucial for supporting long-term success within businesses.
- **Occupational Health and Safety:** The importance placed on employee health and safety can significantly influence job satisfaction and performance. The attention an organization pays to the health and safety of its employees can help them perform their jobs more efficiently and focus more effectively. Safe working environments and health measures enable employees to perform their duties without fear, thereby increasing job satisfaction. Additionally, healthy employees are less likely to be absent from work due to illness or injury, ensuring business continuity and positively impacting performance. Investing in employee health and safety enhances workforce productivity in the long term, strengthens employee loyalty, and boosts the company's reputation. Consequently,

prioritizing employee health and safety is a critical factor that enhances both employee well-being and organizational success.

- **Working Conditions:** The nature of the job, whether technical or routine, office-based or production-oriented, has a significant impact on the method and outcomes of performance evaluation. Office-based jobs tend to be evaluated more than production jobs. Additionally, the performance evaluation method to be used may vary depending on the type of work. (Akçakanat, 2009: 15).
- **Communication and Feedback:** Effective communication channels and regular feedback mechanisms can enhance employees' understanding and guide their performance. The effective use of communication channels allows employees to better understand the organization's goals, expectations, and work processes. This fosters collaboration, prevents misunderstandings, and enables employees to fulfill their duties more effectively. Additionally, regular feedback mechanisms help employees understand and improve their performance. Feedback highlights both positive aspects and areas for improvement, allowing employees to identify their strengths and work on their weaknesses. This process increases employee motivation, fosters a sense of value, and directs their performance more effectively. Consequently, effective communication channels and regular feedback mechanisms enhance employees' understanding and guide their performance, ultimately contributing to the organization's success.
- **Employee Engagement:** Employee participation in decision-making processes and a sense of ownership can positively influence their performance. When employees feel they can contribute to work processes and organizational goals, they become more motivated and committed to their jobs. Involvement in decision-making processes allows employees to

feel that their ideas are valuable and encourages them to take initiative. This fosters creativity and innovation while increasing employees' sense of responsibility. A sense of ownership allows employees to feel directly involved in the organization's success. This encourages them to take on more responsibility, collaborate, and maximize their performance. Consequently, employee participation in decision-making processes and a sense of ownership positively impact performance at both individual and organizational levels.

- **Work-Life Balance:** Supporting employees in achieving a balance between their work and personal lives can increase motivation and performance. When employees can establish a healthy balance between work and personal life, they become happier, more motivated, and more productive. Supportive policies such as flexible working hours, remote work options, leave policies, and family-friendly practices help employees achieve this balance. Such support reduces employee stress, increases job satisfaction, and positively impacts work productivity. Additionally, meeting employees' personal needs allows them to focus more on their work and feel more engaged in the workplace. As a result, organizations supporting employees in achieving work-life balance enhance both employee well-being and organizational performance.

These factors represent the elements that affect an organization's overall performance. A good organization can increase employee motivation and performance by managing these factors balancedly, thus achieving success.

1.2.3. Environmental Factors

The environmental factors that influence performance are the factors originating from the external environment of an individual or organization. These factors can have a significant impact on performance by reflecting the overall dynamics and external influences of the work environment.

Here are some of the environmental factors that affect performance:

- **Economic Conditions:** Businesses can influence their performance depending on general economic conditions, unemployment rates, and changes in consumer spending. Economic fluctuations can significantly affect the financial status and performance of businesses. For example, a positive economic environment can increase businesses' revenues, while an increase in unemployment rates or a decrease in consumer spending can lead to a decrease in revenues for businesses. Adapting to these changes is an important factor that businesses should consider in their strategic planning and operational decisions. Businesses should demonstrate sensitivity to economic conditions and optimize their performance by showing flexibility when necessary. This can help them maintain sustainability even during times of crisis.
- **Technological Developments:** Rapid technological advancements can deeply influence business processes, communication, and competition. Organizations affect their performance by adapting to technological changes and leveraging these developments to increase their efficiency. Technological advancements can transform business processes, making them more efficient and effective. Additionally, communication technologies can enhance collaboration and facilitate internal communication within organizations. From a competitive standpoint,

businesses that effectively utilize technology can gain a competitive advantage in areas such as marketing, sales, and customer service. Therefore, the ability of organizations to rapidly adapt to technological changes can significantly determine their performance.

- **Competitive Conditions:** Market competition is a significant factor that profoundly influences an organization's performance. This competition is determined by the activities, strategic moves, and overall market dynamics of other players in the industry. The intensity of competition and the sharing of market share have a decisive impact on an organization's performance and shape the long-term success of companies. The intensity of competition refers to the dynamics between the number of rival firms in an industry and their activities. In an environment of intense competition, the struggle among firms can be more severe, putting pressure on prices, reducing profit margins, and impacting customer loyalty. This situation can negatively affect the performance of organizations and may require more effort to gain a competitive advantage. Market share, on the other hand, refers to the portion of total sales that an organization receives in a specific industry. Market share reflects a firm's position and competitiveness in the industry. Increasing market share can enhance a firm's growth potential and revenue, while decreasing or losing market share can negatively impact performance and expose companies to competitive pressures. Organizations should strategically plan and act sensitively to market dynamics to understand and adapt to the effects of market competition. To gain and sustain a competitive advantage, they should focus on factors such as innovation, quality, customer service, and cost management. Additionally, by closely monitoring competitors' activities and strategies, organizations can make strategic adjustments to strengthen their positions

in the competitive environment and capitalize on opportunities. Thus, market competition is a critical factor that determines the performance of organizations. The intensity of competition and the sharing of market share affect an organization's success, necessitating companies to shape their strategic planning and operational practices accordingly to these dynamics.

- **Legal and Regulatory Factors:** Legal regulations, tax policies, industry standards, and similar factors affecting businesses are crucial external elements directly impacting organizational performance. These factors are critical external influences that guide and shape the operations of businesses. Legal regulations require businesses to comply with the laws and regulations applicable in the markets where they operate. These regulations determine how businesses conduct their operations, deliver products and services, manage business relationships, and interact with consumers. Therefore, non-compliance with legal requirements can result in significant legal and reputational risks, negatively affecting the performance of the business. Tax policies are also a significant factor determining business performance. Tax policies regulate the payment of taxes on businesses' incomes and either incentivize or restrict business activities through tax benefits or incentives. High tax rates or complex tax rules can affect businesses' profitability and influence investment decisions. Industry standards and regulations are guidelines that determine the activities and products of businesses in an industry. These standards establish specific expectations in areas such as product quality, safety, environmental impact, and more. Compliance with or exceeding industry standards can enable a business to gain a competitive advantage or lose competitiveness. In addition to these factors, other external factors such as political stability, economic conditions, consumer demands, and

technological advancements also influence business performance. Businesses should formulate strategies, manage their operations, and take appropriate steps to sustain their long-term success by considering these external factors. This helps businesses maintain their competitive advantage and adapt to changing market conditions.

- **Social and Cultural Dynamics:** Society's values, expectations, and cultural factors can significantly shape an organization's performance. Businesses can positively influence their performance by adapting to these factors. Society's values and expectations reflect what consumers, employees, and other stakeholders expect from organizations and which values they prioritize. For example, if the importance of environmentally friendly practices increases in a society, businesses may need to adopt sustainability policies and take steps in that direction. Similarly, society's values and expectations may include issues such as diversity, justice, and social responsibility. Cultural factors vary depending on the geographical region or demographic structure in which a business operates. Cultural differences affect businesses' marketing strategies, product and service delivery, employee relationships, and business conduct. Therefore, demonstrating sensitivity to cultural factors and adapting appropriately is critical for a business's success. Businesses should formulate strategies and manage their operations by considering society's values, expectations, and cultural factors. This involves focusing on meeting the needs and demands of consumers and stakeholders while also establishing and maintaining strong relationships with society. The ability to adapt to social changes helps businesses gain a competitive advantage and sustain their long-term success. Businesses that respect values and cultural norms, meet society's expectations, and operate with a sense of social

responsibility often have stronger reputations and customer loyalty. Therefore, aligning with society's values is critical for sustainable success.

- **Interpersonal Relationships:** Team dynamics, collaboration, communication, and leadership styles in the workplace are fundamental factors that determine organizational performance. These factors shape and influence the process through which employees come together to achieve common goals. Team dynamics refer to how employees interact with each other and their relationships within the group. Positive team dynamics encourage collaboration and productivity, while negative dynamics can adversely affect the work atmosphere and performance. Well-established team dynamics create a collaborative environment, allowing diverse talents to come together and effectively solve problems. Collaboration denotes the ability of team members to work together to achieve common goals. Collaboration increases the sharing of knowledge, enables the development of innovative solutions, and strengthens team spirit. A culture of good collaboration fosters mutual support among employees and enhances organizational performance. Communication is the cornerstone of interactions in the workplace. Effective communication facilitates the flow of information, prevents misunderstandings, and strengthens collaboration. Additionally, open and transparent communication increases employee motivation and fosters a climate of trust. A culture of good communication clarifies the organization's goals and helps improve employee performance. Leadership styles also greatly influence organizational performance. Good leadership involves having a vision, motivating, and guiding employees correctly. Leaders support team members, build trust, and lead the team to success. Choosing appropriate leadership styles for different situations helps determine strategies that meet the organization's needs and goals. In conclusion,

team dynamics, collaboration, communication, and leadership styles in the workplace are critical factors that determine organizational performance. By focusing on these elements, businesses can increase productivity, promote innovation, and establish a fundamental ground for sustainable success.

- **Social Responsibility:** Organizational social responsibilities and sustainability policies represent efforts by businesses to manage and improve the impact of their activities on society and the environment. These policies ensure that businesses act not only with a profit focus but also considering their social and environmental responsibilities. Internalizing these policies increases employee motivation within the organization. If employees feel they are part of social responsibility and sustainability efforts in the workplace, their commitment to their jobs and motivation increases. They also take pride in contributing to the organization's positive contributions to society and the environment. These policies also affect the organization's relationships with external stakeholders. A business that behaves responsibly towards society and the environment becomes more reputable and preferred by customers and suppliers. Moreover, the likelihood of support from investors and financial institutions increases because social responsibility and sustainability efforts support long-term financial success. Depending on the details of these policies, organizations can be effective in different areas. For example, environmental sustainability policies promote the efficient use of energy and resources, while social responsibility projects support collaboration with local communities and educational opportunities. Such efforts not only enhance the organization's reputation but also establish a solid foundation for long-term sustainability and success. Social responsibility and sustainability policies are significant

factors that shape organizational performance. These policies increase employee motivation internally while strengthening relationships with external stakeholders, supporting the business's long-term success.

- **Natural Environment and Sustainability:** Environmental factors encompass how businesses use natural resources and their sustainability efforts. These factors can affect both operational efficiency and the company's reputation. Investing in sustainable practices to reduce environmental impact enables more efficient use of natural resources and creates an environmentally friendly image. This can positively influence the attitudes of consumers and stakeholders towards the business while also increasing operational efficiency. However, ignoring or mismanaging environmental factors can increase operational costs and negatively impact the company's reputation. Therefore, it is important for businesses to focus on sustainability efforts by considering environmental factors to ensure long-term success.

