

**Reasons Why Performance Appraisals are a Low-Commitment Activity: An Empirical Study**

**Chapter 1**

**Introduction**

Neely (1998) defined performance management as the systematic process by which a particular agency of the government allows the employees or members of the group to participate in the improvisation of the effectiveness of the organisation in furtherance of the mission and goals of the said particular agency. Logically, this definition is also applicable to private sectors as well. This involves 5 phases, namely planning, monitoring, developing, rating and rewarding. These 5 phases mentioned are discussed further in the succeeding topic. Ideally, these 5 phases should work together to ensure an effective performance management.

The performance management system includes giving of information which has relevance to the organisation (i.e. communication within the organisation), promotion of adequate behaviour (i.e. motivation), providing a system for ensuring control and accountability (i.e. control) and creation of system for learning (i.e. development and improvement) (Neely 1998). Performance management revolves around the concept of teamwork, communication, style of management, behaviour and attitudes, shared vision, involvement of the employees, development of competencies of the employees, and giving of rewards and incentives. It is also built on the measurement of the performance and is more concerned with the total effectiveness of the organisation as a group (Lebas 1995). The concept of the performance management aimed to raise the standards in both public and private sectors while managing the performance of the

individual employees. This is intertwined with human resource management such that a constant drive for results is inculcated among employees through more involvement and contribution from the human resources. This is primarily driven by establishing a culture that is based on measurement.

The performance appraisal is a vital element of the human resource management system. Aside from the distribution of rewards, developmental guidance given to the employees are based usually on the performance appraisal and employees can express their perceptions and standpoint regarding their respective jobs, departments, managers and supervisors and of their organisation in general (Erdogan 2002). The ideal purpose of the appraisal is to present employees with worthwhile feedback that the latter can instantaneously use to improve respective performance. This may involve encouragement to carry on with their good performances and positive behaviours and suggestions on what aspects need to be changed. Managers can demonstrate to their subordinates the value of improving their performance and of development of skills for possible promotion, added responsibilities, and increase in monetary compensation and benefits (Walsh and Fisher 2005).

The current paper intends to determine the reasons why managers within the hospitality industry in the UK attach low premium to performance appraisals.

Statement of the Problem

The present research intends to answer the following problem: What are the reasons why managers within the hospitality industry consider performance appraisal as a low priority activity?

### Objectives

Given this problem, the following objectives are put forth:

- 1) To determine the reasons why managers within the hospitality industry consider performance appraisal as a low priority activity.
- 2) To ascertain which factors of performance appraisal are significantly correlated with managers' commitment to it.
- 3) To provide recommendations to HR to strengthen the exercise of appraising performance within their organisations.

## Chapter 2

### Review of Related Literature

#### Importance of Performance Management

According to a study made by Ahn (2001), the regular and proper use of performance management gives better results for an organisation. Performance management may present two faces, the positive and negative aspects. For its positive aspect, it aids organisations in building mechanisms that enhance performance among employees as they aim to reach the shared vision and objectives set as one body. This is more of a discretionary effort as it increases the motivation of employees and strengthens their commitment and engagement to their shared goals. For its negative aspect, performance management involves a system of appraisal which is dreaded by several managers and most of the employees such that it undermines the motivation of the employees to perform better. Hence, in such case, it is considered as an irrelevant process of performance management (Houldsworth and Jirasinghe 2006).

The effectiveness of the performance management system is most often ensured by employing performance management analysis (PMA) wherein both the structural and behavioural aspect of the system are monitored and linked (de Waal 2004). Armstrong & Baron (2005) also believed that performance management system cannot be formulated without considering the behavioural aspect of the employees. The study made by de Waal and Coevert (2007) implies that with the introduction of performance management in a certain bank, the number of products sold and their communications with their clients have vastly improved. According to the manager of the concerned bank, performance management rendered positive influence on the focus of the

employees to deliver better performance. The selling culture within the department has improved (Waal & Coevert 2007).

In a certain business review, performance management was viewed as the single largest factor contributing to the development of the organisation. It gives way to innovative thinking and a determined action to eliminate underperformance, unmotivated, disengaged, and poorly managed and trained employees. All of these start with making an appropriate decision; a decision that is based on an effective performance management system established within the organisation (Walker 2007). As a result, it helps exceed the expectations of customers. Performance management is an effectual means of observing and measuring behaviours. As aptly put by Barbara Bowes (2009), performance management system does not aim to control employees but instead aims to focus on the improvement of over all performance.

However, despite the desire of many companies and HR professionals to implement performance management, employees from several companies still do not see the positive effects of such system. In a survey conducted by Watson Wyatt (in Sandler, 2005), only three out of ten employees said that the performance management of their organisations aid them in improving their performance. Moreover, only 19 per cent of the respondent workers who believed that poor performers have been helped by the performance management programs to improve their performance (in Sandler 2005). According to Watson Wyatt, this does not mean the effort of the concerned organisations or companies in bringing performance management is a failure. Watson Wyatt gave some helpful suggestions on how to improve the image and effects of performance management such as avoiding using the name of the HR in the process, setting appropriate goals, establishing tools for the measurement of the performance and consistently use them, developing

performance culture, adopt, if possible, performance management system (paperless tasks encourage participation from managers), aligning goals with performance, training the managers and addressing the expectations of the employees.

### Phases of Performance Management

Neely (1998) offers and gives a clear explanation of the phases of the performance management. It involves five phases, namely planning, monitoring, developing, rating, and rewarding. These are described in detail below:

**Planning** – Successful organisations make plans in advance. This involves setting the expectations in terms of performance as well as the goals for the individual employees and group to further the objectives of the organisation. The involvement of the employees in the planning stage will help them realise and understand the goals of the organisation and how they may be achieved.

**Monitoring** – In most successful organisations, the leaders and the members continuously monitor their assignments and projects. It is necessary that there is a consistent measuring of performance and constant giving of feedback to employees and groups while they are in the process of achieving the goals of the organisation. This may involve progress reviews with employees where their performance is compared with the standards set during the planning stage.

**Developing** – The developmental needs of employees are evaluated and addressed accordingly by management. This includes giving training, introducing new tasks that could develop new skills or giving higher responsibilities, improving the processes in working and other methods.

Employees are motivated when they see that they are given training and developmental opportunities.

Rating – Usually, rating is done at the end of the year to summarize the performance of every employee. Comparisons between the previous and current performance of the employees are made to determine whether there is an improvement and the respective performances of employees are then compared at this stage. The evaluation should be based on the standards and elements set for employees and their actual output during the period evaluated upon. This may have an effect on their salary increase and other emoluments.

Rewarding – This is where recognition of the efforts exerted by the employees to achieve the organisational objectives is done. Recognition may given to individual employees or given as a group. Rewarding does not always entail monetary rewards but may also be mere expressions of recognition, such as saying “thank you” for a job well done. These could go a long way. However, formal rewards may still be the best form of reward for employees (e.g. salary increase, bonus, promotions, etc.) (Neely 1998)

#### Performance Appraisals: An Overview

Generally, performance appraisal is used as a tool to identify, observe, measure and develop human resources within the organisation (Gillen 2007). This is usually done annually at the end of the year wherein employees are evaluated by their managers and the latter are evaluated by the CEO. CEOs are often evaluated by the board of directors or the owners. Performance appraisal is frequently used synonymously with performance management (Fletcher 2004; Performance Management/Appraisal: Good Practice Guide (1993), NHS in Scotland/Management

Development Group, Edinburgh). It is commonly used as a device to inform an employee about how he or she performed for the whole year and let the employee know how such performance can be compared to the expectations of the supervisor. The areas identified can be used to determine what areas need to be developed and trained on (Boice and Kleiner 1997).

