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**Evaluating Performance Management Systems:  
A roadmap for The Cyprus Institute**

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# Open University of Cyprus

Faculty of Economics and Management

Postgraduate (Master's) Programme of Study

*Master in Business Administration (MBA)*

**Postgraduate (Master's) Dissertation**



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The present Postgraduate (Master's) Dissertation was submitted in partial fulfilment of the requirements for the postgraduate degree in Business Administration (MBA) Faculty of Economics and Management of the Open University of Cyprus.

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## **Summary**

The purpose of the present research is to identify employees' perceptions on the performance appraisal and performance management systems at The Cyprus Institute. The existence of certain practices of policies within a work setting, does not necessarily indicate that they are implemented properly or that parties involved are adequately informed on their purpose and process. This discrepancy is evident through the results of the present study. Employees have increasing needs to develop their skills and knowledge, seek for career progression opportunities, receive constructive feedback to improve their work performance and follow attainable and measurable performance indicators, all the above within a more transparent setting. As this was a case study with a participation rate of 60%, the results can be generalized within the Institute's setting but not for the general population. Because of the particular purpose of this research, as mentioned above, it was decided to proceed with a case study in order to be able to generate such results as to provide recommendations to improve a specific appraisal and management system. The study includes an online survey, whose results were analyzed through Microsoft Excel.

## Περίληψη

Ο σκοπός της παρούσας έρευνας είναι να εντοπίσει τις αντιλήψεις των εργαζομένων του Ινστιτούτου Κύπρου στα συστήματα αξιολόγησης και διαχείρισης αξιολόγησης, όπως εφαρμόζονται στο Ινστιτούτο. Η ύπαρξη σχετικών πρακτικών και πολιτικών, δεν σημαίνει απαραίτητα ότι εφαρμόζονται ορθά ή ότι οι εμπλεκόμενοι φορείς είναι επαρκώς ενημερωμένοι για τη χρησιμότητα και διαδικασία διεξαγωγής τους. Αυτή η ασυμφωνία είναι εμφανής και στα αποτελέσματα της παρούσας έρευνας. Οι εργαζόμενοι έχουν αυξανόμενες ανάγκες να αναπτύξουν τις γνώσεις και δεξιότητές τους, να διεκδικήσουν ευκαιρίες ανέλιξης, να λάβουν εποικοδομητική ανατροφοδότηση για να βελτιώσουν την εργασιακή τους απόδοση και να ακολουθούν επιτεύξιμους και μετρήσιμους δείκτες απόδοσης, όλα υπό το πρίσμα μιας πιο διαφανούς διαδικασίας. Εφόσον η παρούσα έρευνα ήταν μελέτη περίπτωσης με ποσοστό συμμετοχής 60%, τα αποτελέσματα μπορούν να γενικευθούν εντός του πλαισίου του Ινστιτούτου αλλά όχι για τον γενικότερο πληθυσμό. Εξαιτίας του σκοπού της συγκεκριμένης έρευνας, όπως αναφέρεται πιο πάνω, η έρευνα με μελέτη περίπτωσης έχει ακολουθηθεί προκειμένου να αναχθούν αποτελέσματα που θα βοηθήσουν στην εξαγωγή συγκεκριμένων συστάσεων για βελτίωση του παρόντος συστήματος αξιολόγησης και διαχείρισης αξιολόγησης. Η έρευνα περιλαμβάνει μια διαδικτυακή έρευνα, τα αποτελέσματα της οποίας έχουν αναλυθεί μέσω της Microsoft Excel.

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# Chapter 1

## Introduction

Performance appraisal and performance management are vital components of an effective human resource strategy for an organization. Appraising employees on their performance, using that data to develop their skills and knowledge, and providing them with the opportunity to improve their career progression prospects, are basic concepts of these two notions. Undoubtedly, *'the human asset is, for any company, the most important asset of the 21<sup>st</sup> century'* (Tudor & Petre, 2021, p. 722) and as such, it should be valued properly, appraised appropriately and be worthy of investment for its training and development. Establishing good policies and practices for performance appraisal and performance management is crucial for the development and successful operation of any working environment.

The purpose of this research is to identify employees' perceptions on the performance appraisal and performance management systems at The Cyprus Institute. The Cyprus Institute, being a leading institution in research and education, takes pride in its high quality of its human resources and strives to maintain a healthy, stimulating and inspiring working environment. At the same time, it is crucial to implement and maintain an effective appraisal and management system that lives up to the standards of the institution's vision and is revised based on employees' needs. As will be discussed later, having such systems in place does not necessarily mean that they are properly implemented by all parties involved or that employees are aware of their existence and purpose. Identifying employees' perceptions on this matter will possibly assist on pointing out areas for improvement of the current systems and formulate robust

recommendations to the upper management of the Institute to rectify them for the best interest of their employees.

This research being a case study on a specific organization, will generate results that even though cannot be generated for the general population, will provide insights that would not have been identified otherwise. With the Institute expanding largely during the past 5 years, it is an original research that will be used for the benefit of it and its employees.

In order to be able to extract any conclusions and analyze the generated data properly, the first part of this report will include a review of the existing literature on performance appraisal and performance management. More specifically, definition and purpose will be given for each term and possible factors that can affect the appraisal process will be identified. In addition, the importance of the feedback and results generated from the appraisal, in contrast with how these affect employees' productivity and engagement will be discussed. Lastly, additional performance appraisal tools will be presented according to the literature.

The following chapters of this report will focus more on the research and more specifically the methodology process that was followed, the generated results and a discussion on the results by contrasting them with the identified literature. The final part of the report will focus on concluding remarks for the present research and its limitations, including implications for future research.

## **1.1 Research Questions**

Based on the purpose of this research, the following research questions are formulated, which also consist the basis for the literature review and the construction of the survey:

1. How does the staff perceive the performance appraisal process in use?
2. How does the staff perceive their evaluator's skills and responsibilities in relation to their appraisal?
3. What is the effect of the performance appraisal on employees' engagement and productivity?

4. How does the staff perceive the performance management system at the Institute?
5. How does the staff perceive the possibility of introducing alternative tools for their appraisal?

# Chapter 2

## Literature Review

### 2. 1. Reasons for conducting this research

A common misconception of many employees is the thought of Performance Appraisal (PA) or Performance Measurement (PMe), and Performance Management (PMa) as interchangeable identical terms (Biron, Farndale & Paauwe, 2011; Radnor & McGuire, 2004). Apart from literature evidence, this is also observed through the results of the present research towards employees of the research and educational sector (more information in the following chapters).

Radnor and McGuire (2004) support that PA is restricted in the act of measuring the actual performance whereas during the PM process, the outcome measured from the PA act is properly used to manage the performance of employees. Even though the two concepts are not interchangeable, at the same time they are not separable and as Lebas (1995) comprehensively supports, *'performance management is a philosophy which is supported by performance measurement. Performance management precedes and follows performance measurement, in a virtuous spiral and performance management creates the context for measurement'* (p.34).

Many aspects and processes are included in PA/PMe and PMa and the purpose of this study is to identify these processes at The Cyprus Institute, with the aim of improving the current practices. As will be discussed later, employees have a difficulty in identifying the purpose of the appraisal process in the sense of how this is managed for their training and development opportunities within the organization. This study aims to identify their perceptions on each of the processes and conclude with robust suggestions on improvement actions.

## **2. 2. Performance appraisal**

### **2. 2. 1. Definition and Purpose**

According to Fletcher (2001), the term performance appraisal used to be associated with a quite basic concept of evaluating an employee. Through this process, the respective line manager would complete an evaluation report for their subordinate on an annual basis, which would not always be discussed with the employee. Even though in many organizations this remains the case until this day, many companies are actively seeking to develop this concept for the greater benefit of them and their employees, and are trying to integrate this in their Human Resource Management (HRM) strategies. Nowadays, the term performance appraisal is associated with the activities that are used to not only assess the employees but also to '*develop their competence, enhance (their) performance and distribute rewards*' (Bayo-Moriones, Galdon-Sanchez & Martinez-de-Morentin, 2020; Eriksson, Larsson & Adolfsson, 2021; Fletcher, 2001, p. 473). As also supported by Arthur and the American Management Association (2008) and Biron et al. (2011), an effective PA system is implemented not only to verify that employees' skills, knowledge and interests are properly utilized and exploited within the company, but also to enhance relationships between the employees and the employer, to develop the human resources of the organization, to facilitate the career development of employees and to improve the overall organizational effectiveness.

### **2. 2. 2. Factors affecting performance appraisal process**

Performance appraisal is a process entailing many variables, quite a few of them affecting the process and potentially interfering with obtaining valid results and measurements for the performance of employees.

Bayo-Moriones et al. (2020) identify three dimensions that could potentially affect the PA process; namely the objective and/or subjective measures employed for the process, the importance of having the appropriate evaluator and the frequency of the appraisal.

Indicatively, some of the advantages in including objective indicators in appraisals is that they are more easily measurable, they can be observed by both the evaluator and the evaluatee and they can standardize the process. However, since objective measures are not always available or adequate, evaluators seek for subjective measures to complement the appraisal and make it more comprehensive. Recognizing the appropriate person to conduct the appraisal is also a vital component of an effective process and the relationship of the evaluator with the evaluatee can really affect its outcome (Fletcher, 2001), irrespectively of the positive or negative status of their relationship. In order for an appraisal system to be effective, the line manager should frequently practice coaching and counseling towards its employees, in the sense of being approachable, attentive, consistent in its practices, avoiding favoritism, being reliable, empathetic, honest, knowledgeable, respectful, broad-minded, committed, conscious, focused, interested in its employees and realistic in its expectations and its conduct (Arthur, 2008). Kaplan, Petersen and Samuels (2012) identified a negativity bias from the evaluators' side towards their evaluatees, by emphasizing more on negative information, even if similar positive information exists to outweigh it.

Bayo-Moriones et al. (2020) also stress that the evaluation can be carried out by the direct supervisor, a higher-level manager, an HRM specialist or to implement other sources of ratings if the evaluation has a more comprehensive approach. Lastly, there seems to be a differentiation on the period of evaluation, according to the purpose it serves (Bayo-Moriones et al., 2020; Chiang & Birtch, 2010; DeNisi & Pritchard, 2006; Levy & Williams, 2004), with more accurate results however when valuations are conducted more frequently. When valuations are used for administrative purposes, in the sense of salary increases or promotions, they tend to be scheduled on an annual basis since such decisions are taken yearly. When the purpose is to gather as much information as possible on the employees' performance with the target of enhancing it and developing the employees' skills and knowledge, evaluations are scheduled more frequently depending on the nature of work. Irrespective of the frequency of the evaluation, *'nothing that is said during a performance appraisal should ever come as a surprise to an employee'* (Arthur, 2008).

Similarities with Bayo-Moriones et al. (2020) research can be found in an earlier research from Borman (1978), indicating that maintaining high levels of validity and reliability in appraisals is an intricate task being examined for many years now. More specifically, Borman (1978) classifies four categories that could potentially inhibit obstacles during the PA process. Firstly, the evaluator's ability of actually observing the evaluatee's job-related behavior is directly related with choosing the appropriate person as the evaluator. Secondly and drawing from the first observation, the evaluator's knowledge and experience are also important factors in ensuring the generation of valid results. Thirdly, evaluators might find it difficult to transpose the evaluatee's job-related behavior into rating scales and finally, organizational constraints imposed on evaluators may generate invalid and unreliable performance evaluations.

As identified by Arthur and the American Management Association (2008), the first and foremost criterion for success for any appraisal system, is the effective planning and relevant implementation of it, while also identifying two key concepts that could potentially obstruct the achievement of objectives and subsequently the quality of the PA process; namely lack of clarity and lack of mutual respect.

Lack of clarity is defined as the situation where we tend to shift our focus from the key objectives while trying to tackle the daily workload. Supervisors tend to disregard such situations when they are actually observed and choose to address them during the annual evaluation process, subsequently extending their impact and neglecting the importance of maintaining a clear sense of direction towards the set objectives. However, lack of clarity can be ameliorated by arranging frequent goals review, assessing the compatibility amongst the various types of goals and aligning the goals from the identified incompatibility areas.

Lack of mutual respect is identified when respect is only observed towards higher ranks of seniority whereas respect should be multi-dimensional, in order to contribute to a truly healthy work environment. Respect is not easy to cultivate, it requires constant effort and it should be directed towards colleagues, external collaborators, visitors, trainees, interns and finally towards ourselves. Mutual respect, recognition and commitment to the company are vital components of employee performance.

It is unavoidable for employees in an organization to form a social network and centrality suggests the extent to which employees are connected with one another in that network. Employees perceive centrality as a contributor in achieving higher performance ratings (Cross & Parker, 2004). Bizzi (2018) recognizes that network centrality could affect the PA of an employee as it can generate two sources of error, namely the ability and the motivation of a supervisor.

The ability of a supervisor to appraise an employee lies on the extent of the available information and on the subsequent processing of that information. Centrality can both affect and at the same time regulate the acquisition of information and its subsequent processing, since line managers tend to perceive individuals according to their social attributes in order to simplify their efforts in evaluating them. The generated information can easily bias supervisors' capacity in making accurate appraisals.

The motivation of a supervisor to appraise an employee is influenced by the higher power of central employees in controlling the resources allocation. Since supervisors seek to obtain benefits from central employees, who can tender favors for them and allow access to key resources, they tend to over-appraise them to maintain their own power basis and avoid any confrontations that could potentially harm them. Bizzi (2018) argues that same-level performing employees will receive different ratings depending on their centrality level and subsequent power.

When speaking about factors affecting employee appraisal, one can immediately enquire whether gender, age and years of experience with the organization are amongst them. Ramparsad (2019) argues that appraisal has been '*gender-blind*' (p.111), in the sense that companies find it difficult to implement an appraisal system taking gender under consideration. At the same time, Castilla (2012) identifies gender differences during the evaluation process and during the appraisal management process in the sense of analyzing the results with the aim of distributing pay increases or promotions or even resulting in terminations. Even though Castilla's (2012) research indicates higher ratings for women, the actual allocation of the practices mentioned above entails significant incompatibilities. Despite not identifying systematic gender bias in evaluation ratings,

women continue to experience differences in a work setting, especially in terms of representation of women in higher ranks of leadership (Ciancetta & Roch, 2021). This has led to an insightful concern from Ciancetta and Roch (2021), on whether there is in fact a gender appraisal difference or whether researchers have not targeted the right questions.