These environmental factors are external factors that influence an organization's performance. Businesses should develop strategies taking these factors into account and strengthen their ability to adapt to changing conditions.

1.2.4. Intensity of Achievement Motivation

Achievement motivation is a psychological state that expresses an individual's desire to reach a specific goal. In the context of performance, achievement motivation is considered as the desire of a person to enhance their job performance, achieve goals, and self-improve. This motivation can lead to higher performance by increasing an individual's motivation in the workplace. The intensity of achievement motivation can vary depending on various factors:

- **Individual Goals and Desires:** An individual's career aspirations, commitment to their role at work, and personal expectations of success are fundamental factors that influence achievement motivation. People often act with a desire to achieve specific goals, which shape their motivation and behavior. Individual goals and desires are significant sources of motivation that guide people's lives. These goals help satisfy a person's desire for self-fulfillment and fuel their drive for success. Therefore, individual goals and desires play a critical role in influencing the intensity of achievement motivation.
- **Recognition and Rewards:** Recognizing, rewarding, or acknowledging successes in the workplace can enhance achievement motivation. Rewards can trigger an individual's desire to make an effort and achieve success. When a person is appreciated for their accomplishments or when they reach a specific goal, they are inclined to exert more effort to experience that situation again. Additionally, when individuals are recognized or rewarded for their achievements in the workplace or educational environment, they may feel more committed and loyal to their institutions. Individuals who are appreciated or rewarded for their successes strive to experience that success again and continuously strive to improve their performance.
- **Job Enrichment and Level of Challenge:** The variety of tasks, the difficulty level, and the responsibilities associated with the job can influence an individual's achievement motivation. Challenging tasks can increase an individual's desire to use and develop their abilities. The richness and challenge level of a job can significantly impact employees' motivation and achievement motivation. Increasing the variety and experiences offered by the job can help employees become more motivated and eager to do their jobs better. However, it is important for

the level of job difficulty to strike an appropriate balance; tasks that are too difficult or too easy can decrease motivation and affect achievement motivation.

- **Prospective Career Opportunities:** Success in the workplace can serve as a motivating factor for individuals to enhance their performance as it may lead to future career opportunities. Clearly visible or acknowledged prospective career opportunities can focus individuals on their career journey and help them work with a higher level of motivation. Therefore, prospective career opportunities can have a significant impact on an individual's achievement motivation.
- **Work Environment and Culture:** A supportive work environment can enhance achievement motivation. A positive work culture can positively influence an individual's commitment to their job and performance. The work environment and culture shape the atmosphere and working relationships in a workplace. These factors affect employees' motivation, performance, and achievements. The work environment encompasses the physical and emotional atmosphere in the workplace. A positive work environment fosters collaboration, respect, and a supportive atmosphere, making employees feel comfortable and safe. A good work environment increases motivation and positively impacts job performance. Work culture refers to the values, beliefs, norms, and behaviors in the workplace. A positive work culture encourages open communication, collaboration, and innovation. Employees are encouraged to be committed to their work and align with the organization's mission. A good work culture makes employees feel valued and increases their commitment to their work. The work environment and culture are closely related to leadership style. Good leadership increases employees' trust and motivation. Leaders support employees' personal and professional

development and create a positive atmosphere in the workplace. Flexibility and work-life balance are also essential components of a positive work environment and culture. Flexible working hours, remote working opportunities, and family support policies help employees balance work and personal life, increasing their happiness and productivity.

- **Self-Determination:** The freedom for individuals to determine their tasks and goals in the workplace can satisfy their need for self-determination, which in turn can increase achievement motivation. When individuals set their own goals, their desire and motivation to achieve these goals are often higher. Self-determination allows individuals to set goals based on their personal values, interests, and talents, encouraging them to be more committed to their work and exert more effort. Self-determination also enhances individuals' sense of control. By determining their own goals, individuals feel that they are in control of their lives and careers, increasing their sense of empowerment and motivating them further. Additionally, self-determination allows individuals to develop their creativity and problem-solving skills. Setting their own goals encourages individuals to find new and effective solutions, enabling them to develop themselves and utilize their potential more effectively.
- **Successful Role Models:** Successful leaders or colleagues can influence an individual's achievement motivation. The success stories of others can inspire individuals to imagine their own success and make efforts towards it. When people find examples that motivate and inspire them, they often become more motivated and eager to achieve their goals. Successful role models demonstrate that others can also succeed, reinforcing the belief of "I can do it" in individuals. Furthermore, successful role models play an inspiring role in learning from others' experiences and realizing their own

potential. Ultimately, successful role models focus individuals on their goals and increase their efforts to achieve success by drawing inspiration from the best.

Success motivation is an important dynamic that affects job performance, and organizations should strive to create conducive conditions for employees to sustain and enhance this motivation.

1.3 The Importance of Performance Evaluation Systems

Performance evaluation is important not only for organizations but also for employees. Employees, especially those who are successful, want to see the rewards of their efforts. Through this system, ensuring that everyone receives what they deserve will increase employees' commitment to the organization. Additionally, employees will have the opportunity to identify their weaknesses through the evaluation process, enabling them to address and improve upon them.

The importance of the performance evaluation system stems from its design as a process aimed at measuring, enhancing, and guiding the success of both an organization and its employees.

Here are some key points regarding the importance of the performance evaluation system:

- **Measurement and Evaluation of Performance:** The performance evaluation system assesses how effectively employees achieve predetermined goals. This provides an objective measurement based on criteria set by the organization.

- **Providing Feedback:** The performance evaluation process provides an opportunity to give feedback to employees. This feedback can be used to highlight strengths and identify areas for development, contributing to individuals' personal and professional growth.
- **Reward and Compensation Management:** Performance evaluation forms the basis of reward and compensation systems. High-performing employees are often rewarded, while appropriate measures can be taken for low performers.
- **Career Development and Promotion Process:** Performance evaluation impacts the career development and promotion processes of employees. High-performing employees may be directed towards more responsibilities and promotion opportunities.
- **Employee Motivation:** The performance evaluation system provides motivation for employees to achieve predetermined goals. Knowing that reaching goals will be evaluated can increase employees' willingness to make efforts.
- **Communication and Teamwork Development:** The performance evaluation process encourages open communication between managers and employees. This can enhance teamwork and collaboration, providing more effective communication within the organization.
- **Identifying and Solving Performance Issues:** The performance evaluation system can be used to identify performance issues within the organization and find solutions to these problems. Developing solutions for low-performing employees can increase the overall effectiveness of the organization.

- **Alignment with Strategic Objectives:** The performance evaluation system evaluates employees' performance in line with the organization's strategic objectives. This measures employees' contributions to achieving the organization's overall goals.

The performance evaluation system is a critical tool for organizations to enhance efficiency, motivate, develop, and guide employees. This process can help sustain businesses' competitive advantage by contributing to both individual and organizational success.

1.4. The Purpose of Performance Evaluation System

The primary purpose of performance management is to enhance the productivity, effectiveness, and overall performance of employees in line with organizational goals. Another purpose of performance evaluation is to establish effective communication between the evaluator and the evaluated individual and to improve this process. Performance appraisal also provides both superiors and subordinates with a sense of vision and direction (Tutar, 2010: 344).

The fundamental purpose of the performance evaluation system is to ensure that employees contribute to organizational goals by measuring, assessing, and directing their job performance. This process encompasses a range of objectives and goals at both individual and organizational levels:

- **Measuring Performance:** Its primary aim is to objectively measure how effectively employees achieve predefined goals. This is done based on established performance standards.
- **Providing Feedback:** The performance evaluation process provides employees with an opportunity to receive feedback. This feedback

contributes to individuals' personal and professional development by highlighting their strengths and identifying areas for improvement.

- **Reward and Compensation Management:** Recognizing and rewarding high-performing employees can be facilitated through this system. Additionally, appropriate measures can be taken to manage compensation for employees exhibiting low performance.
- **Career Development and Promotion Processes:** Performance evaluation influences employees' career development and promotion processes. High-performing employees may be directed towards greater responsibilities and promotion opportunities.
- **Fostering Motivation:** The performance evaluation process fosters motivation among employees by providing them with motivation to achieve predefined goals. Knowing that their performance will be evaluated can increase their desire to make efforts.
- **Encouraging Communication:** The performance evaluation process encourages open communication between managers and employees. This can enhance teamwork and collaboration, facilitating more effective communication within the organization.
- **Identifying and Resolving Performance Issues:** The performance evaluation system can be used to identify performance issues within the organization and find solutions to these problems. Developing solutions for underperforming employees can increase the overall effectiveness of the organization.
- **Aligning with Strategic Objectives:** The performance evaluation system evaluates employees' performance in line with the organization's strategic

objectives. It measures employees' contributions to achieving overall goals and supports strategic direction.

The performance evaluation system designed in line with these objectives provides organizations with the opportunity to effectively manage, develop, and motivate their employees.

1.4.1. Improving Management Relationships

The important stage of the performance evaluation process is communicating the evaluation results to the employees and comparing these results with the established standards. This stage allows subordinates to clearly understand what is expected of them and provides upper management with the opportunity to better understand their subordinates.

This situation is important for increasing motivation and developing effective management behaviors.

- Increasing Motivation:

Announcing the results of performance evaluations allows employees to receive clear feedback on their performance. Positive feedback highlights their achievements, encouraging them to appreciate their successes, thereby boosting their motivation. Additionally, identifying areas for improvement enables employees to find motivation to develop themselves.

- Clarifying Expectations:

The evaluation results assist subordinates in recognizing discrepancies between their job performance and the established standards. Subordinates gain a clearer understanding of the performance standards expected of them, thus grasping expectations regarding goal attainment more effectively.

Consequently, employees become more focused on their work and strive more decisively to achieve the set objectives.

- **Management Behaviors Aligned with Needs and Expectations:**

Evaluation results enable senior management to better understand their subordinates. By revealing the strengths and weaknesses of subordinates, it allows managers to develop management behaviors that are more tailored to individual needs and expectations. Individual assessments assist in personalizing leadership styles and enable managers to more effectively utilize the potential of their subordinates. Ultimately, the communication of evaluation results to employees during the performance appraisal process not only enhances workforce motivation but also contributes to establishing healthier communication between subordinates and senior management. This process helps create a more effective performance management system within the organization, thereby maximizing the potential for both individual and organizational success.

1.4.2 Human Resource Planning

In the process of human resource planning, leveraging the performance evaluations of current staff is of critical importance. When determining future personnel needs, it is essential to consider not only quantitative but also qualitative factors. This process also requires effectively utilizing performance evaluation results to establish an objective basis for assignment and promotion decisions.

Performance evaluation results provide strategic guidance in the human resource planning process. These evaluations aim to identify and develop the strengths of current staff, focusing on providing sustainable talent that meets the organization's future needs.

