

Special Characteristics of Staff Performance Assessment and Professional Development Systems in the Oil and Gas Sector of the Economy

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ABSTRACT

The article discusses performance assessment and professional development systems' specificities in the economy's oil and gas sector. The author identifies the main trends affecting organisational development and personnel management in the industry, systematises the main challenges for oil and gas companies' HR services, and reveals personnel management features in vertical business integration. The research findings allow the oil and gas sector enterprises to consider specific performance assessment features and professional development systems organisation while developing their unique personnel management systems.

Keywords: *Personnel Management, Assessment systems, Professional development, Staff performance, HR services.*

1. INTRODUCTION

The problem of assessing staff performance and professional development is one of the main issues of any organisation's personnel management system as its overall efficiency and outcome depend on a wise organisation of this work. The strive for successful performance, the need to continually improve, outline its further prospects and promptly find and correct mistakes results in the fact that any organisation at a particular stage of its development faces the need to assess the staff performance. Staff performance assessment enables company managers and human resources services to implement personnel policy, make necessary adjustments, attract new competent employees to replace those who fail to cope with their job responsibilities and make the company work efficiently and effectively. The company is focused on achieving strategic goals by "providing... qualified, loyal and well-motivated employees who are needed to achieve a competitive advantage» [1].

Similarly, to any economic entities of various forms and scales, assessing the staff performance, their training

and professional development in oil and gas companies are key processes of the personnel management system that produce a significant impact on the outcomes since these elements are the basis for the formation and maintenance of the company's labour potential at the level required for its continuous development and ensuring competitiveness in the market.

2. ANALYSIS OF RESEARCHES AND PUBLICATION

Staff performance assessment is an essential element in the company's overall management and human resources management in particular. Any organisation exists to achieve certain goals, so the degree of implementation of these goals shows how effective its activity is.

Naturally, employees perform their work duties differently: there are both leaders and outsiders. However, to make this differentiation, a company needs a single system for evaluating the performance of duties by each of the employees.

Staff performance assessment is a set of tool systems related to personnel management's main functions such as motivation, recruitment, placement and promotion, training and development, monitoring and making personnel decisions, developing the candidates' pool, etc. Thus, staff performance assessment means measuring the activities performed by individuals who are authorised for their implementation (e.g., executives and managers, personnel services) with the purpose to determine their competence, job suitability, the degree of expression of qualities needed for the job, and evaluate their personal achievements in the workplace [2].

In other words, staff performance assessment is a purposeful process that establishes a correspondence between the quality characteristics of personnel and the requirements to the corresponding job or position.

The goals of the staff performance assessment process are as follows:

- Studying the degree of the employee's readiness to perform a particular type of activity that they will be able to engage in;
- Identifying the level of the employee's potential for growth to assess the prospects for their promotion;
- Development of a plan of staffing arrangements to achieve the goals of the company's personnel policy.

Staff performance assessment can be carried out in two fundamental ways: assessing job performance and assessing professional skills and performance approaches.

Outcome evaluation of staff performance is a simple but at the same time efficient way to assess since it involves such indicators as the volume of work the employee performed, the amount of the company revenue they received, the number of customers they served or procedures they performed.

This assessment area allows to directly compare an individual employee's performance to a department's performance or a company as a whole.

Another area is the assessment of professional skills and approaches to work performance. Staff performance is evaluated based on the results of the company's activities. However, it is essential to assess each employee's contribution to achieving its goals and objectives.

For this purpose, there comes a need to develop a relevant approach to performance assessment based on the level of proficiency in specific skills, which will allow identifying the appropriate performance standards. In this perspective, the theory of human resource management uses the term "competence".

As opposed to *an individual's skill*, R. Boyatzis considered *competence* as the key characteristics of an

individual which forms the basis for efficient work delivery in the job [3].

S. Whiddett and S. Hollyforde also interpret *competence* as "the ability to meet the business challenges and achieve the necessary results" [4].

In other words, the term *competence* can be defined as a model of working behaviour, approach, knowledge and skills necessary to perform work at a certain level, to achieve the goal successfully.