Correll and Simard (2016) have specifically focused their research on what factors are holding women's career development back, with received feedback consisting of a major one. According to their research, women are prone to receiving less specific feedback that is directly linked to expected business outcomes, meaning that improvement path is more difficult to be tracked down and followed carefully, and work actions that are valued are not properly praised. Subsequently, this vague feedback leads to lower appraisal ratings for women and decreased opportunities for development. Jampol and Zayas (2020) define these inconsistencies as '*white lies*', arguing that honesty and clear communication during the appraisal process is more important than withholding negative or inaccurate feedback, even with positive intentions, since all sorts of comments could potentially improve employees' future performance. Relatably, another factor that seems to be affecting the appraisal results, is how men and women address their altruistic citizenship behavior. As Heilman and Chen (2005) observe, women seem to be penalized when engaging with male stereotypic behaviors, such as '*using autocratic or directive leadership styles, ..., presenting themselves in a self-promoting manner, ..., using a task-oriented nonverbal style, ..., or simply being successful managers*' (p. 431). At the same time, they are also penalized when they fail to behave via women stereotypic ones and working altruistically. Even when women present an altruistic behavior, they do not receive any recognition, as opposed to men whose similar behavior is applauded.

Age and years of experience are notions that could be used at the same time, when speaking about age as a social construction or a biological process and as a sense of '*ageing within the organization*' (Previtali & Spedale, 2021, p. 8). Harris, Krygsman, Waschenko and Laliberte Rudman (2018) argue that older employees experience aged-driven imbalances during their evaluations and subsequently receive less opportunities for training and development within a company (Bal, Reiss, Rudolph & Baltes, 2011) and experience 'ageism'; the stereotype connected with age discrimination, where older people are perceived to be '*resistant to change, inflexible in attitude and given to past-*

*oriented thinking*' (Fineman, 2014; Lazazzara & Bombelli, 2011, p. 812). Such stereotypes tend to influence appraisers when assessing their appraisees' performance (Loretto & White, 2006). Amongst the negative stereotypes for older workers are poor performance, reduced motivation, reduced productivity, lower drive to learning, less potential for development, increased company cost and amongst the positive ones, are increased reliability, commitment, loyalty and good interpersonal skills (Lazazzara & Bombelli, 2011; Loretto & White, 2006). Despite some of the mentioned stereotypes actually being observed, there are cases where such beliefs are either inaccurate or excessive.

According to Lazazzara and Bombelli (2021), many researchers have tried to define an age threshold for older workers but no consensus was ever identified since this is directly linked with the respective cultural dimensions of each country under study. In Italy for example, companies stop investing in workers aged over 45 years old, as they consider that to be their final career stage. Similarly, Rana and Singh (2022) stress that people over 45 are more loyal than their younger colleagues (Bal et al., 2011) and identify that even though there is stronger correlation between experiencing performance appraisal justice and affective commitment relationships for older employees, this is not the case for younger ones. Subsequently, it is argued that firms should pay closer attention in moderating their practices to be more compatible with the younger generations, who have different experiences, motives and values.

### **2. 2. 3. Performance Appraisal Feedback and Results and how these affect Engagement and Productivity**

Employees can receive feedback for their work performance from various sources, both within and outside an organisation. Feedback consists of a vital component of the performance appraisal process and it is viewed as a determinant of how employees perceive their evaluation results (Fletcher, 2001). Performance appraisal feedback can be quantitative in the form of ratings, or qualitative in the form of comments on the individual's performance (Spence & Baratta, 2014). According to Finney (2010), appraisees tend to value comments more than numerical ratings, especially when these are received more frequently within the year instead of just during the yearly appraisal meeting with the supervisor. Since comments are used to explain the results of the

appraisal, to shed light on work content that was not captured through the ratings and to specifically discuss traits and skills that are already valued or need to be improved, employees respond more positively to them and study them in more detail. Nonetheless, a more extended flow of comments does not necessarily mean they are constructive and well-intended and can inevitably mislead employees and negatively affect their performance, especially if they are oriented towards personality traits.

Even though multi-dimensional feedback is proven to be honest and unbiased (El Haddad, Karkoulian & Nehme, 2019), this does not necessarily indicate the validity of the results, since feedback from different raters can be both subjective and deceptive. El Haddad et al. (2019) stress that positive feedback can improve employees' behavior and attitudes and that it is more likely for them to work towards improving their performance, but this is not always the case when receiving negative feedback (Brett & Atwater, 2001). In general, feedback that is not discrepant from self-evaluation is usually received more pleasantly. Spence and Baratta (2014) similarly identify that feedback can both lead to improved performance but it can also not have any effect on future performance. When the purpose of the appraisal is for developmental reasons, feedback is more robust and practical and therefore ameliorates employees' performance. Dumont, Sarlet and Dardenne (2010) stress that inaccurate feedback can lead to continuous reduced performance. Similarly, if the appraisal system in place is considered unfair or not satisfying from the evaluatees' perspective (Byrne, Pitts, Wilson & Steiner, 2012), they tend to either disregard the provided feedback or consider it useless and inaccurate (Spence & Baratta, 2014).

In order for the appraisal feedback to be improved, comments should be directed towards work tasks, skills, abilities or behaviors which can actually be improved (Spence & Baratta, 2014) rather than traits, since the latter might be considered as personal offense. In addition, they should be more precise, specific and contain as much detail and examples in order to avoid misinterpretation. Lastly, valuable comments provide some sort of direction to the ratee, who can then focus on the target and have a clear path for improvement (Finney, 2010).

As a result of evaluatees' expectations being met through the performance appraisal, a stronger psychological contract is created between them and their evaluator, and subsequently with the organization as a whole (Dutta, Kumar & Mishra, 2021). When the evaluator fulfills the contract by meeting with the evaluatees' expectations, employees' motivation, engagement, satisfaction and intention to stay with the company are strengthened, which has a direct positive effect on their work performance. On the contrary, if expectations are not properly met and the contract has been violated, affected employees may experience reduced satisfaction, engagement and performance, and may experience higher turnover intention (Memon, Salleh, Mirza, Cheah, Ting & Ahmad, 2020).

## **2. 2. 4. Performance Appraisal Tools**

### **2. 2. 4. 1. 360-degree feedback**

As discussed above, there are many parameters to examine when appraising an employee. The 360-degree approach aims at obtaining a more comprehensive picture of the appraisee's performance, including self-appraisal, managerial review, peer review, employee's appraising managers and collaborators' review (Chicu & Nedelcu, 2017; Espinilla, Andres, Martinez & Martinez, 2013), in order to also overcome drawbacks of more traditional performance measurement methods. This type of appraisal is thought to improve overall work performance (Brett & Atwater, 2001). Research has shown however, that evaluatees respond more positively when receiving higher ratings and perceive them as more accurate than if they receive lower ones, when contrasting them with their self-evaluations (Brett & Atwater, 2001).

### **2. 2. 4. 2. Management by Objectives**

This method is concerned with evaluating an individual against a set of predetermined objectives/ Key Performance Indicators (KPIs) that follow clarity, emphasis on priority objectives, alignment with the company's setting, balance and are constantly refined to adapt to the changing environment of a company (Vasile & Croitoru, 2018). Since the

objectives are set in coordination between the evaluator and evaluatee, they are easily tracked by both parties and the expectations set are clear and agreed upon.

#### **2. 2. 4. 3. Psychological appraisal**

This type of appraisal aims to not only appraise an individual's work performance, but to also form an evaluation on their psychological state of mind, personality and behavior, therefore they are conducted by certified psychologists and not from the direct supervisor. Such methods cannot of course replace a performance appraisal system, but enhance the available data of an employee, in an effort to increase engagement and productivity. It is used to analyze employees' interpersonal and leadership skills, cognitive abilities, intellectual and personality traits and emotional intelligence.

### **2. 3. Performance management**

#### **2. 3. 1. Definition**

As mentioned above, performance appraisal consists only of a branch of the performance management processes of a company. Performance Management (PMA) aims at ensuring that an organization's resources, including its personnel, are working at their optimum to achieve greater results (Biron et al., 2011). This process is continuous and is used towards aligning the performance of each individual with the organization's objectives. Similarly with PA, the design of an effective PMA system requires appropriate implementation in order to ensure maximum effectiveness. It is argued that if a PMA system is not implemented or maintained properly, *'(it) can become a burden ... and can create significant employee relations problems'* (Biron et al. 2011, p. 1296; Glendinning, 2002).

Biron et al. (2011) identify that performance management is used to achieve two main types of objectives; namely tactical and strategic objectives. Tactical objectives refer to the HR-related decisions deriving from PA, like increases, promotions, terminations and in general to identify the work performance of each employee in order to specifically

target their weaknesses and praise their strengths. Strategic objectives is the linkage between personal and organizational goals and when these are aligned, this is a clear indication on which attitudes facilitate the efficient operation of an organization. This alignment can be achieved with training and developing the available resources to fulfil the company's vision and excel their capacities.

For the purposes of the present research, uses of performance management will focus on administering pay increases and promotions and identifying training opportunities for staff to target their weaknesses and develop their skills.

### **2. 3. 2. Purposes of performance management**

When performance management is used for administrative or procedural purposes, the results of performance appraisals can be used for salary increases and/or promotions (Eriksson et al. 2021) and employees are less inclined to focus on appraisal comments if this is the purpose of the appraisal (Finney, 2010). Associating the results of the appraisal with possible salary spikes and/or promotions, leads to increased feelings of organizational justice and therefore increased satisfaction (Khan, Hussain & Khan, 2020). On the contrary, failing to maintain fairness in terms of salary distribution can demotivate employees and reduce their efforts in maintaining high levels of work performance (Chi, Liao, Wang, Zhao & Ye, 2019).

When performance appraisal reveals weaknesses in specific traits of employees and in an effort to improve and align them with the organization's vision, specific training opportunities are recommended to employees accordingly (Biron et al., 2011; Castilla, 2012; DeNisi & Pritchard, 2006; Rana & Singh, 2022). However, literature has revealed that age, race and gender can seriously affect employees' prospects for training opportunities (Castilla, 2012; Fineman, 2014; Lazazzara & Bombelli, 2011; Loretto & White, 2006). Decreased performance can also be observed with unmotivated employees, which can also be enhanced through coaching or specialized training programs (Tudor & Petre, 2021). White (1999), Ozkeser (2019) and Tudor and Petre (2021) identify a strong correlation between the value of having motivated employees and an effective training and development system to heighten employees' output. Similarly, Konings and

Vanormelingen (2015) identify that training has a positive effect on both productivity and wages and emphasize the importance of training and upgrading employees' skills and knowledge to manage with the increasing needs of the workforce.

Nonetheless, not only the appraisee is one to be trained after the appraisal process has been concluded. In fact, preceding employees' appraisal, should be raters' training on how to actually perform the appraisal properly (Spence & Baratta, 2014). Spence and Baratta (2014, p. 442-443) identify four approaches to evaluators' training; (1) *rater error training*, which teaches raters on the common errors that can occur during the appraisal, like leniency, halo effect and contrast amongst rates; (2) *performance dimension training*, which familiarizes raters with the ratings/scales they will follow during the appraisal; (3) *behavioral observation training*, which trains raters on what behavior to focus on during the appraisal and lastly; (4) *frame of reference*, which actually teaches raters on the dimensions of the theory of performance and is thought to increase the accuracy of the rating.

# Chapter 3

## Methodology

### 3. 1. Background of the study

As already mentioned above, the present study takes place at The Cyprus Institute (CyI), a research and educational institution based in Cyprus. The Institute strives to transform the economy of Cyprus to a knowledge-based one and it is world renowned for its scientific research and excellence. Its scope of research is of regional interest and also of global significance, tackling issues like climate change, energy and renewables, water resources, archaeology, cultural heritage, computational sciences, environmental predictions, environmental monitoring and others. These fields are studied through its four research centers on Climate and Atmosphere (CARE-C), Science and Technology in Archaeology and Culture (STARC), Energy, Environment and Water (EEWRC) and Computational-based Science and Technology (CaSToRC). The educational portfolio of the Graduate School of CyI offers post-graduate degree programs and more specifically PhD and Master's degrees (MSc and MPhil), relevant with its research centers' focus (The Cyprus Institute, 2022).

Being an academic, research and educational institution, CyI's personnel is quite diverse, both in terms of educational background, but also in terms of ethnicity and gender. CyI takes pride in its resources management strategies, having acquired an accreditation on Sound Industrial Relations for its Human Resource Practices and establishing a Gender Equality Plan for the period 2022-2024. In addition, CyI is a member of the Diversity Charter of Cyprus and was accredited with the HR Excellence Award in Research, both consisting of initiatives from the European Commission. It is worth mentioning that all

mentioned rewards/initiatives were received within the short time-span of the past 2 years.

Even though the total number of personnel and students in December 2021 (period of distributing the research) was almost 300 people, the questionnaire was directed towards specific staff categories counting around 200 individuals, out of which 120 responses were received. More specifically, faculty, students and interns were excluded from the purposes of this study since faculty follow a distinctively different appraisal system whereas students and interns are not even evaluated. Following this exception, the questionnaire was directed towards administration, research and research support staff who follow almost the same appraisal system. The main difference between the appraisal process for research staff and the other two staff categories, is that their appraisal includes technical skills as well. However, for the purposes of this study, no attention will be given on that difference.

Before sending the questionnaire to the relevant staff categories, a piloting period was arranged with five random colleagues from the staff categories involved. The purpose of the piloting was to identify any difficulty or inability to respond to any of the questions, to test the time frame to complete the survey and to verify that the sequence of the sections and questions was reasonable and understandable to the respondents. Piloting is important in every research in order to be able to predict and identify in advance any issues with the survey, prior distributing it and avoid possible confusion later. Areas requiring slight revisions were identified and revised prior the distribution of the questionnaire to the staff.

The purpose of this research, as already mentioned above, is to identify employees' perception on the current appraisal system by contrasting the design of the system with its actual implementation and how this is perceived by the participating staff. The ultimate goal of this dissertation is to enlighten the Institute on the effects of its practices towards its employees and eventually provide valuable and practical suggestions aiming at its improvement.

### **3.2. Data Collecting Methods**

The present study aims to identify the principles of the current appraisal system of the Institute while simultaneously identifying the perceptions of employees on the performance appraisal and performance management at the Institute.