Future personnel needs are based not only on numerical factors but also on qualitative factors such as specific skill sets, leadership potential, and areas of expertise. The performance evaluation process allows for the objective assessment of these qualities, facilitating human resource planning aligned with the organization's strategic goals.

Furthermore, performance evaluation results contribute to making fair and consistent decisions in assignment and promotion processes. By highlighting employees' strengths and identifying areas for development, these evaluations contribute to their personal and professional growth. Thus, effective management of talents within the organization and appropriate appointments to positions become possible.

In summary, performance evaluation results serve as a fundamental component of human resource planning, contributing to both the development of current staff and guiding human resource planning for the organization's future needs. This process plays a key role in the company's achievement of sustainable success.

1.4.3. Determination of Training and Development Needs

To determine the effectiveness of training programs, it is crucial to evaluate employees before and after the training. Performance evaluation serves as a tool for shaping the design of training programs and measuring their effectiveness.

Assessments of employees' performance before and after training are critical for evaluating the success of training processes. Performance evaluation is an effective tool for optimizing the planning and implementation of training

programs, understanding employees' knowledge and skill gains, and ensuring continuous improvement.

Pre-training assessments help establish the starting point for employees and understand their training needs accurately. Post-training evaluations measure the acquired knowledge and skills, assess how effectively the program goals were achieved, and help identify future training needs.

These evaluations enable strategic decisions to revise the content and methods of training programs, increase participant satisfaction, and improve the overall performance of the organization. Ultimately, performance evaluation emerges as a significant tool for optimizing the effectiveness of training processes and contributing to the development of employees.

1.4.4. Determination of Pay and Rewards

In situations where individual performance is critical in businesses, performance evaluation results are most commonly used in this area. Practices of compensation and rewards based on performance results have seen an increasing demand lately, aiming to ensure fairness in compensation and determine differences among employees.

In such enterprises, performance evaluation results serve as a fundamental tool for objectively evaluating and guiding the individual contributions of employees in reward processes. Adopting an approach in compensation systems based on performance results is an important step not only in increasing employee motivation but also in ensuring fairness in compensation.

Performance-based compensation emphasizes rewarding high-performing employees and providing appropriate support and development opportunities for low performers, playing a strategic role in this regard. This approach enhances employee commitment to their jobs while also providing an incentive for improving the overall performance of the company.

In conclusion, approaches to compensation and rewards based on performance evaluation results are considered effective strategies for assessing the contribution of individual performance to business success and encouraging this performance. Thus, businesses can motivate their employees while managing compensation processes fairly and transparently.

1.4.5. Making Termination Decisions

In today's world, termination procedures are becoming increasingly complex. The new Job Security Law mandates employers to base their termination decisions on solid justifications. At this point, performance evaluation results are of critical importance.

Terminating the employment of an employee whose performance remains consistently low despite training can be justified based on objective and legitimate reasons. Performance evaluations provide employers with concrete data in such cases, assisting them in conducting a fair and legal termination process.

Performance evaluations play a significant role in termination procedures. When used correctly, they provide employers with the opportunity to act fairly and legally.

Additionally:

Performance evaluations can be used not only for termination but also for tracking and encouraging employee development. Performance evaluation results should be shared with employees openly, and feedback should be obtained. By focusing on areas for improvement, the employee's full potential can be realized.

1.5. Benefits of Performance Evaluation

Assessing performance brings many significant benefits for both employees and organizations.

Some of these benefits include:

The benefits of performance evaluation are generally examined in three groups: from the perspective of the organization, managers, and employees.

1.5.1. Benefits for Employees

- ✓ They learn how their achievements are measured and what their shortcomings are.
- ✓ They recognize their strengths or areas that need improvement.
- ✓ They willingly participate in training activities (Uğur, 2008: 220).
- ✓ They gain a better understanding of their roles and responsibilities within the organization (Argon, 2004: 226).
- ✓ Through positive feedback received regarding their performance, they develop job satisfaction and self-confidence. Thus, they work more motivated and productively in their jobs (Yetişkin, 2010: 10).

1.5.2. Benefits from the Perspective of Managers

- ✓ Ensures managers make balanced and consistent decisions.
- ✓ The obtained information assists managers in justifying their soft or hard decision-making to supervisors.
- ✓ Contributes to the cohesion between managers and employees.
- ✓ Helps managers feel comfortable both legally and morally in matters of promotion, assignment, and termination.
- ✓ Managers who know their subordinates can also confidently delegate authority.

- ✓ Facilitates managers in recognizing their own strengths and weaknesses during the evaluation process of their subordinates.
- ✓ Promotes the development of managerial skills.

1.5.3. Benefits for Organizations

- ✓ The quality of goods and services produced improves.
- ✓ The efficiency and profitability of the system increase.
- ✓ Human resource planning is based on more solid foundations.
- ✓ The business establishes an image of being a 'success-oriented, secure organization' both to employees and outsiders.
- ✓ Flexibility is provided in addressing short-term human needs arising from absenteeism, workforce turnover, etc.
- ✓ The need for employee training and the training budget are determined more easily and accurately.
- ✓ Integrated performance evaluation and compensation systems in businesses ensure that employees are paid in line with their performance and contribution to the organization. Additionally, this will lay the foundation for establishing a fair wage system among employees.

1.6. Disadvantages of Performance Evaluation System

The potential disadvantages of the performance evaluation system are also present alongside its advantages.

These are outlined below:

- ✓ The absence of a fair performance evaluation system can demotivate employees.
- ✓ Evaluation, especially in cases where employees are unwilling to accept criticism, can damage daily work relationships.
- ✓ Employees may view the evaluation process with skepticism if they have had negative experiences with poorly planned systems in the past.

- ✓ Those conducting evaluations often tend to avoid giving low ratings, which can pose a significant problem.
- ✓ Biased or discriminatory behavior can also influence the evaluation process.
- ✓ Implementing evaluation programs can be both time-consuming and costly.
- ✓ It may create discomfort among those who believe in advancement within the organization based on seniority.

1.7. Applications of Performance Evaluation System

The performance evaluation system is a tool used to measure and enhance employees' performance. The areas of application for this system are quite extensive.

These include:

1.7.1. Managerial Objectives

Managerial objectives involve acquiring information about an employee's job performance that is necessary when making managerial decisions concerning the employee. Decisions regarding salary increases, bonuses, training, promotions, and other managerial activities often rely on information obtained from performance evaluations. Managers who use performance evaluation for managerial purposes must accurately and precisely assess performance and reward employees based on performance. Making a mistake can lead to questioning of managerial decisions and undermine employees' trust in the process.

1.7.2. Usage Aimed at Employee Development

Another significant application of performance evaluation is providing feedback to employees on how well they adhere to the standards set in job descriptions and job analyses. The performance evaluation process provides individuals with the opportunity to ask themselves important questions and receive feedback. These feedback mechanisms offer crucial guidance in assessing and improving an employee's performance.

Performance evaluation allows employees to ask themselves questions such as: "What is expected of me? How am I performing my job? What are my strengths and weaknesses? How can I improve myself?" These questions play a critical role in understanding and enhancing an individual's job performance. Additionally, they provide valuable data that can be used in setting goals and career planning processes for employees.

The performance evaluation process is a valuable tool for individuals to assess their own performance, understand their strengths and weaknesses, and identify future development goals. This process helps individuals guide their careers, optimize their strengths, and make progress in areas of development.

1.7.3. Research-Oriented

Another usage area of performance evaluation is research-oriented. In this context, the goals of performance evaluation include determining the employee's job satisfaction and motivation level, analyzing the factors affecting performance, and examining the relationship between the employee's performance and the organization's objectives. A well-designed performance evaluation system can increase employee motivation and elevate levels of organizational commitment. The performance evaluation system is a tool that can be utilized in many different fields. When implemented correctly and fairly, it can contribute to the success of both employees and the organization.

The research-oriented use of performance evaluation can assist organizations in gaining in-depth insights and making strategic decisions. Identifying job satisfaction and motivation levels is an important step in increasing employee satisfaction. Additionally, analyzing factors influencing performance contributes to evaluating the strengths and weaknesses of the organization.

The research-oriented use of performance evaluation provides valuable information for organizations to better understand internal dynamics, develop workforce management strategies, and maximize performance. A good performance evaluation system can enhance organizational interactions with employees and increase collaboration, thereby improving overall efficiency.

The research-oriented use of performance evaluation enables organizations to gain a competitive advantage and allows employees to establish deeper connections with their work. This, in turn, supports more effective achievement of corporate goals.

1.8. Performance Management

Performance management is a system aimed at achieving more effective outcomes from organizations, teams, and individuals. This system motivates individuals to realize their potential. Performance management is a systematic management approach that includes defined goals, performance standards, objectives, measurement, feedback, and rewards/recognition stages.

This system supports organizations in their efforts to achieve their set goals while focusing on improving the performance of individuals and teams. Performance management helps highlight individuals' strengths while identifying areas for development.

Defined goals and performance standards provide clear guidance to employees and outline the necessary steps to achieve these goals. The measurement and feedback stages provide objective data for evaluating and improving individuals' performance. Rewards and recognition motivate individuals by rewarding their achievements and making them feel valued.

In essence, performance management is a comprehensive management approach that helps both individuals and organizations effectively manage their processes to achieve their goals. This systematic approach fosters collaboration, boosts motivation, and supports continuous organizational improvement.

According to another perspective, performance management is a tool for understanding and managing performance within agreed-upon goals, objectives, and standards to achieve better results from the organization, teams, and individuals. Performance management serves as a key driver for supporting both individual and team success through change. The three main purposes of performance management are to improve organizational effectiveness, motivate employees, and perfect training and development (Budak, 2008: 411).

Having good performance management means that employees know:

What their goals and priorities are,

What they need to do right now,

What their contribution to their team and the company's performance is (Bilgin, 2003: 22).

1.7.1. Historical Development of Performance Management

The origins of performance management date back to ancient times. There is evidence that the first performance appraisal systems were used in China around 3000 BCE to evaluate the performance of officials.

Performance management emerged as a modern discipline in the 19th century, coinciding with the Industrial Revolution. With the increasing workforce in factories, employers felt the need to develop a more systematic method to monitor and manage employee performance.

Throughout the history of performance management, various approaches have emerged. Some of the most common approaches include:

Traditional approach: This approach utilizes tools such as rating systems and annual evaluations to assess performance.

Behavioral approach: This approach focuses on observing and evaluating specific job behaviors.

Goal-oriented approach: This approach focuses on setting SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) goals for employees and ensuring they achieve those goals.

360-degree feedback: This approach collects feedback on employee performance from various sources such as managers, peers, customers, and subordinates.

Performance management continues to evolve today. With the emergence of new technologies, new tools and methods are being developed to assess performance.

1.7.2. Important Stages in the Historical Development of Performance Management:

19th Century:

The increase in labor in factories during the Industrial Revolution led to the need for a more systematic method to monitor and manage employee performance.

The first performance evaluation systems were developed by scientific management theorists such as Frederick Winslow Taylor

First Half of the 20th Century:

Performance evaluation systems began to become widespread in the public sector and large organizations. During World War II, performance evaluation systems were used to increase the productivity of employees to contribute to the war efforts.

