Competency Based Performance Appraisal System (Case study: Public Sector in Iran)

1Meysam Ghaffari, 2Seyed Hosein Mousavi, 3Alireza Sheikh

1MSc. Student in Socioeconomic Systems Engineering, Department of Industrial Engineering, Islamic Azad University, South Tehran Branch, Tehran, Iran.
2MSc. Student in Socioeconomic Systems Engineering, University of Economic Sciences, Tehran, Iran.
3BSc. Industrial Engineering, Department of Industrial Engineering, Islamic Azad University, South Tehran Branch, Tehran, Iran.

ABSTRACT

This paper intends to explain the performance appraisal system of “Tehran Municipality Art and Cultural Organization” as a public and non-profit organization in Iran. Difficulty to measure the outputs of performance was one of the most important reasons to use the competencies model to design this system. In order to define staff’s competencies, number of 1502 personnel were divided into 5 levels: manager (n=54), boss (n=77), supervisor (n=165), expert (n=773) and employee (n=433). The importance of competencies was specified in all organizational levels by coefficient of variation and Shannon Entropy method and according to the senior managers’ opinion. The results show that the skills of “organizing” and “decision making” in level of manager level, “decision making” for boss and supervisor level, “client orientation” in expert level and “quality of work” in level of employee were recognized as the most important competencies. In order to determine staff’s final ranking, the staff’s scores were standardized in their own departments and all staff’s scores in each level were compared together. According to the normal distribution, the staff’s performance scores were finally divided into five levels: A= 2.5%, B=14%, C=67%, D=14% and E=2.5% of staff. People whose score is in area “A”, have the highest performance and other areas descending to the “E” are in a lower level of performance.

INTRODUCTION

Human resources as the main intangible assets of the organizations have been considered by the experts of management and organizational managers in recent decades. Necessary to increase the quality and efficiency of the organizational staff is inevitable in any organization’s mission and goals. In this regard, the performance appraisal process as one of the main sub processes of human resources is the most complex issue in design and implementation steps. This timing challenge is more tangible that an organization designs and does fundamental revision in its performance appraisal process for the first time after foundation. Difficulty of mentioned content will be featured more when we know that our case study is a non-profit and public organization that measuring its outcome and results are very complex and difficult.

This paper intends to explain how to design performance appraisal system in one of the largest cultural organizations with a public nature in Iran.

2. Literature review:

2.1. Performance:

If the concept of performance isn’t explained, it can’t be measured and managed (Armestrong, 2005, p. 13). There are different views and definitions about the job performance. (Campbell, 1990; Murphy K. , 1989). Job performance indicates the share of staff in the organization in which they work. Performance can be assumed only as results obtained (Stewart & Kantaji, 2008, p. 352). Oxford dictionary defines the performance as fulfillment of implementation, conduct and completion of certain, defined or accepted work. This definition refers to the results and also expresses that performance is about implementation and gained results. In terms of individual, performance refers to a person's history of success.

Kane in 1996 argues individual performance is defined as the record that a person leaves it and also it is made regardless of goals. Bernardyn et al in 1995 expresses performance should be defined as outcomes,
because it has the strongest link to strategic goals of organization, customer satisfaction and financial revenues. Campbell in 1990 believes that performance is behavior and should be distinguished from the results, because they can be distorted under the influence of system factors (Armstrong, 2005, p. 13).

As the result, performance is a set of efforts and actions that staff perform to meet objectives and carry out programs and also tangible and measurable results driven from these behaviors and efforts (Abulalaii, 2012, p. 59). Performance is the function of data (capabilities) and outcomes (goals). So performance scales should be based on outcomes such as volume and work efficiency and data. Namely, what knowledge, skill and attitudes that people have in their role (Armstrong, 2005, p. 52).

Ouchi (1979) argues that performance in a job can be shown by means of the relations between devices, behavior and goals (Figure 1). Devices mean individuals’ skills, characteristics, qualities, knowledge and attitudes (competencies individuals).

![Fig. 1: Components of duty performance](image)

2.2. Performance appraisal:
Performance appraisal is regarded as one of the most powerful and effective human resource Methods (Judges & Ferris, 1993; Murphy & Cleveland, 1995). The concept of performance appraisal is frequently seen in most organizations take steps to improve their organization’s performance and many interpretations have been proposed about it.