As further elaborated by Boice and Kleiner (1997), through performance appraisals, unsatisfactory performance can be addressed by the supervisor to facilitate improvement. If the performance is satisfactory, the appraisal may also be used by the supervisor to motivate the employee to continue rendering good performance. In such case, it might have a positive impact on the performance of the organisation (Harrison and Goulding 1997). That is why in either case, a company needs to have a systematic framework to ascertain that the appraisal is consistent and fair.

Typically, the skills, areas or aspects evaluated by the performance appraisal are the following: communication, judgment, technical and product knowledge, time management, forecasting, planning, budgeting, reporting, administration, delegation (for team leaders, supervisors and managers), IT, machinery, knowledge about equipments, meeting the deadlines, meeting the commitments, creativity, decision-making, problem solving, team work, initiative, work determination, energy, work-rate, ability to work under pressure, leadership, integrity adaptability, flexibility, mobility, appearance and hygiene, image, social awareness and ethical considerations (Businessballs.com).

Types of Appraisal

Companies adopt and employ different performance appraisals depending on the needs and nature of the job, work, and of the company (McPheat n.d.). Hereunder are the common types of a performance appraisals used in different companies:

1. The 360-degree Appraisal – In this method, employees are allowed to evaluate their specific co-employees and illustrate their experiences with them. The feedback gathered may be analyzed by the managers and may be considered in doing their own evaluations.
2. General Performance Appraisal – This appraisal involves continuing communication between the manager or supervisor and the subordinates. This continues throughout the whole year and at the end thereof, the manager or supervisor can determine whether the goals set at the beginning of the year are met and feedback shall be provided therefrom and new goals are again set.
3. Technological or Administrative Performance Appraisal – This type of appraisal deals more with the technical performance of the ratees as they are assigned with specialized tasks. As such, they are rated according to their specific skills and the number of tasks they were able to complete.
4. Manager Performance Appraisal – The raters also go through the same process. The manager's job skills and human resource skills are evaluated. This may include feedback from his or her subordinates that are usually gathered anonymously to ensure that managers would not reprise his subordinates who might have given unpleasant feedback.
5. Employee Self-Assessment – This is the appraisal type that many employees get anxious over, because it is commonly matched up with the assessment or evaluation made by their managers or supervisors. The difference between their assessments is discussed by the manager and the employee involved.

6. Project Evaluation Review – This is a good tool for project management. In this type of appraisal, an employee or a team is evaluated or rated at the end of every project, contrary to the usual annual end of the year evaluation. By doing so, the employee or team involved can make appropriate adjustments for the next project.
7. Sales Performance Appraisal – This is considered the easiest among the types of appraisals but is also the most painstaking. Every sales person is evaluated based on his actual sales performance versus his or her sales target or quota. A common problem in such method is the unrealistic sales target or quota set by their managers or top management (McPheat n.d.).

#### Effects of Performance Appraisal

Generally, performance appraisal is essential for the management of the performance of employees and of the organisation. The main objective of performance appraisal is to ensure the improvement in performance of every employee and to subsequently improve the performance of the organisation brought about by individual improvement (Harrison and Goulding 1997). The performance appraisal system operates as a very important tool in the facilitation of decision-making of management. Through performance appraisal, management can decide who should receive increases in salary or compensation, and promotion. This is also even a tool to determine who needs to be terminated. Such decisions are supported by a process that screen and assess the development of every employee. Managers can likewise use such system to compare individual performance in every department (Wiese and Buckley 1998).

Organisational decisions like distribution of rewards, promotions and demotions, recalls, layoffs and transfers are usually based on the performance appraisals. Managers or the training department would often look at the appraisals filed on the individual records of each employee to determine what specific aspects are needed to be developed in a certain employee. It even helps employees in their decisions regarding their career moves and the course of their endeavor and time. Moreover, since the communication within the organisation improves as an effect of performance appraisal, employees tend to be more committed and satisfied (Wiese and Buckley 1998).

For the efficient management and evaluation of employees, performance appraisal is needed. It helps employees to develop, facilitate organisational progress in terms of performance. Business planning often makes use of appraisals. The system hinges on the size and structure of the company or the organisation. This allows management to examine the standards; establish expectations, goals and objectives; and hand over tasks and obligations. Training needs are determined through such system and could help in the conduct of training needs analysis for the organisation (Walsh & Fisher 2005).

The individual performance of employees are compared with the standards and objectives set and agreed during the preceding appraisal meeting. Performance appraisal is also essential for career and succession planning. It is also of importance to the motivation of the staff; development of behaviour and attitude; alignment of the goals of individual employees and of the organisation; and cultivation of a better relationship between management and staff.

Formally, it serves as the records of the performance of employees and could help in future development plans. Job performance appraisals - in whatever form they take - are vital for

managing the performance of people and organisations (Walsh & Fisher 2005). A simple recognition of an individual as embodied in the performance appraisal can give way to increased job satisfaction and could help trim down turnover and absenteeism rates ([www.performanceappraisal.com](http://www.performanceappraisal.com)).

On the negative side, there are managers and employees who do not prefer the appraisal system and shun from it. For them, conducting such appraisal is overwhelming and could consume a big part of their precious time. It is also seen as a complicated responsibility and one that is emotionally challenging. It may be the only opportunity for the rater and ratee to sit together and have a one-on-one conversation since the same activity from the previous year. In such instance, conducting performance appraisal may be stressful and could defeat the purpose of such activity (Businessballs.com). Another setback is when the manager does not communicate to the concerned employee the problems related to his work and saves it for the annual review. The employee may lose motivation if the list shown to him or her includes a lot of problems and failures (Heatfield) .

#### Why Managers See Performance Appraisal as a Low Priority Activity

Laird and Clampitt (1985) interviewed over 60 managers of companies listed in Fortune 500 service organisations who use performance appraisals. They were able to identify four common problems regarding the use of performance appraisal based on those mentioned by the managers during the interview. As such, managers consider performance appraisal as not being among their priorities and does not give it the attention it deserves.

The following are the said problems:

*Multiple use of the form.* Performance appraisal is utilized for both individual feedback to employees and for the determination of salary and promotion. There were 42 managers who believe it should only be a private document between the employee and his superior. There were distortions because of the multiple use thereof like inflated ratings and want for negative comments since many of the managers do not want to affect negatively the opportunities for promotion of their subordinates. Moreover, these managers were frustrated that the companies fail to present clear guidelines on the main purposes of the appraisal (Derven 1990). A manager lamented that most often, because of its multiple uses, conflicting messages were sent to employees because the performance appraisal should be for private use of the appraiser. It seems like the appraisal was only a routine activity every year. Other managers feel uncertain because they do not know how the evaluations are going to be used and this affects the attitude of the managers in utilizing it. As a result, managers usually give general comments and higher ratings unlike if such documents are for private use only (Derven 1990).