Second Half of the 20th Century:

The development of behavioral sciences led to the emergence of new approaches in performance evaluation systems. The goal-oriented performance management system became popular.

21st Century:

The emergence of new technologies led to the development of new tools and methods for evaluating performance. New approaches such as 360-degree feedback began to become widespread. Over time, performance management has replaced performance evaluation systems.

Performance evaluation has been defined as a stage of performance management. In the late 1970s and 1980s, the five basic functions commonly seen in human resources, including employee selection, performance evaluation,

training and development, compensation, motivation, and reward, gained prominence. In the 1980s, strategic management, the role of human resource management in strategic implementation, and the concept of 'strategic human resource management' gained importance. Strategy is a market-oriented concept aimed at achieving competitive advantage for the organization in the product or service market. Strategic human resource management is an approach that explores methods of effectively utilizing organizations' human resources and enhancing their competitive advantages.

New quests in management science and practices began to yield pioneering results after the 1990s. In the business world, there has been a change in perspective towards individuals, and employees have begun to be seen as a competitive advantage with their competencies (Şeneldir, 2008: 13).

1.8. Performance Management System Development Process in Turkey

The performance management system has been gaining increasing importance in Turkey in recent years. Performance evaluation practices in Turkey initially started in the public sector and have been carried out since the establishment of the republic.

The first implementations took place in 1948 at the Karabük Iron and Steel Factories, followed by other public institutions such as Sümerbank, Machinery and Chemical Industry Corporation, and State Railways. From 1960 onwards, it found application in some private sector organizations.

Subsequently, with growing interest from the private sector, the dissemination of management science in our country, and the recognition of contemporary management techniques, these practices have become increasingly widespread.

1.8.1. Stages of Development in Turkey

1980s:

The performance management system was first implemented in the public sector in 1982 with the enactment of Law No. 2802 on Public Servants, which provided a framework for evaluating the performance of public servants.

1990s:

The performance management system began to spread in the private sector as well. Particularly, large companies started to measure and manage their employees' performance using performance appraisal systems.

2000s:

The performance management system became even more widespread in the public sector. The Law No. 5018 on Public Financial Management and Control, enacted in 2004, ensured a more effective implementation of the performance management system in the public sector.

2010s:

The performance management system further expanded in the private sector. Many companies started using the performance management system not only to evaluate employee performance but also to motivate and develop them.

2020s:

The performance management system is now widely used in Turkey. Many companies in both the public and private sectors are experiencing the benefits of the performance management system

1.8.2. Factors Influencing the Development of Performance Management System in Turkey:

- Globalization
- Advancement of technology
- Increased competition
- Changing expectations of employees

1.8.3. The Current State of Performance Management System in Turkey:

The performance management system is still in the developmental stage in Turkey. Many companies are unable to effectively implement the performance management system. There are some challenges encountered in the impleme.

1.8.4. The Future of Performance Management System in Turkey:

The further proliferation of the performance management system is expected in Turkey.

Efforts are being made for the more effective implementation of the performance management system.

Efforts are underway to address the challenges in the implementation of the performance management system.

1.8.5. Features of the Performance Management System

- ✓ Draws attention to the philosophy of continuous improvement and learning organization.
- ✓ Provides objective assessment and development throughout the year instead of subjective evaluations done once a year.
- ✓ Holds significant importance in instilling the desired company culture.
- ✓ Facilitates individuals' perception of themselves as part of the company during the dissemination of goals phase.
- ✓ Ensures integration of organizational and personal goals.
- ✓ Facilitates the development of the concept of competence and competency analysis techniques. Foresees these analyses forming the basis for performance evaluation in behavioral matters.
- ✓ Emphasizes that performance management is not only the responsibility of managers but of everyone.
- ✓ Operates from goal setting, continues with direction/feedback and evaluation, and concludes with development planning.

CHAPTER 2. PERFORMANCE EVALUATION PROCESS AND METHODS

2.1. Performance Evaluation Process

Establishing and effectively using a performance evaluation system is not easy. Selecting, establishing, and utilizing the most suitable system for the organization's culture and structure requires expertise.

To establish a performance evaluation system, initiating a specific process and conducting preliminary work are necessary. Therefore, from the outset, the performance evaluation system is recognized as a process consisting of various activities (Koç, 2008: 56).

The main activities of this process can be outlined as follows:

- ✓ Preparation of the evaluation environment and determination of evaluation criteria,
- ✓ Determination of evaluation standards,
- ✓ Determination of evaluation periods,
- ✓ Identification and training of evaluators,
- ✓ Determination of the evaluation method,
- ✓ Feedback of evaluation results (Uğur, 2008: 222).

2.1.1. Preparing the Evaluation Environment and Determining Criteria

Performance evaluation is the systematic and objective process of measuring and assessing an employee's job performance during a specific period. To

conduct this evaluation fairly and accurately, it is crucial to create an appropriate environment and establish evaluation criteria beforehand.

Preparation of the Evaluation Environment:

- **Quiet and Comfortable Environment:** The evaluation should be conducted in a quiet and comfortable environment, free from distractions. This allows both the evaluator and the evaluated individual to focus, making the evaluation process more productive.
- **Privacy and Trust:** Confidentiality and security of the information shared during the evaluation must be ensured. This encourages employees to provide feedback openly and honestly.
- **Objective Approach:** The evaluator(s) should maintain an objective perspective, free from biases and personal feelings. Criteria should be observable and objectively measurable.
- **Employee Involvement:** Employee participation should be ensured in determining the criteria. Their opinions and criticisms should be taken into account. Otherwise, employees may not believe, accept, or comply with the established criteria.
- **Alignment with Organizational Goals and Mission:** The objectives and goals related to the evaluation process must be aligned with the organization's mission and strategic objectives.
- **Necessary Knowledge and Equipment:** The evaluator(s) should have the necessary knowledge and equipment regarding the positions and job descriptions being evaluated.

Determination of Evaluation Criteria:

- **Clarity and Transparency:** Evaluation criteria should be clearly defined, understandable, and transparent. Each criterion should clearly state what it measures and what standard is expected.
- **Measurability:** Criteria should be measurable with concrete and objective indicators. This makes the evaluation process fairer and more consistent.
- **Comprehensiveness:** Criteria should cover all significant duties and responsibilities of the position being evaluated.
- **Weighting:** The importance and value of each criterion should be determined, and weighting should be applied accordingly.

Steps to Determine Criteria:

- **Purpose of Evaluation:** The purpose of the evaluation and the information needed are determined.
- **Key Attributes:** The important characteristics of the position to be evaluated and the skills to be measured are identified.
- **Measurable Criteria:** Measurable criteria and indicators are defined for each attribute.
- **Weighting:** Weighting is applied according to the importance of each criterion.

Example:

The following criteria can be established to evaluate the performance of a sales representative:

Sales Volume: Achievement rate of targeted sales volume

Customer Satisfaction: Customer satisfaction surveys and feedback

Product Knowledge: Level of proficiency in products and marketing strategies
Communication Skills: Ability to effectively communicate with customers and colleagues

Time Management: Ability to complete tasks in a timely and organized manner
An evaluation form can be created by determining a scoring system and weighting for each criterion. Preparing the evaluation environment and determining the criteria are fundamental steps that ensure performance evaluation is conducted fairly, accurately, and reliably.

Additional

Recommendations: Evaluation criteria and scoring system should be communicated to employees in advance. Feedback should be provided to employees after evaluation, along with suggestions to help them improve their performance. The performance evaluation system should be regularly reviewed and updated. Performance evaluation is an important tool to increase employee motivation and productivity, and to actively contribute to achieving organizational goals.

A properly implemented performance evaluation system, conducted fairly and objectively, can significantly contribute to the success of organizations.

2.1.2. Determination and Training of Evaluators

In the performance management system, the determination of who will conduct the evaluations depends on the organization's management and personnel policies and the chosen evaluation technique. The most important point to mention here is that the individuals conducting the evaluations should have had sufficient opportunity to observe the employees for an adequate period and have formed the necessary judgment about their performance (Demir, 2009: 25). •

Evaluation by Managers (Superior-Subordinate Evaluation)

- Self-Evaluation (Self-Assessment)
- Peer Evaluation • Subordinate Evaluation (Budak, 2008: 422).
- Customer Evaluation
- Evaluation by Consultants and Experts
- Mixed Evaluation • Computerized Evaluation (Bayraktaroğlu, 2006: 116).

At this stage, importance is given to the training of the evaluators. Factors and ratings related to the evaluation methods to be used are introduced.

2.1.3. Determination of Evaluation Standards and Periods

Performance standards encompass two types of information for both superiors and subordinates. The first is 'what needs to be done,' which includes the tasks they are responsible for, i.e., their job descriptions. The second is 'how it needs to be done.' Performance standards aim to address this second question. They typically encompass two aspects of work: quantitative and qualitative. Quantitative standards may include the time required for a specific task, the number of errors made, or the number of customer visits. As for qualitative standards, they may include criteria related to the quality of work or the ability to analyze data (Akçakanat, 2009: 15).

Sabuncuoğlu has identified the characteristics that standards need to possess to be successful as follows (Demir, 2009: 21):

- Specificity: Each employee should know exactly what is expected of them.
- Measurability: Performance measurement is easy when standards are quantitative. If numerical standards are difficult to use or not appropriate for

measuring a particular performance, non-numerical standards such as timely completion of tasks, contributions to team activities, etc., are employed.

- **Attainability:** If standards are perceived as unattainable, employees who realize this may abandon their efforts to meet them. Without a doubt, employees should participate in setting goals to ensure the reliability of these standards that they are expected to achieve. From this perspective, trust in established standards will increase, and efforts to reach them will intensify.

Performance evaluation, being a systematic activity conducted at regular intervals, also requires careful consideration of the timeframes. This is crucial for evaluators to prepare adequately, for employees to improve themselves, and for the evaluation process to be healthy.

Therefore, it is necessary for the timeframe to be predetermined and for evaluations to be conducted at the same intervals unless circumstances change. Depending on the nature of the job and the employee, evaluation periods are usually preferred to be weekly, monthly, quarterly, semi-annually, or annually (Uğur, 2008: 224).

2.1.4. Determining the Evaluation Method

Performance evaluation is the systematic and objective measurement and assessment of an employee's job performance during a specific period. Selecting an appropriate evaluation method is crucial for ensuring that this assessment is conducted accurately and fairly.

A correct performance evaluation process holds critical importance in understanding an employee's job success and contributing to their development. Employers and employees utilize this process as a strategic tool for setting goals, providing feedback, and enhancing performance.

Therefore, it is essential to carefully select an evaluation method that ensures objectivity, transparency, and reliability. This not only boosts employee motivation and commitment but also contributes to maintaining a fair environment in the workplace.

2.1.5. Performance Evaluation Methods:

1- Scaling Methods

Graphic Scaling: An employee's performance is evaluated on a scale based on predefined criteria.