Performance appraisal is a process within the overall performance management process (Werbel & Balkin, 2010; Abulalaii, 2012, p. 74). Performance appraisal provides a justification for decisions regarding human resource issues such as rewarding, training, career planning, partnership termination, relocation, coaching, etc. (Chattopadhayay & Ghosh, 2012). DeNisi (2000) defines performance appraisal as “the system whereby an organization assigns some ‘scores’ to indicate the level of performance of a target person or group”.

2.3. Performance appraisal methods:
Since using simple assessment methods until now, numerous ways have been developed and used. Several methods of appraisal can be divided based on indicators into three categories:
- Competency based performance appraisal
- Behavior based performance appraisal
- Outcome based performance appraisal (Scott & Einstein, 2001)

2.3.1. Competency based performance appraisal:
Oxford dictionary defines the competency as power, capability and capacity to perform a defined task. The term competency refers to the basic features of a person which cause to achieve superior performance (Armstrong, 2012, p. 90). Competencies are related to knowledge, skills and behaviors which people show during their work. They are necessary for successful performance and early signs of achieving those results are presented (Campion, M. et al., 2011; Ohrish, 2008, p. 49). Competencies are “the skills, knowledge, abilities and other characteristics that someone needs to perform a job effectively” (Jackson & Schuler, 2003).

Thus in this approach, individual’s skills or knowledge that are required to perform a job such as leadership, creativity, reliability and similar initiatives are evaluated (Reilly & McGourty, 1999).

2.3.2. Behavior based performance appraisal:
Behaviors methods are employed to describe necessary and unnecessary actions in a job. Data from the application of these methods is effective and useful for providing developmental feedback to staff. For example, factory manager’s behavior such as rate of monthly report or his leadership style can be evaluated. We can point to a potential for error, suitability to provide feedback and rewarding as the features of this method (Robbins, 1979, p. 341).

2.3.3. Outcome based performance appraisal:
If the target (not the process) is considered, the result (outcome) will be evaluated. If we want to assess the outcome of a finance charge, we should use the indicators such as the amount of payments on time and the
number of wrongly issued checks. We can express being suitable direction for rewarding and promotion, acceptability to staff and supervisors and mental errors reduction as some appropriate features of this method are (Robbins, 1979, pp. 339-340).

2.4. Shannon Entropy:
There are various methods to determine weights and importance of the criteria and indicators in multi-criteria decision-making techniques that they can be divided into two general categories:

- Objective methods
- Subjective methods

For example, the methods of analytic hierarchy process (AHP) and weighted least squares are subjective and techniques of multi-objective programming and entropy are objective (Hosseinzadeh Lotfi & Fallahnejad, 2010). The concept of entropy, firstly was introduced by Shannon (1948) to measure uncertainty of object based on information theory using probability function. This concept reflects the uncertainty of the expected information content of a message. In other words, in information theory, entropy is a measure of the uncertainty expressed by a discrete probability distribution (P_i) so that the uncertainty in case of smooth distribution is more than the case that distribution is sharper. We can define this uncertainty as follows (First, E will be computed):

\[
E \approx S \{P_1, P_2, ..., P_n \} = -K \sum_{i=1}^{n} [P_i \cdot Ln P_i]
\]

(1)

K is a positive constant to provide \(0 \leq E \leq 1\). E is calculated by the probability distribution \(P_i\) Based on the statistical mechanism and in case of equality of all \(P_i\)-s, its value will be the maximum possible value:

\[
E \approx S = -K \sum_{i=1}^{n} [P_i \cdot Ln P_i] = -K \left( \frac{1}{n} \cdot Ln \frac{1}{n} + \frac{1}{n} \cdot Ln \frac{1}{n} + ... + \frac{1}{n} \cdot Ln \frac{1}{n} \right) = -K \left( \left( \frac{n}{n} \cdot Ln \frac{1}{n} \right) \right) = -K \left( Ln \frac{1}{n} \right)
\]

(2)

Then the value will be calculated in which \(r_0\) is the level of importance of each indicator for each of the alternatives based on the decision matrix:

\[
P_{ij} = \frac{r_0}{\sum r_0} (\forall i, j)
\]

(3)

And we will have \(E_j\) per each features from the set of all \(P_{ij}\)-s:

\[
E_j = -K \sum_{i=1}^{n} [P_{ij} \cdot Ln P_{ij}] (\forall j)
\]

(4)

\[
K = \frac{1}{Ln(n)}
\]

(5)

Now the uncertainty or deviation degree \(d_j\) from the generated information per j-th index, includes:

\[
d_j = 1 - E_j (\forall j)
\]