*Subjectivity and inflated ratings.* Ratings are usually subjective because of the lack of criteria for rating assignment. Some managers react about how managers of other departments give high evaluation and feel guilty that if they do not give high evaluations as well, that opportunities for promotion of their staff will be adversely affected. Likewise, low evaluation will have a negative impact on the performance of their department which could suggest poor management by managers. Inflated ratings also result with the desire of managers to give chance to their subordinates to improve before giving them ratings that they actually worthy of. It is also a chance for some managers to get rid of their unwanted members by promoting them by virtue of the high ratings they give. Some managers feel that they can effectively motivate their subordinates if they give them high and positive ratings. Moreover, the usual increase in ratings

every year can justify the increase in salaries every year. Another significant reason is that managers try to avoid confrontation with their employees by giving them high ratings (Derven 1990).

*Problems in defining objectives.* The usual practice in some companies is that performance quotas are assigned to different units of the company. As such, managers feel that the goals set are unrealistic and have a tendency to disregard them. Some managers try to modify the objectives set by their headquarters to cater to their actual conditions. Others just take a resigned stance since they think the objectives are pointless and baseless, thus meaningless. Some managers would prefer that their respective supervisors set their goals and objectives that are to be used as basis of performance evaluation. Since the goals and objectives are perceived as unrealistic, managers do not use them as basis of evaluating their subordinates (Derven 1990).

*Dissemination of the evaluation results to employees in the interview.* Some managers prefer that evaluations be done as frequent as possible to avoid the situation of surprise brought about by negative comments to their subordinates. This is likely to happen in annual evaluation. If subordinates have been evaluated frequently, then they may already have ideas about how their evaluation would come out at the end of the year. There were even some companies that did not do performance evaluations for about two to three years despite the fact that it has to be done annually. Another concern for the managers is their belief that employees should also have participation in the process. Employees may be allowed to rate their own performance so that during the interview process, the subordinate and the superior can compare their respective evaluations. As for other managers, they try to encourage their employees to talk first and ask them regarding the changes that occurred in the organisation or within the unit before making a

non-directive interview. There were also some managers who, by practicing anonymity to encourage honesty, allowed their employees to rate their superiors (Derven 1990).

According to Posthuma & Campion (2009), the determination of personnel development and the salary increase should be separate. A superior will have a difficult time establishing warm and encouraging working atmosphere if the employees know that he has the power to affect their salaries. An employee will never discuss openly his weaknesses to his superior if the former is aware that such admittance will cost him economically (Posthuma and Campion 2009).

In some companies, managers conduct performance appraisal regularly but employees never receive them. Although managers are required to submit their performance appraisals, some managers are not committed to doing it. Some supervisors are just doing it mechanically. There are some reservations in doing an honest evaluation to the extent that supervisors do not want to create a permanent record that could affect the employee's opportunities in the long run.

Performance evaluation, if not done properly, can give rise to a legal liability as well. This may happen when an employee was evaluated based on non-job related issues such as age, gender, religion or race (Derven 1990). There are also some managers and supervisors who do not want the feeling of delivering bad news to their subordinates which is aggravated by the fact that these managers and supervisors lacked the effort of communicating with their subordinates in relation to their individual performance, thereby resulting to a surprise come evaluation period. These are the type of managers or supervisors who do not communicate well to their subordinates especially those matters relating to their poor performance and just wait for the annual review. It could also be the lack of communication skills of managers (Derven 1990).

Giving bad news contributes to the lack of confidence of employees, and may negatively affect their individual performance. Apparently, there are also some managers who are not skilled enough to conduct interviews and evaluations (Derven 1990). There are also those who would like to adapt the business philosophy of Total Quality Management (TQM). This is a philosophy in business which was spearheaded by Edward Deming (1986). Because of the desire of these managers to comply with the principles of TQM, they do not pay attention to the performance appraisal process. According to Deming (1986) and other TQM gurus, activities like evaluation of performance, merit rating and annual review are third of the 'seven deadly diseases' of western management. The problems in human resource, performance appraisal and strategic problems were considered to be the most significant barriers to obtaining success through TQM (Rad 2006). As reasoned out by Deming, organisational performance is largely affected by system factors. The discrepancy in performance is determined by "system-level features". These features are by and large beyond the control of the employees. Cited by him as examples of system-level features are the suppliers, the quality of materials to be used for production, the equipments available, the support of co-workers and the appropriate trainings and directions by management. To illustrate it in figures, Deming asserted that about 85 per cent of the difference in the organisational performance is because of system factors and the remaining 15 per cent of the difference in performance is brought about by the human or employee factor. Managers have to establish statistical process control charts on the employees of an organisation and only those employees who are exposed beyond control limits (plus and minus 7.5 per cent) should be considered as having performance that is lower and higher compared to other employees. Such differences in the performance of the employees are attributable to system factors (Rad 2006).

Using the previous argument, Deming (1986) posed great doubt regarding the fairness of the performance management systems as the managers attribute errors within the system. In addition, in the desire of the employees to meet the objectives set in the appraisal system, they would be forced to look for short term individual achievements. This kind of set-up is “management by fear” which is clearly not ideal in all organisations irrespective of their country of origin. TQM gurus added that activities such as performance appraisals are not good for the organisation because it makes the people work in a predictable manner, maintaining performance at the same levels (Deming 1986).

In summary, the following are the issues that serve as problems of the performance appraisal using the TQM principle: performance appraisal considers employees to be responsible for errors that are usually brought by some faults within the system. It deals more with the past instead on the improvement of performance in the future. Moreover, the performance appraisal system encourages a pattern of behaviour that deals out the quality of the performance. It produces a negative effect as workers who are deeply discouraged as they stop giving efforts to excel. It discourages workers from taking pride in their workmanship. It emasculates and disregards teamwork (Scholtes 1993). Moreover, it disregards variability in the system. The system cannot be considered as a reliable and consistent tool of measurement. It likewise fosters an approach to problem solving that is cursory and prone to error. The goals set may be too safe for the organisation and creates losers, cynics, and wasted human resources. It encourages indirectly the quality of losers, pessimists and wasted human resources. The elimination of the performance appraisal in an organisation in furtherance of the establishment of a TQM compliant organisation was greatly supported by Scholtes (1993).

Aside from the reasons previously given, in conducting performance appraisal, managers do not want to be forced to assume the roles of both evaluator and coach (Cederblom 1982). Moreover, a performance appraisal system actually holds many and different functions such as a means to determine the reward; disciplining; coaching, counseling; fostering improvements in performance; enhancing the working environment; increase the level of morale; expounding the duties and expectations from employees; improving communication; strengthening the control of the management; aiding in the decision making process; giving information to HR to support its activities; determining the opportunities for development; having a clear perception of the goals of the organisation and determining from among the employees who should be promoted vs. those who should be declared redundant. To make the list short, performance appraisal seems to be a “panacea” (Taylor 1998). In such case, being a cure-all tool, performance appraisals bring more obscurity and vagueness and inconsistency than the actual objective for utilizing such system.