Numerical Scaling: An employee's performance is evaluated using a scoring system, such as from 1 to 5.

Behavioral Incident Scaling: The behaviors exhibited by an employee during a specific period are observed and recorded.

2- Comparative Methods:

Ranking: Employees are compared to each other based on their performance and ranked accordingly.

Paired Comparison: Employees are paired with predetermined performance profiles.

3- Semi-Objective Methods:

Critical Incident Technique: Critical incidents affecting the employee's performance are identified and analyzed.

Behavioral Observation: The employee's behaviors exhibited over a specific period are observed and recorded.

4- Objective Methods:

Performance Tests: Tests are administered to measure the employee's specific skill or knowledge level.

Production Data: Data such as the quantity and quality of work produced by the employee are analyzed.

Considerations When Choosing a Performance Evaluation Method:

- **Purpose of Evaluation:** The purpose of the evaluation and the information needed are determined.
- **Nature of the Position:** The complexity and level of responsibility of the position to be evaluated are taken into account.
- **Employee Characteristics:** The education level, skills, and experience of the employees are considered.
- **Suitability and Cost:** The feasibility and costs of different methods are compared.

2.1.6. Feedback of Evaluation Results

At this stage, the results obtained from performance evaluation are not only evaluated by relevant institutions and management levels but also communicated to each employee regarding their own performance results.

The aim is to help employees recognize their areas for improvement and encourage their development. However, the approach to employees is crucial for this purpose. Discussing evaluation results with them requires knowledge, attention, and sensitivity. It should be remembered that the goal at this point is to motivate employees, not to criticize or punish them.

2.2. Performance Evaluation Methods

Performance evaluation methods are generally categorized into two main categories: classical (traditional) and contemporary (modern). These categories define different approaches used in measuring and evaluating employee performance.

2.2.1. Classical (Traditional) Performance Evaluation Methods

Classical performance evaluation methods are old and established methods used to systematically measure and evaluate employee performance. These methods are typically simple and easy to implement, but they also have some disadvantages.

2.2.2. Classification of Classical Performance Evaluation Methods:

Classical performance evaluation methods can be classified into two main categories:

1. Approaches Based on Interpersonal Comparison:

Ranking: Employees are ranked from best to worst based on their performance.

Paired Comparison: Each employee is compared with another employee, determining which one exhibits better performance.

Forced Distribution: Employees are divided into specific groups based on their performance.

2. Approaches Based on Interpersonal Comparison:

Ranking: Employees are ranked from best to worst based on their performance.

Paired Comparison: Each employee is compared with another employee, determining which one exhibits better performance.

Forced Distribution: Employees are divided into specific groups based on their performance.

3. Approaches Based on Predetermined Criteria

Graphic Rating Scale: Employee performance is evaluated on a scale based on predetermined criteria.

Numeric Rating Scale: Employee performance is assessed using a rating system, such as from 1 to 5.

Behavioral Incident Scale: Employee behaviors exhibited over a specific time period are observed and recorded.

2.2.3. Advantages of Classical Performance Appraisal Methods:

- Simple and understandable: These methods can be easily understood and implemented by both employees and managers.
- Cost-effective: They do not require a significant investment to implement.
- Quick: These methods can yield results relatively quickly.

2.2.4. Disadvantages of Classical Performance Appraisal Methods:

- Risk of bias: These methods may be influenced by the personal biases of the evaluators.
- Subjectivity: They are prone to subjective evaluations as they do not rely on objective criteria.

- Lack of motivation: These methods may not provide sufficient feedback to employees to improve their performance.

Examples of Classical Performance Appraisal Methods:

Ranking: Employees in a company's sales department can be ranked based on their monthly sales figures.

Paired Comparison: Two engineers in a department can be compared in terms of problem-solving skills and technical knowledge.

Graphic Rating Scale: The performance of a customer service representative can be evaluated on a scale based on criteria such as communication skills, problem-solving abilities, and customer satisfaction.

2.2.5. Classical Evaluation Types:

1- Rating Scale:

In this method, employees are evaluated based on predetermined criteria. The rating system typically ranges from 1 to 5 or from 1 to 10. There is a definition and rating guide for each criterion.

Advantages:

- Simple and easy to use
- Provides an objective evaluation
- Enables comparability

Disadvantages:

- Carries the risk of subjectivity
- May have a halo effect
- Does not focus on performance improvement

2. Behavioral Observation Method:

In this method, managers or observers observe and record the behaviors of employees over a certain period. The recorded information is then used during performance evaluations.

Advantages:

- Provides a more objective evaluation
- Identifies specific behaviors that affect performance
- Provides concrete examples for feedback

Disadvantages:

- Can be time-consuming and challenging
- Carries the risk of observer bias
- May not be possible to observe all behaviors

3. Critical Incident Method:

In this method, managers or observers record significant incidents that significantly affect the employee's performance. The recorded incidents are used during performance evaluations.

Advantages:

- Focuses on incidents that most affect performance
- Provides a more concrete and meaningful evaluation
- Provides specific examples for feedback

Disadvantages:

- Carries the risk of subjectivity
- It may not be possible to record all significant incidents
- Conducts a retrospective evaluation

4. Essay Method:

In this method, managers write about employees' performance in an open-ended manner. The essay includes the employee's strengths, weaknesses, achievements, and shortcomings.

Advantages:

- **Provides**
- a detailed and comprehensive evaluation
- Reflects the manager's perspective
- Identifies areas for development

Disadvantages:

- Can be time-consuming and challenging
- Carries the risk of subjectivity
- Does not provide comparability

Each of the classic appraisal methods has its unique advantages and disadvantages. The choice of method depends on the organization's needs and the purpose of the evaluation.

For the performance evaluation system to be effective:

- Criteria should be clearly and explicitly defined.
- Evaluators should be trained.
- An objective and fair assessment should be conducted.
- Feedback should be provided to employees.

Performance evaluation results should be used to improve employees' performance.

2.2.6. Contemporary Appraisal Methods

Traditional methods are criticized for being passive for the evaluated individual and not being impartially conducted. Especially in organizations where total quality management approaches dominate and where employees are also involved in decision-making processes alongside managers, traditional methods may be ineffective. Contemporary performance appraisal methods are developed to eliminate the disadvantages of classical methods and to create a more objective, fair, and reliable evaluation system. These methods aim to evaluate the performance of employees in a more comprehensive and detailed manner.

2.2.7. Classification of Contemporary Performance Appraisal Methods:

Contemporary performance appraisal methods can be classified into the following categories:

Behavior-Based Methods:

Critical Incident Technique: Critical incidents that impact an employee's performance are identified and analyzed.

Behavioral Observation: The behaviors exhibited by an employee during a specific period are observed and recorded.

360-Degree Feedback: The employee's performance is evaluated by gathering feedback from various sources such as managers, peers, customers, and subordinates.

Results-Based Methods:

Management by Objectives (MBO): SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) goals are set for employees, and they are guided to achieve these goals.

Balanced Scorecard: Performance is evaluated from different perspectives such as financial, customer, process, and learning and growth.

Competency-Based Methods:

Competency Model: Essential competencies required for a position are identified, and performance is evaluated based on these competencies.

Behavioral Competency Scale: The extent to which an employee demonstrates a specific competency is measured.

2.2.8. Advantages of Contemporary Performance Appraisal Methods:

- **Objectivity:** These methods provide a more objective evaluation as they are based on predetermined criteria and standards.
- **Fairness:** These methods are applied equally to all employees and do not allow for personal biases.

- **Reliability:** By collecting data from different sources, these methods ensure a more reliable evaluation.
- **Motivation:** These methods offer concrete feedback to employees to improve their performance, thereby motivating them.

2.2.9. Disadvantages of Contemporary Performance Appraisal Methods:

- **Complexity:** These methods may be more complex and challenging to implement compared to traditional methods.
- **Costly:** They may require more resources and investment compared to traditional methods.
- **Time-consuming:** These methods may take more time to implement compared to traditional methods.

Çağdaş Performans Değerleme Yöntemlerinin Örnekleri:

Examples of Contemporary Performance Appraisal Methods:

- **Critical Incident Technique:** Evaluating a sales representative based on critical incidents such as how they manage customer relationships and complete sales.
- **360-Degree Feedback:** Assessing a manager's leadership and communication skills from different perspectives, including colleagues, customers, and subordinates.
- **Goal Management:** Setting a target for a marketing team to acquire a specific number of new customers within a certain period and ensuring they achieve this goal.

- **Balanced Scorecard:** Evaluating a company's performance from various perspectives such as financial performance, customer satisfaction, operational efficiency, and innovation.

Contemporary performance appraisal methods are preferred for establishing a more objective, fair, and reliable evaluation system compared to traditional methods.

2.3. Comparison of Classic and Modern Performance Appraisal Methods

2.3.1 Classic Performance Appraisal Methods:

Traditional appraisal methods have been used for many years and are still employed by many organizations according to their organizational structure. The emergence of modern methods and their many beneficial aspects does not imply the complete disregard of traditional methods. Although the negative aspects of traditional practices have led to the development of contemporary evaluation approaches, it can be said that in some organizational structures, traditional approaches can still produce valid solutions.

Classic performance appraisal methods are long-standing and relatively straightforward approaches. These methods typically rely on approaches such as inter-personal comparison or evaluation based on pre-determined criteria.

Some common examples of traditional methods include:

Some common examples of traditional methods include:

- **Ranking:** Employees are ranked from best to worst based on their performance.

- Graphic Rating Scale: Employee performance is evaluated on a scale based on predetermined criteria.
- Behavioral Incident Technique: Employee behavior exhibited during a specific time period is observed and recorded.

Some advantages of traditional methods are:

- Simple and understandable
- Inexpensive
- Quick

Some disadvantages of traditional methods are:

- Risk of bias
- Subjectivity
- Lack of motivation

2.3.2 Modern Performance Appraisal Methods:

Modern performance appraisal methods are developed to eliminate the disadvantages of traditional methods. These methods often rely on approaches such as behavior-based assessment, outcome-based assessment, or competency-based assessment.

Some common examples of modern methods include:

Critical Incident Technique: Critical incidents that affect an employee's performance are identified and analyzed.

360-Degree Feedback: Employee performance is evaluated by obtaining feedback from various sources such as managers, coworkers, customers, and subordinates.

Management by Objectives (MBO): SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) goals are set for employees, and they are guided to achieve these objectives.

Balanced Scorecard: Performance is evaluated from different perspectives such as financial, customer satisfaction, process efficiency, and learning and growth.

Some advantages of modern methods are:

Objectivity

Fairness

Reliability

Motivation

Some disadvantages of modern methods are:

Complexity

Costliness

Time-consuming

Comparison of Classical and Modern Performance Appraisal Methods:

Generally, modern performance appraisal methods are preferred to establish a more objective, fair, and reliable evaluation system compared to classical

methods. However, classical methods may still be used in some cases due to the complexity and time-consuming nature of modern methods. The choice of performance appraisal method depends on the specific needs and resources of the organization.

