Abstract
Performance appraisal is a tool that provides management with valuable information regarding the quality of the human resources the organizations possess which may serve as a basis for important human resource decisions that may result in motivation and/or demotivation of the employees. The labor intensive characteristics of the tourist accommodation and hospitality organizations make the management of human resources in these organizations a key element in managing. Because of the above mentioned reasons, a study which involves the evaluation of the findings regarding the performance appraisal practices at these organizations located in the Turkish Republic of Northern Cyprus presented.

Key Words: Performance Appraisal, Human Resources, Hospitality Organizations

Introduction
The value of the human resources to the organization has some very important implications for the organization and management. The organization cannot afford the waste, misuse, or underutilization of these resources. On the other hand, performance appraisal lies at the center of human resource activities. The information generated through performance appraisals form the basis for all human resource decisions like selection and placement techniques, promotions, demotions, transfers, layoffs or termination, training and development, career development, and as well as on all other managerial functions like planning, organizing, leading, and controlling.

There is a very close relationship between performance appraisal and motivation of people at work. While motivation is one of the most critical determinants of individual performance, the measurement of performance and the nature of the resulting decisions about employee by their superiors becomes a crucial determinant of their motivation and therefore their future performance.

Performance appraisal in the service industries is much more important than it is in other types of industries. The reason is that, in the service sector there is not a tangible output. The product-service is produced at the very minute the sale is made. Therefore, the chances of rejecting or controlling the quality of the product-as in the
case of industries producing tangible goods—before it reaches the hands of consumers is limited.

The reasons briefly mentioned above makes performance appraisal a crucial element of human resource management. The performance appraisal system should be designed to meet the needs of the employees, managers, and the organizations [1]. An efficient performance appraisal system installed this way can help management improve the quality of the products they are offering and therefore the competitiveness of their organization.

In this paper, first, an overview of the performance appraisal is made. Second, a study which involves the evaluation of the findings in regard to the performance appraisal practices at tourist accommodation and hospitality organization in the Turkish Republic of Northern Cyprus, is analyzed and explained. The last section of this paper includes conclusions and recommendations regarding the performance appraisal practices at these organizations.

1. An Overview Of Performance Appraisal

Performance appraisal refer to a formal process of evaluating an employee’s performance in the organization on a periodic basis. Many definitions of performance appraisal have been made by different authors. Dessler, defines performance appraisal as any procedure that involves setting work standards, assessing the employee’s actual performance relative to these standards, and providing feedback to the employees with the aim of motivating that person to eliminate performance deficiencies or to continue to perform above par [2]. Another definition for performance appraisal is the evaluation, often in writing an employee’s work and job performance according to specific criteria. Performance appraisal can also be defined as a system of periodic review and evaluation of an individual’s or team’s job performance [3; 4; 5]. The definition made by Schuller, however, seems to be one of the most comprehensive definition. He defines it as “a formal, structured system of measuring and influencing an employee’s job related attributes, behaviors, and outcomes, and level of absenteeism to discover at what level the employee is presently performing on the job [6].” Mondy, Noe, and Premeaux states that the most common sets of criteria used in practice are traits such as attitude and initiative, behaviors for individuals such as working in teams and cooperation, and task outcomes when a pool-oriented process is used [7]. Dessler states that performance appraisal serves several purposes. It provides an opportunity to review a subordinate’s progress and map out a plan for rectifying any performance deficiencies [8]. Further, according to DeNisi, performance appraisals have two main purposes. These are decision-making and feedback [9]. Ozgen and Unlucan, analyzes and describes the process, purposes, objectives, uses, and transitioning of performance appraisal from performance appraisal to performance management [10].
Managers have always been concerned with the performances of their subordinates. This is very natural since the performances of their subordinates will ultimately determine their success or failure as manager. However, a distinction has to be drawn between the informal appraisal which refers to day-to-day coaching of their subordinates and the formal appraisal process. They coach their subordinates every day. They try to show them the right way of doing their jobs, they warn them when they are late, they praise them for good performances and reprimand them for their misbehaviors. This type of informal appraisals are usually used in small organizations where there is not a formal and structured performance appraisal system of evaluating employee performance.