In order to achieve the first objective, a presentation and analysis of the current practices, policies and forms relevant to the performance appraisal and performance management of participating staff categories will be presented. The analysis of these documents was guided through the help of the Human Resources (HR) Department, in order to analyze the most recent practices and verify that obsolete documents are not being used. It is worth mentioning at this stage that the performance appraisal form and the career development policy were in fact revised a while after distributing the present research. However, the older version of the appraisal form will be used for the analysis since colleagues were using that one for many years now and that was where their perceptions and views were based on when participating in the survey. In relation to the revised career development policy, this was recently approved by the Board of Trustees of the Institute and since it is still pending announcement and implementation, extracts of the older version will be presented.

In relation to the second objective, an online survey was conducted through Google Forms, including both quantitative and qualitative data (Appendix 1). The time-frame for completing the questionnaire was estimated at around 10 minutes. Apart from the demographic section of the survey with information on gender, age, years of experience, staff category and supervisory and evaluation duties over colleagues within the organization (section two), specific trends related with performance appraisal and management at the Institute were also presented to participants. Indicatively, the process of the performance appraisal, evaluators' skills and responsibilities, the results of the performance appraisal and subsequent engagement and productivity (section three), training and development opportunities following the appraisal (section four) and alternative tools and/or practices for the appraisal process (section five) were included in the survey.

In total, the survey included forty-four questions, forty of them being close-ended questions and the other four being open-ended commentary questions on possible improvements or general comments on the performance appraisal and performance management systems at the Institute.

More specifically, the first section of the survey included information on the purpose of the study as well as request for consent from participants. The demographic section (second section), consisting of five questions, provided two to four options from which participants had to make one selection. For the third section, twenty-five statements were included in relation to the performance appraisal process and results at the Institute, accompanied by a Likert scale of five options, with the first being 'Strongly Disagree' and the fifth being 'Strongly Agree'. The design of the fourth section about performance management at the Institute and more specifically about training and development prospects for staff, was similar to the third section with six statements following the same Likert scale. The fifth section of the survey consisted of four questions, three of which were used to identify employees' perceptions on the effectiveness of alternative tools and/or practices for performance appraisal using again the Likert scale of five options, but this time on a scale of 'Highly Ineffective' to 'Highly Effective'. The fourth question of this section was to identify whether the tools/practices that were introduced could be applied at the Institute and were therefore close-ended with options ranging between 'Replace', 'Enhance' and 'Not-applicable'. In the sixth and last section of the survey, four open-ended questions were included in order to give the opportunity to participants to make any comments or suggestions for improvement of the current systems.

The quantitative results of the online survey were analyzed through Microsoft Excel, generating relevant graphs, whereas the qualitative results from both the survey and as generated from the HR policies, are analyzed in a more descriptive form. The available descriptive data from the survey are analyzed cumulatively and only recurrent trends are presented.

Since the received responses consist of 60% of the total sample (120 out of 200), there is ground for generalizations within the Institute's setting and the generated results are

considered as valid and appropriate ground for forming suggestions that are in conjunction with participants' views.

### **3.3. Ethical considerations**

The participating employees to the online survey were presented with the consent form at the beginning of the survey, which informed them on the objectives of the research, that their contribution would remain anonymous and that their comments would be analyzed cumulatively. The consent form also informed them that they could withdraw from the survey at any time and that their participation was only to be viewed and analyzed as constructive feedback to possibly improve the current performance appraisal and performance management processes at the Institute. The survey did not have any intention of personalizing the data and respondents' anonymity would not be compromised. This would possibly generate more honest feedback on their behalf while responding to the survey. The participants could not proceed with the survey if they had not provided their consent at the first section.

# Chapter 4

## Presentation and Analysis of the Research Data

### 4. 1. Human Resources Policies Analysis

The Cyprus Institute, as an active and flourishing organization for more than 15 years, has been able to establish certain policies and practices in relation to the performance appraisal and performance management processes. The purpose of this section of the report, is to inform readers on the established practices in order to be able in the next chapter to contrast these practices with their actual implementation and identify how employees' perceive that implementation through the online survey. The focus will be drawn on the quantitative part of this research, with useful insights being provided also from this qualitative presentation.

Due to word limitation and the need to focus on the survey part of this research, the identified policies and procedures will not be disclosed in full and only relevant sections will be included in this analysis. For confidentiality purposes, the full policies will not be disclosed as Appendices and relevant sections will be extracted accordingly. All the Institute's policies, guidelines and documents are uploaded and are accessible to all staff, through an online policies portal. The HR department of the Institute has verified that the uploaded version is the latest one, in order to make the analysis correctly.

Since nine documents were identified as appropriate and in conjunction to the present research, the list below indicates the title/purpose for each:

1. Policy on Performance Appraisal for Administration and Research Support Staff
2. Policy on Performance Appraisal for Research Staff
3. Guide for supervisors in relation to employee's performance evaluation process
4. Performance Appraisal form for Administration and Research Support Staff
5. Performance Appraisal form for Research Staff
6. Training and Development Policy and Procedure
7. Career Development Policy and Procedure
8. Salary Review Policy and Procedure
9. Bonus Scheme Policy and Procedure

For easier analysis, the above documents will be analysed in groups as per below:

- A. Group A: documents 1-5 will be presented as performance appraisal related documents
- B. Group B: documents 6-9 will be presented as performance management related documents

#### **4. 1. 1. Performance Appraisal System at The Cyprus Institute**

##### **4. 1. 1. 1. Purpose of appraisal (as included in the relevant policies)**

1. Maintain or improve each employee's job satisfaction and morale by providing with useful feedback and letting him/her know that the supervisor is interested in his/her job progress and personal development.
2. Serve as a systematic guide for supervisors in planning each employee's further development.
3. Assure considered opinion of an employee's performance and focus maximum attention on achievement of assigned duties.
4. Assist in determining and recording special talents, skills, and capabilities that might otherwise not be noticed or recognized.
5. Provide an opportunity for each employee to discuss job issues and interests with his/her supervisor.

6. Assemble substantiating data for use as a guide, although not necessarily the sole governing factor, for such purposes as advancement and reward (i.e. salary increase and/or bonus due to performance etc.).

**4. 1. 1. 2. Responsibilities of involved parties (as included in the relevant policies)**

1. Human Resources Department: overall responsibility for the administration of the Performance Evaluation Procedure and ensure the fairness and efficiency of its execution
2. Appraisee: completing the personal evaluation form and submitting to the evaluator
3. Appraiser:
  - i. Defining tasks and responsibilities in consent with each employee.
  - ii. Continuously observing and evaluating an employee's job performance.
  - iii. Holding periodic counselling sessions with each employee to discuss job performance.
  - iv. Completing Performance Evaluation Forms as required.
  - v. Organizing the evaluation meeting for a discussion of the evaluation results and feedback from both parties
  - vi. Ensuring submission of signed and complete Performance Evaluation Forms at the HR Department

**4. 1. 1. 3. Annual Performance Evaluation Procedure (as included in the relevant policies)**

1. Each employee will be required to undergo an Annual Performance Evaluation.
2. A Performance Evaluation Form will be filled out jointly by the employee and his/her supervisor. The supervisor shall discuss the evaluation with the employee emphasizing strong and weak points in performance, comment the employee for a job well done if applicable and discuss specific corrective action if warranted, set mutual goals for the employee to reach before the next performance evaluation,

make recommendations that should specifically state methods to correct weaknesses and/or prepare the employee for future promotions.

3. Allow the employee to make any written comments he/she desires. Have employee sign the evaluation form and initial after supervisor's comments.
4. The Evaluation Form will be completed signed and returned, through appropriate channels, to the Institute Human Resources Department and be placed in the employee's permanent Personnel File.

#### **4.1.1.4. Completion of Evaluation Form (as included in the relevant policies - documents)**

##### Section I - Self-Evaluation:

By completing each question included in the Self-Evaluation Form, each staff member has the opportunity to reflect on their own working experience and performance throughout the year by expressing their concerns, developmental and career aspirations and factors that have influenced their performance both positively and negatively. At the end of the evaluation session, a plan of further development, improvement and objectives for the year should be developed and agreed with direct supervisor.

##### Section II - Performance Evaluation:

The direct supervisor completes each section and chooses the ranking that best describes the performance of the employee to be evaluated during the specific year. Rankings should be accompanied with proper justification in the form of comments for the employee. Supervisors should complete the evaluation form based on objective and fair criteria aiming on the employee's improvement and further development. The entire appraisal period should be considered, each indicator should be rated independently, ratings should be based on personal opinions, consider the expectations that were set and recognize effort and progress of individuals.

The traits to be evaluated are divided as per below categories:

- a. Performance Characteristics/Elements: elements that are related directly job performance

b. Behavioural Traits: traits that are related with the employee's general conduct and behaviour at the Institute and into carrying out his/her responsibilities

c. Added part: Supervisory-competencies that concern supervisory responsibilities (if applicable)

Overall Evaluation Result and Comments: The overall evaluation result should reflect the employee's rankings in the various sections. Overall comments should reflect the employee's general performance and target achievements based on the last period's action plan.

Rating scale guide:

1. Outstanding: Contribution to the Institute consistently exceeds what is normally expected of the individual and goes beyond what is required of the job.
2. Very good: Frequently exceeds job requirements; all planned objectives were achieved above the established standards and accomplishments were made in unexpected areas as well.
3. Meets Expectations: Performance meets the position's requirements and reflects what is needed of a fully qualified and experienced person for the position. Work does not require significant improvement.
4. Needs Improvement: Performance meets some of the job requirements. However, most key job elements are performed unsatisfactorily. An immediate and sustained improvement in quality and/or quantity of work is necessary. Action plan for improvement is mandatory.
5. Unsatisfactory performance: Consistently fails to meet job requirements; performance clearly below minimum requirements. Immediate action plan for improvement is mandatory.

### Section III - Improvement & Training/Development:

At the end of this evaluation, supervisors are required to provide goals and objectives for the year which will help enhance the employee's personal development and performance.

#### Section IV - Targets & Objectives:

This part should be completed and agreed by both parties at the end of the evaluation session. Objectives set should be specific, measurable, achievable, relevant and timed (SMART). This should be taken into account at the next annual evaluation to be completed concerning the staff member's performance for the period of assessment.

#### **4.1.1.5. Possible pitfalls during performance appraisal process (as included in the relevant policies)**

1. The Isolated Incident: A rating should not be based on a few isolated performance incidents. When this is done, the rating is unfairly influenced by non-typical instances of favorable or unfavorable performances.
2. The "Halo" Effect: The "Halo" effect occurs when one factor influences ratings on all factors.
3. The "Cluster" Tendency: The tendency to consider everyone in the work group as above average, average, or below average. "Clustering" overall ratings usually indicates that the rater has not sufficiently discriminated between high and low levels of performance.
4. Rating the Job and Not the Individual: Individuals in higher-rated jobs are often considered superior performers to those in lower-rated jobs. This normally means that confusion exists between the performance appraisal and how the job has been evaluated.
5. Length of Service Bias: There is a tendency to allow the period of an individual's employment to influence the rating.
6. Personality Conflicts: Avoid judgments made purely on the basis of personality traits.

The full Performance Appraisal form for Administration and Research Support Staff and Performance Appraisal form for Research Staff will be included in Appendix 2 and 3 respectively.

## **4. 1. 2. Performance Management System at The Cyprus Institute - Analysis of Group B documents**

### **4. 1. 2. 1. Career Development Policy and Procedure**

Career advancement principles at the Institute state that they can be considered upon positively assessed performance, based on performance evaluations and other evidence that prove extraordinary contribution.

### **4. 1. 2. 2. Salary Review Policy and Procedure**

Following the initial 2-year period, each staff member can potentially go through a salary review every year unless there is a change in position or rank, provided that their performance is assessed to be above satisfactory. The salary review process may be conducted following the performance assessment carried out for a staff member on an annual basis and salary increases will be granted at a specific time of the year

### **4. 1. 2. 3. Bonus Scheme Policy and Procedure**

The bonus award process takes place on an annual basis in the beginning of the year, following the year under evaluation, and is directly linked to the established staff performance evaluation process. As part of the evaluation process, the supervisor can recommend staff members for a bonus, as long as they fall within the Outstanding or Very Good categories of the evaluation. The supervisor should provide adequate justification for the bonus allocation. Human Resources will monitor transparency of the process and alignment with other CyI policies. The bonus for a calendar year will be paid to staff after the completion of the employee appraisal cycle.

### **4. 1. 2. 4. Training and Development Policy and Procedure**

The Cyprus Institute recognizes the value and importance of providing opportunities to its staff in all categories and ranks to develop their job-related knowledge and skills for

personal and professional growth. Furthermore, the CyI expects that through training and development, individual performance will increase and will lead to a higher overall performance on a departmental and organizational level.

The CyI is committed to provide sufficient training opportunities for personal and professional development and improvement, provide induction training for all new staff to help them learn the importance of their role relating to the Institute's goals and individual responsibilities in the workplace and to provide and support further development and training to maintain and enhance the standards of staff, research and organizational performance.

The HR Department keeps a Training & Development record for each staff member employed at the Cyprus Institute. Following the completion of the performance evaluation, the HR Department completes the relevant staff member's Annual Training & Development Plan, where the identified training needs and suggested training programs and methods of training are specified. The table is then sent completed to each staff member and the direct supervisor for their reference. Staff members and supervisors should actively collaborate with the HR Department for the implementation of Training & Development Plans. Based on the training needs identified for their staff, each supervisor should collaborate with the HR Department in order to find the best possible options for training programs to be offered to staff. Where the identified training needs are common within the Institute, the HR Department organizes in-house seminars/workshops either in cooperation with external consultants or with internal specialists.

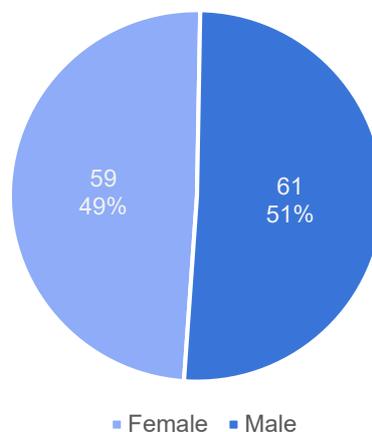
The Cyprus Institute, based on the Institute's general needs, objectives and/or development, periodically organizes internal training programs for participation by staff members who are directly related with the subject of the program. Staff members are informed by the organizing department for participation. All organizing departments should inform and collaborate with the HR Department for ensuring proper organization of the training program.

## 4. 2. Questionnaire analysis

### 4. 2. 1. Demographics

As already mentioned above, the questionnaire received 120 responses, out of the 200 employees it was forwarded to, yielding a response rate of 60%. The demographics section of the questions included five questions, with the respondents' population comprising of the following.