The distinguishing factors separating traditional performance appraisal methods from contemporary ones include (irfantanseluzmez.blogspot.com):

- The absolute order mentality is evident.
- The results are only used in determination and judgment processes.
- Personality structure is measured rather than job performance.
- Privacy is prevalent.
- Only supervisor evaluation is included.
- There is no standardization.
- Biases affect the evaluation process.
- It does not provide insights into the future. • It is often perceived as a fear and pressure factor.

Traditional methods used in performance appraisal classify employees based on their past performance as good-bad, successful-unsuccessful, and provide feedback with rewards or penalties accordingly. In traditional methods, the evaluation is based on the employee's performance in the job rather than their personality. Contemporary methods approach evaluations by considering not only the degree of accomplishment in the job but also the expectations of the employee."

CHAPTER 3: CHALLENGES AND MISTAKES ENCOUNTERED IN THE PERFORMANCE EVALUATION PROCESS"

Employee performance not accurately reflecting their performance throughout the year can significantly diminish confidence in the performance evaluation methods used and the implementation of the evaluation process. This can result in the failure to achieve the primary purpose of performance evaluation. Therefore, identifying potential errors in the evaluation process and taking preventive measures against them are necessary to conduct a performance evaluation that satisfies both evaluators and employees.

In the performance evaluation process, it is crucial that evaluation criteria are clear and measurable. Additionally, the evaluation process must be conducted fairly and objectively. Transparent communication of the evaluation process helps employees understand the process and trust the outcomes.

During evaluation, it is important to address both quantitative (e.g., achieving objectives) and qualitative (e.g., behavioral skills) performance criteria in a balanced manner. This encourages employees to contribute not only to short-term goals but also to long-term success.

Effective use of feedback mechanisms during the evaluation process is also essential. Feedback helps employees understand their strengths and areas for improvement, enabling them to enhance their performance.

Furthermore, continuous review and improvement of the performance evaluation process are necessary. To enhance the effectiveness of the evaluation process, feedback collection methods and evaluation criteria should be periodically reviewed and updated as needed.

In conclusion, the proper implementation and management of the performance evaluation process enable businesses to objectively assess and improve

employee performance. The reliability and effectiveness of this process are crucial for all stakeholders, both within and outside the organization.

3.1. Contrary Views on Evaluation

The most significant issue in evaluation systems is the influence of positive or negative biases on the system. Some managers who are opposed to performance evaluation believe that these systems create unnecessary bureaucracy without providing any benefits. Some managers insist on not using these systems for compensation and reward decisions because they do not believe in their outcomes.

Furthermore, if employees are not evaluated with one of the highest ratings, they may develop a negative mental attitude that can affect workflow. They consider this as evidence of bias in performance evaluation (Barutçugil, 2002: 229).

Additionally, some managers do not want to base important decisions such as rewards and promotions on performance evaluation results because they do not trust them. This undermines employees' confidence in the performance evaluation process and can reduce their motivation.

Moreover, if employees are not evaluated with one of the highest ratings during the evaluation process, it can negatively impact their motivation for their job. Employees may develop a negative mental attitude, believing that they have been unfairly evaluated. This can decrease productivity and harm morale in the workplace.

3.2. Design and Implementation Issues of the System

If evaluation systems are poorly planned, the results of the efforts will be inadequate and useless. The criteria used for performance evaluation are crucial. Depending on the criteria, for example, placing too much importance on actions

and less on outcomes, or prioritizing personal traits over performance, can hinder the accuracy of the evaluation results.

3.3. Problems Arising from Evaluator Selection

3.3.1. Being the First Supervisor of the Evaluator

It is common practice for the evaluator to be the first supervisor in performance evaluation. There are some advantages and disadvantages to this practice.

Advantages:

- **Direct Observation:** The first manager has the opportunity to observe the employee on a daily basis. This allows for a more accurate assessment of the employee's performance.
- **Knowledgeable:** The first manager is well-informed about the employee's tasks and responsibilities. This enables a more objective evaluation.
- **Feedback:** The first manager can provide direct feedback to the employee about their performance. This can help the employee improve their performance.

Disadvantages:

- **Bias Risk:** The first manager may harbor biases towards the employee. This can affect the objectivity of the evaluation.
- **Insufficient Information:** The first manager may not be aware of all of the employee's skills and competencies. This can result in an incomplete evaluation
- **Time Constraints:** The first manager may not be able to allocate enough time for performance evaluations due to a busy work schedule.

Various issues arise when the evaluation is conducted by the first manager. One of these is the risk of damaging the relationship with the employee and

negatively impacting productivity if the first manager chooses to punish the employee. If evaluation results are negative and feedback is not provided, it may lead employees to defend their rights. Additionally, the manager may lack the necessary skills to provide feedback.

3.3.2. Employee Self-Assessment

Employee self-assessment is an important part of the performance evaluation process. This method assists employees in objectively evaluating their own performance and identifying areas for improvement.

The Advantages of Employee Self-Assessment:

- **Awareness:** It enables employees to be aware of their strengths and weaknesses.
- **Responsibility:** It encourages employees to take ownership of their performance.
- **Motivation:** It motivates employees to improve their performance.
- **Feedback:** It enables employees to provide constructive feedback to their managers and colleagues.

The Disadvantages of Employee Self-Assessment:

- **Subjectivity:** Employees may tend to exaggerate or underestimate their own performance.
- **Verification Difficulty:** It can be challenging to verify employees' self-assessments.
- **Time:** It may take time for employees to conduct their own evaluations.

For Employee Self-Assessment to be Effective:

Predefined evaluation criteria should be established and shared with employees.

Adequate time and resources should be provided for employees to conduct their self-assessments.

Employees should discuss their self-assessments with their managers.

The evaluation results should be used in a way that contributes to the employee's development.

Employee Self-Assessment Methods:

- Surveys: Employees may be asked to fill out surveys where they evaluate their own performance based on predefined criteria.
- Written Assessments: Employees may be asked to evaluate their own performance in written form.
- Presentations: Employees may be asked to present their own performance to their managers and colleagues.

Managers should be cautioned about the possibility of employee self-assessments yielding significantly different results. High-performing employees may rate themselves lower than their managers' evaluations. Conversely, underperforming employees may lean towards exaggeratedly high scores. A self-assessment system that is implemented correctly and fairly can help employees improve their performance and contribute to the success of organizations.

Additional Recommendations:

Self-assessment forms should be designed to align with employees' roles and responsibilities. Self-assessment results should be provided to employees and managers as feedback. Self-assessment results can be used for performance improvement plans and compensation decisions.

Self-assessment encourages active participation and responsibility among employees, enhancing the effectiveness of the performance management system.

3.3.3. Peer Evaluation

Peer evaluation is an alternative method of performance assessment where employees are evaluated by their colleagues based on specific criteria.

The Advantages of Peer Evaluation:

Different Perspectives: Colleagues can evaluate an employee from a different perspective, uncovering strengths and weaknesses that may go unnoticed by managers.

Equity: Colleagues, knowing each other better, can provide a more equitable evaluation.

Teamwork: Evaluation by colleagues can encourage teamwork.

The Disadvantages of Peer Evaluation:

Bias Risk: Colleagues may harbor biases towards each other, affecting the objectivity of the evaluation.

Competition: Competition among colleagues can negatively impact evaluations.

Time: Conducting evaluations by colleagues may take time.

For Peer Evaluation to be Effective:

Predefined evaluation criteria should be established and shared with employees.

Sufficient training and resources should be provided for colleagues to conduct evaluations.

Colleagues should discuss their evaluations with their managers.

The evaluation results should be used in a way that contributes to the employee's development.

Peer evaluation can be an important part of the performance assessment process. A peer evaluation system, when implemented correctly and fairly, can help employees improve their performance and contribute to the success of organizations.

Additional Recommendations:

The peer evaluation system should be implemented in an open and transparent manner.

Colleagues should be encouraged to be objective and fair when conducting evaluations.

Evaluation results should be provided to employees and managers as feedback.

Evaluation results can be used for performance improvement plans and compensation decisions.

Peer evaluation contributes to employee development and team spirit, thereby enhancing the effectiveness of the performance management system.

3.3.4. Subordinate Assessment

Subordinate assessment is an innovative method of performance evaluation where managers are assessed by their subordinates based on specific criteria.

The Advantages of Subordinate Assessment:

Different Perspective: Subordinates can evaluate managers from a different perspective, revealing strengths and weaknesses that managers may not be aware of. **Developmental**

Feedback: Evaluation by subordinates can provide managers with concrete feedback for their development.

Motivation: Assessment by subordinates can motivate managers to perform better.

The Disadvantages of Subordinate Assessment:

Bias Risk: Subordinates may have biases towards managers, affecting the objectivity of the evaluation.

Discomfort: Subordinates may feel uncomfortable evaluating their managers.

For Subordinate Assessment to be Effective:

Predefined evaluation criteria should be established and shared with employees.

Sufficient training and resources should be provided for subordinates to conduct evaluations.

Subordinates should discuss their evaluations with their managers.

The evaluation results should be used in a way that contributes to the manager's development.

Subordinate Assessment Methods:

Surveys: Subordinates may be asked to fill out surveys evaluating managers based on predefined criteria.

Written Assessments: Subordinates may be asked to evaluate managers in written form.

Verbal Assessments: Subordinates may be asked to evaluate managers verbally.

Subordinate assessment can be an integral part of the performance evaluation process. When implemented correctly and fairly, a subordinate assessment system can help managers improve their performance and contribute to the success of organizations.

Additional Recommendations:

The subordinate assessment system should be implemented in an open and transparent manner. Subordinates should be encouraged to be objective and fair when conducting evaluations.

Evaluation results should be provided to managers and upper management as feedback.

Evaluation results can be used for managers' development plans and promotion decisions.

Subordinate assessment contributes to managers' development and fosters a transparent organizational culture, thereby enhancing the effectiveness of the performance management system..

Note:

The subordinate assessment system may not be suitable for every organization. Factors such as organizational culture and employee motivation levels should be considered before implementing this system.

Additionally:

The performance evaluation methods mentioned above can be combined with each other. The choice of method depends on the specific needs and resources of the organization. Subordinates often prioritize their superiors' personality traits and their own needs, rather than considering organizational goals. For these reasons, having subordinates conduct evaluations can make superiors uncomfortable. Subordinates may avoid conflicts with their superiors and tend to give positive ratings in their evaluations.

3.4. Evaluator Errors

No evaluation related to human beings can be completely error-free. These errors stem from the system, the evaluator, and the person being evaluated. Regardless of how perfect a performance evaluation system implemented in a business may be, the effectiveness of the system is determined by the evaluator. In practice, a large portion of errors in the evaluation process originate from the evaluator. Since the first-level manager to whom the personnel being evaluated is attached is the evaluator in this process, it is necessary first and foremost to educate managers on this matter. If managers are educated about the errors made during the evaluation stage, the information obtained will be more reliable and valid (Yıldırım, 2009: 79).

Performance evaluation is an important tool used to measure and improve employee performance. However, it is common to make mistakes during the evaluation process. These errors can affect the reliability and fairness of the evaluation.