There are many approaches to classifying the methods and techniques used in measuring performance. Some authors classify them into two categories as traditional and contemporary methods [11]. Landy and Farr classified as judgemental and nonjudgemental methods [12]. Some other authors classify the performance appraisal methods as past oriented methods and future oriented methods [13].

In this paper, however, the classification made by Mathis and Jackson will be followed. Mathis and Jackson classified the performance appraisal methods into four categories as rating methods, written methods, comparative methods, and special methods [14].

“Rating Methods” include Graphic Rating Scales, Checklists, and Forced Choice. “Written Methods” include Free Essays, Critical Incidents, and Field Review. “Comparative Methods” include Ranking, Paired Comparisons, and Forced Distribution. “Special Methods” include Behaviorally Anchored Rating Scales, Behavioral Observation Scales, and Management by Objectives [14]. Assessment Center Appraisals can also be considered under this category although it is not mentioned by Mathis and Jackson.

2. A Study At Tourist Accomodation And Hospitality Organizations

2.1. Characteristics of the Accomodation and Hospitality Operations

Accomodation and hospitality operations include both product and service element. Although hotels and other accommodation and hospitality organizations are not pure service organization, they possess many of the characteristics that distinguish service organizations from other organizations [15].

Mullins, identified seventeen important organizational and staffing features that characterizes hotels in general [15]. Some of these features are; it is both in the
production and service industry; there are high fixed costs, a fixed rate of supply but a fluctuating, seasonal and often unpredictable demand; many units operate twenty-four hours a day, seven days a week; production and sales are combined in the same premises; there is a diverse range of customers seeking to satisfy a variety of needs and expectations; services are supplied direct to the customer on the premises and the customer leaves with no tangible product; staff often expected to work long and unsociable hours; the majority of staff receive low pay; there is a high mobility of labor within industry, and a high turnover of staff joining and leaving the industry; there is a large proportion of female, part-time, and casual staff.

Tourist accommodation and hospitality involves many activities and critical incidents that are similar to the characteristics of the first category of service types which requires the physical presence of the consumer and involves high levels of tangibility. These characteristics, as mentioned earlier have some very important implications for management regarding quality of the service provided to customers since there is not a chance for pre-inspection of the quality of the service before delivery.

The above characteristics of the tourist accommodation and hospitality industry makes human resource management a very important aspect of managing. There is a “chain effect” satisfaction among the employees, consumers, and the management and organization.

Satisfied employee will be more motivated to serve the customer willingly and will do his or her best to satisfy them. The satisfied customer will consider to repeat his visit and will also recommend the organization to friends. The whole organization of course will benefit from this.

Satisfaction of the employees will be determined by the extent to which the management or the organization meets their expectations in terms of their wages and salaries, the training provided to them to develop, the treatment they get from their managers, and above all the equity of the rewards they get in return for their contributions to the organization.

Performance appraisal is the best tool to learn about the quality of the employees possessed by the organization. Management can accumulate valuable information about the performances of its employees through appraisals. Therefore, whether it is done in a formal or informal fashion, performance appraisal in the tourist accommodation and hospitality industry is essential.

2.2. Domain of the Study and Sampling

The Study aims at evaluating the performance appraisal practices at the tourist accommodation and hospitality organizations in T.R.N.C. The study also aims at
finding out the opinions of the managers, both as raters and ratees, about the current practice in their organizations, and how it should be according to them.

A written survey has been conducted among the managers at all levels in this industry for this purpose. The survey questionnaire is composed of three sections. The first section involves some personal questions about the manager, the organization, and some general management practices that are believed to be relevant for performance appraisal practices. The second section of the questionnaire involves questions about the current performance appraisal practices in the organizations and is required to be answered only by those managers who have formal appraisal systems in their organizations. The third section aims at learning about the opinions of managers regarding performance appraisals, and is required to be answered by all managers irrespective of whether a formal appraisal system in their organizations exist or not.

The sample has been selected from among the tourist accommodation and hospitality establishments, such as hotels, apart-hotels, and holiday villages, which are classified by the Ministry of Tourism. In total 25 establishments, that are believed to be representative, of the total population have been surveyed. The written questionnaire, many managers and/or owners of the small establishments have been personally interviewed.