Managers who are aware that performance appraisal systems are far from being perfect and just rely on the human information and judgment are discouraged to continue using performance appraisal (Wiese and Buckley 1998). Ideally, performance appraisal system has rendered big emphasis on teamwork and many others which is not the case in the actual settings. Ineffective appraisal system may result in the conveyance by the managers of mixed messages, creating confusion as to what will be the most and least important. Usually, the objective of the rater is reduced to satisfying the employee concerned with the evaluated performance rather than giving him constructive developmental feedback. In conducting the performance appraisal, managers would protect their own image, since if there are many employees who receive negative ratings, it will back fire on the manager who may be accused of poor leadership. In such a case, the goal

of the manager will be different from those of the organisation in undergoing the process of performance appraisal (Wiese and Buckley 1998). Managers find performance appraisal to be very complicated when they realise that people are not ready and open to receive negative feedback. They perceive staff as anticipating rewards they could get for rendering outstanding performance, but are not too open to negative feedback (Wiese and Buckley 1998).

The problems in the process of performance appraisal may be due to biases, politicking, underserved reputation and impression management (Wiese and Buckley 1998). The bias factor makes the performance appraisal less accurate, but this cannot be readily seen by both the manager and the person rated. The ratings have stains already but such stains cannot be easily seen (Cook 1995). Political considerations and private agendas influence performance appraisal. Inflated figures in performance appraisal are very rampant in several companies to ensure merit increase; prevent negative written record; prevent confrontation with their subordinates; and to get rid of unwanted employees by promoting them which is only made possible by inflating the result of the performance appraisal (Cook 1995). Managers try to avoid instances like sending a message to the ratee like encouraging leaving the organisation and the documented record of poor performance. These problems may be due to the fact that there is a lack of continuous quality control in the system.

Patterson (1987) had shown the result of his study regarding problems with performance appraisal. According to him, though performance appraisal has already been practiced in many public and private organisations for more than 50 years, there remain many problems. Raters do not want to criticize their subordinates. Its judgmental phase in appraising individual performance offers non-transparent (e.g. subjective and individual) and transparent (e.g. bias and

prejudice) errors. Many of the raters are not trained enough in counseling employees as part of the evaluation interview; thus, they are strained to conduct performance appraisals with insufficient or flawed information regarding the performance of the ratee (Patterson 1987).

Performance appraisal does produce negative and critical effects to the ratee. Studies show that employees are more inclined to remember only the negative comments, resulting to adverse effects on their individual performance months following the evaluation process. Employees take performance appraisal as personal criticism or dispute to their self-worth (Patterson 1987).

An additional thought for the raters is that existing statutes, jurisprudence and administrative rules of different federal agencies have lately taken a look at the validity of performance appraisal as a preventive measure against discrimination in the place of work. There were cases where organisations are committing civil rights violation because of their failure to validate performance appraisal methodologies and criteria (Patterson 1987).

Some organisations were able to find solutions to the problems related to the implementation of the performance appraisal system. The first one is the ongoing process of performance management and the second is the development of representation, rudiments, standards and generic performance. For these organisations, the appraisal system should be utilized to emphasize quality in the service and better productivity, to develop and improve the performance of employees and to provide contributions to major decisions needed to be taken in connection with employees. The problem lies with the fact that performance appraisals do not meet the said criteria because of the difficulties encountered by the managers in writing and communicating their expectations to their subordinates; their being inconsistent in determining the appropriate

and desirable levels of performance; and the organisations' failure to present rewards for the skills developed by the managers in implementing performance appraisal (Schneier 1987).

A significant study made by Latham et al (2008) identifies a very important and relevant issue in determining why managers consider performance appraisal as a low priority activity. The said study was made on managers who previously received feedbacks and evaluation through performance appraisals and subsequently rated and evaluated their respective subordinates. A simulation was made involving 30 managers. These managers were given hypothetical feedback about their job performance. Afterwards, they evaluated their respective subordinates and this was recorded on videotape. It was worthy to note that the managers who were given positive feedback regarding job performance have given their subordinates feedback that were significantly higher as compared to the managers who were given negative feedback about their job performance. Such patterns of behaviour took place even if the involved managers knew that the evaluations they received were only simulated (Latham et al 2008). A similar study made in a manufacturing company in Canada involving 74 managers and employees and 39 managers and employees in a retail company in Turkey where the results herein corroborated the results previously identified. It was found that the evaluation or feedback given to a subordinate is relevantly connected with the evaluation or feedback received by the rater. Hence, it is fair enough to suggest that performance appraisal is influenced by the unfavorable feedback they themselves receive (Latham et al 2008).



## Chapter 3

### Methodology

#### Introduction

Part of the function of Human Resource Management is the assessment of performance of individuals in the organisation from the top leaders down to the rank and file employees. This is in lieu of their objective to garner information about how the organisation is performing as a whole, likewise, provide a venue to address underperformance and ineffective management system that serve as barriers for the attainment of goals envisioned by the organisation.

Performance appraisal if properly done is believed to contribute greatly to the efficiency of the entire organisation, as it ensures continuous improvement on areas identified as crucial for employing a positive and reinforcing management system (Khazem, 2008). On the other hand, managers influence the effectiveness of performance appraisal due to the lack of clear goals and motives to guide them in conducting the assessment. Therefore, proper training for performance evaluation is important to address the uncertainties of these managers. Other reasons found to impact the raters is the stress that such assessment will induce particularly with regards to the complicated responsibilities and emotional challenges that the assessment entails. Further review on other implications of performance assessment to managers and employees suggest that majority of the raters and those being rated are not confident and satisfied with the end result of the evaluation. Some perceive it to be inefficient in dealing with poor performances of employees as it diminishes self-esteem in some point. Politics in the organisation also influences the rating behaviour of managers. Thus, lenient or inflated ratings of performance assessment

have been the most common issue being tackled in researches today (Roch, 2007). As such, managers tend to rate their subordinates high due to the pressure of being accountable for their results. Thus this may affect their current status, department, and promotional opportunities. It is also stressed that some managers inflate ratings in order to eliminate unwanted members by promoting them, whilst, employees who are subjected to anonymity are more likely to provide honest feedback than those who are not. In view thereof, performance assessment becomes a tool for self-agendas of leaders and even employees instead of implementing purportedly objective criteria of such assessment (Shore and Strauss, 2008).

Moreover, the researcher also considered the influence of TQM or Total Quality Management principles in applying performance appraisals in the organisation. In which case, it is said that activities such as performance appraisal, merit rating and other performance reviews are perceived detrimental to management. Performance appraisal is said to focus more on the individual performance or human factors rather than system-level features. It is asserted that such tool attempts to put the blame of organisational poor performance to poor low level employees than concentrating on system factors, for which the organisation is deemed responsible (Carson et al., 1992).

In view thereof, the following issues influence managers to prioritise this activity less and have less commitment to it. A number of theoretical studies depicted these variables as reasons behind appraisal being a low-priority activity for managers. This research aims to provide a quantitative analysis of these issues involving perceptions of managers toward performance appraisal.

Research Design

The design which will be utilized in this study is a quantitative research design, specifically a descriptive-comparative-correlational research design. It is descriptive since it aims to describe the perception levels of managers as regards the various facets of performance appraisal. Moreover, it is comparative because the levels of importance and actual experience of the same set of managers are compared. Finally, it is correlational because these facets were correlated against managers' level of commitment. By adopting quantitative procedures, scientific and statistical approaches were applied to provide greater accuracy to the conclusions (Reddy et al., 2007). The setting of the study shall be employed whereby the timeframe of conducting the research is a single period of time. Therefore, a cross-sectional design is the approach used by the researcher (ECS & McREI, 2004).