(6)

Finally, the weights \(W_j\) of indices will be:

\[
W_j = \frac{d_j}{\sum_{j=1}^{n} d_j}
\]

(7)

If elements of decision matrix are frequency of expressing a concept in an open questionnaire or importance of each indicators that are expressed by any of the decision makers, it won’t need to calculate the weights \(d_j\) and they will be calculated as follows (Asghpour, 2011, p. 199).

\[
W_j = \frac{E_j}{\sum_{j=1}^{n} E_j}
\]

(8)

3. Methodology:
3.1. Goal determining:
The best way to specify how to exploit a system is goal determining (Poister, 2003, p. 24). Definitely, each system and process are designed and implemented with clear target to satisfy some organizational stakeholders’ needs. Hence the most important purposes to establish a performance appraisal process in Tehran Municipality Art and Cultural Organization include:

- Identifying the value creator staff from the others
- Fair distribution of rewards
• Determining the training needs of staff at different organizational levels
• Providing appropriate feedback on staff’s performance

3.2. Determining the scope of the performance appraisal system:

Tehran Municipality Art and Cultural Organization was established in 1996 to develop art and culture in the Iranian society and culture of urbanization in Tehran. The primary statute was approved with 26 articles and 1 note on 22nd September 1996 and after a decade, revised statute was finally approved on 28th January 2007.

The staff appraisal plan based on the needs of human resource management and senior management includes all staff except senior assistants. After the study of the structure of Tehran Municipality Art and Cultural Organization, appraisal levels of staff’s duties and authorities were determined in 5 levels as described in Table 1. This Segmentation was chosen based on senior manager’s needs and the level of job responsibilities and authorities in each category. In order to facilitate the appraisal process, it was set up to use the same Competencies to evaluate the staff in each job category.

3.3. Specifying the method for staff’s performance appraisal:

In performance appraisal, if you cannot measure the outputs of behavior but there is insufficient information about actions and behaviors, you must evaluate them instead. In this case, you should use the methods of inputs and competencies appraisal, self-assessment and evaluation using some sources (Bratton & Gold, 1999, p. 220).

Given the absence of codified strategic documents, operational objectives as well as the difficulty to measure the output of cultural activities, competencies model was recognized as the best method to implement the staff’s performance appraisal process in Tehran Municipality Art and Cultural Organization. Organizations in order to use competencies model, firstly have to provide valid and appropriate list of their knowledge, skills and attributes needed to perform careers and fulfill their goals and strategies successfully (Abulalaii, 2012, p. 60).

After studying various internal and external sources and conducted numerous meetings, about 40 competencies with definition and behavioral evidence according to the type of staff’s activities were defined in five categories as mentioned above. The organizational professions and posts were determined in 5 categories in order to select final indicators which described in Table 2. According to the organizational needs, about 40 competencies with definition and objective evidence were designed using different texts based on the organizational requirements. First, validity of the competencies and their instances were confirmed by professors and consultants of human resource management field. Then a questionnaire was given to 30 organizational experts including influential and knowledgeable people in level of senior managers and assistants. Accordingly, they were asked to rate the importance of indicators in each organizational level with a four-level scale, including:

• 1: Low important
• 2: Moderately important
• 3: Important
• 4: Very important

3.4. Selection and determining weights of competencies:

To figure out the evaluation indicators in each organizational level, information of 20 questionnaires were usable and were based. First, the reliability of questionnaires was assessed by Cronbach’s alpha coefficient which values of 0.84, 0.81, 0.79, 0.91 and 0.83 were respectively obtained for the manager level to the employee and validity of questionnaires was approved. In the next step, the mean and standard deviation of each 40 indicators were calculated for each level. In this regard, the indicators with higher importance (Higher mean) and higher consensus (Lower standard deviation) were chosen as the final competencies (The lowest coefficient of variation). Finally, 12 indicators with the lowest coefficient of variation were selected as the final competencies for each category.

After defining the final competencies, we used Shannon Entropy method to determine their weights and importance in each level of evaluation. This method makes confused less than analytic hierarchy process (AHP) and weighted least squares methods which require paired comparisons. Thus, we used Shannon Entropy method due to the large number of indicators and facilitate decision-making. In addition, Shannon Entropy was applied due to uncertainty in changing quality values to quantity values by decision makers.