The return rate for the questionnaire is 50.54%. This response rate is accepted to be an adequate rate in this kind of a survey [16]. In total 104 questionnaires have been returned, but unfortunately 11 of the questionnaires sealed in envelopes were in fact not filled. So the net number of responding managers came out to be 93.

2.3. Findings

Findings About the Managers

The education levels of the managers is satisfactory. 38.0% of managers are either university or vocational college graduates while 30.6% are high school graduates, and the remaining 29.4% are secondary school and elementary school graduates. Regarding the age distribution of the managers 42.9% of are in the young category, that is, between ages 18-35, and 52.7% are in the middle age category, that is between ages 36-50. Regarding gender distribution, 71.6% of the managers are male and 23.9% female. This can be accepted to be normal since the accommodation and hospitality business involves working long and unsociable hours which may be difficult for females. A considerable percentage of managers have less than 5 years of experience as manager in their companies. 64.1% of managers are in this
category. Managers with less than 10 years of experience as manager in their companies constitutes 83.7% of managers.

Job Descriptions

Job descriptions are the prerequisite of a good performance appraisal system. The survey showed that only one third of managers have well defined duties, authorities and responsibilities in written form. (33.3%). According to the same managers 19.1% of their subordinates have well defined duties, authority and responsibility in a written form. On the other hand 16.7% of the managers say that they do not have any description of their duties, authorities and responsibilities, and they themselves assume, interpret and execute. 15.6% of the managers have their duties, responsibilities and authorities well defined verbally. The managers who responded to the questionnaire seems to prefer verbal explanations more. The percentage of managers who preferred verbal explanation of the duties, authorities and responsibilities of their subordinates is 61.3%.

Determinants of Wages and Salaries

The research showed that the wages and salaries in the accommodation and hospitality industry in T.R.N.C. is determined by factors other than performances of the employees.

Collective bargaining and government practices regarding the wages and salaries play the major role in determining the wages and salaries. (61.8%) Only 13.5% of the managers said that performance is the determinant of the wages and salaries and 10.1% according to seniority. In the private sector more managers believe that performance plays an important role in the wage and salary determination. About 23.5% of the managers from this sector say that wages and salaries are determined by performance. Collective bargaining is the minor determinant in private sector. Only 3.9% of managers in the private sector says that their wages and salaries are determined through collective bargaining. Government application is either followed or automatic adjustments are made in the wages and salaries in the private sector depending on the changes that are made in the government application such as yearly consolidations and cost of living indices. About 37.3% of managers say that their wages and salaries are determined this way. Seniority in the private sector also is identified as a determinant of wages and salaries by 15.7% of managers.

The Basis for Promotions

The majority of the managers responding to the questionnaire claimed that promotions in their organizations are made according to performance. This amounts to about 64.4% of all managers responding to this question. About 10.0% of the managers claim that it is according to seniority, 2.2% according to the results of
promotion tests, and 23.3% claim that criteria other than the above are considered in promotion decisions. A large percentage of managers at the state economic enterprises claim that the criteria used in promotions is performance (72.7%) and 22.7% claim that criteria other than performance and seniority is the basis for promotions. The fact that all these changes coincided with the change in the cabinet and new parties coming into power, it becomes reasonable to conclude that “political affiliations” rather than performance or other job related factors play the major role in promotions. At least “political affiliation” is the prerequisite for promotions. The responses of the managers regarding the criteria for promotions in their organization reflects their beliefs regarding how it should be rather than how it actually is. Thus the hypothesis will not be refuted.

Organizations that Have Formal Appraisal Systems

Face-to-face interviews showed that among the tourist accommodation and hospitality industries only the public organizations, that is, state economic enterprises and Evkaf Foundation, possess formal performance appraisal system. A large percentage of managers who responded to the questionnaire believe in the essence of formal appraisal system. 94.4% of the respondents believe that formal appraisal system is necessary and that it should be installed.

