



**ΔΙΑΤΜΗΜΑΤΙΚΟ ΠΡΟΓΡΑΜΜΑ ΜΕΤΑΠΤΥΧΙΑΚΩΝ ΣΠΟΥΔΩΝ ΣΤΗ ΔΙΟΙΚΗΣΗ
ΕΠΙΧΕΙΡΗΣΕΩΝ**

Διπλωματική εργασία

**«Investigation of the Relationship between Performance Appraisal and Employee
Engagement»**

της
ΕΛΕΝΗΣ ΠΑΠΠΑ

Υποβλήθηκε ως απαιτούμενο για την απόκτηση του μεταπτυχιακού διπλώματος στην
Διοίκηση Επιχειρήσεων

(Εξειδίκευση στην Διοίκηση Ανθρώπινων Πόρων)

Αύγουστος 2018

Acknowledgement

First and foremost, I would like to express my appreciation and gratitude to my supervisor, Associate Prof. Foti Vouza for his consistent guidance and support throughout the writing of this project paper. It has been a grateful and honor to work with him and have him as supervisor. Thank you for the patience that you have shown me throughout the process of this study.

In addition, I would like to express my appreciation to the members of the Committee Mrs. Aikateriri Gkotsamani and Mr. Georgios Tsiotras.

Also, I would like to express my gratitude to my family members and my friends for their support and especially to my friends and colleagues Michalis Tsendemidis and Dimitrios Bogiatzis, who were giving me encouragement throughout this research process.

Abstract

The purpose of this study is to show the importance of employee engagement in organizations and its contribution to the financial indicators and to investigate the relationship between performance appraisal and employee engagement.

Performance appraisal is a human resource function that many organizations undertake. There is a critical perspective on the role performance appraisal and its effectiveness which is depicted in an ongoing debate. What really happens, does it help employees or get them anxious and disappointed? Finally, does it promote employee engagement or not?

For that reason, is conducted a research in four corporations which implement performance appraisal. According to the findings of the research organizations conduct performance appraisals in order to reinforce employee engagement, develop their people and help them to become better. Generally, they support that a well-designed performance appraisal system in conjunction with well-trained and raters can be a key to success.

Appendix

Questions of the Research

Research based on the following questions:

1. Do you implement performance appraisal? If yes, when it started?
2. Whose initiative was it (HR department decided that or the Administration)?
3. Which were the needs that lead to its development?
4. Do you implement formal or informal performance appraisal and how often?
5. Which are the criteria of performance appraisal and how it is implemented?
6. Which is the role of the manager / rater? He just monitors and evaluates each employee's performance or help them to develop their skills?
7. Does performance appraisal encourage the collaboration between employees? Or it is possible to create conflicts between them and with the manager / rater?
8. Can the present system of performance appraisal be a source of disappointment and dissatisfaction for the employees?
9. Finally, does the performance appraisal encourage employee engagement or not?

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Introduction

An organization's success or failure is highly determined by effective and efficient utilization of resources at its disposal, such as human, material, financial and information resources. Among these four resources, human resources is the most important part and crucial of all resources for the survival of an organization.

Employee engagement has received a great deal of attention in the last years, especially in the popular press and among consulting firms. It has often been touted as the key to an organization's success and competitiveness. It is essential for contemporary organizations given the many challenges they face (Schaufeli and Salanova 2007).

It is important to remember that people do the work and create ideas that show the organizational service (Ivancevich, 1989). Therefore, it is agreed that resources remain unutilized unless the human element is involved.

The degree of human resource contribution should be evaluated in the development of the organization is called performance appraisal. Performance appraisal is the identification, measurement and management of human performance in an organization (Gomez, 2001).

Essentially, performance appraisal represents a key process within the broader spectrum of performance-enhancing practices that seek to enhance employee productivity via increasing accountability and highlighting performance differentials between particular employees (Samnani and Singh, 2014)

1 – Employee Engagement

1.1 Definition of Employee Engagement

Companies all around the world want to be successful and have a competitive edge over its rivals. One of the biggest assets in companies are their employees, that are the determinants of how well a company does in the volatile modern workplaces. To be able to prosper in a continuously changing environment the organizations need a flourishing workforce (Schaufeli & Salanova, 2010)

It was long thought that the fundamental interest of employees was high salaries and wages (Taylor, 1914). However recently academics found that job characteristics in general, not only the remuneration package, have an impact on motivation and employee engagement. Employee engagement is the only factor that can create a continuous and viable competitive advantage.

But what is that we call “employee engagement”? It is defined as one step ahead of commitment. Employee engagement is a positive attitude of employees towards their organization and its values, wherein the employees have awareness of business context and work to improve job and organizational effectiveness (Robinson et al, 2004). In other words, it expresses how connected they feel to the organization where work in and how they contribute individually to its success. It is a fundamental principle of good business and employers everywhere want to increase it.

The first formal study on employee engagement presented by Kahn in 1990. He described engagement as “a spontaneous involvement in the role” and personal engagement as “the harnessing of organization members’ selves to their work roles”. He argued that «in engagement people employ and express themselves physically, cognitively and emotionally during role performances». Later in 2002 Schaufeli described engagement as «a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption».

Vigor is described by high levels of energy and mental resilience during working time. Individuals are willing to invest discretionary efforts in their work and persistence in every difficulty they meet. Dedication refers to the extent to which they are excited from their work, the levels of inspiration it provokes them, how challenging they find it and how proud they feel about it. The last one absorption expresses the level of concentration and happiness they feel during working time. The time for them passes quickly and it is difficult to detach them from their duties.

There are three different levels that describe employee engagement (Lockwood, 2007). The first level is “engaged employees”. In this category are included employees who are highly involved in their work processes, work with passion, are committed, motivated and emotionally attached to the company. They are able to create high levels of innovation and move the organization forward.

“Not engaged employees” is the second level. They are characterized by low energy and effort and of course they do not appear any passion for their work. They feel unhappy during working time and usually waste their time meaningless.

The third and the latest level is “actively disengaged employees”. Some companies call this category as an «internal cancer» spreading through the workplace because they do not care what happens to the company. They are not just unhappy but they also try to undermine engaged employees’ accomplishments. A part of this category are the employees who are always complaining, having accidents and frequently being absent. These employees can cost companies billions every year.

We can measure the engagement level of employees by analyzing three primary behaviors, namely Say, Stay and Strive (Hewitt Associates 2004). Say means that employees speak positively about the organization to others inside and out of it. Stay expresses their wish to continue to be a member of the organization. In Strive is reflected the extra effort and the willingness of employees to adopt the appropriate behaviors that contribute to business success.

Researches have shown that the percentage of engaged workforce is not very high. According to a research conducted Gallup, a leader in employee engagement research, in 2016 found that 30% of employees in USA are engaged. More specifically the latest research called “State of American Workplace Report”, shows that 33% of individuals are engaged to their corporation. While this percentage may seem low it appears improved from the year 2013 in USA when its rate was less than 30%.

1.2 Employee Engagement and Burnout

Burnout is exactly the opposite of employee engagement (Maslach et al 2001). It is a syndrome with main element the work-related stress reaction which can be found among employees during working time (Schaufeli and Enzmann, 1998). This syndrome is characterized by three elements: exhaustion, cynicism and reduced efficacy (Maslach and Leiter, 1997). Exhaustion is the basic symptom of burnout. Employees feel highly exhausted; their endurance appears reduced and sometimes they are not in the position to meet manager's expectations. They develop negative attitude both for their work and for the people with whom they collaborate and that is what we call cynicism. The third element of burnout is reduced efficacy. Reduced efficacy means that they are no longer effective in fulfilling their job responsibilities. Burned-out individuals suffer from feelings of fatigue and they behave indifferently toward their work and clients (Emmerick and Euwena, 2006).

Engagement is characterized by energy, involvement and efficacy (Maslach et al 2001), the direct opposite of three burnout elements. Two distinct positions exist on the exact nature of the relationship between engagement and burnout (Figure 1.2.1). The engagement and burnout constitute two opposite poles of a work environment characterized by wellbeing (Maslach and Leiter 1997). In this way burnout is the negative pole and engagement the positive one.

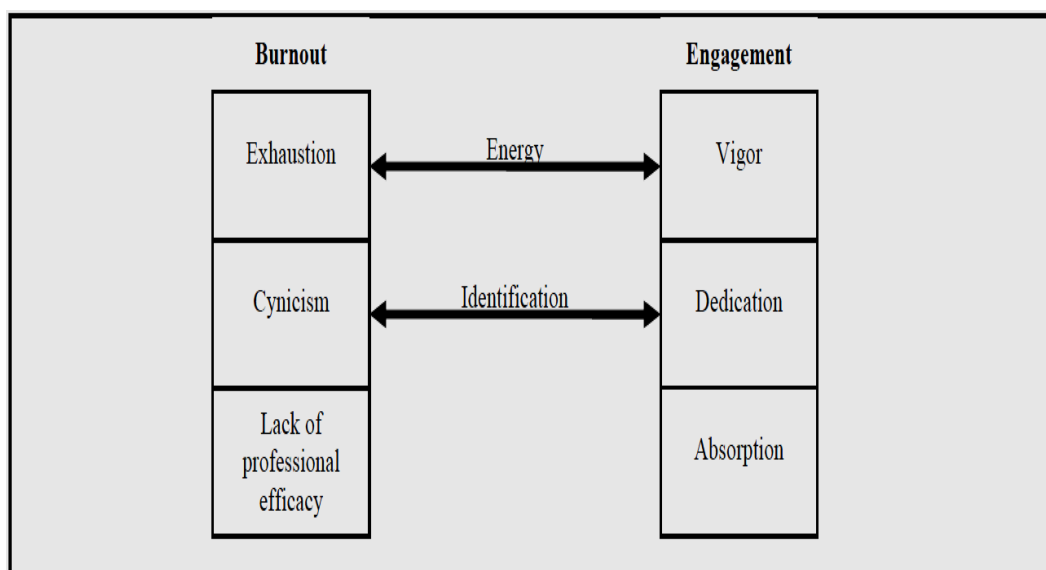


Figure 1. The relationship between Burnout and Engagement (Source: Schaufeli and Salanova, 2007)

1.3 The Profile of Engaged Employees

Understanding if an employee is engaged to the organization where work in is not such a difficult task. His behavior and attitude can provide us with a couple of information about the level of his engagement.