<table>
<thead>
<tr>
<th>Class of staff</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>54</td>
</tr>
<tr>
<td>Boss</td>
<td>77</td>
</tr>
<tr>
<td>Supervisor</td>
<td>165</td>
</tr>
<tr>
<td>Expert</td>
<td>773</td>
</tr>
<tr>
<td>Employee</td>
<td>433</td>
</tr>
</tbody>
</table>

Table 1: The scope of the performance appraisal system
Based on this method, we will have a decision matrix for each organizational level that its elements represent the value of each competency that decision makers (DM) assign to them and are displayed by \( r_{ij} \). First, \( P_0 \) was calculated as mentioned. Then weights of competencies were calculated according to equation 8.

3.5. Determining levels of competencies and performance ranking:

An appraisal form was designed after assigning weights of each competencies in each organizational level. In this form, we defined a level for each competencies until we can measure each staff’s performance level in relation to it. According to the history of performance appraisal in Tehran Municipality Art and Cultural Organization, the spectra were determined to minimize the errors. In this regard, a five-level Likert scale generalized to ten degrees was applied. Also, definitions of spectra were reviewed. Conventional definitions such as excellent, very good, poor, very poor, less than expected weren’t used.

In the range considered for each level (Table 2), negative definitions at the end of it, were revised and words “little need to training” and “strong need to training” were applied. In addition, word “exceptional” was used at the beginning of the spectrum. Because the appraisers choose it less. To reduce routine evaluated errors, a guideline was prepared and was sent to each appraisers in which the behavior examples of each spectrum were presented.

Table 2: Competencies levels

<table>
<thead>
<tr>
<th>Strong need to training 1 to 2</th>
<th>Little need to training 3 to 4</th>
<th>Acceptable 5 to 6</th>
<th>Exceed of the expectations 7 to 8</th>
<th>Exceptional 9 to 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff usually doesn’t show expected level of performance and behavior.</td>
<td>Staff performs expected behavior discontinuously.</td>
<td>Staff fulfills all of the usual expectations. In other words he performs his duties and the boss satisfies him.</td>
<td>Staff shows the high level of performance and desirable behaviors discontinuously.</td>
<td>Staff shows consistently high level of performance and desired behaviors.</td>
</tr>
</tbody>
</table>

In order to determine staff’s final ranking, distance of score from the mean of scores for each staff (SD) were based as the major criterion. Accordingly, all people in each level who have a confirmator in their sheets were considered as a population (a center). To assess and eliminate appraisers’ tastes and errors after calculating the mean and standard deviation of each population, the raw scores in the range of 1 to 10 were converted into the standard scores (Equation 9). Then, the standardized scores were compared together in each organizational level and were divided into 5 levels according to the logic of normal distribution.

\[
\frac{P_i - \bar{X}_j}{S_j} = G_i
\]

\( P_i \): The i-th individual’s initial performance score
\( S_j \): Standard deviation of individuals’ initial performance scores in j-th department
\( G_i \): The i-th individual’s standardized performance score
\( \bar{X}_j \): Average of individuals’ initial performance scores in j-th department

People’s performance levels are determined according to each individual’s standard score. People whose score is in area “A”, have the highest performance and other areas descending to the “E” are in a lower level of performance. (A: Exceptional, B: Exceed of the expectations, C: Acceptable, D: Little need to training, E: Strong need to training).

Area A: \( \mu + 2\sigma < G_i \) (About 2.5% of Staff) (10)

Area B: \( \mu + 1\sigma < G_i \leq \mu + 2\sigma \) (About 14% of Staff) (11)

Area C: \( \mu - 1\sigma < G_i \leq \mu + 1\sigma \) (About 67% of Staff) (12)

Area D: \( \mu - 2\sigma < G_i \leq \mu - 1\sigma \) (About 14% of Staff) (13)

Area E: \( G_i \leq \mu - 2\sigma \) (About 2.5% of Staff) (14)

(\( \mu = 1 \) and \( \sigma = 0 \) Based on the standard normal distribution)

4. Findings:

The coefficient of variation obtained for each of the competencies based on the organizational levels was written in Table 3. After selecting 12 criteria for each organizational level, calculation to determine competencies weights was performed by using entropy technique and the results was extracted based on the table 4.
Table 3: Coefficient of variation for each competency