#### Setting and Sample

The study shall be conducted among hospitality organisations in the UK, gathering supervisors and managers through purposive sampling. There will be 60 managers to be selected from 30 private hotels. The criteria for inclusion into the sample are as follows: 1) should be a manager or supervisor in a hotel for at least 3 years; 2) should have at least 2 staff whose performance he manages; and 3) should express explicit willingness to participate in the study.

#### Data Collection

Data will be gathered through survey questionnaires. The said questionnaire includes a pre-paid envelope that will ensure the confidentiality of the respondents' answers and to encourage more honesty from them. The survey instrument will compose of items that will assess the manager's perception toward the performance appraisal activity which also assesses their commitment to

the said activity. Items in the instrument shall be based on the factors identified in the literature review as determinants of managers' behaviours and attitudes toward performance appraisal.

The method applied is essential to gather substantial information from a relatively large sample.

#### Data Analysis

In order to assess the relationship between the variables involved in the study particularly the manager's perceptions of the various facets of performance appraisal and their commitment to the activity, Pearson-correlational moment coefficient was computed. In this manner, the purpose of this statistical test is to discover any existing degree of association between manager's perception and commitment level to performance appraisal, and whether the relationship is negative or positive.

A t-test will also be adopted on the same observations to assess any significant statistical differences between their perceptions of degree of importance and actual experience on the process and benefits of appraisal. Data entry and analysis was carried out through the use of the SPSS or Statistical Package for the Social Sciences.

#### Research Questions

It is aimed in this research to ascertain whether performance appraisal is a low-priority activity for most hospitality managers today. The following are the questions that need to be addressed:

1. Is there a significant relationship between manager's perception of the processes of performance appraisal and their commitment to this assessment activity?

2. Is there a significant relationship between manager's perception of the benefits of performance appraisal and their commitment to this assessment activity?

3. Are there a significant differences between the degree of importance and actual experience of the various facets of performance appraisal in hospitality organisations?

#### Null Hypotheses

HO1. There is no significant relationship between manager's perception of performance appraisal and priority level given to performance appraisal.

HO2. There is no significant difference between manager's perception of performance appraisal in both private and public organisations.

HO3. There is no significant difference between priority level given to performance appraisal in both private and public organisations.

Chapter 4  
Results and Discussion

Table \_\_. Degree of Importance: Performance Appraisal Process Facets.

	N	Minimum	Maximum	Mean	Std. Deviation
Purposel	60	3.00	5.00	4.4667	.67565
Criterion	60	4.00	5.00	4.4833	.50394
Guidel	60	3.00	5.00	3.9167	.53016
Reall	60	2.00	4.00	3.5667	.64746
Feedl	60	3.00	5.00	4.0000	.41169
Openl	60	2.00	5.00	4.1333	1.08091
Politicl	60	2.00	5.00	4.1167	.88474
Timel	60	3.00	4.00	3.0833	.27872
Overall	60	3.13	4.38	3.9735	.35021
Valid N (listwise)	60				

Looking at the various facets of the performance appraisal process, the facet that yielded the highest mean in terms of the importance attached to it by the respondents is having enough criteria in assigning ratings in our performance appraisal process ( $X=4.48$ ,  $sd=.50$ ). This is followed by the organisation having successfully explained and cascaded the main purposes of performance appraisal ( $X=4.46$ ,  $sd=.68$ ). The following are the ratings of the remaining items: My staff discuss their performance problem areas openly during performance appraisal ( $X=4.13$ ,  $sd=1.08$ ); Our performance appraisal process is not affected by politicking or political agendas ( $X=4.12$ ,  $sd=.88$ ); The performance appraisal process encourages frequent feedback giving to my staff ( $X=4.00$ ,  $sd=.41$ ); and The company is able to provide clear guidelines for performance

appraisal ( $X=3.92, sd=.53$ ). When rounded off, the mean for the foregoing items is 4.00, suggesting that these facets are important for the respondents.

The lowest rated items in terms of importance are: The objectives indicated in the performance plan and against which our performance is evaluated are realistic ( $X=3.57, sd=.65$ ); and Our performance appraisal is carried out in an efficient manner and does not unduly consume managerial time ( $X=3.08, sd=.28$ ). The degree to which objectives are realistic is important to the respondents, while the efficiency of the process is moderately important.

Overall, the rating of performance appraisal process facets in hospitality organisations is 3.97, with a standard deviation of .35, indicating that these process facets of the appraisal process are important for the respondents.

Table \_\_. Actual Importance: Performance Appraisal Process Facets.

	N	Minimum	Maximum	Mean	Std. Deviation
Purposell	60	3.00	5.00	4.2833	.64022
Criterion	60	3.00	5.00	4.0167	.74769
Guidell	60	3.00	5.00	3.9000	.68147
Reall	60	2.00	4.00	2.9000	.51090
Feedll	60	2.00	4.00	3.0000	.61064
Openll	60	2.00	4.00	3.1000	.51090
Politicll	60	2.00	3.00	2.4500	.50169
Timell	60	2.00	4.00	2.9000	.68147
Overalllll	60	2.75	3.75	3.3215	.32419

Valid N (listwise)	60				
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Looking at the various facets of the performance appraisal process, the facet that yielded the highest mean in terms of actual experience is the organisation having successfully explained and cascaded the main purposes of performance appraisal ( $X=4.28$ ,  $sd=.64$ ). This is followed by having enough criteria in assigning ratings in our performance appraisal process ( $X=4.02$ ,  $sd=.75$ ); and The company is able to provide clear guidelines for performance appraisal ( $X=3.90$ ,  $sd=.68$ ). These items were experienced by the respondents.

The lowest rated items in terms of importance are: My staff discuss their performance problem areas openly during performance appraisal ( $X=3.10$ ,  $sd=.51$ ); The performance appraisal process encourages frequent feedback giving to my staff ( $X=3.00$ ,  $sd=.61$ ); The objectives indicated in the performance plan and against which our performance is evaluated are realistic ( $X=2.90$ ,  $sd=.51$ ); and Our performance appraisal is carried out in an efficient manner and does not unduly consume managerial time ( $X=2.90$ ,  $sd=.68$ ). These items are rated as moderately experienced by the respondents. Moreover the item Our performance appraisal process is not affected by politicking or political agendas ( $X=2.45$ ,  $sd=.50$ ) is only slightly experienced.

Overall, the rating of performance appraisal facets in hospitality organisations is 3.32 with a standard deviation of .32, indicating moderate experience of the performance appraisal facets.

Table \_\_. Degree of Importance: Performance Appraisal Benefits.