The most engaged employees have a clear sense of commitment to the organization (Jacob, 2017). They are negative to leave their job for a higher-paid one elsewhere. One reason that it may happen is why employers have built strong relations with their people, which are based on trust. This process starts from the day that employees are getting hired.

In engagement people employ and express themselves physically, cognitively and emotionally during role performances (Kahn 1990). They can express their opinion whenever they want and discuss whatever they believe that may contribute in their work's improvement. As they are highly emotionally connected with the company they worry about it every minute and always try for the best.

Another characteristic of employees in this position is positive thinking about their job (Robinson 2005). They do not come across with any negative emotions or thoughts and the only thing they care about is how to execute their daily tasks. Also, the feeling of safety is high and stress is extremely low. They do not be afraid of anything and mainly for being fired. This condition does not happen in the majority of corporations and it is one of the most serious problems that are needed to be solved.

They work as hard as they can for the continuous improvement of all processes (Robinson 2005). The main concern of all is to make things better and that never stops. In every activity they are very careful and complete it without any imperfection. Sometimes it is possible to go beyond the requirements of the job just because they feel that.

Giving discretionary effort, sometimes it is possible for them to lose the sensation of time. It is logical to happen this because these people are passionate with their work and care about the results. For example, they will not complain to stay more at the workplace when it is needed and is beneficial for the company.

The sense of happiness is dominant at the workplace since the employees love what they do and always try for the best. Emotions like anxiety, disappointment and nervousness absent from an environment like this. Every day they are looking forward

to go to work because there they have the opportunity to develop their skills and abilities and improve themselves.

Team spirit is very well developed in environments which are characterized by engagement (Institute for Employment Studies 2012). Employees not only are colleagues but also, they are friends. The relations between them are excellent, as a consequence communication is facilitated. They share common goals, worries, desires and live common experiences. In other words, they have developed in high levels the sense of community and recognize it as the only way to success.

They collaborate closely and combine effectively their skills and knowledges. Everyone is willing to assist his colleague when he come across with any problem or difficulties, they work together to find a solution. They understand by working together the effort will be less and will be easier and pleasing to reach the goals. In this way work will be easier and the passing of working hours will be more fulfilling.

The meaning of “leader” is not the usual in engagement environment. In the majority of companies, the person who is leader is defined by managers or executives. Sometimes this selection is permanent and as objective it is may not be correct and that is possible to bring about a series of problems. In engagement leader can be everyone without exception and that can change whenever is needed. Sharing the leadership there must be mutual respect between the colleagues all the time, sharing the hardest problems and tasks, gathering abilities and combining their faculties talents and resources.

On the other hand, employers call them partners and behave them like that. Employees work hand in hand with employers in an atmosphere of mutual trust and respect. Every process is absolutely fair and acceptable from everyone. In that case employees feel that they can influence the functions of the company and play a key role to its success.

1.4 Outcomes of Employee Engagement

Outcomes, or consequences of employee engagement have attracted the interest of both practitioners and academics. The consequences that are identified are first and foremost job satisfaction, organizational commitment, intention to quit and organizational citizenship behavior (Saks, 2006).

Today absenteeism and employee turnover are problems from which suffer many organizations. By saying absenteeism, we mean the bad habit of employees to be late at work. Of course, a certain amount of legitimate absence is to be expected. Illnesses, injuries and unpredictable circumstances are a natural part of life. But certain incidences of employee absenteeism may be a symptom of deeper issues. These issues may be dissatisfaction in workplace or disengaged employees.

In companies characterized by engaged workforce absenteeism is lower. Evidence from Gallup research show that engaged employees take an average 2.7 sick days per year, while disengaged ones take 6.2 sick days per year.

On the other hand, employee turnover is a more serious problem from absenteeism because not only it can cause productivity problems but also it results in the loss of human resource who may not be easily replaced. Having a high turnover rate is obviously very expensive. There are many reasons why employees leave their jobs (Vasilakeris 2018). Sometimes life events are the contributor factor, people move across the country or they take time away from work to rise a family. Turnover for these reasons can never be eliminated. The most common reasons for which employees leave their job related to engagement.

People today do not leave their companies but their managers because the relationship between them is poor. Employees look for new opportunities, taking into account their opinions, continuous development and being praised for their achievements, things which some companies do not offer.

As a result, employee retention in engaged environments is higher. More specifically Gallup reports that up to 67% these environments have lower turnover and Aon Hewitt supports that highly engaged employees are 36% more likely to stay at the organization where they work in.

Companies do not spend money and waste time in training the new employees but they invest their money in coaching, mentoring and developing their people. In that case people are very satisfied and want to stay in the company as long as it is possible.

When people do not feel engaged at work, they are less productive (Claveria 2016). Productive employees finish more work, bring fresh ideas to the table and help organization to produce or sell more while unproductive employees will simply drag the firm down.

As creative thinkers they are with fresh ideas they get things done more efficiently. Their enthusiasm for work is also reflected in their work ethic and their ability to complete everything successfully. Researches have shown that employee engagement boost productivity in a great percentage. Companies with a high level of engagement report 22% higher productivity according to a new meta-analysis of 1.4 million employees conducted by the Gallup Organization. So, employers should not concern about employee productivity instead they should focus on employee engagement and productivity will follow naturally.

Engaged employees also pay more attention to every detail and they are highly absorbed in their work, while others are less focused on their work and more likely to make mistakes. According to Aon Hewitt in engagement conditions we can detect 75% fewer quality defects. By happening that companies are in the position to save money and resources and do not waste them in producing products with imperfections which will never be sold.

Employees who always enjoy their tasks are motivated to work safely (Nahrgang, Morgeson & Hofman 2011). Many researches have been conducted between employee engagement and safety outcomes. One of which found that the 25% of business units (in terms of engagement) have 49% less safety incidents than the bottom 25% (Harter et al 2009). Similarly, the same study in terms of health settings found that the most engaged organizations have 41% less incidents such as infection rates and errors.

The effects from these incidents can cause both human and financial costs. A research from SHRM Foundation found that engaged employees are five times less likely to have a safety incident and seven times less likely to have a safety incident involving lost-time. The real data from a manufacturing company show that this had an important impact on cost. More specifically the average cost of safety incident for a non-engaged

employee was \$392, compared with an average of \$63 for an engaged employee (Lockwood 2007).

Having engaged employees leads to increased customer satisfaction and loyalty (Harter et al 2009). Employees try to enhance customers' experience because it can boost company's reputation. They tend to have a better understanding of how to meet customer needs (Pont, 2004). Customers are more likely to repeat purchases and to recommend the company to others if they have had a positive experience (Levinson, 2007). This positive experience can be ensured especially from the frontline staff and how well they interact with the customers.

In their 2009 meta-analysis, Harter et al. found that people in businesses who scored in the top 25% on engagement had customer ratings 12% higher than the others who scored in the bottom 25% of engagement. It happened because engaged employees care more about meeting customer needs and believe that their organization has a strong customer focus.

Engagement impacts on customer loyalty are not only frontline staff's interactions with customers. The quality of products produced by engagement employees is better and more staff in production line make less mistakes which can impact on customer satisfaction.

Numerous implications from engagement we can see in organization's profitability. It has been found that organizations enjoy 26% higher revenue per employee when employees are highly engaged (Taleo Research 2009). The more engaged employees at an organization are the more likely it is to exceed the industry average in one-year revenue growth (Towers Perrin 2003). Specifically, there is a trend showing that highly engaged employees work for organizations which had revenue growth at least one percentage point above the average of their industry, while organizations with the most disengaged employees work for companies where revenue growth falls one or two percentage points below the average (Towers Perrin 2003).

Increased engagement means higher earnings per share (Sorenson 2013). Companies with engaged employees have higher earnings per share (EPS) and they recover from the recession faster. These companies seem to have an advantage in regaining and growing EPS at a faster rate than their competitors.

According to a research Gallup conducted in 49 publicly traded companies with EPS data available for the period 2010 – 2012 found that businesses with a critical mass of engaged employees outperformed their competition. Companies with an average of 9.3 engaged employees for every actively disengaged employee experienced 147% higher EPS compared with their competition. In contrast companies with an average of 2.6 engaged employees for every actively disengaged experienced 2% lower EPS compared with their competition during the same time period. The research shows that having an engaged workforce becomes a strong differentiator in EPS.