For the gender, three options were given for participants to select; female, male and neutral. Based on the results, 61 were male participants (51%) and 59 were female (49%), with no one selecting the neutral option (see Figure 1).



*Figure 1: Gender*

Participants were given four options to select for their age group; younger than 30 years old (31 participants, 26%), between 31 and 40 years old (52 participants, 43%), between 41 and 50 years old (30 participants, 25%) and older than 50 years old (7 participants, 6%) see Figure 2).

In terms of their years of experience at the Institute, the following options were given; less than 1 year (4 participants, 3%), between 1 and 3 years (51 participants, 43%),

between 4 and 6 years (27 participants, 22%) and more than 6 years (38 participants, 32%, see Figure 3).

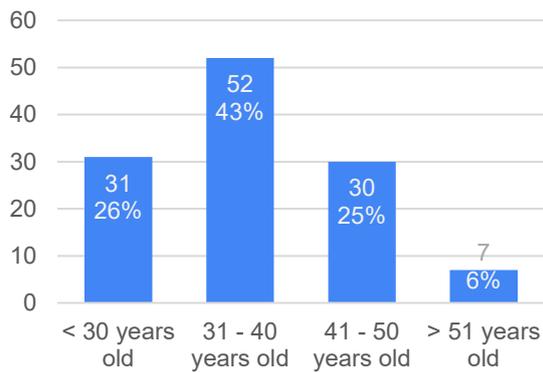


Figure 2: Age

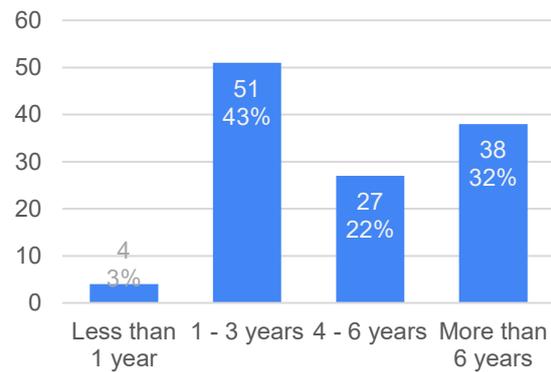


Figure 3: Years of Experience at the Institute

Since the appraisal process is slightly different for the various staff categories at the Institute, participants were asked to indicate whether they were administration (42, 35%), research (50, 42%) or research support (28, 23%) staff. According to the responses, the following figure (4) is created.

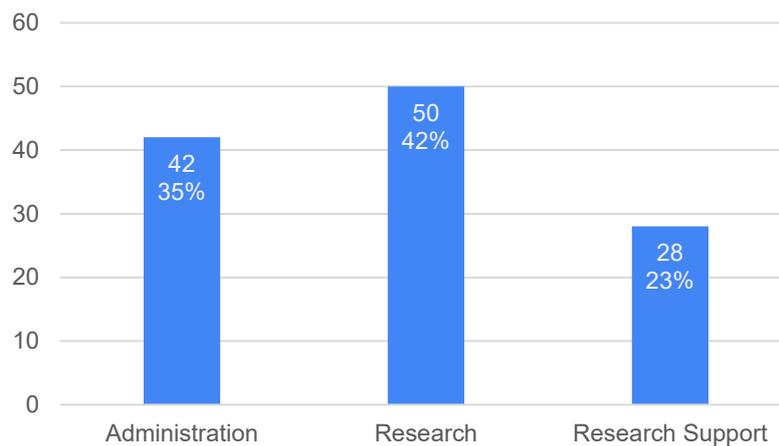


Figure 4: Staff Category

The final demographic question was related with whether participants had supervisory and evaluation duties over their colleagues, with 31 responding positively (26%) and the rest of the 89 participants negatively (74%, see Figure 5).

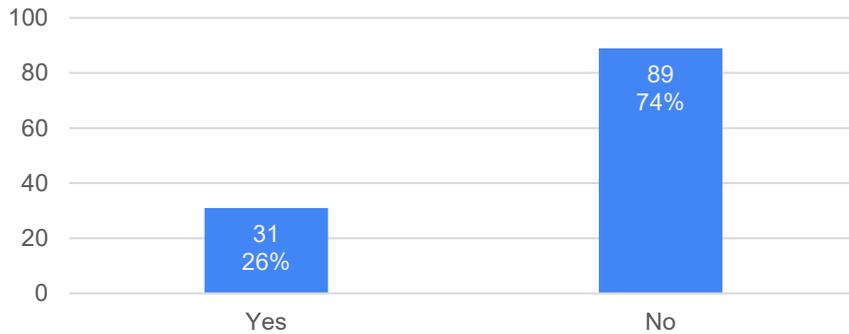


Figure 5: Supervisory and Evaluation duties over other colleagues

#### 4. 2. 2. Performance Appraisal Process and Results

This section of the questionnaire was divided into four smaller sections as per below. All of these four sections included statements which participants had to rate on the scale of 'Strongly Disagree', 'Disagree', 'Neither Agree nor Disagree', 'Agree' and 'Strongly Agree'. For a more concise presentation of the results, some of the statements will be presented on the same figure in order also to be discussed more cumulatively in the next chapter.

1. The first sub-section included six general statements that were related with the process of the performance appraisal at the Institute. The statements are presented below, along with their results.

Statement 6: My current responsibilities are clearly defined through the process.

19% responded that they strongly agree, 47% that they agree, 23% remain neutral, 9% disagree and 2% strongly disagree.

Statement 7: My current responsibilities are clearly evaluated through the process.

21% responded that they strongly agree, 41% that they agree, 25% remain neutral, 11% disagree and 2% strongly disagree.

Statement 9: The expectations of my responsibilities are properly communicated to me.

21% responded that they strongly agree, 36% that they agree, 27% remain neutral, 14% disagree and 2% strongly disagree.

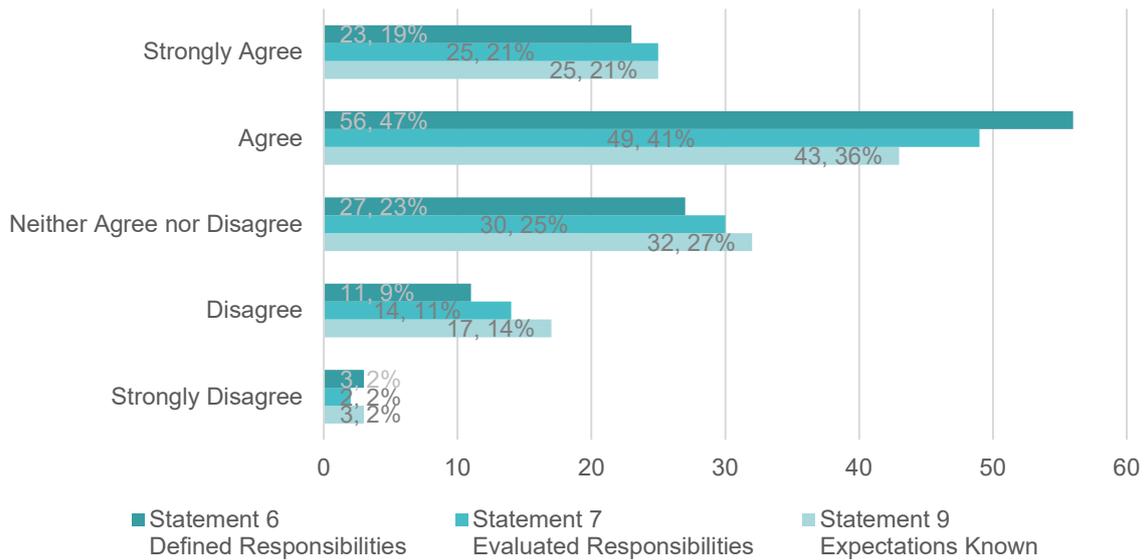


Figure 6: Results of Statements 6, 7 and 9

Statement 8: My job performance is adequately captured through the evaluation.

20% responded that they strongly agree, 39% that they agree, 24% remain neutral, 13% disagree and 4% strongly disagree.

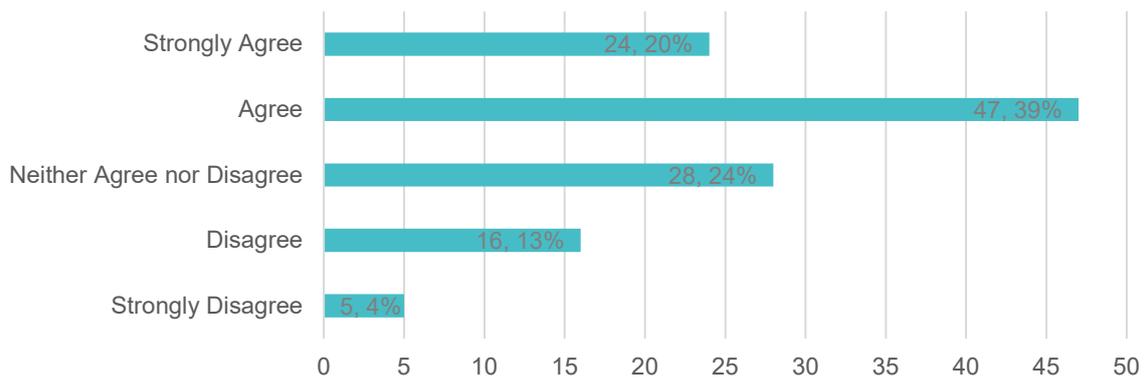


Figure 7: Results of Statement 8

Statement 10: The common goals of my unit/team are properly communicated to me.

23% responded that they strongly agree, 36% that they agree, 25% remain neutral, 14% disagree and 2% strongly disagree.

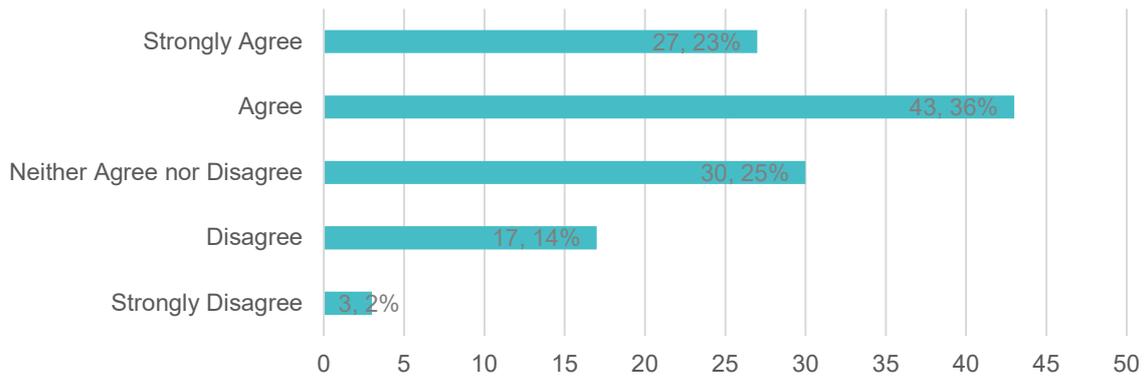


Figure 8: Results of Statement 10

Statement 11: The performance appraisal process at the Institute should remain as is.

5% responded that they strongly agree, 17% that they agree, 25% remain neutral, 34% disagree and 19% strongly disagree.

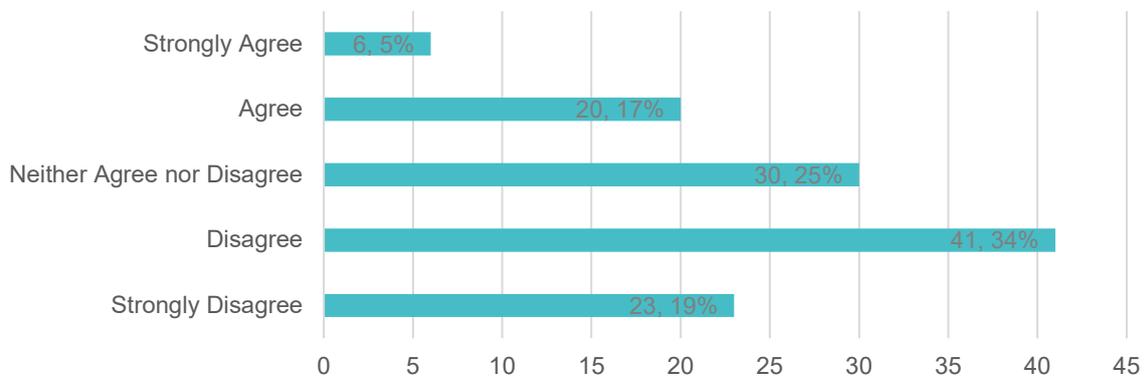


Figure 9: Results of Statement 11

2. The second sub-section included seven statements that were related with the evaluator's skills and responsibilities. The statements are presented below, along with their results.

Statement 12: My evaluator is the appropriate person to appraise my performance.

50% responded that they strongly agree, 34% that they agree, 9% remain neutral, 4% disagree and 3% strongly disagree.

Statement 13: My evaluator has the required skills to conduct the performance appraisal process.

44% responded that they strongly agree, 35% that they agree, 13% remain neutral, 5% disagree and 3% strongly disagree.

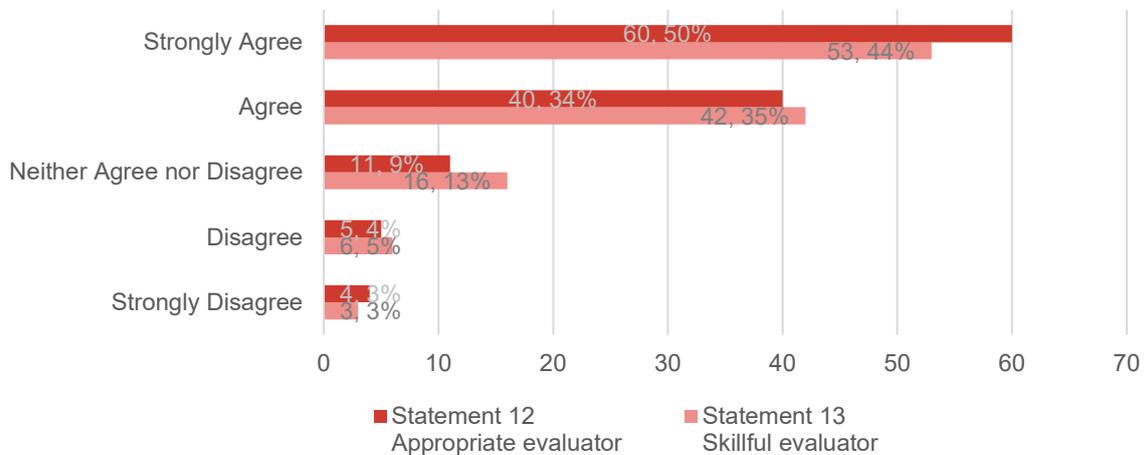


Figure 10: Results of Statements 12 and 13

Statement 14: My evaluator has a clear understanding of my responsibilities.