	N	Minimum	Maximum	Mean	Std. Deviation
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Performl	60	3.00	5.00	4.2667	.63424
Motivl	60	3.00	5.00	4.0833	.53016
Fairl	60	2.00	5.00	4.0167	.94764
Developl	60	3.00	5.00	4.2667	.63424
Moneyl	60	3.00	5.00	4.2833	.64022
Promotl	60	3.00	5.00	4.2833	.64022
Layoffl	60	2.00	5.00	3.1167	.80447
Successl	60	4.00	5.00	4.2833	.45442
Longl	60	3.00	5.00	3.8833	.52373
Valid N (listwise)	60				

The benefits of the performance appraisal process which are most important are: Our performance appraisal provides a solid basis for giving out monetary rewards equitably; and Our performance appraisal enables us a firm basis for promoting employees. The two items both yielded a mean of 4.28, and a standard deviation of .64. The other item which yielded the same mean is Our performance appraisal enables us a firm basis for succession management, with a standard deviation of .45. The remaining items yielded the following ratings: The performance appraisal helps my subordinates improve performance ( $X=4.27$ ,  $sd=.63$ ); and I am able to provide feedback for development to my staff because of the performance appraisal ( $X=4.27$ ,  $sd=.63$ ); Performance appraisal increases the motivation of my staff ( $X=4.08$ ,  $sd=.53$ ); Our performance appraisal is consistent and fair ( $X=4.02$ ,  $sd= .95$ ); and Performance appraisal encourages achievement over the long-term ( $X=3.88$ ,  $sd=.52$ ). All these items are regarded as important by the respondents.

The lowest rated item in terms of importance is Lay-offs and terminations are anchored on the results of performance appraisal ( $X=3.12$ ,  $sd=.80$ ). This item is regarded with moderate importance by the respondents.

Table \_\_. Actual Experience: Performance Appraisal Benefits.

	N	Minimum	Maximum	Mean	Std. Deviation
PerformII	60	3.00	5.00	3.9833	.62414
MotivII	60	3.00	5.00	3.7167	.76117
FairII	60	2.00	4.00	2.5500	.67460
DevelopII	60	4.00	5.00	4.2833	.45442
MoneyII	60	3.00	5.00	3.9167	.80867
PromotII	60	3.00	5.00	4.2000	.57637
LayoffII	60	3.00	4.00	3.2500	.43667
SuccessII	60	3.00	5.00	4.1000	.68147
LongII	60	3.00	4.00	3.4500	.50169
Valid N (listwise)	60				

The benefits of the performance appraisal process which are experienced most apparently by the respondents are: I am able to provide feedback for development to my staff because of the performance appraisal ( $X=4.28$ ,  $sd=.45$ ); Our performance appraisal enables us a firm basis for promoting employees ( $X=4.20$ ,  $sd=.58$ ); Our performance appraisal enables us a firm basis for succession management ( $X=4.10$ ,  $sd=.68$ ); The remaining items yielded the following ratings: The performance appraisal helps my subordinates improve performance ( $X=3.98$ ,  $sd=.62$ ); Our performance appraisal provides a solid basis for giving out monetary rewards equitably ( $X=3.92$ ,  $sd=.81$ ); and Performance appraisal increases the motivation of my staff ( $X=3.72$ ,  $sd=.76$ ). All these items are regarded as important by the respondents.

The lowest rated item in terms of importance is Performance appraisal encourages achievement over the long-term ( $X=3.45$ ,  $sd=.50$ ); Lay-offs and terminations are anchored on the results of performance appraisal ( $X=.3.25$ ,  $sd=.44$ ). Our performance appraisal is consistent and fair ( $X=2.55$ ,  $sd= .67$ ). These items are regarded as having moderate importance by the respondents.

Table \_\_. Dependent Samples T-test: Performance Appraisal Process Facets.

		t	df	Sig. (2-tailed)
Pair 1	Purposel - Purposell	3.639	59	.001
Pair 2	Criterl - Criterll	7.185	59	.000
Pair 3	Guidel - Guidell	.299	59	.766
Pair 4	Reall - Realll	7.881	59	.000
Pair 5	Feedl - Feedll	9.181	59	.000
Pair 6	Openl - Openll	8.372	59	.000
Pair 7	Politicl - Politicll	13.096	59	.000

Pair 8	Timel - Timell	2.381	59	.020
Pair 9	OverallI - OverallII	15.650	59	.000
Pair 10	PerformI - PerformII	3.428	59	.001
Pair 11	MotivI - MotivII	3.639	59	.001
Pair 12	FairI – FairII	9.582	59	.000
Pair 13	DevelopI - DevelopII	-.299	59	.766
Pair 14	MoneyI - MoneyII	5.844	59	.000
Pair 15	PromotI - PromotII	1.218	59	.228
Pair 16	LayoffI - LayoffII	-1.090	59	.280
Pair 17	SuccessI - SuccessII	2.381	59	.020
Pair 18	LongI - LongII	4.987	59	.000

All pairwise comparisons have registered significant differences, when the t-test for dependent samples was computed, except for the following: 3) The company is able to provide clear guidelines for performance appraisal ( $t=.30$ ,  $p=.77$ ); I am able to provide feedback for development to my staff because of the performance appraisal ( $t=-.30$ ,  $p=.77$ ); Lay-offs and terminations are anchored on the results of performance appraisal ( $t=-1.09$ ,  $p=.28$ ); and Our performance appraisal enables us a firm basis for promoting employees ( $t=1.22$ ,  $p=.23$ ). These are the areas where importance and actual experience have been met.

On the other hand, there is a need to improve on the remaining items of process: The organisation has successfully explained and cascaded the main purposes of performance appraisal ( $t=3.64$ ,  $p=.00$ ); There is enough criteria in assigning ratings in our performance appraisal process ( $t=7.18$ ,  $p=.00$ ); The objectives indicated in the performance plan and against which our performance is evaluated are realistic ( $t=7.88$ ,  $p=.00$ ); The performance appraisal process encourages frequent feedback giving to my staff ( $t=9.18$ ,  $p=.00$ ); My staff discuss their

performance problem areas openly during performance appraisal ( $t=8.37, p=.00$ ); Our performance appraisal process is not affected by politicking or political agendas ( $t=13.10, p=.00$ ); Our performance appraisal is carried out in an efficient manner and does not unduly consume managerial time ( $t=2.38, p=.02$ ). The overall rating for importance and actual experience on the process of performance appraisal also yielded a significant difference ( $t=15.65, p=.00$ ). In all of these items, the means for importance is higher than that of actual experience, suggesting that these are improvement areas.

On the benefits of the appraisal process, the following had significant differences: The performance appraisal helps my subordinates improve performance ( $t=3.42, p=.00$ ); Performance appraisal increases the motivation of my staff ( $t=3.64, p=.00$ ); Our performance appraisal is consistent and fair ( $t=9.58, p=.00$ ); Our performance appraisal provides a solid basis for giving out monetary rewards equitably ( $t=5.84, p=.00$ ); Our performance appraisal enables us a firm basis for succession management ( $t=2.38, p=.02$ ); and Performance appraisal encourages achievement over the long-term ( $t=4.99, p=.00$ ). Similarly, the means for importance is higher than that of actual experience, suggesting that these are improvement areas.

Table \_\_. Commitment of Managers to the Performance Appraisal Process.

	N	Minimum	Maximum	Mean	Std. Deviation
Commit	60	2.00	4.00	3.2000	.57637
Valid N (listwise)	60				

The commitment of manager-respondents had a mean of 3.20, suggesting moderate commitment to the performance appraisal process.

Table \_\_. Correlation of Actual Experience of Process Facets and Benefits of Performance Appraisal to Managerial Commitment.