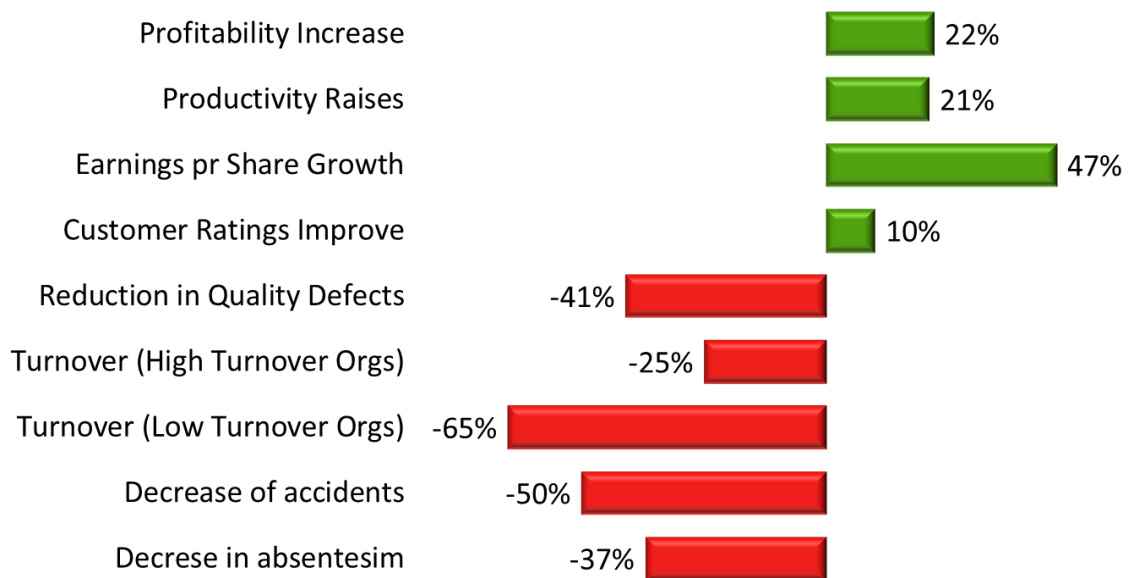


Figure 2. Engagement Effects on Key Performance Indicators (Source: Gallup Research, 2011)

Engagement also provides employees with an opportunity to invest themselves in their work and creates a sense of self efficacy (Robertson – Smith & Markwick 2009). It can create positive feelings and physical health effects during working time in the organization (Rothbard, 2001). Gallup research has shown that 62% of engaged employees report that their work positively influences their physical health. These organizations are characterized by their employees as healthy places to work in.

1.5 Trends in Employee Engagement

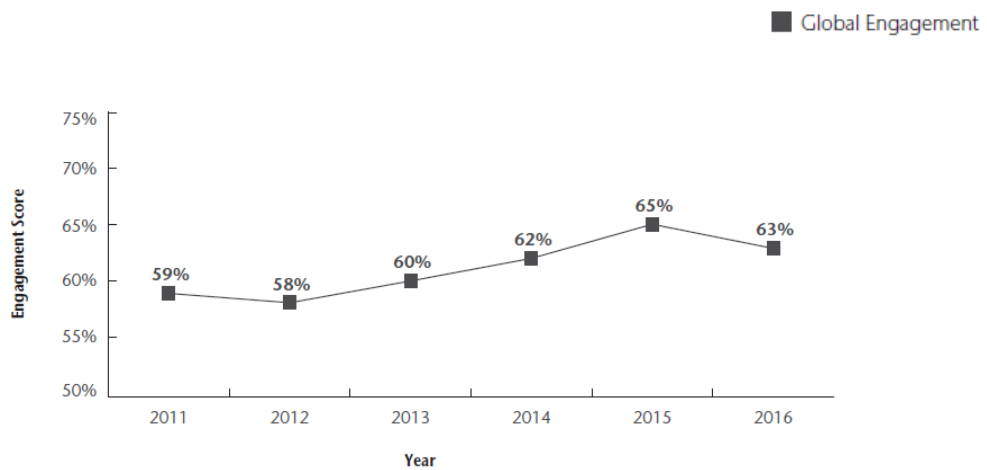


Figure 3. Global Trends in Employee Engagement (Source: Aon Hewitt, 2017)

As we can see the lowest percentage is in 2012. The percentages rise through the years and in 2016 we can notice a small reduction. In any case there is not any significant variation.

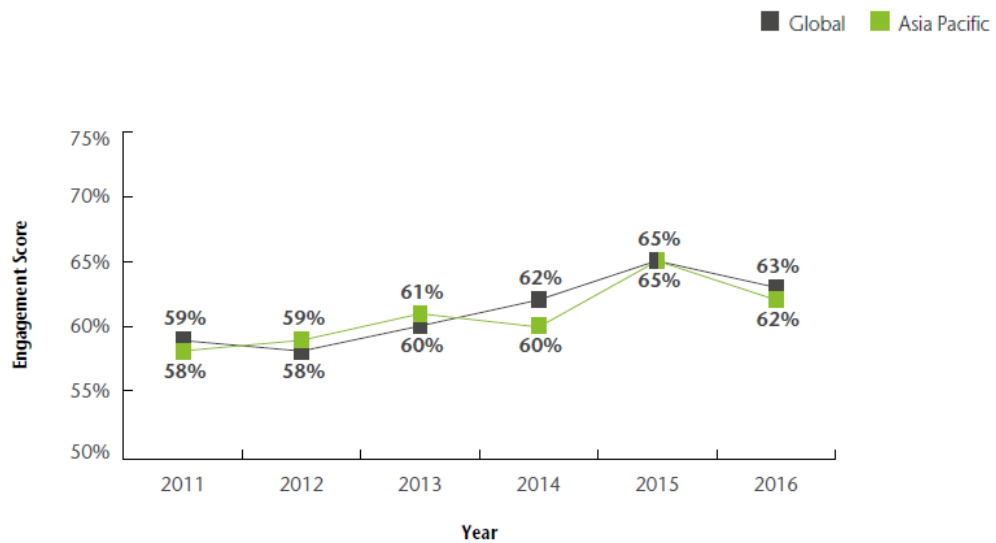


Figure 4. Employee Global vs Asia Pacific (Source: Aon Hewitt, 2017)

We can notice small differences between Global scores and Asia Pacific's scores. Especially in 2015 score is the same 65%. In 2011, 2014 and 2016 Global score appears higher, while in 2012 and 2013 appears lower.

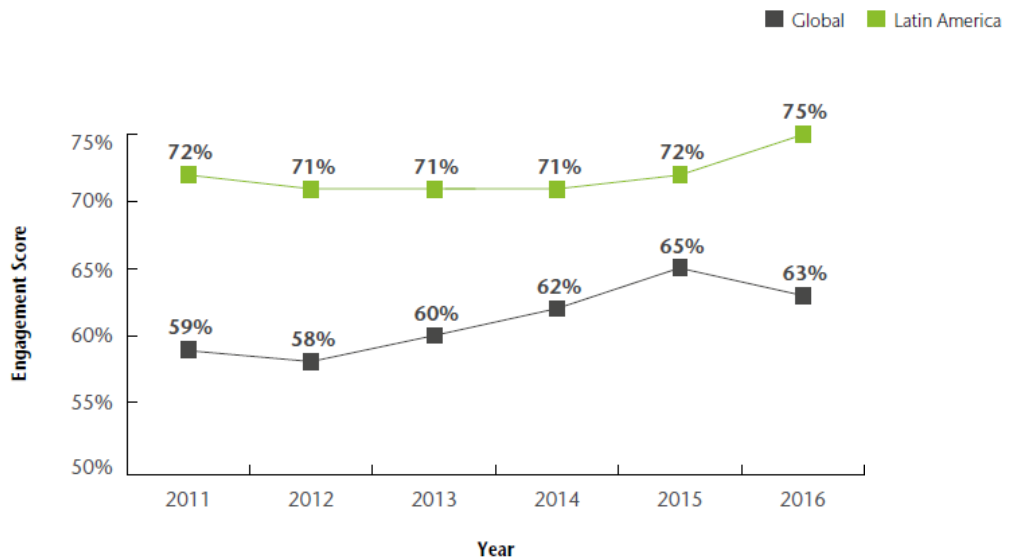


Figure 5. Employee Global vs Latin America (Source: Aon Hewitt, 2017)

Surprisingly we can see that employees in Latin America are more engaged than the globe. It is remarkable for this region with relatively high levels of engagement to improve this much year-on-year.