Who are Appraised, Who Appraises, and How Frequently Appraised

At the state economic enterprise evaluations are made by the immediate superior and are submitted to higher level managers for approval. The higher level managers also write his or her opinions about the evaluations and pass it upward. Regarding whose performances should be evaluated, rank-and-file employees’ and first line managers’ performances are accepted to be critical and their performances should be periodically evaluated on a formal basis. About 71.7% of the respondents said performances of workers, and 72.8% said the first line managers’ performances should be evaluated. This however can be accepted to be logical since all these people are in high contact with the guests, that is customers. The opinions of managers on who can best evaluate the performance of an employee. 85.4% of managers responded that the ‘immediate manager’ can do so. The managers believe that the customer is not a good alternative for evaluating the performances of employees. Only 4.8% of the managers believe customer can best evaluate the performance of employees. Regarding how frequently the appraisal should be made, managers responding to the questionnaire have different opinions. 32.2% of the managers favor appraisals be made ‘upon completion of a given task.’ ‘Semiannually’ and ‘at the end of the tourism season’ are the second most preferred frequencies by 17.8%. Once a year which is the present practice is preferred by 16.7% of the managers. Table 6.14.shows the opinions of managers about the frequency of appraisal.
The Performance Appraisal Method

The raters evaluate or rate their subordinates on some very general work related characteristics and personal characteristics such as comprehensiveness, initiative, knowledge of the job, relations with co-workers, customers and superiors, analytical skills, appearance, attendance, health, general knowledge etc. The raters evaluates or grades subordinates on the above dimensions on a four-point scale ranging from ‘very good’ to ‘very poor’. The managers responding to the questionnaire favored the “Comparison” and “Free Essay” approaches to other methods. About 28.6% of managers preferred comparison approach and 22.6% preferred free essay approach. Critical incident, forced-choice and the currently used graphic rating scales approach are the least preferred approaches by 7.1%, 10.7%, and 12.9% respectively. The percentage of managers who favored the Management By Objectives approach is worth mentioning. Almost one-fifth of the managers believe that results achieved by the managers should be the basis for evaluations. These responses show the dissatisfaction of the managers from the current methods being used and that more contemporary methods should be used. Regarding the criteria to be used in evaluating performance managers responding to the questionnaire preferred managerial knowledge and skills most. However there seems to be no significant differences among the choices. While the most preferred criteria is 58.7%, the percentage of managers who preferred objectives is 46.7%, personal traits and characteristics 44.6%, and work related behavior 40.2%.

Purposes and Uses of Performance Appraisals

The managers of organizations where formal performance appraisal is practiced claim that performance appraisal in their organizations is mostly used for promotion purposes. 63.6% of these managers identified promotion decisions as the purpose of performance appraisals. The responses of 33 managers from companies where formal performance appraisal is practiced to the question regarding the purposes and uses of performance appraisal in their organizations. All participating managers in the survey irrespective of whether formal performance appraisal is practiced or not in their organizations said it should be used for promotion purposes. (49.5%) Other purposes and uses favored by managers are recognition of performance by 48.4%, and training and development purposes by 40.7%.

Rewards and Punishments for Successful and Unsuccessful Employees

The majority of managers from organizations where formal performance appraisal is practiced, claim that the successful employees are rewarded by promotions (66.7%), and salary increases (42.4%). Regarding how employees, who are found successful, should be rewarded, 64.8% of the managers prefer promotions. Pay raises is the second most favored reward for success by 46.2% of all managers responding to the
questionnaire. In addition to these, a large percentage of managers prefer special certificates of award (39.6%). It is interesting, however that the percentage of managers who prefer special certificates of award is higher than the percentage of managers who prefer lump-sum bonuses (29.7%). Regarding what is done for the unsuccessful employees, of the 33 managers from organizations having performance appraisal practices, 84.8% claim that the unsuccessful employee is warned, and 39.4% claim that they are trained. Pay cuts or salary reductions have not been mentioned at all. Similarly demotions have been claimed by only 3% of managers. The responses of the managers to the question what should be done to the unsuccessful managers, is similar to the above. 52.2% of the managers favor warning, and 33.3% of the managers prefer training.

How Performance Can be Improved

Most managers believe in the importance of training in improving performance. This of course implies that the managers are not very much satisfied with the performance levels, or the competencies of their subordinates. About 70.7% of the managers say that formal training is essential and necessary to improve performances of employees, and 59.0% say that on-the-job training is necessary. Again 59.0% prefer incentives to be provided to the employees in order to motivate them improve their performances.