Common Performance Evaluation Errors::

3.4.1. Halo Effect

The evaluator's overall impression of the employee affects their evaluation of a specific attribute or behavior. It occurs when the evaluator cannot see the differences between independent and distinct qualities in the performance of their subordinate and consequently makes incorrect evaluations. There are various reasons why a person may fall victim to the halo effect. One of these is the tendency to make erroneous evaluations based on initial impressions. For example, an evaluator who finds an employee likable may score their performance higher than it actually is.

To provide other examples of judgments reached through the halo effect; if a person is intelligent, they are also assumed to be honest; if a female employee is attractive, she is also assumed to be talented; the best-performing individual is assumed to be the best trainer for others.

3.4.2. Central Tendency:

Central tendency is when the evaluator tends to rate all employees close to average scores. This can lead to discrimination and overlooking differences in the evaluation.

Some evaluation experts avoid extreme evaluations when assessing an employee's performance. Instead, they prefer to give all employees scores close to the average. This is because extreme evaluations can lead to central tendency bias, which can result in inaccurate promotion or transfer decisions. Therefore, it is important for those conducting performance evaluations to avoid this error.

3.4.3. Comparison Error

Comparing an employee with other employees is a common method in performance evaluation. The purpose of this method is to objectively assess the employee's performance and establish a fair salary and promotion system.

However, the comparison method also has some disadvantages. The most significant disadvantage is its potential to affect the objectivity of the evaluation. There is always a risk that the evaluator may make judgments based on their own biases or personal relationships with other employees.

The evaluator comparing the employee with other employees can affect the objectivity of the evaluation.

3.4.4. Recency Effect:

In performance evaluation, the focus of the evaluator should be on the employee's recent performance. While past achievements or mistakes can certainly be considered, what matters most is painting a clear picture of the employee's recent work performance. This is because during the evaluation period of a year, the freshest information and events in our minds typically belong to the last few months. An evaluation made based on this fresh information will more accurately reflect the employee's current situation and development potential. Managers who have difficulty recalling or forget events from the beginning of the period will rely on recent events in their evaluations.

3.4.5. Personal Biases:

The presence of bias in the evaluator assessing an employee is a significant factor in the review process and can influence the evaluation. The existence of bias by the evaluator towards the employee is an important factor in the review process and can affect the evaluation's accuracy. This can lead to a lack of objectivity and unfair evaluation results.

3.4.6. Excessive Leniency and Strictness

Some evaluators are motivated by the idea of maintaining harmonious relationships with everyone and displaying a positive attitude. This motivation can lead to a tendency to give high scores to everyone in the evaluation process, which can be a potential source of error. In other words, evaluators prioritize maintaining a positive atmosphere among employees and sustaining relationships, so they avoid giving negative feedback during the evaluation process.

On the other hand, some evaluators may exhibit an excessively strict and negative attitude during the evaluation process for various reasons. This may occur when the evaluator makes assessments based on bias or personal reasons, or when they have relational or performance issues with a specific employee. Such evaluators often have high standards and tend to criticize performance. However, in this case, the evaluator's lack of objectivity and unfairly assigning low scores can jeopardize a fair evaluation process and negatively impact employee motivation.

In conclusion, these two extreme tendencies in the evaluation process can make it difficult to conduct accurate and fair evaluations. It is important for evaluators to focus on making assessments based on objective criteria that reflect each employee's actual performance. This ensures the maintenance of positive relationships while allowing for an accurate evaluation of job performance.

3.4.7. Contrast Errors

When evaluators assess multiple individuals in quick succession, they may have a tendency to compare individuals with each other based on the consecutive evaluations. This can lead to deviations from objective standards because each employee may be influenced by the score received by the individual evaluated before them. For example, if an employee demonstrates average performance

and is then evaluated after a few unsuccessful individuals, they may be perceived as more successful by the manager. Conversely, if the same employee is evaluated after several highly successful individuals, they may receive a lower score than their actual performance level. This can lead to evaluations becoming less objective..

3.4.8. Inability to Be Objective and Biases

Maintaining objectivity is crucial when conducting performance evaluations in organizations, yet this is a common challenge encountered in many organizations. Performance evaluations are conducted to assess the job within the framework of defined purposes and goals. However, a common issue is the inclusion of personality, behavior, and similar factors in these evaluations. In such cases, managers may make subjective assessments. The impact of personal opinions on job performance can undermine the foundation of an objective evaluation

3.4.9. Single Criterion Error

An employee's workload typically consists of various tasks, often clearly defined in job descriptions. Therefore, if a manager decides to base the entire performance evaluation on just one task, several problems can arise. Jobs usually involve multiple tasks, and when evaluating performance comprehensively, a manager may focus only on the most prominent or noticeable task, disregarding others.

This approach may not fully reflect the employee's actual performance because a job position typically involves multiple skills and responsibilities. Thus, evaluating performance based on just one task may make it difficult for the manager to accurately understand the employee's overall contribution.

For example, when evaluating the performance of a sales representative, considering only a specific task like sales volume would ignore other crucial

areas such as customer relationship management or after-sales services. In this case, the manager may fail to fully assess the employee's complete competency and contribution, leading to unfair outcomes.

Therefore, it's important for managers to adopt an approach that encompasses various tasks and skills in performance evaluation. This way, they can evaluate the employee's success in all aspects and provide fairer and more comprehensive feedback.

3.4.10. Position Bias

During the evaluation process, some evaluators may be influenced by the positions held by the individuals they are evaluating. They may tend to assess employees in positions considered important within the organization more favorably, while those in positions perceived as less significant may be evaluated with lower performance levels. To prevent such errors, leveraging detailed job descriptions prepared for each position and objectively evaluating each employee within the framework of their own duties and responsibilities can play a crucial role.

Particularly, the ranking method is highly susceptible to this error. A manager who evaluates all their subordinates using one or a few criteria and ranks them in a single pool often tends to place individuals in higher-ranking positions at the top of the list and those in lower-ranking positions towards the bottom of the list.

3.4.11. Attribution Errors

Attribution error refers to the tendency of individuals to overly attribute behaviors to personal traits when explaining them. When observing someone's behavior, people often focus on the individual's characteristics or character when explaining the reasons behind these behaviors, leading to a tendency to disregard situational factors or external influences. For example, if you observe someone

being late for work, you may tend to make an attribution error by attributing it to the person's laziness or irresponsibility, when in reality, they may have been late due to external factors like traffic congestion.

People can often exhibit bias in the attribution process, meaning they tend to preserve their own position or viewpoint when explaining the reasons for behavior. In this case, they may attempt to support their own group or beliefs by making attributions to personal traits.

Internal attribution in attribution error refers to the tendency to focus on internal causes by attributing behavior to the individual's character or personality. On the other hand, external attribution refers to focusing on external causes or situational factors. In this case, individuals explain behavior by attributing it to external factors such as environmental factors or social norms. These different forms of attribution influence how people evaluate and understand others.

3.4.12. Cultural Differences

Each evaluator comes from a different culture and background. Therefore, it is inevitable that evaluators with diverse cultural backgrounds will make certain errors. For example, a German manager educated based on Western culture and values may make mistakes when evaluating the performance of an employee from an Eastern culture, such as Turkey, Japan, or Pakistan. This is because cross-cultural differences influence people's perspectives on the evaluation process and performance criteria.

These differences between cultures affect the objectivity and fairness of the evaluation process. An evaluator, acting from their own cultural perspective, may misunderstand or ignore the norms or expectations of other cultures. This can lead to unfairness or biased behavior in the evaluation process.

Therefore, it is important for individuals evaluating different cultures to be aware of these cultural differences. Evaluators should respect different cultures,

be open-minded, and avoid biases. Additionally, it should be ensured that the criteria used in the performance evaluation process are suitable for the values and norms of each culture.

Only in this way can it be said that a correct and reliable performance evaluation is conducted. Understanding and considering cultural differences in the evaluation process ensures that the evaluation process is fair and effective. This, in turn, increases employee motivation and positively affects productivity.

3.4.13. Technical Errors

Improper preparation of the performance evaluation form can negatively impact the effectiveness of the process. Among these errors, rushing the form and designing it inadequately can be identified. Especially, not paying sufficient attention to the determination of evaluation criteria can reduce the accuracy and reliability of the form. Additionally, if the language or content of the form is not fully understood by the evaluator, the impact of feedback may be limited.

Failure to apply reliability and validity tests in determining criteria can also be a serious issue. The reliability of criteria indicates whether the same employee can receive the same performance evaluation at different times, while validity determines whether the criteria accurately reflect actual job performance. Failure to conduct these tests questions the accuracy of the evaluation process and weakens the validity of its results.

Lastly, if the language used in the performance evaluation process is not understood by the evaluator, it can diminish the impact of feedback. If the evaluator cannot fully grasp the meaning of the terms or expressions used, they may struggle to provide accurate and constructive feedback. This can result in erroneous or misinterpreted feedback instead of contributing to the development of employees.

All of these errors can undermine the reliability and effectiveness of the performance evaluation process. Therefore, careful preparation of performance evaluation forms, meticulous selection of criteria, and training of evaluators are important. Additionally, careful selection of language is necessary to ensure that feedback is conveyed clearly and comprehensibly. These measures ensure that the performance management process is more effective and fair.

3.4.14. Length of Service Error

Some managers may overvalue employees who have been with the organization for a long time solely based on their length of service. In this case, it is possible for employees with shorter tenure to receive lower evaluations.

This type of evaluation approach can overlook the true abilities and contributions of employees. Length of service should not be the sole criterion for performance evaluation because seniority cannot be automatically associated with job performance. Seniority-based evaluation can decrease motivation and have negative effects on job satisfaction and commitment of talented employees.

3.4.15. Lack of Information

If employees do not have enough information about the evaluation system, they may not understand how the evaluation process works, what the expectations are, and what criteria are used. This lack of information can lead to employees not knowing what to expect or how to prepare. Additionally, not understanding how the results of the evaluation process will impact their jobs and careers can cause feelings of uncertainty and concern.

This lack of information and feeling of uncertainty among employees can lead to reactive behavior. For example, employees who are worried about the outcomes of the evaluation process or hesitant to express their dissatisfaction may lose motivation or have their performance negatively affected. Moreover, employees

who lack sufficient information about the evaluation process may react based on misconceptions or assumptions.

A evaluation system cannot be successful in the long term if it does not gain the support of employees. Employees must trust the system and be willing to contribute to it. However, if employees experience a lack of information and feelings of uncertainty about the evaluation process, it can create distrust and resistance within the system. This undermines the effectiveness and reliability of the evaluation process and can hinder the organization from achieving its goals.

Therefore, it is important for employees to have sufficient information about the evaluation process and for the process to be communicated transparently. This increases employee participation and support in the process, positively impacting their motivation and performance. Additionally, it is critical for the long-term success of the evaluation process.