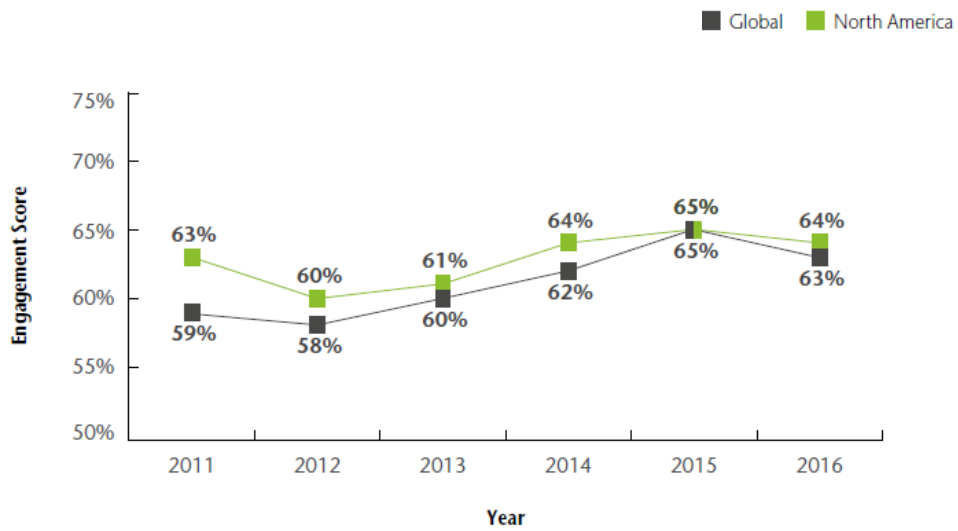


Figure 6. Employee Engagement: Global vs North America (Source: Aon Hewitt, 2017)

One more time engagement is higher than the global engagement. Especially from 2012 tends to get lower and approach the global. From 2014 both global and North America's get increased and in 2016 we can see a small reduction.

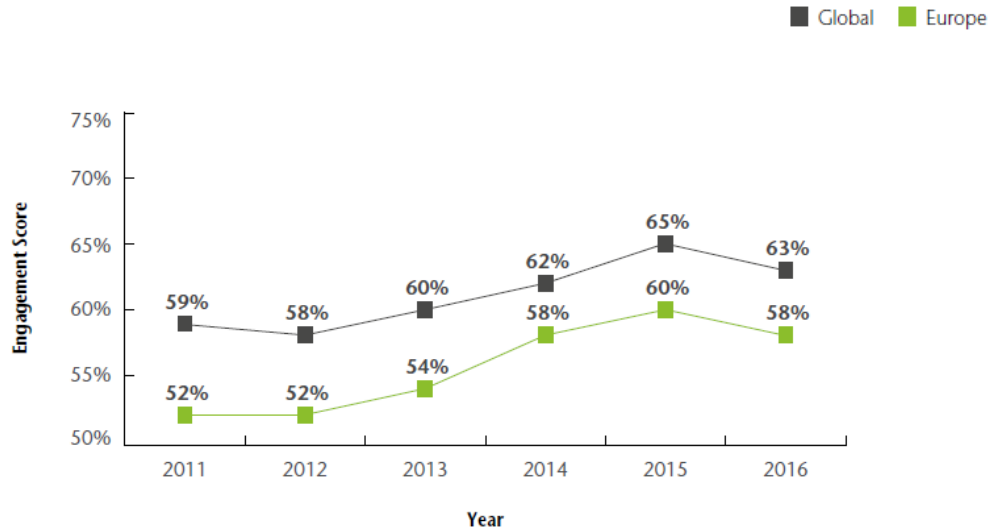


Figure 7. Employee Engagement: Global vs Europe (Source: Aon Hewitt, 2017)

In Europe conditions are quite different. Scores in the whole period are lower than the global. However, it can be seen easily that the scores are getting increased through the years.

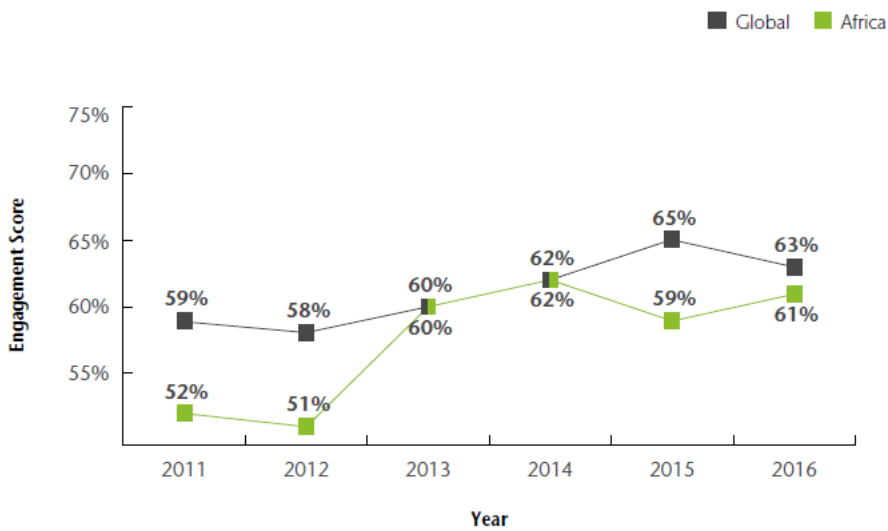


Figure 8. Employee Engagement: Global vs Africa (Source: Aon Hewitt, 2017)

In Africa the scores are extremely low mainly in 2011 and 2012. From 2013 we notice an abrupt increase and in the following years the scores are in the same level. In the period 2013 – 2014 the scores are the same with the global.

From this research it is clear that Europe has the lowest engagement scores of all the other regions. An explanation for this result may be the Brexit vote, deciding that United Kingdom will not be a member of the European Union. Being the second largest economy in the European Union Brexit has affected and the other Union members.

Many European Union nations affected socially, politically and mainly economically by Brexit vote. For example, France, Italy, Spain and Netherlands saw sharp relegation in employee engagement scores. However, the scores in UK appeared slightly increased and Germany's remained relatively stable.

Also, some countries in Europe and especially in the south part suffer from recession the latest years. In that period companies' priorities change as a result employee engagement becomes less of a priority.

According to Aon Hewitt engagement indicator in Europe moved from 58% in 2016 to 54% in 2017. The same happened and in the global indicator which moved from 65% in 2016 to 63% in 2017. This reduction reflects the uncertainty and the anxiety for the future.

It is useful to clarify here that employee engagement indicator can difficult change. Aon Hewitt supports that it takes approximately a year to get improved the engagement indicator only by one percentage point in every company. In a-ten-year period we can notice significant results in engagement levels. Only in some special cases of elite companies in which engagement indicator can increased maximum five percentage points per year.

2 – Performance Appraisal

2.1 Meaning and Definition of Performance Appraisal

Performance Appraisal is one part of the wider category named Performance Management. Performance Management is a systematic process for improving organizational performance by developing the performance of individuals and teams (Armstrong, 2009).

Performance Management is concerned with aligning individual objectives to organizational objectives, encouraging individuals to uphold corporate core values, enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities, skills and behaviors. It also is concerned with providing opportunities for individuals to identify their own goals and develop their skills and competencies (Armstrong, 2009). It takes the form of a continuous self-renewing cycle as illustrated in the following figure.

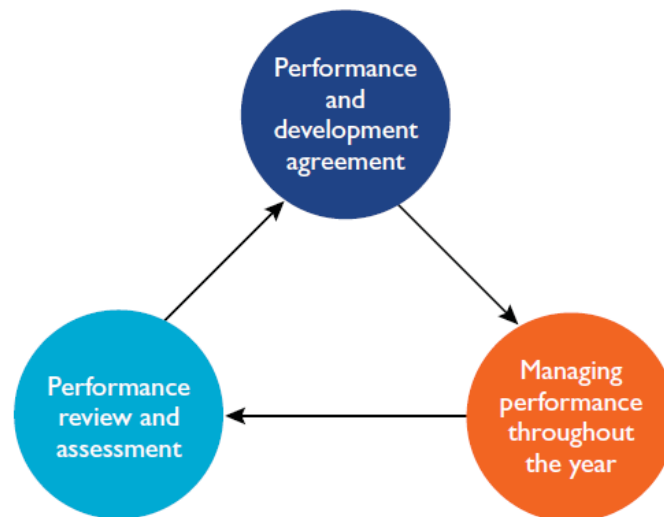


Figure 9. Performance Management Cycle (Source: Armstrong, 2014)

Performance Appraisal is defined through the years by different and various scholars and experts in human resource management. According to Yong (1996) performance appraisal is “an evaluation and grading exercise undertaken by an organization on all its employees either periodically or annually, on the outcomes of performance based on the job content, job requirement and personal behavior in the position”

Organizations today have developed different tools for conducting performance appraisal process, adapted to their internal culture. This process allows the organizations

to measure and evaluate every employee's behavior and accomplishments over a specific period of time (Wiese and Buckley, 1998). In that case the system of performance appraisal can be regarded as a practical tool for employee motivation and development (Ilgen et al, 1979)

Some of the appraisal practices are formal reviews and feedback sessions which include procedures for establishing work objectives, conducting self-appraisals and setting performance goals. The outcomes of the performance appraisal process can have themselves an important influence on employees' reaction towards their work, their supervisors and their organization as a whole.

2.2 History of Performance Appraisal

Performance appraisal dates from the time of the First World War (Cappelli, 2016). It was applied that period as a military merit rating system, to identify poor performers and discharge them. The following years and especially after the Second World War, about 60% of the companies in USA were using it.

Performance appraisal systems began as simple methods of income justification. Appraisal was used to decide whether or not the salary or wage of an individual employee was justified.

The process was focused on material outcome. If an employee's performance was found to be less than the ideal a cut in his pay would follow. On the other hand, if his performance was better than the supervisor expected, a pay rise would follow.