A significant challenge for this type of evaluation is "subjectivism", or a biased attitude since the assessment of what is "good" and what is "bad", or which approach to work will be effective and optimal is very individual and may vary from one person to another. That is why failure to consider these issues may lead to a lack of effectiveness of the assessment of individual performance and approach to work.

The possible criteria for staff performance assessment may include the following:

- Quantitative indicators: sales volume; labour productivity; the number of processed documents, requests, calls; revenue; the number of transactions, responses, etc.;
- Qualitative indicators: the level of non-conforming work of an employee, the number of customer complaints, the number of manufacturing errors, etc.;
- Individual indicators: personal qualities of the employee (punctuality, stress tolerance, sociability, etc.), business qualities (responsibility, responsiveness, the ability to meet the deadlines and work independently, etc.).

To ensure the consistency of assessment results, the criteria used should be reliable and evaluate each employee's performance and any employee working in a particular category as accurately as possible. At the same time, the criteria should allow to identify differences in the level of the employees' individual professional success, be efficient (reflect the relationship between the performance and the corresponding payment, the level of motivation and feedback) and practical, that is, convenient to use in the process of staff performance assessment.

Modern management theory and practice show that before the assessment procedure, it is necessary to determine the options for an effective approach to work and the level of proficiency in any skills, which is usually carried out by a special expert commission. Further, the assessment is based on the examples of work behaviour that the employee has shown during a given work period. In other words, the assessment process must necessarily be based on and supported by real-life data.

The assessment of skills and approaches to the job's execution has a fundamental advantage over assessing

the work outcomes. The mere fact that an employee failed to reach the estimated indicator's planned value does not allow to see why this could have happened and what this employee needs to fix in work done. Also, the assessment of skills and approaches to the job's execution focuses on achieving a certain result and provides an opportunity to determine the direction of staff development and training.

Based on the above, it can be concluded that modern assessment technologies are based on a systematic approach that considers many interrelated factors.

In an unstable economy and intense competition, companies need to make more and more efforts to survive harsh market conditions and become successful.

Along with well-organised procedures for recruitment and selection, adaptation, incentives, and business evaluation of personnel, one of the ways to help generate new business ideas, master modern equipment, develop and implement advanced techniques and technologies, and train highly qualified employees is to create a system of professional staff development in the company.

The concept of continuous development became relevant as early as half a century ago. With the beginning of the scientific and technical revolution, the world noticed that professional knowledge becomes obsolete faster than it can be obtained in the full education cycle. And most importantly, the world has seen a fundamental change and rethinking of man's role in the production. Nowadays, the workforce is seen as a strategic resource and a critical factor in its long-term and stable functioning. Well-trained, ready to change along with the company, opened to innovation employees become a competitive advantage of any organisation, and staff development is essential for personnel management functions [5].

According to PwC study results in 2017, companies focus on internal resources when closing the existing vacancies. For example, 59 % of the analysed organisations showed an increase in the appointment rate, which indicates that companies are aware of the importance of creating conditions for employees' career growth and their movement both vertically and horizontally [6]. Moving between structural divisions also leads to changes in employees' functions and the expansion of their competencies. This approach in human resources management is focused on improving the effectiveness of staff motivation, development and retention of highly qualified employees, and, in the long run, contributes to the development of the company as a whole through increased employee loyalty. In 2019, PwC research stated that 78 % of respondents had difficulties recruiting staff. The main reason was the lack of qualified labour resources making 61 % of all the recruitment process challenges.

Professional development of personnel is a system of interrelated measures aimed at improving employees' professional competencies and their motivation to perform their official duties and new functions to solve current and future tasks the company may face.

The existing literature and practical experience interpret the concept of "professional development of personnel" differently. Professional development of personnel is often understood narrowly, as a continuous complex process that includes professional training and professional development of the employee and their career development. However, we believe that it might be more actual to understand professional staff development in a broader sense, namely, as a means of social, economic and spiritual development of human resources since the main feature of professional activity is its socio-economic nature, caused directly by the development of the employees. When employees acquire new knowledge and skills, they can apply them in their professional activities within a particular company and in the future in other areas of activity.