38% responded that they strongly agree, 35% that they agree, 17% remain neutral, 7% disagree and 3% strongly disagree.

Statement 15: My evaluator has a clear understanding of my work performance.

35% responded that they strongly agree, 42% that they agree, 16% remain neutral, 5% disagree and 2% strongly disagree.

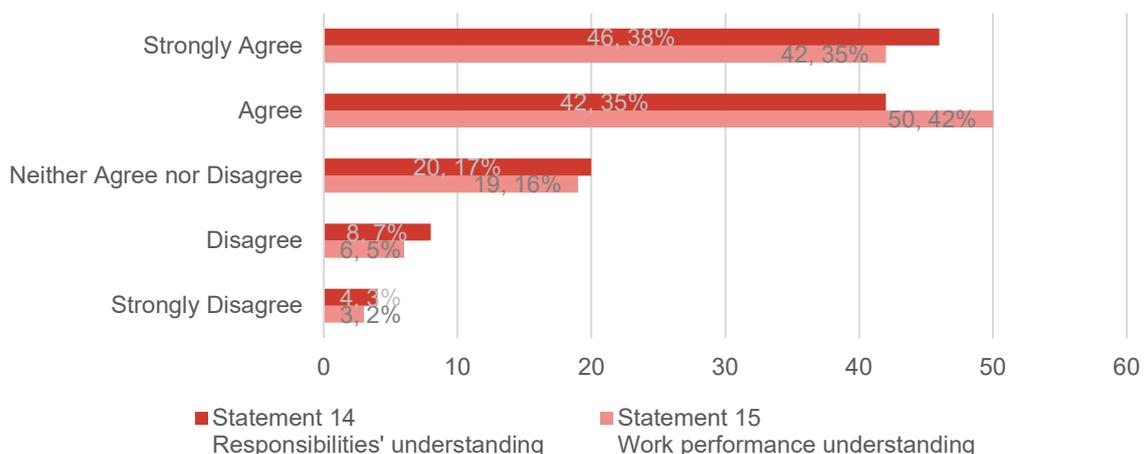


Figure 11: Results of Statements 14 and 15

Statement 16: My evaluator provides constructive feedback on my work frequently, without waiting for the yearly performance appraisal process.

28% responded that they strongly agree, 34% that they agree, 20% remain neutral, 12% disagree and 6% strongly disagree.

Statement 17: My evaluator gives adequate feedback regarding the results of my performance appraisal.

25% responded that they strongly agree, 43% that they agree, 18% remain neutral, 9% disagree and 5% strongly disagree.

Statement 18: My evaluator allows me to discuss and comment on the results of my performance appraisal.

40% responded that they strongly agree, 42% that they agree, 13% remain neutral, 5% disagree and no one strongly disagree.

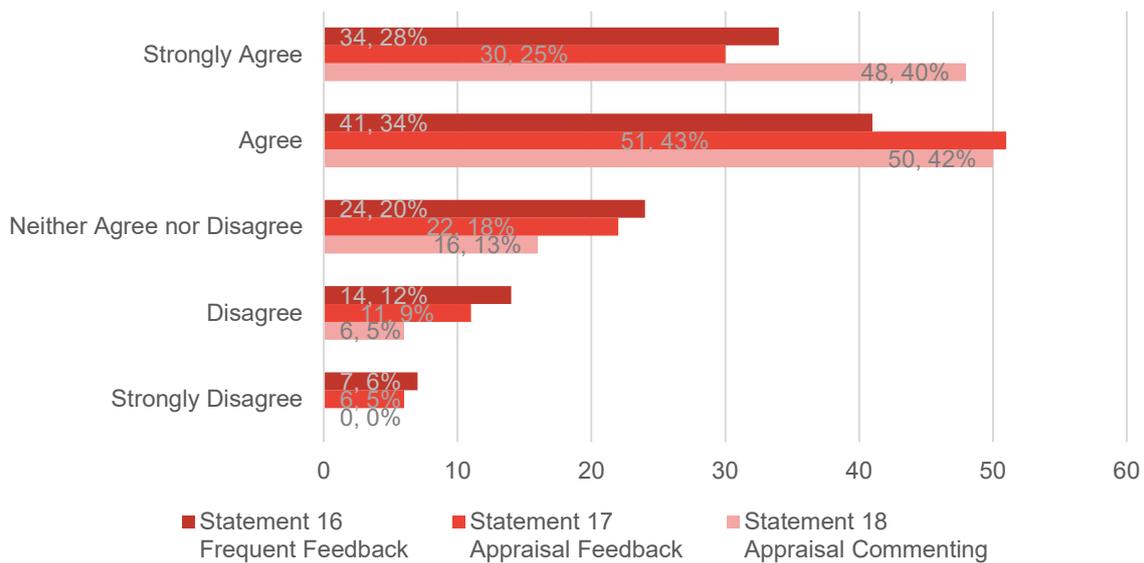


Figure 12: Results of Statements 16, 17 and 18

3. The third sub-section included six statements that were related with the results of the performance appraisal process. The statements are presented below, along with their results.

Statement 19: The results of my performance appraisal reflect my expectations.

27% responded that they strongly agree, 43% that they agree, 16% remain neutral, 12% disagree and 2% strongly disagree.

Statement 20: I am satisfied with the results of my performance appraisal process.

29% responded that they strongly agree, 40% that they agree, 19% remain neutral, 9% disagree and 3% strongly disagree.

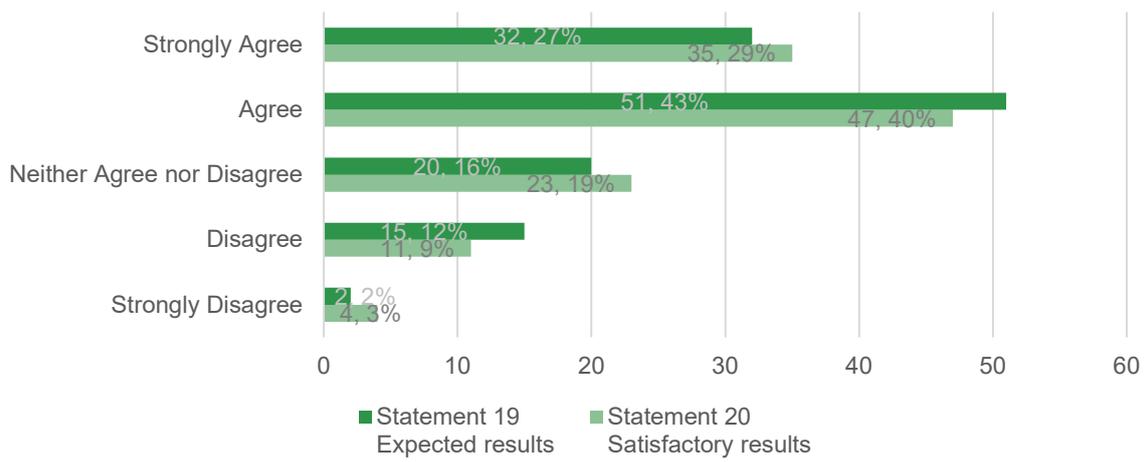


Figure 13: Results of Statements 19 and 20

Statement 21: The results of my performance appraisal process affect my engagement and productivity.

27% responded that they strongly agree, 38% that they agree, 21% remain neutral, 7% disagree and 7% strongly disagree.

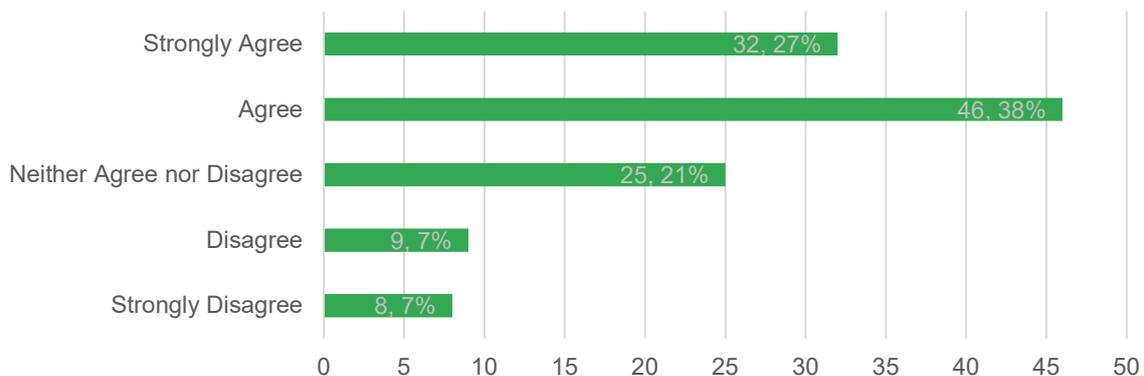


Figure 14: Results of Statement 21

Statement 22: My gender affects the results of my performance appraisal.

3% responded that they strongly agree, 5% that they agree, 22% remain neutral, 18% disagree and 52% strongly disagree.

Statement 23: My age affects the results of my performance appraisal.

2% responded that they strongly agree, 10% that they agree, 28% remain neutral, 20% disagree and 40% strongly disagree.

Statement 24: My years of experience at the Institute affect the results of my performance appraisal.

6% responded that they strongly agree, 28% that they agree, 33% remain neutral, 14% disagree and 19% strongly disagree.

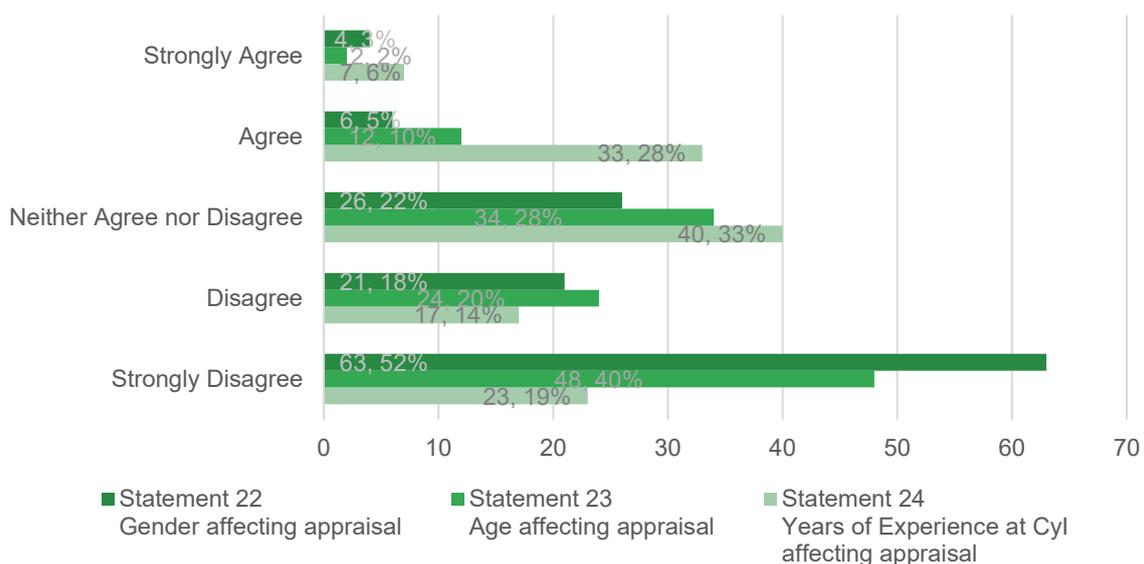


Figure 15: Results of Statements 22, 23, and 24

4. The fourth sub-section included six statements that were related with how engagement and productivity can be affected based on the results of the performance appraisal. The statements are presented below, along with their results.

Statement 25: Positive performance appraisal does not have an impact on my work.

6% responded that they strongly agree, 15% that they agree, 20% remain neutral, 42% disagree and 17% strongly disagree.

Statement 26: Positive performance appraisal makes me work with better attitude and motivation towards my work.

32% responded that they strongly agree, 45% that they agree, 18% remain neutral, 3% disagree and 2% strongly disagree.

Statement 27: Positive performance appraisal makes me more relaxed and reduces my engagement and work performance.

7% responded that they strongly agree, 9% that they agree, 13% remain neutral, 36% disagree and 35% strongly disagree.

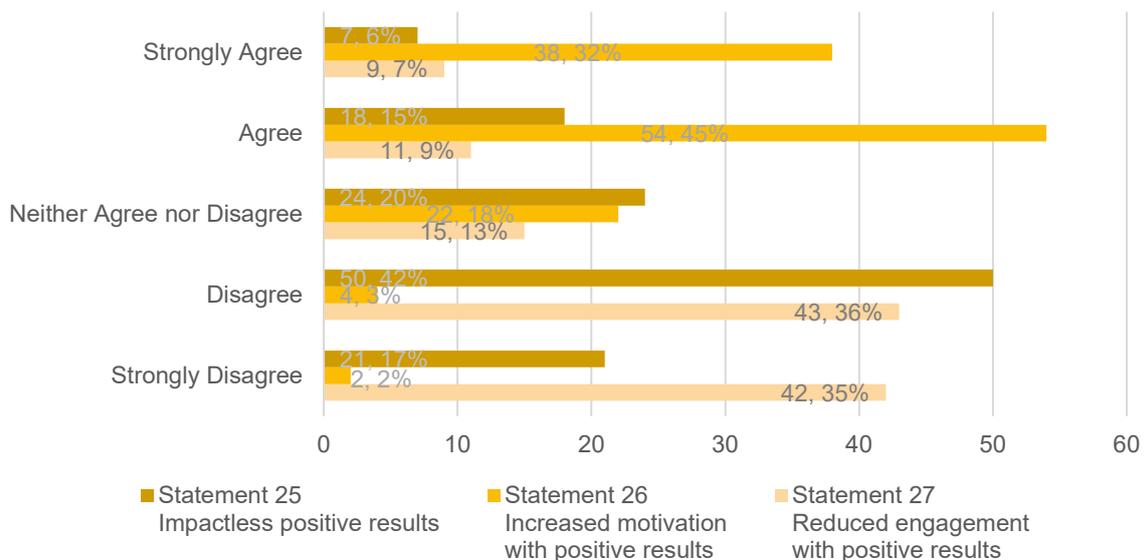


Figure 16: Results of Statements 25, 26 and 27

Statement 28: Negative performance appraisal makes me more motivated to acknowledge my weaknesses and develop my skills and work performance.