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Employee</th>
<th>Expert</th>
<th>Supervisor</th>
<th>Boss</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coaching</td>
<td>0.105</td>
<td>0.719</td>
<td>0.194</td>
<td>0.147</td>
<td>0.127</td>
</tr>
<tr>
<td>Organizing</td>
<td>1.125</td>
<td>0.883</td>
<td>0.231</td>
<td>0.194</td>
<td>0.106</td>
</tr>
<tr>
<td>Time management</td>
<td>0.298</td>
<td>0.318</td>
<td>0.117</td>
<td>0.243</td>
<td>0.088</td>
</tr>
<tr>
<td>Decision making</td>
<td>0.666</td>
<td>0.402</td>
<td>0.147</td>
<td>0.139</td>
<td>0.000</td>
</tr>
<tr>
<td>planning</td>
<td>0.691</td>
<td>0.412</td>
<td>0.199</td>
<td>0.139</td>
<td>0.077</td>
</tr>
<tr>
<td>Teamwork</td>
<td>0.393</td>
<td>0.306</td>
<td>0.309</td>
<td>0.194</td>
<td>0.353</td>
</tr>
<tr>
<td>Meetings management</td>
<td>1.168</td>
<td>0.955</td>
<td>0.266</td>
<td>0.275</td>
<td>0.125</td>
</tr>
<tr>
<td>Encourage people to improve their performance</td>
<td>1.146</td>
<td>1.125</td>
<td>0.298</td>
<td>0.150</td>
<td>0.153</td>
</tr>
<tr>
<td>Controlling</td>
<td>0.822</td>
<td>0.691</td>
<td>0.200</td>
<td>0.139</td>
<td>0.077</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.911</td>
<td>0.805</td>
<td>0.199</td>
<td>0.200</td>
<td>0.077</td>
</tr>
<tr>
<td>Quality of work</td>
<td>0.134</td>
<td>0.334</td>
<td>0.147</td>
<td>0.151</td>
<td>0.141</td>
</tr>
<tr>
<td>IT knowledge</td>
<td>0.264</td>
<td>0.102</td>
<td>0.190</td>
<td>0.198</td>
<td>0.295</td>
</tr>
<tr>
<td>Awareness of urban culture</td>
<td>0.573</td>
<td>0.358</td>
<td>0.199</td>
<td>0.147</td>
<td>0.130</td>
</tr>
<tr>
<td>Job knowledge</td>
<td>0.564</td>
<td>0.393</td>
<td>0.231</td>
<td>0.139</td>
<td>0.193</td>
</tr>
<tr>
<td>Improvement and changing</td>
<td>0.526</td>
<td>0.592</td>
<td>0.139</td>
<td>0.077</td>
<td>0.106</td>
</tr>
<tr>
<td>Creativity</td>
<td>0.540</td>
<td>0.257</td>
<td>0.241</td>
<td>0.151</td>
<td>0.110</td>
</tr>
<tr>
<td>Problem solving</td>
<td>0.775</td>
<td>0.513</td>
<td>0.269</td>
<td>0.200</td>
<td>0.149</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>0.482</td>
<td>0.257</td>
<td>0.231</td>
<td>0.173</td>
<td>0.231</td>
</tr>
<tr>
<td>Informing</td>
<td>0.800</td>
<td>0.433</td>
<td>0.194</td>
<td>0.147</td>
<td>0.130</td>
</tr>
<tr>
<td>Critical thinking</td>
<td>0.822</td>
<td>0.489</td>
<td>0.241</td>
<td>0.147</td>
<td>0.127</td>
</tr>
<tr>
<td>System thinking</td>
<td>0.866</td>
<td>0.775</td>
<td>0.199</td>
<td>0.199</td>
<td>0.184</td>
</tr>
<tr>
<td>Commitment to moral principles and values</td>
<td>0.293</td>
<td>0.134</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Achievement motivation</td>
<td>0.572</td>
<td>0.325</td>
<td>0.200</td>
<td>0.086</td>
<td>0.106</td>
</tr>
<tr>
<td>Client orientation</td>
<td>0.451</td>
<td>0.278</td>
<td>0.125</td>
<td>0.236</td>
<td>0.201</td>
</tr>
<tr>
<td>Professional ethics</td>
<td>0.534</td>
<td>0.399</td>
<td>0.359</td>
<td>0.351</td>
<td>0.347</td>
</tr>
<tr>
<td>Personal development</td>
<td>0.566</td>
<td>0.375</td>
<td>0.206</td>
<td>0.151</td>
<td>0.149</td>
</tr>
<tr>
<td>Dominate emotions</td>
<td>0.494</td>
<td>0.295</td>
<td>0.231</td>
<td>0.185</td>
<td>0.176</td>
</tr>
<tr>
<td>Appropriate appearance</td>
<td>0.494</td>
<td>0.325</td>
<td>0.238</td>
<td>0.147</td>
<td>0.110</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>0.232</td>
<td>0.166</td>
<td>0.125</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Job commitment</td>
<td>0.494</td>
<td>0.369</td>
<td>0.309</td>
<td>0.185</td>
<td>0.184</td>
</tr>
<tr>
<td>Result orientation</td>
<td>0.178</td>
<td>0.144</td>
<td>0.125</td>
<td>0.077</td>
<td>0.108</td>
</tr>
<tr>
<td>Effective listening</td>
<td>0.550</td>
<td>0.351</td>
<td>0.200</td>
<td>0.199</td>
<td>0.146</td>
</tr>
<tr>
<td>Flexibility and opening to criticism</td>
<td>0.673</td>
<td>0.292</td>
<td>0.150</td>
<td>0.120</td>
<td>0.141</td>
</tr>
<tr>
<td>Sensitive to cultural issues</td>
<td>0.448</td>
<td>0.282</td>
<td>0.110</td>
<td>0.086</td>
<td>0.077</td>
</tr>
<tr>
<td>Networking</td>
<td>0.883</td>
<td>0.883</td>
<td>0.407</td>
<td>0.275</td>
<td>0.141</td>
</tr>
<tr>
<td>Writing communication</td>
<td>0.323</td>
<td>0.217</td>
<td>0.185</td>
<td>0.241</td>
<td>0.153</td>
</tr>
<tr>
<td>Communication and influence on others</td>
<td>0.412</td>
<td>0.369</td>
<td>0.105</td>
<td>0.125</td>
<td>0.192</td>
</tr>
<tr>
<td>Active attendance at meetings</td>
<td>0.617</td>
<td>0.366</td>
<td>0.125</td>
<td>0.150</td>
<td>0.188</td>
</tr>
<tr>
<td>Elocution</td>
<td>0.693</td>
<td>0.506</td>
<td>0.135</td>
<td>0.130</td>
<td>0.108</td>
</tr>
</tbody>
</table>