3.4.16. Neglecting Interdependencies Between Jobs

Failing to establish healthy connections between jobs can lead to erroneous decisions in the evaluation process. For example, if the performance of an employee at a lower level of responsibility is low, it may affect the productivity of the employee at the next level, leading to the latter being evaluated as unsuccessful. Similarly, if an employee processing the outputs of someone who has achieved outstanding success is not as successful as the previous outstandingly successful individual, this may also result in the former being evaluated as unsuccessful, despite performing well. Such errors often stem from the evaluation process not being comprehensive enough.

3.5. Solutions to Common Errors Encountered in Performance Evaluation

Errors made during the performance evaluation process can diminish the validity and reliability of the evaluation results, hindering the accurate identification of high-performing employees and those in need of training

and guidance. Therefore, it is important for businesses to take the following measures to prevent errors, whether made inadvertently or consciously, in the performance evaluation process:

- ✓ The performance evaluation system should be tailored to the structure of the business, its intended purpose, and the individuals being evaluated.
- ✓ Evaluators should regularly observe the performance of their employees.
- ✓ The performance evaluation system established within the business must be effective, based on thorough job analyses.
- ✓ Performance evaluation scales should include statements that may lead to different interpretations.
- ✓ Evaluators should avoid evaluating numerous employees simultaneously and should spread evaluations over a specific period of time.
- ✓ Both the employees being evaluated and the evaluators should participate in training programs regarding the performance evaluation process and activities.
- ✓ Criteria used in performance evaluation should be expressed clearly and comprehensibly.
- ✓ Evaluators should diligently gather complete and accurate information about the employees.
- ✓ Those conducting performance evaluations should behave fairly, rationally, and objectively.
- ✓ Performance standards should be clear and easily understandable by everyone.

- ✓ Evaluators should focus on individual employee performance, disregarding personality, behavior, and other personal traits, and concentrate on objective, measurable factors.
- ✓ To support evaluation results, evaluators should be asked to provide concrete examples and incidents related to the employee's performance.
- ✓ Computer technology should be utilized to quickly and effectively access employee information and prevent forgetfulness due to the lengthy process, with performance records being stored there.

3.5.1. Preventing Performance Evaluation Errors:

Below are some suggested measures for preventing errors in the performance evaluation process:

- **Training and Education:** It is important to educate and inform evaluators about the purpose of the evaluation process, the criteria used, and the correct evaluation techniques. This ensures that objective and fair evaluations are conducted.
- **Open Communication:** Establishing open communication with employees about the evaluation process, setting expectations, and sharing evaluation criteria is important. This helps employees understand the process and evaluate themselves more effectively.
- **Goal Setting:** Setting clear objectives at the beginning of the evaluation process helps focus evaluators. Specific and measurable goals enable objective evaluations.
- **Use of Multiple Criteria:** Avoiding evaluations based solely on one criterion is important. Considering various performance metrics and skills allows for a more comprehensive and fair assessment.

- **Second-Order Evaluations:** Utilizing multiple evaluators can incorporate different perspectives and opinions, reducing errors by providing a neutral and broad perspective.
- **Feedback and Development Plans:** Providing feedback based on evaluation results and creating development plans for employees supports low-performing employees in focusing on improvement opportunities.
- **Continuous Monitoring:** Establishing a regular and continuous monitoring process instead of compressing the performance evaluation process into specific periods of the year may be more effective.
- **Employee Engagement:** Encouraging employee participation in the evaluation process can help them develop a better understanding of their own performance.

These suggestions can be utilized to minimize errors in the performance evaluation process and support a more effective, fair, and motivating evaluation system.

3.6. A Critical Look at Performance Evaluation Systems

Performance management is a widely recognized and practiced concept today, making significant contributions to both employee and organizational development. Performance evaluations have been used for many years and continuously improved, but failures can occur for various reasons in today's context. Several reasons underlie these failures. Firstly, many traditional performance evaluation methods may struggle to adapt to changing work environments and employee expectations. Additionally, the complexity of evaluation processes can create a sense of unfair treatment among employees and negatively impact motivation. Issues such as the infrequency of performance evaluation processes, limited feedback, and unclear or

unattainable goals can also hinder success. These factors can diminish employees' confidence in and commitment to the performance evaluation process.

Some of the reasons can be listed as follows:

- ✓ Rating scales are not consistently applied.
- ✓ There are issues in the utilization of the information obtained from the evaluation results.
- ✓ Evaluators are not adequately trained.
- ✓ Managers do not value the procedure and use it only for criticism and reprimand purposes.
- ✓ Employees do not receive sufficient feedback on performance evaluation results.
- ✓ Standards and criteria are not objective or related to job performance.
- ✓ Employees are not provided with sufficient information about the process.
- ✓ Emotional decisions come into play during the evaluation.

The reasons for the failure of performance evaluation practices are not limited to these alone. However, regardless of the cause, the individual most affected by the failure of this process is the employee. This situation not only undermines the employee's trust in the system and the organization but also diminishes their belief and motivation. The resulting negative atmosphere can expose the employee to work-related stress, affecting them both financially and emotionally.

In conclusion, the current unsuccessful performance evaluation processes may fail to adapt to changing work dynamics and limit employees from realizing their true potential. Therefore, there is a continuous need to revise and improve performance management systems to establish a contemporary and effective framework. These criticisms underscore the necessity for organizations to continually review and enhance performance management processes. By establishing more effective feedback mechanisms, organizations can make processes fairer and more efficient. Additionally, providing training and support to managers can facilitate the successful implementation of performance management processes.

CONCLUSION

Increasing competition in the sector and rapidly evolving technology are driving businesses to enhance the performance of their human resources. To achieve high levels of productivity, efficiency, and effectiveness, all employees, from

top-level management to frontline workers, need to perform above a certain standard and continuously renew themselves.

The continuity of business success depends on its members demonstrating superior performance and having their performance evaluated. Measuring and evaluating employee performance has always been a challenging task for businesses. Assessing the extent to which tasks are completed and determining all the skills employees possess is a complex process. As a result, the importance of performance management and evaluation in organizations is increasing day by day.

Establishing an effective performance management system is a critical step for businesses to obtain the highest level of performance from their employees. This system monitors, evaluates, and manages employee performance to help businesses achieve their strategic goals. Additionally, by fostering strong communication and collaboration between employees and managers, it focuses on the integrated goals of the organization.

One of the fundamental elements of an effective performance management system is setting clear and measurable goals. This facilitates employees in monitoring and evaluating their performance. Furthermore, it is essential that goals align with the organization's overall strategic objectives and that employees associate their contributions with these goals. In this way, employees feel they are part of their roles and the organization's objectives.

The performance management process should be supported by regular feedback and clear communication of goals and expectations. This helps employees understand their strengths and development areas and encourages them to continuously improve their performance.

Additionally, the performance management system should include reward and recognition mechanisms to increase employee motivation and commitment. An

equitable and transparent approach should be adopted when appreciating achievements and evaluating employee contributions. This makes employees feel valued and enhances morale and motivation within the organization.

When all these elements come together, an effective performance management system helps businesses maximize their employees' potential and support their long-term success.

One of the critical elements of the performance management process is performance evaluation, which provides essential data for human resources management to fulfill its functions. Particularly, performance evaluation studies are utilized in determining the career and training needs of employees. Through the evaluation, multidimensional communication is established within the organization, contributing to both the employee's and the company's development. However, the success of performance evaluation studies depends on the correct selection of performance criteria, providing adequate training to evaluators, informing employees about performance evaluation studies, selecting the performance evaluation method, and communicating the results to employees.

Finally, the performance management system should be continuously reviewed and improved. It should be regularly updated to adapt to changing business needs and employees' evolving skills and goals.

APPENDIX - Sample Performance Management Survey

This survey has been prepared to evaluate the effectiveness of our performance management system. Please read each question carefully and mark the most accurate answer.

1. Personal Information

- Your Full Name:
- Your Department:
- Your Position:

2. Performance Goals

- How clear and achievable were your performance goals set for this year?
(1-5)
- To what extent did you participate in setting your performance goals?
(1-5)
- How aligned do you think your performance goals are with your job description? (1-5)

3. Performance Evaluation

- How frequently do you believe your performance is evaluated? (1-5)
- How fair and objective do you consider the performance evaluation process to be? (1-5)
- How beneficial and developmental do you think the performance evaluation meetings are? (1-5)

4. Feedback

- How often do you receive feedback from your manager? (1-5)
- How clear, specific, and constructive do you find the feedback you receive? (1-5)

- How helpful do you think the feedback is in improving your performance? (1-5)

5. Communication and Collaboration

- How open and effective is your communication with your manager? (1-5)
- How do you rate your level of collaboration and coordination with your coworkers? (1-5)
- How effective do you think information sharing and communication are within the team? (1-5)

6. Training and Development

- How much do you believe the training and development programs you participated in last year helped improve your job performance? (1-5)
- How much do you feel your training and development needs are taken into account? (1-5)
- How much support do you think you receive for your career development? (1-5)

7. Motivation and Commitment

- How motivated do you feel in your job? (1-5)
- How do you evaluate your commitment to the company? (1-5)
- How much do you think your work environment affects your motivation? (1-5)

8. Performance Goals

How clear and achievable do you find your performance goals for this year? (1-5)

- How much did you participate in setting your performance goals? (1-5)
- How well do you think your performance goals align with your job description? (1-5)
- How well do you think your performance goals adhere to the SMART (Specific, Measurable, Achievable, Relevant, Time-bound) criteria? (1-5)

9. Performance Evaluation

- How often do you think your performance is evaluated? (1-5)
- How fair and objective do you consider the performance evaluation process to be? (1-5)
- How beneficial and developmental do you find the performance evaluation meetings? (1-5)
- How transparent do you think the performance evaluation system is? (1-5)

10. Feedback

- How often do you receive feedback from your manager? (1-5)
- How clear, specific, and constructive do you find the feedback you receive? (1-5)
- How helpful do you think the feedback you receive is in improving your performance? (1-5)
- How do you evaluate the presence and effectiveness of a platform where you can share and discuss your feedback? (1-5)

11. Communication and Collaboration

- How open and effective do you find your communication with your manager? (1-5)

- How do you evaluate your level of collaboration and coordination with your colleagues? (1-5)
- How effective do you think information sharing and communication are within your team? (1-5)
- How effective do you think communication and collaboration between different departments are? (1-5)

12. Training and Development

- How much do you think the training and development programs you attended last year helped improve your job performance? (1-5)
- How much do you think your training and development needs are taken into account? (1-5)
- How much support do you think you receive for your career development? (1-5)
- Evaluate the relevance of the training and development programs to your job needs. (1-5)

13. Overall Evaluation

- How effective do you think our performance management system is overall? (1-5)
- How much do you think our performance management system contributes to the success of our business? (1-5)
- What suggestions do you have for improving the performance management system?

Not: (1) Lowest, (5) Highest

Extra Notes:

This survey is just an example and can be tailored to the specific needs of your business. In addition to the survey,

You can also add open-ended questions.

By analyzing the survey results, you can identify the strengths and weaknesses of your performance management system.

Based on the results obtained, you can take the necessary steps to improve your system.

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