9% responded that they strongly agree, 27% that they agree, 35% remain neutral, 19% disagree and 10% strongly disagree.

Statement 29: Negative performance appraisal makes me dissatisfied, demotivated, and subsequently reduces my performance and engagement.

6% responded that they strongly agree, 17% that they agree, 32% remain neutral, 34% disagree and 11% strongly disagree.

Statement 30: I am indifferent if I receive negative performance appraisal results.

3% responded that they strongly agree, 8% that they agree, 21% remain neutral, 30% disagree and 38% strongly disagree.

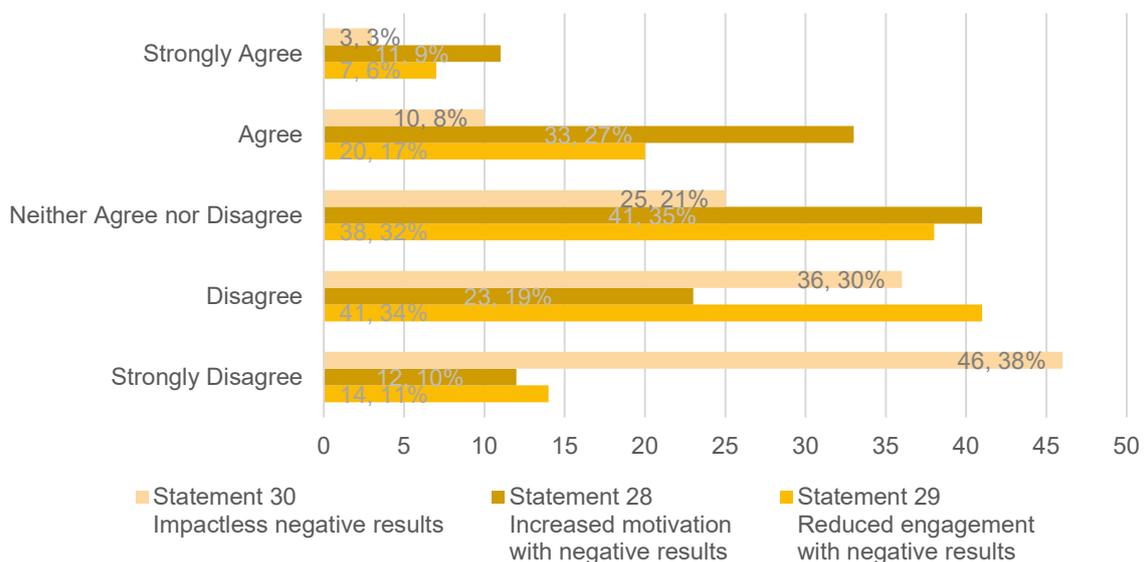


Figure 17: Results of Statements 28, 29 and 30

### 4. 2. 3. Performance management – training and career development

This section of the questionnaire focused on the performance management process followed at the Institute and investigated employees’ perceptions on how their appraisal results are analysed and used from the organization. This section included statements which participants had to rate on the scale of ‘Strongly Disagree’, ‘Disagree’, ‘Neither Agree nor Disagree’, ‘Agree’ and ‘Strongly Agree’. For a more concise presentation of the results, some of the statements will be presented on the same figure in order also to be discussed more cumulatively in the next chapter.

Statement 31: Areas of development, improvement and training are identified by my evaluator through my performance appraisal results.

14% responded that they strongly agree, 39% that they agree, 25% remain neutral, 18% disagree and 4% strongly disagree.

Statement 32: The results of my performance appraisal are properly used by the Human Resources Office towards my training and development.

3% responded that they strongly agree, 13% that they agree, 37% remain neutral, 27% disagree and 20% strongly disagree.

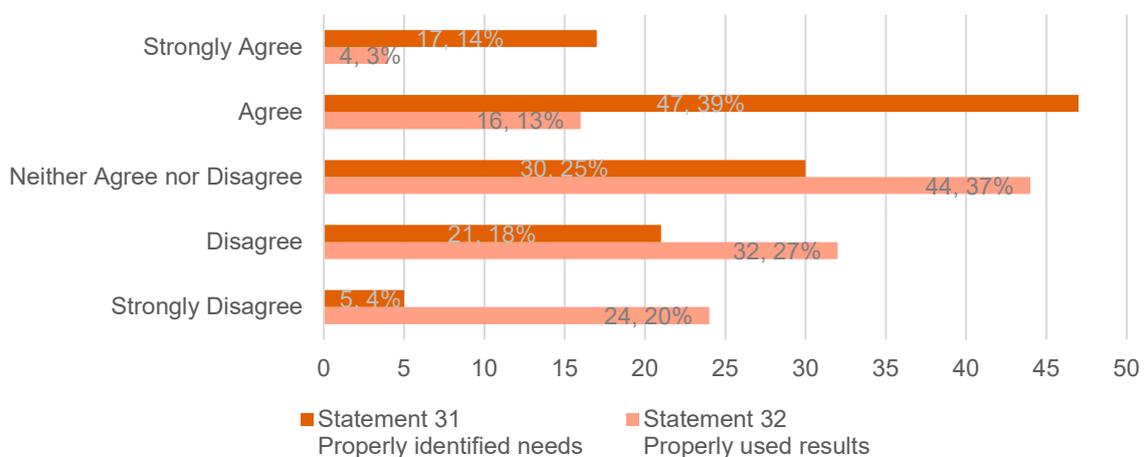


Figure 18: Results of Statements 31 and 32

Statement 33: The results of my performance appraisal are used for salary increases.

3% responded that they strongly agree, 13% that they agree, 26% remain neutral, 25% disagree and 33% strongly disagree.

Statement 34: The results of my performance appraisal are used for promotions.

4% responded that they strongly agree, 14% that they agree, 30% remain neutral, 21% disagree and 31% strongly disagree.



Figure 19: Results of Statements 33 and 34

Statement 35: Human Resources Office recommends trainings according to my identified weaknesses and needs for improvement.

3% responded that they strongly agree, 12% that they agree, 28% remain neutral, 22% disagree and 35% strongly disagree.

Statement 36: The Institute offers internal/external opportunities for trainings to address areas for improvement.

8% responded that they strongly agree, 39% that they agree, 26% remain neutral, 13% disagree and 14% strongly disagree.

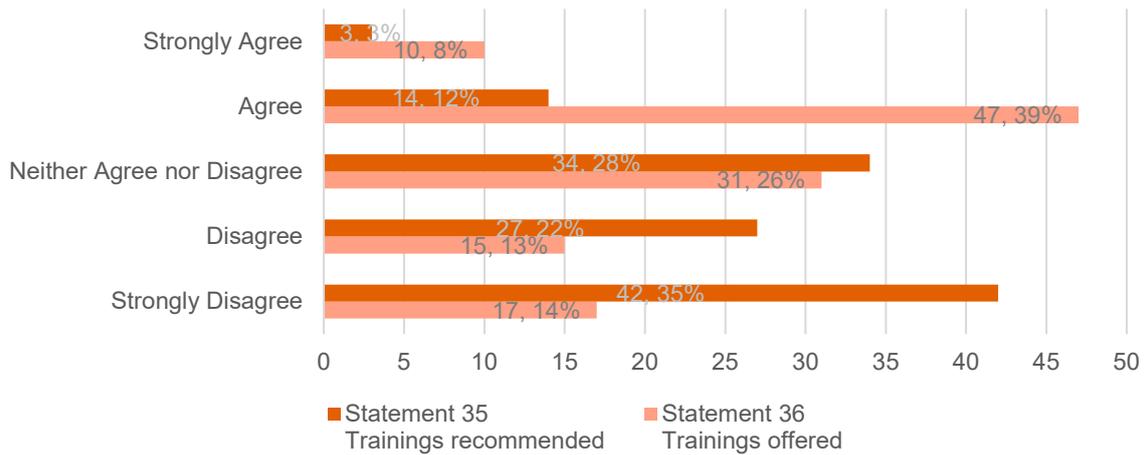


Figure 20: Results of Statements 35 and 36

#### 4.2.4. Alternative tools and/or practices for performance appraisal process at CyI

This section of the questionnaire focused on identifying the perceptions of employees on alternative performance appraisal tools that could possibly replace or enhance the current system at the Institute.

The first part of this section included three certain tools/practices which participants had to rate on the scale of 'Highly Ineffective', 'Ineffective', 'Neither Effective nor Ineffective', 'Effective' and 'Highly Effective'. For each of the tools, a short explanation was provided to participants in order to be able to respond on their perceived effectiveness since some might not be familiar with the tools/practices included in the survey.

##### Tool 1: Management by Objectives

Highly Effective	19%
Effective	60%
Neither Effective nor Ineffective	14%
Ineffective	3%
Highly Ineffective	4%

Tool 2: 360-degree Feedback

Highly Effective	17%
Effective	39%
Neither Effective nor Ineffective	31%
Ineffective	10%
Highly Ineffective	3%

Tool 3: Psychological Appraisal

Highly Effective	8%
Effective	46%
Neither Effective nor Ineffective	32%
Ineffective	10%
Highly Ineffective	4%

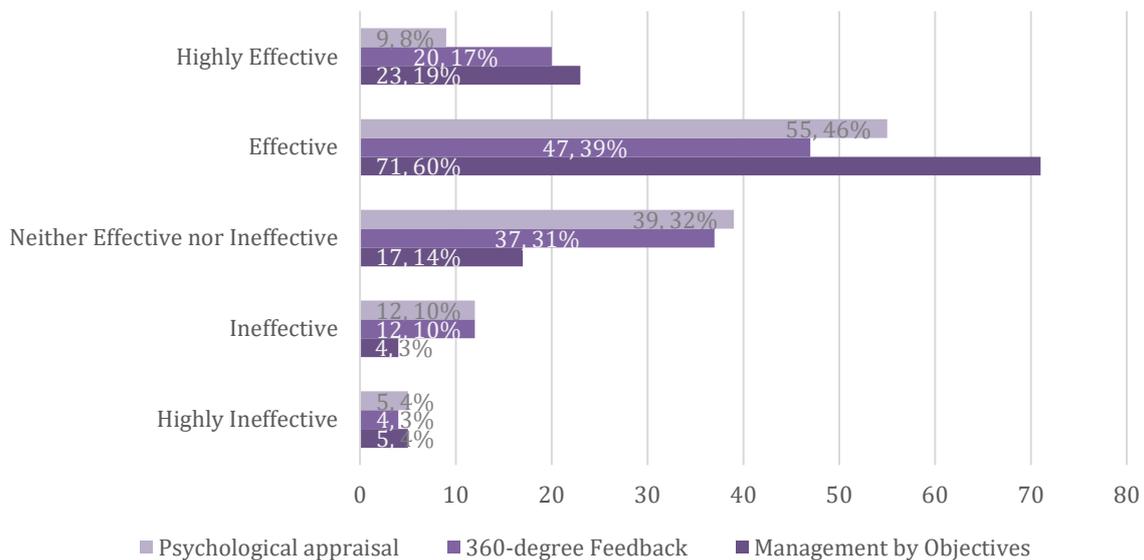


Figure 21: Results of alternative performance appraisal tools/practices

After respondents had the opportunity to rate the practices, they were asked to indicate whether they could be applied at the Institute, whether they could replace the current system or whether they could enhance it.

Tool 1: Management by Objectives

Enhance	67%
Replace	20%
Not-applicable	13%

Tool 2: 360-degree Feedback

Enhance	49%
Replace	23%
Not-applicable	28%

Tool 3: Psychological Appraisal

Enhance	59%
Replace	11%
Not-applicable	30%

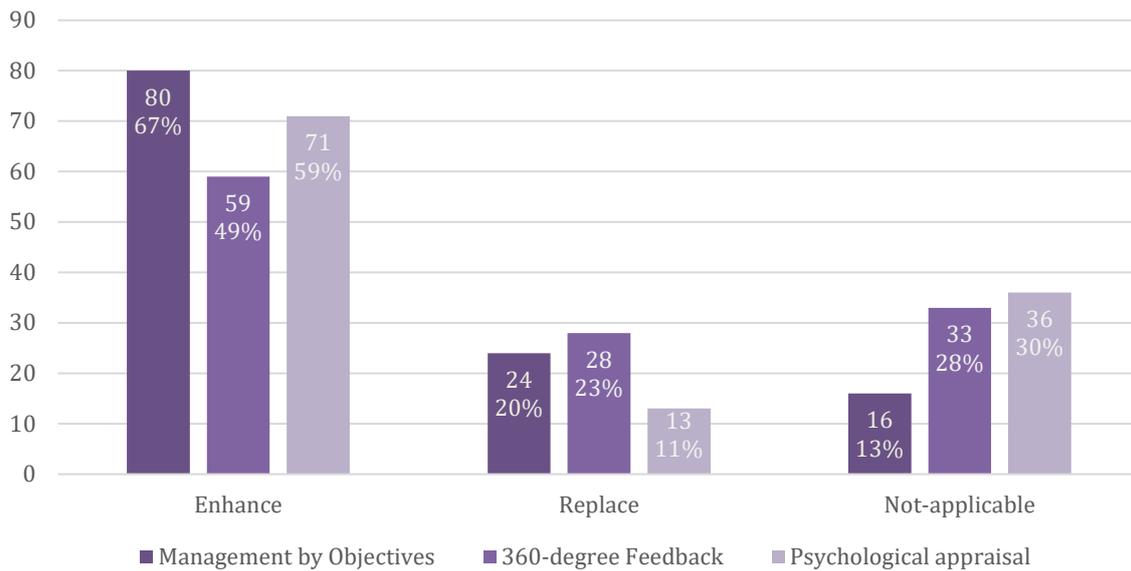


Figure 22: Possible usage of alternative appraisal tools/practices at Cyl

#### **4. 2. 5.        Suggestions – Comments**

This sixth and final section of the questionnaire included four open-ended questions in order for employees to be able to make their suggestions or comments on the current performance appraisal and management systems at the Institute. Even though these questions were included in the survey as compulsory, participants were given the option not to respond by typing not-applicable (N/A). Two of the questions were related with suggestions for improvements or opportunities for comments on the performance appraisal process, and the other two were of similar logic for the performance management process respectively.

Since the data retrieved were analysed cumulatively, a trend of the responses is included below. In order to avoid using employees' intact responses and respect their anonymity to the extent possible, the trends are rephrased accordingly and grouped appropriately.