Because this competency is not evaluated by the human resource management in levels of manager, Boss and supervisor, it isn’t applied as an appraisal competency in these levels.

Table 4: competencies weights based on entropy method

<table>
<thead>
<tr>
<th>Competency</th>
<th>Weight</th>
<th>Competency</th>
<th>Weight</th>
<th>Competency</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensitive to cultural issues</td>
<td>0.0781</td>
<td>Decision making</td>
<td>0.0943</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controlling</td>
<td>0.0865</td>
<td>Achievement Motivation</td>
<td>0.0731</td>
<td>Improvement and changing</td>
<td>0.0853</td>
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<td>Organizational commitment</td>
<td>0.084</td>
<td>Sensitive to cultural issues</td>
<td>0.063</td>
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<td>Communication and influence on others</td>
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<td>Active attendance at meetings</td>
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<td>Result orientation</td>
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</table>
5. Recommendations and suggestion:

According to absence of performance planning meetings between appraisers and staff due to lack of full implementation of the performance management process, it is recommended to gather and define performance standards at brainstorming sessions in order to explain the competencies. This will cause a similar understanding for both appraisers and staff about the performance standards. Meetings and workshops for staff will cause to full implementation of the performance management process in the organization. It is recommended to review validity of criteria, staff ranking and weights of competencies by using of statistical techniques after some periods.

Conclusion:

In this paper, competencies model was selected as the optimal method to appraise staff’s performance. The importance of competencies was specified in all organizational levels by coefficient of variation and Shannon Entropy method and according to the senior managers’ opinion. According to decision makers’ opinion, The results show that the skills of “organizing” and “decision making” in level of manager level, “decision making” for boss and supervisor level, “client orientation” in expert level and “quality of work” in level of employee were recognized as the most important competencies. In addition, there are number of 3 competencies including: “result orientation”, “organizational commitment” and “sensitive to cultural issues”, in all organizational levels. These can be “core competencies” in Tehran Municipality Art and Cultural Organization. These results conform to reality. For example, “decision making” as the most critical managers’ task has been chosen for the most important competency of manager, boss and supervisor levels. Due to cultural nature of the organization, selection of “sensitive to cultural issues” as a core competency is a logical choice.

REFERENCES

Abulalaii, B., 2012. How the world’s most successful companies are hiring. Tehran: Institute of Industrial Management.