This policy soon proved insufficient. It happens because there was no focus on developmental possibilities of appraisal. A cut or a rise in pay was the only required impetus for an employee to either improve or continue to perform well. Sometimes this system succeeded in getting the results that were intended; but more often than not it failed.

Pay rates were very important, but they were not the only element which had an impact on employee performance. It was found that other factors could also have a major influence on performance.

As a result, the traditional emphasis on reward outcomes was progressively rejected. In the 1950s in the USA the potential usefulness of appraisal as a tool for motivation and development was gradually recognized. The general model of performance appraisal, as it is known today, began from that time.

By the 1960s, there was a much greater focus on self-appraisal (Brooks, 2016). The most appraisal performance systems were looking at what an employee might be able to achieve in the future rather than his past performance. Looking back to his past performance does not make sense because happenings cannot change. On the other hand, focusing on developing his potential helps to avoid future mistakes.

During the 1970s, there was a lot of criticism about how appraisals conducted (Brooks, 2016). The results of the most appraisals were subjective, in other words they were based on the personal opinions of the supervisors. In that period companies started to insert psychometrics and rating scales in evaluation process.

On the following 20 years, between 1980 and 2000 we can detect that companies focused on employee motivation and engagement (Brooks, 2016). These two elements led to a more holistic approach to performance management and appraisals. Companies began to measure the performance of employees with new metrics such as self-awareness, communication, teamwork, conflict reduction and the ability to handle emotions. Today many of these are still relevant in performance reviews.

In recent years, performance management has evolved even further, with many companies pulling down the traditional hierarchy in favor of more equal working environments. It resulted in increasing of performance management systems which seek multiple feedback sources during the assessment of employees' performance (Brooks, 2016). This method is known as 360-degree feedback.

2.3 The Importance of Performance Appraisal

Performance appraisal is an unavoidable element of organizational life (Longenecker & Fink, 1999). Today many decisions in modern organizations depend on performance appraisals, as a result they are widely used in most organizations (Davis, 2001). This method is an important piece of the process by which organizations attempt to direct themselves (Kreitner, 1998).

Performance appraisal gives organizations the opportunity to inform their employees about their rates of growth, their competencies and their potential. Through this procedure organization can easily find out each employee's weaknesses. With the assistance of the supervisors organization can communicate these weaknesses to employees, through feedback conversations, and help them to overcome these.

Feedback conversations as we mentioned are necessary for correcting errors and are given to all employees both to subordinates and to supervisors. Employees need feedback on how they are performing at their job. Specifically, subordinates need feedback in order to improve their performance. Without it they find a difficulty in figuring out what employees want to done differently. Feedback also reduces uncertainty, a cause of stress, because they are not sure what employers want from them. Consistent feedback reduces stress for both employees and employers.

While supervisors need critical feedback in order to can individuals to improve their performance. Also, feedback often provides supervisors with ideas on how they can become a better supervisor.

In addition, performance appraisal enables employees to be intentional in creating their individual developmental goals which assist them in their personal growth. It is an influential tool that organizations use to organize and coordinate the power of every employee of the organization towards the achievement of its strategic goals (Grote, 2002). It can focus on aligning each employee's efforts with organization's mission, vision and core values.

2.3 The Steps of Performance Appraisal

The first step of conducting the process of performance appraisal is to identify what it is going to be measured (Gomez 2001). In other words, we identify the elements which are mandatory for fulfilling tasks successfully (Chitiris, 2001). These elements resulting from job analysis and are associated with employees' behavior, their ability to adapt in environment's changes, their creativity and their effectiveness.

At a first glance it seems simple but in practice it is not. The identification of performance dimensions is the important first step in the appraisal process. If an important dimension is missed, employee's morale is likely to suffer because his contribution is not recognized. Therefore, will not be recognized or rewarded. If an irrelevant or trivial dimension is included, employees may receive the whole appraisal process as meaningless.

After that it is essential to set performance standards in order to define the performance levels according to which each employee's performance will be characterized as satisfactory or not. It comes true by setting a number of criteria which are connected with the quality and quantity of performance, the is needed to complete a task and how correct it is completed, the way in which a task is executed and the exploitation of productive resources (Mathis and Jackson, 1994).

During setting performance standards is important to take care for a couple of things. First of all, performance standards must be aligned with organization's strategic goals. When this happens performance appraisal's results show what can be done in order to ensure the achieving of strategic goals (Sherman 1998).

These standards must focus on criteria of performance which are critical for completing tasks. Instead employees do not be evaluated neither for all their responsibilities nor objectively. Also, standards should take into account factors that are out of employees' control and affect their performance (Manus and Brown, 1995). Such factors are technological changes in equipment, positive or negative market conditions. They are reliable which means that data that come from their application can give comparable results independent of time and performance appraisal method.

In any case performance standards must be clear and measurable. Both evaluator and employees must understand what it is going to be measured and how it will be done. Ideally performance standards must be quantified as it is feasible in order to ensure greater objectivity in evaluations and more accurate information for employees.

Perhaps the most difficult part in performance appraisal process is the measuring of employees' performance. Measuring performance means performance quantification. In other words, supervisors convert each employee's performance to numbers. The number that come of reflects employee's performance on the identified characteristics or dimensions. Technically numbers are not mandatory but the labels that correspond to them. These labels can be "Excellent", "Good", "Average" and "Poor" depending on numeric result.

The last step in performance appraisal is managing performance. The effective management of human performance in organizations requires more than formal reporting and annual rating. A complete appraisal process includes informal day to day interaction between supervisors and subordinates as well as formal face to face interviews. Although ratings are themselves are important, even more critical is what managers do with them.

2.4 Problems with Performance Appraisal

However, performance appraisal systems are under a lot of criticism. The ratings are the most vulnerable part of the whole process. Many of problems are not inherent in evaluation methods but reflect the difficulties in implementation. Nowadays the most common method of performance appraisal is annual reviews which are implemented by supervisors once a year. But which are the negative factors that can affect this process?

Considering the importance of the supervisor to performance appraisal's success, many organizations do a little to motivate or to prepare supervisors to conduct effective evaluations. All supervisors need training on how to appraise and how to conduct appraisal interviews (Tirrington and Hall, 1991). Trying to limit costs organization implement inadequate training to raters.

As a result, the majority of supervisors has little, if any, training on how to assess employees' performance (Imundo, 1980). One of the weaknesses of many performance appraisal programs is the inadequate training of managers and supervisors. As it happens they provide little meaningful feedback to subordinates (Bohlander et al., 2001). Due to the lack of precise standards for evaluating subordinates' performance and the necessary observational and feedback skills, their appraisals often become nondirective and meaningless.

Raters should be trained to understand and use the appraisal system so as to maximize its positive aspects (Duncan, 1983). It is organization's responsibility thoroughly train supervisors in conducting assessments and to ensure that the training has been achieved successfully (Imundo, 1980).

Evidence has been shown that training of raters can make them more accurate. Common errors can be minimized or eliminated in workshops where managers can practice observing and rating behaviors (De Cenzo dan Robbins, 1996). In order to conduct effective appraisal and counselling sessions requires the use of skills which few managers are likely to acquire in the normal course of their work. It is essential, therefore, that training should be given to supervisors. Without such training, managers may do more harm than good (Armstrong, 1988).

Another critical factor with performance appraisal methods is that it is difficult to identify the real contribution of each employee. This can cause an important dissatisfaction and disappointment on the part of employees. Ideally organizations try to obtain clear, objective outcome measures of individual performance.

Many times, they recognize that there is not any ideal approach, instead each approach has its advantages and disadvantages. For example, some tools they use to measure individual performance are: Graphic Rating Scales, Behaviorally Anchored Rating Scales (BARS), Behavioral Observation Scales (BOS) and Competencies and others.

The behaviorally anchored rating scale (BARS) was developed to make the rating process easier and more accurate. It uses behavioral statements or concrete examples to illustrate multiple levels of performance for each element of performance (Tziner and Kopelman, 2002). The rater acts as an observer who indicates which behavioral description is close to ratee's work behavior. The rater does not act as a judge who decides whether the ratee's performance on each element is excellent, average or below average (Harrell and Wright, 1990).

The behavioral observation scale (BOS) is a procedure based on (BARS) which is used for reducing subjectivity and errors in performance appraisal (Latham and Wexley, 1977). This technique asks raters to report the frequency of certain behaviors.

By using these tools derive some ratings which may be numerical scores or percentages or a narrative description summary evaluation. In any case these ratings are a result of the subjective supervisor's judgement.

It is not easy to observe the individual performance in the most work settings (Zenger, 2016). It happens because the most work is a joint product of the effort of more than one employees who work in a system of interdependent processes and reflects the cooperation of all individuals and processes. In this case it is virtually impossible to identify the specific contribution of each individual. By focusing only in individual contribution team work is undermined.

On the other hand, identifying and reward a few of employees as "winners" it means that the rest are "losers". This is not real target of performance appraisal to characterize poor performers as losers but to recognize these and try to empower them in order to be in category of top performers. Give them the characteristic of loser discourage them and drives to reduced productivity because low performers are the majority of the employees in an organization while top performers are the minority.

With a system of few "winners" and many "losers" the competition between employees for limited ratings affects collaboration and the organizational behavior of the workforce. The competition between employees becomes more and more intense

surpassing the limits of normal. “Winners” as we called before the high performers it is possible to express the feeling of arrogance to their colleagues, which works suppressively to the working processes. This attitude encourages conflicts and less than full cooperation spreads among employees (James, 2003).