		Commit
Purposell	Pearson Correlation	.119
	Sig. (2-tailed)	.363
	N	60
CriterII	Pearson Correlation	.031
	Sig. (2-tailed)	.811
	N	60
Guidell	Pearson Correlation	-.423(**)
	Sig. (2-tailed)	.001
	N	60
Realll	Pearson Correlation	.299(*)
	Sig. (2-tailed)	.020
	N	60
FeedII	Pearson Correlation	.482(**)
	Sig. (2-tailed)	.000
	N	60
PoliticII	Pearson Correlation	.035
	Sig. (2-tailed)	.790
	N	60
Timell	Pearson Correlation	.483(**)
	Sig. (2-tailed)	.000
	N	60
PerformII	Pearson Correlation	-.273(*)
	Sig. (2-tailed)	.035
	N	60
MotivII	Pearson Correlation	-.100

	Sig. (2-tailed)	.445
	N	60
FairII	Pearson Correlation	.235
	Sig. (2-tailed)	.070
	N	60
DevelopII	Pearson Correlation	.168
	Sig. (2-tailed)	.199
	N	60
MoneyII	Pearson Correlation	.073
	Sig. (2-tailed)	.581
	N	60
PromotII	Pearson Correlation	-.071
	Sig. (2-tailed)	.588
	N	60
LayoffII	Pearson Correlation	-.539(**)
	Sig. (2-tailed)	.000
	N	60
SuccessII	Pearson Correlation	-.009
	Sig. (2-tailed)	.948
	N	60
LongII	Pearson Correlation	-.258(*)
	Sig. (2-tailed)	.047
	N	60
Commit	Pearson Correlation	1
	Sig. (2-tailed)	
	N	60

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

When commitment of managers has been correlated with actual experience of both process and benefits items, the following are the items which were significantly and positively correlated

with managerial commitment to the performance appraisal exercise: The performance appraisal process encourages frequent feedback giving to my staff ( $r=.482$ ,  $p=.00$ ); Our performance appraisal is carried out in an efficient manner and does not unduly consume managerial time ( $r=.483$ ,  $p=.00$ ); The objectives indicated in the performance plan and against which our performance is evaluated are realistic ( $r=.299$ ,  $p=.02$ ). Improving these areas is critical as they are determinants of the level of commitment of managers to the appraisal process.

## Discussion

## Discussion

### Processes of the Performance Appraisal Process

The results of the study show that the following process areas of the performance appraisal process meet the expectations of the respondents, in terms of the degree of importance which they attach to it: providing clear guidelines for performance appraisal; and providing feedback for development to staff. On benefits of the appraisal process, the following meet their expectations: lay-offs and terminations being anchored on the results of performance appraisal; and enabling a firm basis for promoting employees. These are the areas where importance and actual experience have been met.

In contrast, the development areas on the appraisal process are the following: successfully explaining and cascading the main purposes of performance appraisal; having enough criteria in assigning ratings in the performance appraisal process; having realistic objectives; the performance appraisal process encouraging frequent feedback giving to staff; staff being able to discuss performance problem areas openly; the process not being affected by politicking or political agendas; the process being carried out in an efficient manner and not unduly consuming managerial time.

### Benefits of the Appraisal Process

On the benefits of the appraisal process, the following were the areas for improvement: the performance appraisal helping subordinates improve performance; increasing the motivation of my staff; being consistent and fair; providing a solid basis for giving out monetary rewards

equitably; enabling a firm basis for succession management; and encouraging achievement over the long-term. The means for importance is higher than that of actual experience, suggesting that these are improvement areas.

On improving performance, the research conducted by de Waal and Coevert (2007) suggest that the introduction of the performance management system in the bank did have a positive impact on performance. However, this is not the perception of the managers in the current study. The managers of the hospitality industry who served as respondents for the study must think of means to allow their staff to have increased focus through the performance appraisal process (de Waal & Coevert 2007). It may also be used as means of enhancing the culture in their organisations (de Waal & Coevert 2007).

The results of the current study are more in line with those of Watson Wyatt (in Sandler 2005) where it has been indicated that performance manager is a driver in performance improvement. In the said study, it has been noted that only 19% of the respondents believed that the system was critical in helping poor performers enhance their performance (Sandler 2005). While the efforts of HR in the hospitality organisations are necessarily failures, they should exert effort to enable line people own the appraisal process. Sandler (2005) proposes that to improve performance, the following efforts ought to be carried out: avoiding using the name of the HR in the process, setting appropriate goals, establishing tools for the measurement of the performance and consistently use them, developing performance culture, adopt, if possible, performance management system (paperless tasks encourage participation from managers), aligning goals with performance, training the managers and addressing the expectations of the employees (Sandler 2005).

Motivation is also a benefit that needs to be enhanced further, as regards the appraisal process. The results of the study do indicate that employees even feel that the appraisal exercise causes demotivation among them. In such a case, it is both irrelevant and meaningless (Houldsworth and Jirasinghe 2006).

Boice and Kleiner (1997) have commented about the consistency and fairness of the appraisal process. Supervisor should be able to motivate the employees by ensuring that the process is done fairly. They should not give unduly high ratings just to justify the salary increases of their staff, motivate them in an artificial manner (Derven 1990), or to avoid confrontation with their employees (Harrison and Goulding 1997). Moreover, Harrison and Goulding (1997) further suggest that a systematic framework is set for appraisals to ensure consistency and fairness.

In addition, in the book of Paul Falcone and Randi Sachs entitled *Productive Performance Appraisal*, they expounded that some managers are keen about appraisals mainly because they fear it can cause conflict in the relationship with employees, specifically if their work standards and performance expectations are not aligned with each other (Khazem, 2008).

The performance appraisal process should also serve as a firm basis for monetary rewards. It should effectively be a basis for salary increases and promotion. Moreover, it should also be a firm basis for termination or culling out. Managers can likewise use such system to compare individual performance in every department (Wiese and Buckley 1998). Wiese and Buckley (1998) say that the distribution of rewards, promotions and demotions, recalls, layoffs and transfers are usually based on the performance appraisals. The HR Department of the hospitality institutions ought to see if the appraisal serves these purposes effectively Training needs are

determined through such system and could help in the conduct of training needs analysis for the organisation (Walsh & Fisher 2005).

#### Commitment of Managers to the Performance Appraisal Process

When commitment of managers has been correlated with actual experience of both process and benefits items, the following are the items which were significantly and positively correlated with managerial commitment to the performance appraisal exercise: encouraging frequent feedback giving to my staff; the performance appraisal being carried out in an efficient manner and does not unduly consume managerial time; the objectives indicated in the performance plan and against which our performance is evaluated being realistic. Improving these areas is critical as they are determinants of the level of commitment of managers to the appraisal process.

There is also a need for HR to look into the efficiency with which the performance appraisal process is deployed so that it does not take much managerial time. According to Businessballs.com (n.d.), managers do find the performance appraisal process overwhelming and tedious. Moreover, it is also positively correlated with the chance to give development feedback to one's staff. However, based on the means in the previous section, it has also been found that it does not necessarily encourage frequent feedback giving since they find it quite complex and emotionally challenging. HR should make managers realise that the performance feedback should not be a stressful activity and that openness in the discourse between rater and ratee. Otherwise, the purpose for the feedback giving exercise would have been defeated (Businessballs.com n.d.). In addition, feedback giving should be done regularly so that the annual appraisal review and feedback session need not be as stressful. This will address the

likelihood of demotivating the employee if only his failures are focused on during feedback giving (Heatfield n.d.) .