Performance Appraisal Feedback

The results of the appraisals in the organizations where performance appraisals are made in a formal fashion, are not communicated to the employee who is appraised. The face-to-face interviews and the appraisal forms used revealed that the appraisal results are confidential and are “top-secret.” This practice, although saves the raters from the trouble of justifying or defending his judgments to the employee which may cause lots of headache, the employee will not know how he has done during the period. Thus he will continue to perform or behave in the same way as he used to, and will not do anything to improve himself. The majority of managers who responded to the questionnaire believe that the appraisal results should not be kept secret. Only 14.6% of the managers favor the confidential results. 50.6% of the managers say that irrespective of whether the evaluations are positive or negative they should be communicated to the employee. 28.1% of the managers say that the evaluations made to an employee should be open to everyone in the organization. Most of the managers prefer the results to be communicated to the employee in a written form. (48.3%). Some managers prefer the results to be communicated through formal interviews with employee. (23.6%), and 21.3% verbally during the meetings with employees.
Problems With The Current Practice

The performance appraisal system being practiced is a primitive system and therefore problems with the system is unavoidable. The system and the method used in making the evaluations are open to all kinds of biases, and cause lots of troubles to the raters during the rating process. The problems frequently encountered by managers in ratings. The problem most frequently mentioned by the managers is the absence of guidelines in ratings. About 25.3% of the managers mentioned this as their problem. In rating, for example, an employee on ‘general knowledge’ criteria, the raters are not provided with a standard or a yardstick to be able to differentiate between ‘very good’ general knowledge and ‘good’ general knowledge. The second most mentioned problem is the non-performance nature of the criteria used in evaluations, by 22.0%. The subjective nature of the criteria is another problem mentioned by 19.8% of the managers. Regarding the biases and errors made during the appraisals, recency bias is the most frequently mentioned bias. 43.5% of the managers say that they are fooled by the recent performances of their subordinates, and that the performances of the subordinates close to the appraisal period influences their ratings. The second most frequently mentioned error is halo error. 26.1% of the managers say that a strong characteristic of the employee, or a very weak characteristic of the employee on a certain dimension can influence the ratings of the employee on all dimensions. Attribution errors is the third most frequently mentioned error by 23.9%. Managers say that they attribute the good or poor performances of the employees to external factors. About one third, 33.3%, of the managers said they feel fully or partly uncomfortable in doing so. These responses indicate that, the low percentage of leniency bias indicated by the managers is not true since the uncomfortable manager will be much more lenient in ratings. When asked whether managers feel uncomfortable from being judged by others or not, 28.3% said they are either fully or partly uncomfortable in doing so. Regarding the question whether prejudice is involved in ratings, 23.8% of managers who make rating said their prejudices about the employee influences his ratings fully or partially. When asked whether the ratings given to them are influenced by the prejudices of their managers about them 44.9% said the ratings are fully or partly prejudiced. This however raises some suspicion to the responses regarding whether the managers feel comfortable of being rated by others where 71.2% of the managers said they are comfortable. It is not possible to be comfortable from prejudiced ratings and therefore we can conclude that the responses to that question are biased.

3. Conclusion

Human resources are the most valuable resources that is possessed by the organizations. Organizations can fail or succeed to the extent to which they utilize their resources effectively and efficiently. Managing human resources is much more
complex and difficult than managing other resources. The difficulty of managing human resources lies in the complex nature of human beings. They are not only composed of flesh and bone but feelings, needs, values, goals etc., which form the complex and continuously changing expectations and demands from their organization. When these expectations are not met they react either covertly or overtly.

Since ultimately it is the human resources that determine the success and failure of the organization, the management of human resources plays a very crucial role in the overall management system of the organization. Attracting and selecting the most competent employees to the organization is not enough. Getting the maximum benefit from its employees is the aim of organizations and managers. This, of course, requires a very good understanding of human behavior in the organizational settings.

Performance appraisal is a tool that help management better know the quality of its human resources and how good they convert their qualities into performance. Performance appraisal, when used correctly can provide management with valuable information that may serve as a basis for important decisions about either the human resources, or about the organization. However in the hands of an incompetent manager this tool can be a devastating weapon, and all potential benefits may turn out to be in reverse direction.