Implementing performance appraisals under these circumstances is not effective and appraisal method does not work as a tool of motivation (Fitzgerald, 1971). The evaluation of performance in an environment like that is possible to lead to a series of problems.

3 – Performance Appraisal and Employee Engagement

3.1 The Effectiveness of Performance Appraisal

The effectiveness of performance reviews and appraisals is an ambiguous issue for the community of human resources all around the world (Elis, 2018). Some of them claim that this process is archaic and counter-productive while others argue that the principle remains effective but needs some improvements.

Many organizations today all around the world implement performance appraisal methods. These methods provide significant and critical information which are useful for each company's decision-making process. They offer an opportunity for open communication between managers and employees about employee evaluation, coaching and development and setting goals for the future. This discussion can also improve the relations between them and make employee feel that the company values them.

But how effective is the performance appraisal system? We can see the answer in this question by observing employees' reaction on this system. When employees respond positively to this it means that it is effective. While performance appraisal makes employees feel uncomfortable it means that is ineffective.

Unfortunately, both employees and human resource specialists today appear highly disappointed from performance reviews and find them ineffective in comparison with other, newer business processes.

According to a research in Deloitte's HR subsidiary firm, fewer than 40% of employees find reviews valuable and fewer than 45% of HR Managers do (Bersin 2007). The company's analysis suggests that is because of competitive evaluation-based process which favors the numerical ranking and rating of individuals over their performance and alignment with the company's goals. They support that the evaluation of performance breeds unease and competitiveness among employees and demands managers who are highly trained in assessment, which can be stressful.

Similarly, another argument against performance appraisal, conducted by the Employee Engagement Group in 2017, states that achievement measured against quantitative goals is less effective than using attributes such as quality and value alignment as metric, because it is likely to cause bias in the employee's and manager's perception of their performance. These quantitative goals could be less relevant to the company's overall objectives.

On the other hand, another research conducted by ProClinical organization, sheds more light on the relationship between performance appraisal and employee engagement. According to this research the lowest levels of engagement were in employees in those who were never or much less frequently reviewed. But what really happens with performance appraisal?

3.2 Performance Appraisal as a Stressful Process

Today it is commonly known that performance appraisals can create an atmosphere of high anxiety and stress. Many people who get evaluated fear performance reviews because they don't know what to expect.

Generally, people feel that performance appraisals serve no useful purpose, as it does not assist them to improve their performance and does not develop them. They support that is an organizational tool which helps organizations to make decisions about promotions, pay levels and layoffs.

They do not know what is expected to be done after reviews implementation. Some of them feel that they are going to lose their jobs or they will fail to get a promotion if the appraisal's results are not good enough. This belief promotes a strong feeling of anxiety which affects their performance.

This perception is not completely mistaken, it has a grain of truth. Today many organizations take into account performance appraisal's data in critical decisions relating to compensation and benefits (Boxall & Purcell, 2003), training and development needs (Naming, 2005), layoffs and promotions (Khan, 2007).

3.3 Unfairness and Bias

Supervisors as human beings they are, it is logical to have favorite employees (Gallo 2014). We like some people and don't like other. This means that performance appraisals sometimes may be unfair. Mainly this happens when a promotion or a rise in salary depends on the score of appraisal. As emotionally connected supervisors feel to their favorite subordinates don't want to disappoint them. So, they appear to be less objective with some employees while with others not.

According to Scholtes the system of the conventional performance evaluation likes more to a lottery rather than to an objective process. Evaluators are usually biased with some employees and this can be reflected in the results of evaluation. Those who promote these activities feel that they achieve a true discernment of an employee's achievements. Meanwhile employees with low rates in evaluation share this mistaken belief and feel disappointed and stop trying for the best (Sholtes, 1987).

Apart from identifying the contribution of each employee supervisors come across with the difficulty of measuring the accurate performance of every individual at the workplace. In practice, performance measurement is not as objective or accurate as it is made to appear.

Also, performance appraisals usually evaluate employees on criteria which are irrelevant, or over which they have no control (Dobbins, Cardy, Fecteau and Miller, 1993). Such appraisals are not useful and employees perceive them as unfair.

An essential factor for ensuring smooth relation between employees, teamwork and of course organizational success is trust (Grubb, 2007). If the relationship between a manager and subordinate lacks trust, they are unlikely to have productive performance conversations that generate positive results (Pulakos, Mueller – Hanson and O' Leary, 2008). Trust plays a key role in the engagement process as employees trust that their investment of energy, time and resources will be rewarded (Macey and Schneider, 2008). Engagement cannot exist without trust as trust and fairness are the foundation for employees to feel act and engaged (Macey et al, 2009)

3.4 Frequent Conflicts

While trust and fairness play an important role, we observe today that performance appraisals lack from these. Instead appraisals usually create conflicts among employees, supervisors and within the organization through which is produced a distrust climate between them.

One more common conflict that can break out as a result of performance appraisal is between employees and supervisors. Supervisors play two roles, the role of judge and the role of developer. This means that they must promote justice between employees and simultaneously assist them to develop their skills and their talents. They play the role of a counselor, through the continuous feedback they identify where employees stand now and help them to meet the expectations.

While it sounds good sometimes it may not have the expected results since many times supervisors do not feel comfortable with the responsibility of delivering constructive feedback. The fear of hurting people's feelings and dealing with potential drama and retribution hold them back (Solomon, 2016). Also, the employees' reaction may be unpredictable in a feedback conversation and it is possible to drive to a conflict with the supervisor. So, supervisors appear reluctant in delivering negative information in order to avoid dissatisfaction, low productivity and conflicts.

It is obvious that the appraisal process can become a source of frustration and extreme dissatisfaction when employees perceive that the appraisal system is biased, political or irrelevant (Skarlicki and Folger, 1997).

4 – Research

4.1 Qualitative Research

The qualitative research method involves the use of qualitative data, such as interviews, documents and observation, in order to understand and explain a social phenomenon. Qualitative research methods originated from social sciences to enable researchers to study social and cultural oriented phenomena.

Today, the use of this method and analysis are extended almost to every research field and area. The method generally includes data sources with observation and respondent observation, interviews and questionnaires, documents and the researcher's impression and perception.

A good definition is given by Denzin and Lincoln (1994) that a qualitative research focuses on interpretation of phenomena in their natural settings to make sense in terms of the meanings people bring to these settings. The qualitative research method involves data collection of personal experiences, introspection, stories about life, interviews, observations, interactions and visual texts which are significant to people's life. Qualitative research typically serves one or more of the following purposes.

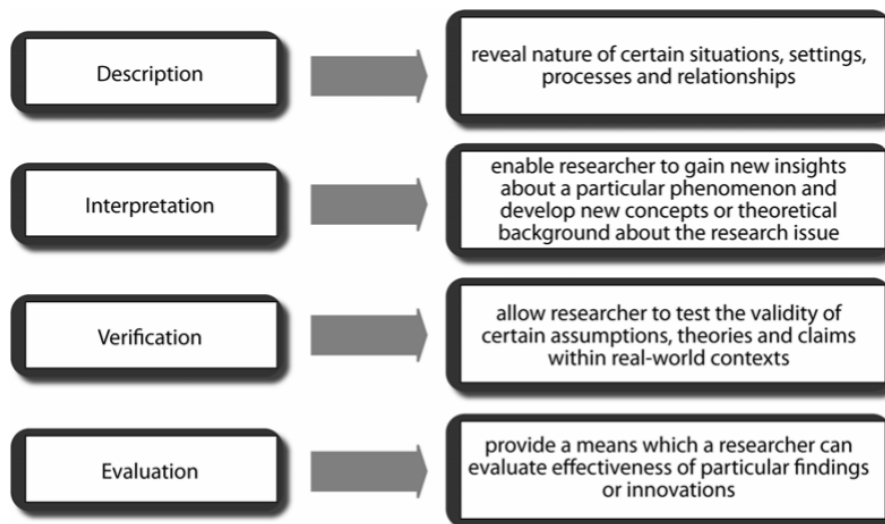


Figure 10. Purpose of Qualitative Research (Source: Perskin, 1993)

4.1.1 Case Study Method

Case study is a method used in both qualitative and quantitative research methodologies. Case studies are empirical investigation of phenomena within their environmental context, where the relationship between the phenomena and the environment is not clear (Yin, 1994). Therefore, a case is examined to understand an issue or provide input to an existing theory or a new theoretical concept.

A case study approach is used when: the focus of the study is to answer “how” and “why” questions; we cannot manipulate the behavior of those involved in the study; we want to cover contextual conditions because we believe they relevant to the phenomenon under the study; or the boundaries are not clear between the phenomenon and context (Yin, 2003).