Questions 41 and 43 are both concerned with the performance appraisal process at the Institute and will therefore be analyzed together.

Question 41: How can the performance appraisal process at the Institute be improved?

Question 43: Would you like to add something in relation to the performance appraisal process at the Institute?

For questions 41 and 43, the following trends emerged:

- a. Include peer-evaluation process, employees should appraise supervisors, obtain 360-degree feedback
- b. The whole process should become more objective, personal and simplified
- c. Establish departmental and Institute-wide KPIs
- d. The expectations of both the appraiser and the appraisee, as well as the goals to be attained should be established before-hand and be well-communicated between the participants
- e. Goals should be clear, measurable, attainable and realistic
- f. Responsibilities of appraisee should be more clear to the appraiser

- g. More frequent evaluations, not necessarily in a strict bureaucratic form like the yearly evaluation
- h. Citizenship and contribution to the CyI community should be valued more
- i. HR should become more involved in the process and post-evaluation meetings should be arranged accordingly
- j. The purpose of the appraisal should be clearer to the evaluatee and should be meaningful
- k. The appraisal form should be revised and shortened
- l. Maintain a more transparent appraisal system
- m. The results of the appraisal should be linked with rewards, bonuses, salary increases and promotions
- n. Additional appraisal tools should be implemented for a more holistic evaluation
- o. Evaluators should attend specialized trainings in relation to performance appraisal

Questions 42 and 44 are both concerned with the performance management system at the Institute and will therefore be analyzed together.

Question 42: How can the performance appraisal management be improved in order for staff to identify their strengths and weaknesses and develop within the Organization?

Question 44: Would you like to add something in relation to the performance management system (analysis of appraisal process results) at the Institute?

For questions 42 and 44, the following trends emerged:

- a. HR Unit should properly analyze the results and make suggestions for training needs and specific training programs
- b. Targeted training opportunities should be offered more
- c. The results of the appraisal should be linked with rewards, bonuses, salary increases and promotions
- d. Maintain a more transparent management system
- e. HR should prepare a specific post-evaluation report for the evaluator and its supervisor and a more generic one for the upper management, in order to possibly

address reasons for high turnover, repeating trends and connect with career progression policies

- f. The purpose of the performance management should be clearer to the evaluatee and should be meaningful
- g. Improve career progression prospects and revise the relevant policies

# Chapter 5

## Discussion on Findings and Results

This section of the report will focus on discussing the results that were collected and presented in the previous chapter, while correlating them with the review of the relevant literature for each of the formulated research questions accordingly. The results for each of the research questions will be analyzed separately. Following the discussion on the results, suggestions will also be formulated for the upper management of the Institute to improve the effectiveness of the current appraisal and management processes. This chapter also includes research limitations that were identified as well as proposed suggestions for future research.

For commentary purposes during the analysis below, the responses for the 'Strongly Agree' and 'Agree' options will be combined and presented accordingly. The same applies for the 'Strongly Disagree' and 'Disagree' options, the 'Highly Effective' and 'Effective' options and the 'Highly Ineffective' and 'Ineffective' options. The above will be presented separately if the data for each is highly discrepant from one another.

### **5. 1. Results discussion on the first research question**

The purpose of the first research question is to identify staff's perceptions on the appraisal process that is currently in effect at The Cyprus Institute.

While 66% of the respondents consider that their responsibilities are clearly defined through the appraisal process and 62% believe that they are properly evaluated for those responsibilities, a respective 34% and 38% of respondents does either not appear confident in the same manner or even disagree with these notions respectively. Remaining neutral or disagreeing, is an indication that many colleagues face the same issue in relation to their responsibilities and it is something worth noting for their evaluator and the system in general. This could be an indicator that employees are not evaluated through objective pre-defined criteria, an aspect that is crucial in ensuring proper appraisal results (Bayo-Moriones et al., 2020). At the same time, since more colleagues believe that their responsibilities are clearly defined in opposed to those who believe that they are clearly evaluated, this might be an indication that the evaluator is unable to properly transpose their views on the appraisal form, generating invalid and possibly misleading results (Borman, 1978). Even though within the Institute's policies and practices there is mentioning of objective pre-determined criteria and their periodic review within the appraisal period, this does not seem to be the case since the appraisal form is constructed in a way that it does not promote this objectivity. Nonetheless, a certain section of the appraisal form in relation to providing goals and objectives for the following year, should be completed and agreed by both parties.

Results become more alarming when 43% remain neutral or disagree that the expectations of their work are properly communicated to them. Absence of clear focus and expectations can mislead both the appraisee and the appraiser and can have a serious effect not only on the appraisal results, but in the overall work performance of an employee who experiences those feelings (Arthur, 2008; Arthur & American Management Association, 2008; Bizzi, 2018; Dutta et al., 2021).

Similar with the unclear expectations, 25% and 16% of staff are either neutral or do not consider respectively, that the common goals of their teams are properly communicated to them. This is mostly observed from male workers (13% out of 25% and 11% out of 16%) or young workers under the age of 40 (16% out of 25% and 12% out of 16%). Employees who are relatively new and having been at the Institute for less than 3 years, or have been at the Institute for a more considerable amount of time, meaning over 6 years, seem to share this notion more than the rest as well. Research and research

support personnel also seem to be unfamiliar with the common goals of their teams, in opposed to administration (18% out of 25% and 11% out of 16%). Whilst the latter finding can be attributed to the distinctively different mode of work and work requirements, the rest of the findings indicate that certain trends exist at the workplace.

As already stressed above, one of the uses of performance appraisal is to capture employee's work performance (e.g. Arthur & American Management Association, 2008; Biron et al., 2011). However, 17% of the respondents tend to disagree and another 24% tend to remain neutral in considering that their performance is adequately reflected through the appraisal. Even though this notion does not seem to be affected by employees' gender, employees who have been employed at the institute for less than three years or who are within the age group of 31-40 or who are less senior and therefore do not have evaluation duties over other colleagues, tend to support this notion more than the rest.

The overall opinion of employees on the appraisal process at The Cyprus Institute is that it should not remain as is at the moment. While 25% of the respondents remain neutral in that aspect, 53% of the staff support that the system should change. No systematic difference is observed towards this notion due to gender differences, however almost half of those who believe the system should be altered are workers in the age group of 31-40. Furthermore and same as before, new employees (up to 3 years) or experienced ones (more than 6 years) are more in favour of changing the system. This can be attributed either towards their new and fresh ideas that come with them at a new work environment or due to the fact that they are individuals who are committed to the organization and having its best interest at heart, make honest suggestions for its benefit.

## **5. 2. Results discussion on the second research question**

The second research question sought to identify employees' perceptions on their evaluators' skills and responsibilities, in relation to their appraisal. As already stressed during the literature review, selecting the appropriate evaluator is *'a key decision in the design of performance appraisal'* (Bayo-Moriones et al., 2020, p. 1988; Levy & Williams, 2004).

It is worth noting that 84% of the respondents support the notion that they are being evaluated by the appropriate person. This is a strong indication that the first step of actually selecting the appropriate person to perform the appraisal of a certain employee is effectively captured. However, this does not necessarily mean that the results of the appraisal will be valid and representative towards employee's actual work performance.

More specifically, even though 79% of the respondents believe that their appraiser has the required skills and knowledge to conduct the performance, an amount of 13% remains unclear whether this is the case and the other 8% disagree that their evaluator is properly equipped and trained to perform the appraisal. Improperly equipped or experienced evaluators can have a serious effect on the appraisal results (Borman, 1978) and the appraiser should attend relevant trainings that would prepare them for actually conducting an evaluation on other people (Spence & Baratta, 2014). Internal Institute processes that were suggested above, indicate that the process of the appraisal incorporates possible errors for which the appraiser should take proper actions in advance to overcome them and avoid any disruption on the generated results. The respective possible errors mentioned are in accordance with the literature, indicating that internal policies are thoughtfully and properly constructed. The analysis of these statements does not illustrate any systematic demographic differences.

In order for an evaluator to conduct proper appraisals, they should be able to have a clear sense of both responsibilities and work performance of their appraisee. According to the results of this research, respondents perceive that both of these two observations are adequately captured from their evaluator, no significant difference is observed between the two and even when it does, it neutralizes amongst the positive and negative responses. This is an indication that evaluators within the Institute do not seem to be affected by the centrality of their employees (Bizzi, 2018), since they are able to match what is expected according to their responsibilities in comparison with their actual work performance, and generate valid results. The analysis of these statements does not illustrate any systematic demographic differences.

A theme that was captured through the open-ended questions, was the importance of also evaluating and regarding citizenship during the appraisal process. Evaluating employees only on their responsibilities could conceal a significant portion of their performance, through their interactions with their fellow colleagues and the level of citizenship and teamwork they demonstrate. This is further supported from the analysis of the internal HR practices, since supervisors are asked to *'assist in determining and recording special talents, skills and capabilities that might otherwise not be noticed or recognized'*. Within the appraisal form there are two sections which are directed towards listing actual performance characteristics that are related with the job performance and also behavioural traits that are related with the general conduct and behaviour of the employee.

The last part of this section included three statements in relation to the feedback and commenting exchanged both during the appraisal and during the daily work. 62% and 68% of the respondents consider that they receive adequate feedback for their daily work and more specifically on their performance appraisal results respectively. Even though the amount of people who disagree with these are 18% and 14% respectively, another 20% and 18% respectively remain neutral. Feedback and commenting is crucial and valuable for employees, both in relation to their appraisal but also as a determinant of how they perceive the quality of their work (Finney, 2010; Fletcher, 2001). This becomes even stronger when the feedback received matches employees' perceptions on their work (Brett & Atwater, 2001) or is directed towards their skills and abilities, rather than their traits (Spence & Baratta, 2014). Even though past research has indicated that inappropriate feedback can affect women more than it does men (Correll & Simard, 2016; Zampol & Zayas, 2020), fortunately this is not observed at the Institute, since no systematic differences were identified because of gender, or any other demographic group to be more precise.

Providing the employee with the ability to comment on their appraisal results is also important, since it is an indication of respect amongst appraiser and appraisee (Arthur & American Management Association, 2008) and the appraisee has the opportunity to ask for clarifications or develop a stronger communication with their appraiser. From the respondents of this survey, an astonishing 82% of employees support that they are able

to comment which is an indicator that the appraisal meeting is not one-sided (Fletcher, 2001).

As observed from the policies presentation above, one of the purposes of the appraisal at the Institute is to provide developmental feedback on the work performance of employees with the goal of increasing their work performance and their personal development. Appraisees also have the opportunity to comment on their appraisal form in writing before submitting to the HR, therefore they have the opportunity to do so, even if the supervisor might appear unwilling to offer it to them.

The analysis of the section that is related with supervisors' skills and responsibilities in relation to the appraisal, indicates that while most employees are content with the selection of their evaluator and their understanding towards their responsibilities and work performance, they seek to receive more feedback from them irrespectively of the yearly evaluation. Such feedback can be constructive towards their development and proactive in terms of corrective actions, prior the evaluation meeting (Arthur, 2008).

### **5.3. Results discussion on the third research question**

The third research question aims to identify employees' perceptions on the results of their appraisal, as well as how these can affect their engagement and productivity.

Employees tend to be more satisfied when their results are expected and match with their perceptions (Dutta et al., 2021; Memon et al., 2020). While most respondents identify a strong correlation between their expected results (70%) and how satisfactory they are perceived (69%), there are still 16% and 19% who neither agree nor disagree that their results are expected or are satisfactory respectively. Respondents' inability to properly identify both their expectations and their views on their results can be problematic, since this could be an indication that their perceptions on the quality of their performance is unclear and perhaps they are unmotivated and disengaged (Tudor & Petre, 2021). Being unable themselves to define what their expectations are, makes it harder to resolve the issue causing this behaviour, and developing their work performance. This becomes even more evident when even though 65% of employees agree that their engagement and

productivity are affected by their results, 21% of the respondents is unable to agree or disagree with this notion and provide a clearer indication. More results in relation to engagement and productivity will follow accordingly.

In relation to demographic characteristics and how these can affect the appraisal results, only 8% and 12% agree that their gender and age respectively can affect their results. Nonetheless, 34% believe that their years of experience within the organization can affect their results, with most of them who support this view being under the age of 40 years old (22% out of 34%) or being relatively new employees (up to 3 years, 13%) or experienced ones (more than 3 years, 12%). This is consistent with Bal et al. (2011) views that more experienced or older employees can experience imbalances in their appraisal results and at the same time, younger or less experienced employees are not as committed and are not appraised fairly (Rana & Singh, 2022).

As already identified above, 65% and 21% either support that their engagement and productivity are affected by their appraisal results or are neutral respectively. This section of the analysis aims to focus more specifically on how positive or negative appraisal results have an impact on the work performance, motivation, engagement and productivity of employees.

Particularly, while 59% of respondents argue that positive performance has an effect on their work, 79% of the respondents argue that positive performance increases their motivation and work efforts, and 16% argue that they feel more relaxed and subsequently drop their engagement and productivity.

On the contrary, only 36% argue that negative appraisal results make them more motivated to acknowledge their weaknesses and improve their work performance, with 29% disagreeing completely with this notion. However, only 23% stress that they are demotivated with their negative evaluation and reduce their engagement and productivity.

Even though 68% and 21% support that they are not indifferent or are neutral if they receive negative results, there is no clear indication on their actual reactions since not

many respondents appear to become motivated or dissatisfied with poor results. As was discussed earlier, if expectations are met, whether results are positive or negative, the appraisees have a more positive view of their evaluation and results. However, if they perceive that their performance should be better evaluated, then they might experience reduced engagement and productivity and view the results as threatening (Brett & Atwater, 2001; Finney, 2010; Memon et al., 2020; Spence & Baratta, 2014).

#### **5. 4. Results discussion on the fourth research question**

The purpose of the fourth research question is to identify staff's perceptions on the performance management process that is currently in effect at The Cyprus Institute.