Tourism industry has a considerable importance and potential share in the economy of the Turkish Republic of Northern Cyprus. This potential can be realized, besides other things, by providing quality service to those who visit T.R.N.C. in general and the tourist accommodation organizations in particular. This requires an understanding and knowledge of the expectations of tourists visiting the country.

Tourism industry and the tourist accommodation and hospitality business are fragile. Attracting the tourists into the country is highly expensive and a cumbersome job. But losing them is extremely easy.

Tourism industry is a labor intensive industry. Human resources play a crucial role in guest-customer satisfaction. No matter how much investment have been made on physical facilities, like building, equipment, furniture, etc., to provide the tourist with a comfortable stay, poor service may wipe out all the positive impressions created by the physical facilities.

In this paper, performance appraisal has been explored and its application at the tourist accommodation and hospitality organizations have been evaluated. The results of the study show that the importance of human resources and the role of performance appraisals in these organizations is not well understood.

In the light of the findings of the research at the tourist accommodation and hospitality organizations, the following recommendations are made regarding performance appraisal practices at these organizations:
(1) First and most important job related criteria should be used to evaluate performances of employees, including managers. Use of non-performance criteria should definitely be avoided.

(2) The performance appraisal method being used is obsolete. It should be replaced by more contemporary techniques. In order to chose the technique to be used first the purpose of the appraisals should be defined by the establishments.

(3) It is recommended that different appraisal methods be used for different groups in the organization. Employees may be divided into two groups as managerial and nonmanagerial, or as employees with high contact with the customers and those that are relatively remote or relatively in less contact.

(4) The job descriptions should be improved so that each employee knows exactly what is expected from them. The job descriptions should involve the tasks, duties, responsibilities, the results to be achieved and the behavioral requirements. A good job description is the prerequisite of a good performance appraisal system.

(5) Performance standards should be developed so that the performances of employees can be compared and good performer and poor performer can be differentiated. Each employee should know the standards so that he or she also can evaluate his or her own performance. The employee should be provided with information about the dimensions on which their performances will be evaluated.

(6) Regarding who is going to evaluate the performances of employees should be defined. Under the current practice multiple raters are involved in the process. This may be acceptable since it can reduce the disturbing results of the prejudiced appraisals. The managers who responded to the questionnaire did not favor ‘customer appraisals’. However the customers’ comments on the quality of the service they received can be used as an input to the appraisals.

(7) Regarding how frequently appraisals should be made, again the current practice of “once a year” can be continued. However, instead of calendar year, “the end of the tourism season” may be better. Each employee can be provided with knowledge about their strengths and weaknesses right after the tourism season completed and improve themselves to the next coming season.

(8) These once a year evaluations, however, must be supported day-to-day coaching and counseling throughout the appraisal period. Because as the time between the performance or behavior lengthens the defensive reactions to the appraisals will increase.

(9) The performance appraisal results should not be kept secret. The appraisal results must be communicated to the employee. The managers should be trained about the interview techniques. The interviews should be carried out in a friendly atmosphere, and ways of improving the performance of the employee should be explored together. The interview should not create false expectations on the part of the employee and should not create false impressions regarding the purpose of the interview.
(10) It would, however, be ideal to let the employees participate in the development of the appraisal system. This will reduce their defensive reactions to the appraisal system and increase its acceptance by those involved in the appraisal system, that is both the raters and the ratees.

(11) The most important part of any performance appraisal system is the use of the results the appraisal. That is how the appraisal results will be used. How the good performer will be rewarded and what will be done to the employee who has not been successful.

(12) Regarding the poor performer, it is the job of management to find out the reasons underlying the failure of the employee and try to eliminate those factors. If the employee is lacking the necessary skills and abilities to perform they should be provided with the chances of training and development. If it is a motivational problem ways of motivating the employee should be explored. One should never forget that the ultimate purpose of the management is to improve performances of its employees.

(13) In this study only one aspect of human resource management in the whole management system of the tourist accommodation and hospitality organizations have been examined. This subject is believed to be of vital importance in this industry. However this is not enough.

This study requires to be supported by further research and studies. These studies may be on ‘designing a performance appraisal system to be used in tourist accommodation and hospitality organizations’, or ‘an attitude survey among the employees about the current human resource management system’. It is hoped that the study contributes to this very important and delicate industry of The Turkish Republic of Northern Cyprus.

References