On the point of objectives being realistic, there is a need for managers to set goals that may be attained realistically; otherwise, there is a tendency for employees to ignore these objectives (Derven 1990). Moreover, if the objectives are not realistic, employees feel that there is no point to work towards them since they cannot be achieved anyway. There is also increased likelihood for managers to take the performance management system more seriously if objectives and targets are set at a realistic level (Derven 1990).

## Chapter 5

### Conclusion and Recommendations

#### Conclusion

The findings of the study show that there is a need for the hospitality organisations to sustain their efforts in providing guidelines related to the performance appraisal process. The respondents were also satisfied with the fact that it allowed them to provide feedback for development to their staff. On benefits of the appraisal process, the following meet their expectations: lay-offs and terminations being anchored on the results of performance appraisal; and enabling a firm basis for promoting employees. These are the areas where importance and actual experience have been met.

The research also found that the development areas on the appraisal process are: successfully explaining and cascading the main purposes of performance appraisal; having enough criteria in assigning ratings in the performance appraisal process; having realistic objectives; the performance appraisal process encouraging frequent feedback giving to staff; staff being able to discuss performance problem areas openly; the process not being affected by politicking or political agendas; the process being carried out in an efficient manner and not unduly consuming managerial time.

On the benefits of the appraisal process, the following were the areas for improvement: the performance appraisal helping subordinates improve performance; increasing the motivation of

my staff; being consistent and fair; providing a solid basis for giving out monetary rewards equitably; enabling a firm basis for succession management; and encouraging achievement over the long-term. The means for importance is higher than that of actual experience, suggesting that these are improvement areas.

When commitment of managers has been correlated with actual experience of both process and benefits items, the following are the items which were significantly and positively correlated with managerial commitment to the performance appraisal exercise: encouraging frequent feedback giving to my staff; the performance appraisal being carried out in an efficient manner and does not unduly consume managerial time; the objectives indicated in the performance plan and against which our performance is evaluated being realistic. Improving these areas is critical as they are determinants of the level of commitment of managers to the appraisal process.

### Recommendations

With the results of the current study, the HR Department of the hospitality organisations need to exert effort in explaining the rationale for the appraisal exercise. Moreover, there should be cascade sessions where the criteria for rating performance are clearly explained. Line managers ought to be convened to be able to thresh out various issues about performance management, such as the degree to which objectives are set realistically. Feedback giving should also be encouraged by setting up concrete infrastructures and mechanisms that will allow this to happen. Culture building activities should also be carried out, such as openness will be encouraged. Employees should not feel that they will be reprimanded if they openly express their sentiments

during the appraisal process. The absence of politicking in the appraisal process also calls for a culture building agenda that will be spearheaded by HR.

Moreover, there should be a point person who is tasked to check the clarity of objectives and the appropriateness of key performance indicators, so that the performance management system will be effective. Training ought to be offered for managers so that they are able to realise the essence of performance management, and ensure its consistency and fairness. With this in place, there shall be a solid basis for giving out monetary rewards equitably, for succession management, and encouraging achievement over the long-term.

HR also has to specifically focus on encouraging frequent feedback giving to my staff; the performance appraisal being carried out in an efficient manner and does not unduly consume managerial time; the objectives indicated in the performance plan and against which our performance is evaluated being realistic. Improving these shall also increase the commitment of managers to the appraisal activity, and will add premium to it. These are the drivers of managerial commitment that, if improperly managed, can also be reasons for the low priority being accorded to it by hospitality managers.

### Reflection

The researcher was able to come up with the topic about why managers see appraisal as low-priority activity mainly due to the recognition that human resource plays an important role in the organisation. Their efforts and contributions will likely affect the success or failure of the

business. In recent times, where the economy is in struggling condition, different organisations are compelled to implement necessary actions to survive and manage success even with limited resources. The researcher acknowledged the fact that performance appraisal must be reassessed to add value to the organisation's performance and likewise address the issues confounding the problems with performance management in general. However, as the research went on, an understanding about how the managers today perceive this exercise as a low-priority activity has brought a more interesting and significant issue to address; this insight served as a prelude to the development of the topic.

In collecting data, the researcher aimed to produce a well-organised and coherent information which have been derived from various literatures such as peer reviewed articles, case studies, journals and publications found over the internet. These data were analyzed qualitatively, and later on put side by side statistical results to reach valid and reliable conclusions.

During the data gathering, many perspectives and issues were revealed as to the implications and current trends of performance appraisal. As the researcher went through a deeper analysis of information, he realised that despite an objective purpose of an assessment, its goal is nonetheless futile if factors such as managerial competence and commitment come into play. Any HR system, no matter how well designed is worthless if not accepted and used properly.

In the preparation of this dissertation, three (3) best things were realised by the researcher; one, in coming up with a valuable topic, it is important to not only depend on what is common or overtly manifested issues. One must be more analytical and seek more complex issues behind what is common and overt. Second, one must integrate the information gathered as possible sources of insightful learning. The researcher learned to integrate the value of each perspective

and issue that were presented in different sources to recent important issues and concerns related to the topic. Lastly, preparing the dissertation has been a meaningful experience for it involved hard work and patience for the researcher to produce a well-structured, significant, and reliable dissertation.

On the other hand, the three (3) worst things experienced in the preparation of the academic paper were: one, addressing the issues of validity and reliability. Second, the difficulty of merging the statistical results with assertions of past literature. Lastly, is contending with time and resource constraints. Thus, every minute worked in the preparation, data gathering, utilizing statistical measurements, deriving conclusions were valued.

From an over-all perspective, the researcher learned the value of work ethic, good decision-making, perseverance, and hard work in planning, carrying out and writing up this project. Moreover, if further research will be pursued, the researcher will make use of better strategies and techniques in assessment, more sources to assess and integrate in the study, and come up with an even more complex research design for increased validity and reliability of research results.

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Appendix A – Survey Questionnaire

Directions: Tick the box that best corresponds to your answer.

I.

1) The organization has successfully explained and cascaded the main purposes of performance appraisal.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

2) There is enough criteria in assigning ratings in our performance appraisal process.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

3) The company is able to provide clear guidelines for performance appraisal.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

4) The objectives indicated in the performance plan and against which our performance is evaluated are realistic.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

5) The performance appraisal process encourages frequent feedback giving to my staff.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

6) My staff discuss their performance problem areas openly during performance appraisal.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

7) Our performance appraisal process is not affected by politicking or political agendas.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

8) Our performance appraisal is carried out in an efficient manner and does not unduly consume managerial time.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

II.

1) The performance appraisal helps my subordinates improve performance.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

2) Performance appraisal increases the motivation of my staff.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

3) Our performance appraisal is consistent and fair.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

4) I am able to provide feedback for development to my staff because of the performance appraisal.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

5) Our performance appraisal provides a solid basis for giving out monetary rewards equitably.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

6) Our performance appraisal enables us a firm basis for promoting employees.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

7) Lay-offs and terminations are anchored on the results of performance appraisal.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

8) Our performance appraisal enables us a firm basis for succession management.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

9) Performance appraisal encourages achievement over the long-term.

Importance

Very Important  Important  Moderately Important  Slightly Important  Not Important at All

Actual Experience

Strongly Experienced  Experienced  Moderately Experience  Slightly Experience  Not Experienced at All

III.

1) I am committed to performance appraisal as a worthwhile activity.

Strongly Agree  Agree  Neutral  Disagree  Strongly Disagree