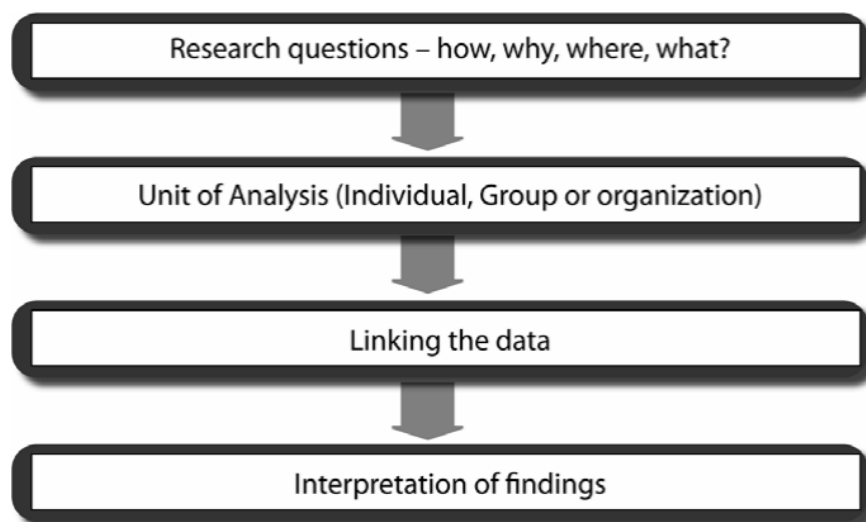


Figure 11. Sequence of Case Study Methods (Source: Yin, 1994)

4.2 Doppler S.A. Case Study

Doppler S.A. is an export oriented company specialized in the customized design, development, manufacturing and distribution of high technology lift solutions including complete lifts, lifts components, parking systems, escalators and lifts spare parts. Its export activity extends internationally in more than 55 countries including Northern and Eastern Europe, the Balkans, Russia, Asia, Middle East, Africa and Oceania. The company was founded in 2000 and today employs approximately 200 people.

The HR department of Doppler S.A. has been implementing performance appraisal for five years. It was department's initiative in order to monitor employees' development, identify the gaps and the need for more training. Also, it is a useful tool which assists the HR department to quantify each employee's performance and then to define their salaries and their bonuses based on their achievements.

There is a formal performance appraisal which is implemented once a year and specifically at the end of the year. The target of the company is to implement the appraisal of performance twice a year, one every semester ending. Supervisors are those who are responsible for measuring employees' performance. They complete a questionnaire which include some open and close questions. In these questions are appraised both qualitative and quantitative characteristics.

The role of supervisor in this process is not only to evaluate each employee's performance but also to develop them and assist them to improve their performance levels. According to company's data generally, except for minor exceptions, supervisors encourage subordinates to become better and more effective. It is very important the way in which appraisal's results will be announced to employees and how well-trained supervisors are in conducting constructive feedback conversations.

Also, a key to a successful relationship between supervisor and employee is the degree in which employee feels that the role of supervisor is to identify his strengths and weaknesses and help him to develop and improve them. Between employees there are any conflicts as appraisal's results communicated to each of them personally.

The present system of performance appraisal may be not a source of dissatisfaction and disappointment in case employees understand its real purpose. When employees feel that appraisal's purpose is to evaluate their performance and separate them in high or low performers and much more when they feel that low performers is possible to get fired, of course the feel disappointed and dissatisfied.

In this point is very important rater's familiarity with performance appraisal.

Employees' reaction depends in a great extent on how well and correctly supervisor will present the results of appraisal to subordinates. A key role in this process plays the organizational culture and employees' mentality on performance appraisal. The correct culture and mentality come through the years and start from head and executives of the company.

As all we mentioned before are respected during performance appraisal and employee finds out on the way what changes are being made to his advantage then the level of engagement in organization is getting increased. It is a win – win relationship, both employees and organization gain from this process. On the other hand, if employees feel that organization use performance appraisal other reasons such as layoffs then this process may have negative effects on employee engagement.



4.3 Kleemann S.A. Case Study

Kleemann S.A. founded in 1983 in Kilkis, Greece, is one of the major lift manufacturing companies in the European and global market, providing any type of residential or commercial passenger and freight lifts, escalators, moving walks, accessibility and marine solutions, parking systems and lift components.

As Kleemann S.A. exceeds customer expectations, its mindset remains focused on exceeding the employees' expectations too. The company nurtures a team that aims for the best, sharing a passion for breakthrough culture, creative innovation and for a valuable connection with both the society and the marketplace it operates into. That's why Kleemann S.A. has been awarded as one of the best workplaces in Greece.

Kleemann S.A. has been implementing performance appraisal since 2000. It was an initiative of the administration and was highly supported by the company's HR department. What drove higher administration to adopt a performance appraisal system was the need of a process which recognizes and promotes diversity, equality and meritocracy. In this way is achieved the development of all individuals, which is the most important organization's priority.

The HR department of Kleemann S.A. implements formal annual performance reviews each year for all employees without exception. The basic part of appraisal is meeting conducting between supervisor and subordinate. In these meetings is discussed subordinate's previous year performance and supervisor gives respectful, direct feedback and clear directions for the future.

The criteria that are used in performance appraisal are first of all the necessary knowledges and academic background which requires every position. The effectiveness, evolution and development are significant indicators on evaluation. Skills such as leadership, decisions making and problem-solving are useful as well. Also, very important are the relations that have developed with colleagues and the collaboration with them, commitment and the alignment to organization's values and finally the contribution in corporate and social responsibility.

As we mentioned before the most important part of performance appraisal are meetings. During these meetings becomes an open conversation between supervisor and subordinate on subordinate's performance. Therefore, supervisors not only evaluate employees but also listen them, they play the role of counselor and assist them to get over their weaknesses.

The performance appraisal which is implemented in this way can create better collaboration, a culture of connection between employees and limit the conflicts. Supervisors gain subordinates' trust as all of them have common goals.

The goal of the present performance appraisal system is to develop and empower all people in the organization. It is an opportunity for open conversations during which is possible to arise some disagreements that lead to a frank relationship between supervisor and subordinate. Finally, performance appraisal which conducted in this way is not a source of disappointment and dissatisfaction instead encourages employee engagement as it develops them and improves their performance.



4.4 Alumil S.A. Case Study

Alumil S.A. is the largest privately-owned aluminium extrusion group in South–East Europe, in terms of production, distribution network and range of aluminium profile systems with size of 1001 – 5000 employees. It is among the top suppliers of branded aluminium systems for architectural use in Europe.

With more than 30 years of experience, Alumil S.A. is one of the most advanced companies globally in the design and production of aluminium extrusion products with state – of – the art production lines in all its factories.

The company produces aluminium systems which are designed and developed in the Group’s R&D department and then tested and certified by internationally accredited certification institutes and laboratories, such as Ift Rosenheim (Germany), A.A.M.A (USA), Instituto Jordano (Italy), EKANAL (Greece), etc.

Performance appraisal is implemented in Alumil S.A. for many years with quite different and complicated structure. At the height of the recession the system of appraisal was inactive, mainly due to the performance abruption with the variable part of the salary.

The salary of every employee in Alumil S.A. is designed by some specific factors. The first one is position’s significance for the organization. Positions with key roles are obviously higher paid than the others. The annual employee performance as it is defined by Performance Management is one more factor. This expresses the employee’s ability to meet the expectations that have set. An important factor as well is employee’s qualification and working experience and the last factor is the wage rates that pay the competitive businesses for the same positions and generally the prevailing economic conditions.

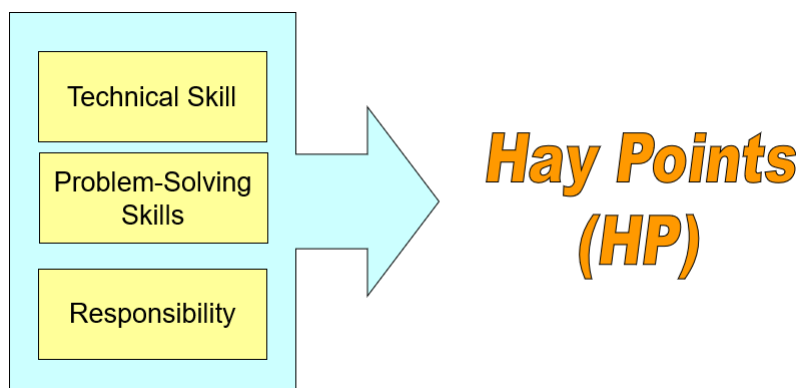
The system has been restarted from 2017 with necessary improvements, corrections and people trainings and from 2018 is implemented again. Both HR department and Administration decided to insert a system of performance appraisal as it is important for the correct implementation of the corporate strategy.

The main reason for creating a performance appraisal system was the need of a system that drive all employees to a common goal. Through this every individual in the organization participates in implementing company’s goals as it gets them motivated and at the same time estimates everyone’s contribution on final results.

The formal performance appraisal is conducted at the end of the year, also there is an extra meeting between supervisor and subordinate at the half of the year. In addition, Human Resource department encourages frequent informal evaluations which are useful in avoiding possible mistakes. The criteria of appraisal are both quantitative and qualitative. The goal of this process is not to observe what every employee has achieved but in which way.

Specifically, the elements that get appraised are the necessary technical skills which are needed for every position, the problem-solving skills and the responsibility of every employee.

Evaluation Elements



Performance appraisal is just the first step of performance management in Alumil S.A. The most important part is what happens with results that come from the appraisal and how they are used. One outcome of the system is that provide the plan of employee's development which is a great information for training which department is needed to offer and also for feedback conversation with supervisor.