Therefore, in our opinion, personnel's professional development should be considered an elaborate system consisting of closely interrelated elements.

3. PROBLEM STATEMENT

To improve assessment systems and professional development in the oil and gas sector, it is necessary to carry out the following operations:

- Identify the key trends affecting company development and personnel management in the industry;
- Systematise the main challenges for HR services of oil and gas companies;
- Reveal the specific features of personnel management in the vertical integration of business.

These tasks' solution will focus on assessment methods and technologies for personnel development when developing a unique personnel management system for each company in the oil and gas sector.

4. RESULTS

According to the trend established in the Russian oil and gas companies, the system of personnel assessment and development results from the consolidation of strategic initiatives of the company's structural divisions and correlates with the overall concept of its strategic development. Simultaneously, an essential characteristic of personnel assessment and development system is its responsiveness, making it a relatively dynamic and flexible tool of personnel policy easily adjusted to the newly evolving factors of influence of the external and internal environment.

Today's situation on the global economic and political arena creates prerequisites for developing fundamentally new approaches to developing the country, region and companies. With every coming year, all spheres of the country's functioning – production, science, public administration, etc. - are dynamically developing and becoming more and more technological. Taking this vector into consideration makes us believe that increasing all market participants' innovative activity should be viewed as the most promising ones.

Oil and gas production is a high-tech industry susceptible to the influence of natural and geological factors. Each field is unique and requires an individual approach and specific knowledge, so previous experience based on a short time cannot be seen as an advantage in this sphere. That is why constant training is especially important for the economy's oil and gas sector staff. Professional skills acquired over the years become a significant capitalisation for the employees, making them a unique asset of the company, which requires constant development.

As part of the research, we studied the leading Russian oil and gas companies' personnel management strategies. The study results showed that the priority of innovation characterises this sector in determining the long-term vector of human resources development. However, it should be noted that all processes are susceptible to the influence of external factors on the company's ability to implement the chosen innovative development path [7]. Thus, in terms of organisational development and personnel management, the key trends that influence activities of oil and gas companies are as follows:

- Reversal of the global geopolitical situation and, as a result, its impact on domestic and foreign hydrocarbon markets;
- Expanding integration of the global market which leads to an increase in the level of requirements for company personnel including compliance with international standards, international teamwork skills, and therefore fluency at foreign languages;
- Increased competition for talent and core staff in the market due to the emergence of new market players;
- Lack of highly qualified personnel, international experts and unique specialists that master up-to-date technologies;
- A growing share of employees of the new generation who are focused on remote forms of labour organisation, remote communications, and high mobility;
- The global trend of declining growth rates of the working-age population in developed and major developing countries; in the Russian context the situation is aggravated by the expected personnel crisis caused by the decline in demographic growth in the 1990s;

- Possible consequences of reforming the Russian system of education.

All the above mentioned makes it possible that the following main challenges for HR services of oil and gas companies may be brought to light in the nearest future:

- Lack of personnel with sufficient qualifications in the key jobs and professions;
- In some cases, the industry may face a lack of continuity technologies, problems with the transfer of production experience, skills, and up-to-date knowledge;
- Low level of competitiveness of national companies in the international labour market;
- A significant lack of experience in applying effective remote communication technologies in the HR processes in Russia;
- Low level of return on investment in staff development;
- Lack of correlation between the educational services provided by the Russian educational institutions and employers' needs, etc.

Awareness of these challenges and the consequences of their possible impact on human resources leads to oil and gas companies focusing on technologies for advanced personnel training in developing their unique personnel management systems.

Since most Russian oil and gas companies are, in fact, vertically integrated, their personnel management policy represents itself as a strong and stable corporate culture, a coherent system of corporate values, and is aimed at creating a personnel management system that ensures consistency in the status of the "most attractive employer" in the labour market.