The is always a conflict possibility due to appraisal's process and results. In order to avoid this, company provides continuous training to all employees and encourage them to seek for constructive feedback. Only by constructive feedback they will be better employees and personalities. When training, change management are inadequate and organizational culture is not the appropriate, there is a great possibility of employee dissatisfaction and disappointment. In Alumil S.A. mainly the last years any issue of this kind has arisen.

Performance appraisal in Alumil S.A. encourages employee engagement in a great deal. A system like this informs employees about organization's requirements and also

informs organization about its expectations on every employee. It is a tool which makes clear the roles and responsibilities. In addition, it creates a sense of fairness and meritocracy that every organization needs to be developed and makes employees feel safe. It contributes in low levels of employee turnover.



4.5 Maxi S.A. Case Study

Maxi S.A. is a leading force in paper production and processing. The year of 1988 is a milestone year in the company's history since it marks the company's foundation as a commercial business for the sale of sanitary household products under the name Maxi S.A.

Today, Maxi S.A. is a leading force in paper production and processing. It operates 17 production lines and exports in 13 countries. Focusing on its customers' ultimate satisfaction, it continues with the healthy and sustainable development of quality products, investing in highly trained human resources and state-of-the-art mechanical equipment.

The company's mission is the production and supply of high quality products that meet its customers' demands, maintaining their dedication and trust. For that reason, the company is constantly developing its production processes, quality controls and new product research.



4.5.1 Maxi S.A. Commercial Department

Commercial Department in Maxi S.A. has been implementing performance appraisal for three years in cooperation with KPMG. The implementation of an evaluation system was Commercial Manager's initiative. The need for inserting a performance appraisal system was the need for higher performance and a system that promote fairness.

It is conducted every three months and its results are presented formally to the Management Board. While it is conducted formally every three months there is also a weekly monitoring in performance of every employee in the department. In this department it is easy to monitor each employee's performance as indicators that are used are measurable.

In Commercial department people mainly work as a member of a team. Each team consists of 10 individuals every of which is responsible of a different category of products. In this way we have both collective and individual goals. These goals refer to their ability to achieve specific levels of sales, attract new customers and meet specific financial turnover rates.

So, the department sets S.M.A.R.T. sales goals. A S.M.A.R.T. goal is defined as one that is Specific which means that the goal is well defined and is clear to anyone that has a basic knowledge of the project, Measurable means that there are concrete criteria for measuring progress on each goal setting, Attainable means that the goal is achievable, Relevant means that within the available resources and employees' knowledges the goal is achievable and Time-oriented means that the goal can be achieved in a specific time. So, achieving the S.M.A.R.T. sales goals are one of the performance appraisal's criteria.

One other criterion of performance appraisal in sales sector is managing complaints. Sometimes it is logical company's customers to express some complaints. In that case people who receive these complaints must answer them and find a satisfactory solution in a specific period of time, which is 48 hours from the time that the complaint has been expressed.

The supervisor in this process plays the role of motivator who always motivates his people and assists them to achieve their goals and come up against every difficulty they face.

Supervisor is also a trainer. Individuals need continuous training in order to obtain the skills they need to perform their jobs. Having high-potential employees does not

guarantee that they will succeed. Instead, they must know what supervisor wants them to do and how he wants them to do it. If they do not, they will do the tasks in their way or they will improvise, or worse, do nothing productive at all. So, supervisor is necessary to teach them everything on their job as good training is vital in an organization.

Giving daily feedback is one more supervisor's task. Individuals need to know what they are doing well so they can repeat it, and further improve upon it, as well as they need to know what they are doing less effectively so they can make adjustments.

Supervisor observes all daily tasks implemented of every employee, spots the ones that need improvements and discuss frankly them with individuals.

In addition, supervisor creates a plan for the next day's tasks. Scheduling tasks for the next day is very important as everyone knows what is going to do the following day.

Also implements daily reviews which help him to recognize each employee's achievements and help them to be more efficient.

In this department performance appraisal encourages employees to work effectively as members of a team who struggle to succeed common goals. The levels of stress that this process promotes are in logical terms as it mobilizes them to try more and more to get the desired outcomes. Performance appraisal is effective when it is implemented in order to help people become better and recognize those who have achieved the goals that have set.

Instead when people understand that organization uses this policy to fire weak employees or to decrease their wages, then it is possible that it creates dissatisfaction and disappointment. People want to feel secure and also that the organization cares for them. Performance appraisal is a tool to develop people not to make them fell afraid of their job.

4.5.2 Maxi S.A. Logistics Department

The Logistics Department of the company has been implementing performance appraisal for one year, something which was the department's initiative. One year before there were any structures, as a result anyone knew everyone's contribution. That difficulty drove the department to make the decision of inserting a system that can clarify the contribution and more specifically the accurate actions of every employee.

So, the department entered a stock management tool which is called WUMS. This tool gives information for everyone's activities and actions. It can register the number of barcodes that every employee has entered in the system as it saves every action. By that we can easily get many information, such as the time that each person spends to complete a task and the number of tasks completes on a daily basis. In this way we can see what exactly each employee does and how much time it takes.

This system has also helped the department to define the needs for new employees. For example, when it is needed company to extend its activities, this department knew the accurate number of employees that will be needed.

Performance appraisal in this department is implemented through the WUMS system every three months. It gives remarkable data which can define the performance levels of each employee.

The person who handles this system and quantifies these data is the supervisor. After getting the data identify the employees whose performance is in low levels and conducts a feedback conversation with them. During this conversation supervisor finds out any mistakes and discuss them with subordinates in order to assist them to improve their performance. So, there is a relation of trust between them and any conflicts are emerging.

Generally, performance appraisal seems to be a process that makes employees more responsible and encourage them to achieve the goals are set. They feel highly engaged to the organization and that can be ascertained by the number of years they work for the organization; the majority of employees work more than 10 years in the organization. Also, they have developed close relations both with supervisors and executives.

4.6 Research Findings

First of all, all companies recognize the value of employee engagement and the fact that it can help them to go beyond the extra mile. Employees who are engaged to their organization are more productive than the others and embrace the organization's mission as it is aligned to their personal goals.

In order to enhance employee engagement companies, select to implement periodically performance appraisals. According to the organizations where the research took place, performance appraisal can promote employee engagement when it is fair and it is not characterized by any bias.

In Maxi S.A, logistic department can guarantee fair performance appraisal as it is implemented by a corporate tool which reveals the real performance of every employee. Anyone intervenes on this system to affect its results. In that case the data come from this tool are exact and not subjective.

Performance appraisal is a useful method that organizations have developed in order to spot the weaknesses and design the appropriate training. For instance, Alumil S.A. based on performance appraisal's result design training programs adapted to each employee's needs. Employees that meet performance standards, as well as those who have performance gaps can benefit from training by improving their weaknesses.

It is very important that after the evaluation processes companies conduct meetings in which are discussed the results of appraisal and is given constructive feedback. The employees receive important information as to what areas of the job they are performing well and those that need improvement, so they know exactly where they stand. The goal is not only to evaluate each employee's efforts and separate people in high and low performers but to develop all of them.

Growth and development can be achieved through managers and employees spending dedicated time discussing career goals and building a personal development plan that will help to build the necessary knowledge, skills and behaviors to achieve those goals.

The success of feedback conversations depends on how well-trained raters are in announcing appraisal's results and in handling them. Their role is not to criticize employees' actions and behaviors but to help them to become better. They recognize both strengths and weaknesses and give directions where is needed.

In Kleemann S.A. rater plays also the role of a counselor. During feedback conversation he listens what people want to say carefully, recommends solutions to their problems and empowers them. In this way is built a relation based on trust and is ensured better collaboration among them. So, any conflicts are created between them and they work under common goals.

4.7 Research Limitations

The results of our research are subject to some limitations. First of all, the data collected were only from four Greek companies. This means that the size of the sample is not large enough.

People who participated in the research were the HR Managers or Managers from other departments, in other words people who have really limited time and it is not easy to interact with them. For this reason, it was difficult to schedule a meeting with them for a discussion or to answer the questions of the research via email. So, the majority of the companies in which sent an email with the questions have never answered and only a few of them were positive to answer.

Also, the questions of the research were restricted and they were designed so as not to be boring for the participants. So, the answers were really short and some important details may be missing.

4.8 Future Directions

Taking into account the previous limitations, it would be useful to conduct the same research in the future both to the same companies and to others. By repeating the same research to the same companies, we can observe if there are any differentiations with the previous results or if the conditions are the same. On the other hand, implementing this research to more companies means more reliable sample.

Also, it would be interesting the implementation of the same research in companies located in other countries. We can see other cultures' approach on employee engagement and performance appraisal; if they observe any connection among them and what kind of connection.

4.9 Conclusion

Performance appraisals are one of the most frequently criticized talent management practices. The criticisms range from their having a destructive impact on employee engagement levels.

However, the companies wherein the research was conducted support that only by implementing performance evaluation managers can identify performance problems and the root cause. According to its results they provide ongoing coaching and put development plans in place to help the employee improvement.

They believe that performance appraisal may have negative effects when raters are not well-trained and the results come from the process are not used in developing people. This kind of performance appraisal can be a demotivator as it creates emotions such as dissatisfaction disappointment.

Generally, the research has shown that performance appraisal is a very useful tool which assist companies to identify many problems and solve them. However, performance evaluation in many companies today can lead to more negative rather than positive effects, in other words it fails to its real purpose. This happens due to its incorrect implementation and its inaccurate goals.

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