Personnel management in the vertical integration of business possesses its specific features. Like any process, vertical integration goes through several stages in the course of its development. As a rule, one of the decisive arguments for increasing integration is the need to ensure the competitiveness of a single product range at the expense synergy of additional effects generated during integration. This, in turn, affects the vertically integrated approach to personnel management and, when soundly organised, increases its effectiveness.

For this study's purposes, the following stages of vertical integration are relevant to mark out: the transitional stage, the structure-forming stage and the stage of sustainable development. Since staff performance assessment and personnel development are integral elements of the personnel management system closely interrelated with other processes, we should consider what features of personnel management, in general, are characteristic of each stage.

The first process taking place at the transition stage of vertical integration is forming and adjusting the mechanism for coordinating product flows among structural organisations. As for changes in personnel management, the following trends are typical:

- The traditional nature of management is maintained with the main focus on preventing sharp deviations from the normative values of key personnel characteristics of integrated companies;
- A priority is given to the task of selecting managerial personnel capable of establishing vertically integrated interaction;
- The level of structuring general personnel issues is still low;
- Local changes in personnel composition (targeting the key employees, recruiting highly qualified personnel, staff reduction) are weakly intercorrelated with the parameters of the product chain;
- The companies lack skills for joint decision-making and setting tasks for staff reproduction based on vertical relationships;
- Personnel management issues are dominantly solved by joint efforts of structural organisations of the same industry geographically located in the same region;
- When dealing with emerging challenges in the coordination of personnel management, informal approaches seem to prevail.

In our opinion, at the transition stage for vertically integrated management, it is paramount to influence the key characteristics of employees of structural organisations to ensure their compliance with the requirements of a single production chain.

High-quality cross-functional interaction of structural organisations is seen only at the structure-forming stage of vertical integration where the primary task is to ensure the competitiveness of the entire product cycle. The following features characterise this type of personnel management system:

- The main goal of management is to transform and integrate the existing personnel characteristics under the structural changes in the activities of organisations of a vertically integrated company;
- Alongside with experience sharing, inter-industry rotation of managerial staff and key specialists starts developing;
- General personnel issues are structured in specific groups, which makes it possible to carry out current staff planning more effectively;
- Centralised coordination of structural organisations' actions becomes the dominant type of solving common personnel tasks implemented through

joint projects and personnel management programs primarily related to skills development and advanced training.

At the stage of balanced development of vertical integration, structural organisations begin to function as a whole due to the established cross-functional interactions. As a result, their development becomes balanced and interrelated; instead of individual organisations development, the entire integrated chain starts advancing. The following trends are typical for the personnel management system at the stage of balanced development:

- All management processes are based on a long-term adjustment of personnel characteristics designed to increase the level of competitiveness of the entire production chain and transform human capital into one of the key competencies of vertical integration;
- The importance of personnel management increases as it becomes focused on the final outcomes of the entire vertically integrated company and is integrated into its unified development strategy;
- A unified corporate-wide personnel management system is being developed, and the transition to planning its long-term development is underway;
- Increasing specialisation in the field of personnel management is accompanied by the integration of various functions in unified structures or cooperation of departments of structural organisations;
- End-to-end personnel management standards are being actively implemented due to the full cycle of the production process;
- Balanced development makes it possible to transfer labour costs across the entire production chain.

From all the above, it may be concluded that there is a close relationship between improving personnel management processes and the stages of integration of organisations. Each stage of integration has a different version of the HR management system.

5. CONCLUSION

Thus, modern staff performance assessment technologies are based on a systematic approach that considers many interrelated factors. In an unstable economic situation accompanied by intense competition, organisations have to make more and more efforts to survive and advance harsh market conditions. Thus, alongside with well-organised procedures for recruitment and selection, adaptation, incentives, and business evaluation of personnel, one of the ways to help generate new business ideas, master modern equipment, develop and implement advanced techniques and technologies, and train highly qualified employees is creating staff performance assessment systems for evaluation and

professional development of personnel in the organisation.

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