Even though 53% and 25% agree and remain neutral respectively that areas for training and development are identified through the appraisal process, only 16% and 37% agree or remain neutral respectively that these results are actually examined by the HR department and used towards the training and development of employees. The whole purpose of PMA is ensuring that a company's resources are properly utilized and developed, in order to achieve the maximum organizational efficiency (Biron et al. 2011). As was stressed during the review of the literature and for the purposes of this research, PMA is a process aiming, amongst other purposes, at administering pay increases, promotions and identifying training opportunities for staff. However, as evident from the results, employees stress that even though needs for training and development are identified since a certain section of the appraisal form is specifically targeted towards defining training or improvement needs, at the same time such opportunities are not provided to the staff adequately. With 57% of the respondents considering that HR does not recommend trainings, this becomes even more evident. This is further supported from the open-ended comments included in the appraisal, where many respondents argue that results should be properly analyzed and used for the benefit of the staff and HR should not only make robust and specific recommendations on training programs but also to organize more in-house trainings/seminars or offer external training/seminar opportunities. Even though 47% agree that the Institute offers trainings to its employees, there are still additional needs and requests to be covered. Another recommendation that was received through the comments was for HR to prepare individual post-evaluation

reports that would be shared amongst the affected appraiser and appraisee and a more comprehensive post-evaluation report to be shared with the upper management. The results of this section are quite contradicting with the existing policy on Training and Development of CyI employees.

In relation to salary increases and/or promotions, 58% and 52% respectively do not believe that performance appraisal results are actually used for these purposes. In both cases, these views are stronger within the age group of 31 years old to 40 years old, with 28% and 26% supporting that their results are not used for increases or promotions respectively. Even more noticeable is the fact that 26% and 30% neither agree nor disagree that their appraisal results are used for increases or promotions respectively, something that is an indicator that perhaps staff are not properly informed of the management of the appraisal results within the Institute or perhaps the existing policy is not implemented properly. According to the existing policies that are related with performance management and are included in the results' presentation above, results of the yearly appraisal are to be used for career development opportunities, salary review and/or bonus. This is also in accordance with the administrative aspect of the appraisal, according to which the appraisal takes place on a yearly basis in order to be used for such purposes (Bayo-Moriones et al., 2020; Chiang & Birtch, 2010; DeNisi & Pritchard, 2006; Levy & Williams, 2004).

## **5. 5. Results discussion on the fifth research question**

The purpose of the fifth and last research question was to identify employee's perceptions on alternative appraisal tools that could possibly enhance or replace the appraisal system of the Institute.

According to the results of the research, 79% consider the Management by Objective tools as an effective appraisal tool. This was reinforced through the commenting section of the survey, with many respondents arguing for more objective pre-determined criteria and key performance indicators to be used for their daily work and appraisal. 67% of the respondents argue that the current system can be enhanced with this tool, and another 20% argue that management by objectives can even replace the current system. This

appraisal method is widely known and the fact that the criteria are pre-determined in coordination between the appraiser and the appraisee, the process becomes fairer, more objective and more tailored to each employee needs (Bayo-Moriones et al., 2020; Vasile & Croitoru, 2018). Even though defining clear tasks and responsibilities and setting goals and objectives for the following year are both components of the appraisal process of the Institute, it became obvious from the survey and the comments received that employees did not identify the objective criteria and actually made specific notes on this need.

In relation to the next suggested appraisal tool, which was the 360-degree feedback, 56% of respondents believe that it is an effective tool, with 31% remaining unsure of its effectiveness, possibly because of lack of understanding of the tool or of its unclear implementation to the Institute's setting. While 49% suggest that it is a tool that could enhance the appraisal process, 23% of the respondents believe that it could replace it and the rest of the respondents (28%) suggest that it is not applicable for the Institute. According to the literature review, this tools can improve the work performance of employees and their subsequent valuation (Brett & Atwater, 2001) and it is something that was also stressed through the open-ended section of the online survey.

The third and last appraisal practise that was suggested was psychological appraisal. While 54% of the respondents agree that it could be an effective appraisal tool, only 11% of the respondents support that it could replace the current system and 59% identify that it could enhance it. This is connected with appraising employees not only on their work performance, but also on their traits (Bayo-Moriones et al., 2020), which is also an important component of ensuring a more holistic and accurate evaluation.

## **5. 6. Limitations and suggestions for future research**

Even though according to the response rate there is space for generalizations, since this is a case study research, this can only be accomplished within the Institute's setting. Even though data can be generalized for the affected staff categories of the Institute, there were some findings that could be explored through future specialized research. In addition, even though the response rate was adequate for the purposes of this research, increased response rate could possibly generate more robust results. Another limitation of the

research was possibly the absence of qualitative data from interviews or focus groups, which could enhance the results and provide more explanation on the quantitative data.

Since most of the respondents argue that the appraisal process at the Institute should change, more specific research on this aspect could be explored. This could be accomplished through implementing the alternative tools and/or practices and testing their effectiveness on employees' performance through small reports and surveys.

Many themes were generated through the present research and already form a strong ground for improvements and updates of the current processes, prior proceeding with additional research. Implementing corrective actions or drawing the attention towards problematic and recurring observations, should be the first step towards addressing the results of this research. Recommendations on improving the current system as identified from the analysis above, will be presented in the last section of this report.

# Chapter 6

## Conclusion

The purpose of this research was to identify employees' perceptions on the performance appraisal and performance management systems at The Cyprus Institute, with the ultimate goal of generating robust recommendations on improving the current systems. While it is evident from the above that the Institute's practices and policies are in accordance with the literature, employees' perceptions were sometimes far from the expected. This could be an indicator of a gap between the presence of an appraisal and management system and its actual implementation. Discrepancies between the two can have an immediate effect on employees' evaluations and subsequent engagement, productivity and motivation. For the most part of the research, no serious systematic demographic differences were observed, which is a strong indicator that the Institute does promote equality with its policies and practices. However, since for some of the survey sections minor discrepancies were identified on the age and years of experience of employees, it is recommended that the Institute should target employees' needs more in accordance with their background, experience, skills and knowledge.

According to the open-ended questions of the survey, several recurrent themes were identified that have an effect on how employees perceive the applied performance appraisal and performance management processes at the Institute. The most repeated one was that the purpose of the appraisal was unclear and that it should be more meaningful and not just being a '*mere formality*', as some stated. The need for objectivity and transparency were two notions that were also identified quite a lot. In addition, the need for a clearer career progression path, in accordance with the results of the

evaluation is something that was extensively identified and requested through the research.

Summing up, it becomes clear that the existence of relevant policies at the Institute does not indicate that they are either being implemented properly or that involved parties are well informed and trained on their implementation and purpose. The most important finding that is identified is to try and reduce this discrepancy. This is mostly observed and becomes more crucial for the performance management system at the Institute, which will inevitably include the performance appraisal process. Defining more objective criteria, determining attainable and measurable performance indicators, obtaining constructive and frequent feedback, ensuring transparency in the process and analyzing appraisal results in order to ensure more training and development opportunities for staff, are the main themes arising for the present research. Perceiving the results of this study as pure and honest recommendations for improvements and not as judgment of the current system, can only operate as a corrective tool aiming at increasing employee's well-being and Institutional prosperity.

# Appendix A

## Survey Questionnaire

### **Section 1**

#### **Title: Performance Appraisal and Performance Management - case of The Cyprus Institute**

**Subtitle:** The current questionnaire aims to identify the perception Administration and Research Staff employees hold towards the performance appraisal process and performance management system at The Cyprus Institute in order to acknowledge the strengths/weaknesses of the current system and make recommendations to improve it.

**Participation and Consent:** Your participation in this research is voluntary and anonymous and you can withdraw from the completion of the questionnaire at any time. The data received will be used only for academic purposes and no personal information will be requested. The results will be analysed cumulatively and a short report will be drafted for the CyI. A summary of the results will be communicated to all participants. The study is developed within the framework of Dimitra Sofokleous' Master's Degree in Business Administration from the Faculty of Economics and Management of the Open University of Cyprus and a consent has been granted by CyI. The completion of the questionnaire takes around 10-15 minutes and your participation is greatly appreciated. In case you have any questions or you need any clarifications please do not hesitate to contact me at [dimitra.sofokleous@st.ouc.ac.cy](mailto:dimitra.sofokleous@st.ouc.ac.cy).

I agree

### **Section 2**

#### **Demographic characteristics**

1. Gender

- Male
- Female
- Other

2. Age

- < 30 years old
- 31 – 40 years old
- 41 – 50 years old
- > 51 years old

3. Years of experience at the Institute

- Less than 1 year
- 1 – 3 years
- 4 – 6 years
- More than 6 years

4. Staff category that best describes your area

- Administration
- Research
- Research support

5. Do you have supervisory and evaluation duties over other colleagues within the organization?

- YES
- NO

**Section 3**

**Performance appraisal process and results**

Performance Appraisal/Evaluation is the process between an employee and their evaluator, during which, areas for growth and improvement are identified.

<b>Performance Appraisal Process</b>					
Please rate the following statements on the scale 'Strongly Disagree', 'Disagree', 'Neither Agree nor Disagree', 'Agree', 'Strongly Agree'.					
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
6. My current responsibilities are clearly defined through the process.					

7. My current responsibilities are clearly evaluated through the process.					
8. My job performance is adequately captured through the evaluation.					
9. The expectations of my responsibilities are properly communicated to me.					
10. The common goals of my unit/team are properly communicated to me.					
11. The performance appraisal process at the Institute should remain as is.					
<b>Evaluator's Skills and Responsibilities</b>					
Please rate the following statements on the scale 'Strongly Disagree', 'Disagree', 'Neither Agree nor Disagree', 'Agree', 'Strongly Agree'.					
12. My evaluator is the appropriate person to appraise my performance.					
13. My evaluator has the required skills to conduct the performance appraisal process.					

14. My evaluator has a clear understanding of my responsibilities.					
15. My evaluator has a clear understanding of my work performance.					
16. My evaluator provides constructive feedback on my work frequently, without waiting for the yearly performance appraisal process.					
17. My evaluator gives adequate feedback regarding the results of my performance appraisal.					
18. My evaluator allows me to discuss and comment on the results of my performance appraisal.					
<b>Performance Appraisal Results</b>					
Please rate the following statements on the scale 'Strongly Disagree', 'Disagree', 'Neither Agree nor Disagree', 'Agree', 'Strongly Agree'.					
19. The results of my performance appraisal reflect my expectations.					
20. I am satisfied with the results of my					

performance appraisal process.					
21. The results of my performance appraisal process affect my engagement and productivity.					
22. My gender affects the results of my performance appraisal.					
23. My age affects the results of my performance appraisal.					
24. My years of experience at the Institute affect the results of my performance appraisal.					
<b>Engagement and Productivity according to Appraisal Results</b>					
Please rate the following statements on the scale 'Strongly Disagree', 'Disagree', 'Neither Agree nor Disagree', 'Agree', 'Strongly Agree'.					
25. Positive performance appraisal does not have an impact on my work.					
26. Positive performance appraisal makes me work with better attitude and motivation towards my work.					

27. Positive performance appraisal makes me more relaxed and reduces my engagement and work performance.					
28. Negative performance appraisal makes me more motivated to acknowledge my weaknesses and develop my skills and work performance.					
29. Negative performance appraisal makes me dissatisfied, demotivated, and subsequently reduces my performance and engagement.					
30. I am indifferent if I receive negative performance appraisal results.					

#### **Section 4**

#### **Performance management - training and career development**

Performance Management is the process followed by the Human Resources Department, aiming to monitor, maintain and improve employee performance in line with the organisation's objectives. This is accomplished by gathering the performance appraisal results of employees and analyzing them individually and cumulatively.

#### **Training and Development**

Please rate the following statements on the scale 'Strongly Disagree', 'Disagree', 'Neither Agree nor Disagree', 'Agree', 'Strongly Agree'.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
31. Areas of development, improvement and training are identified by my evaluator through my performance appraisal results.					
32. The results of my performance appraisal are properly used by the Human Resources Office towards my training and development.					
33. The results of my performance appraisal are used for salary increases.					
34. The results of my performance appraisal are used for promotions.					
35. Human Resources Office recommends trainings according to my identified weaknesses and needs for improvement.					
36. The Institute offers internal/external opportunities for trainings to address					

areas for improvement.					
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**Section 5**

**Alternative tools and/or practices for performance appraisal process at The Cyprus Institute**

Rate the following tools/practices, assuming that you could advise the upper management to incorporate in/update the current performance appraisal process on the scale ‘Highly Effective’, ‘Effective’, ‘Neither Effective nor Ineffective’, ‘Ineffective’, ‘Highly Ineffective’.

	Highly Ineffective	Ineffective	Neither Effective nor Ineffective	Effective	Highly Effective
37. Management by Objectives: Short explanation: The evaluator in coordination with the employee identify, plan, organize, and communicate objectives to focus on during a specific appraisal period. After setting clear goals, evaluators and employees periodically monitor the progress made to control and review the feasibility of achieving those set objectives.					
38. 360-degree feedback: Short explanation: The appraisal is completed					

<p>through five components: (1) self-appraisal, (2) managerial reviews, (3) peer reviews, (4) employees' appraising managers and (5) collaborators' reviews. The purpose is to gather structured feedback for an employee from a number of sources.</p>					
<p>39. Psychological appraisal: Short explanation: Analysis of seven major components of an employee's performance such as interpersonal skills, cognitive abilities, intellectual traits, leadership skills, personality traits, emotional quotient, and other related skills, through a certified psychologist.</p>					

<p>40. Do you believe the above tools/practices could replace or enhance the current performance appraisal process at the Institute?</p>			
	Replace	Enhance	Not-applicable
Management by Objectives			
360-degree feedback			
Psychological appraisal			

**Section 6**

**Suggestions - Comments**

Please feel free to make your suggestions/comments by answering the below questions.

<p>41. How can the performance appraisal process at the Institute be improved? If you do not have any suggestion/comment, please type N/A.</p>
<p>42. How can the performance appraisal management be improved in order for staff to identify their strengths and weaknesses and develop within the Organization? If you do not have any suggestion/comment, please type N/A.</p>
<p>43. Would you like to add something in relation to the performance appraisal process at the Institute? If you do not have any suggestion/comment, please type N/A.</p>
<p>44. Would you like to add something in relation to the performance management system (analysis of appraisal process results) at the Institute? If you do not have any suggestion/comment, please type N/A.</p>

# Appendix B

## Performance Appraisal form for Administration and Research Support Staff

**Confidential Performance Evaluation Form for Administration and Research Support Staff**

<b>Name of Employee:</b>	<b>Job Title</b>	<b>Department/Center:</b>
<b>Period of Assessment:</b>	<b>Period Supervised by Reviewer:</b>	<b>Date of employment:</b>
<b>Name of Supervisor:</b>	<b>Other Evaluators:</b>	

**Instructions for completing the Evaluation Form**

**Self-Evaluation (Section I):** By completing each question included in the Self-Evaluation Form, each staff member has the opportunity to reflect on their own working experience and performance throughout the year by expressing their concerns, developmental and career aspirations and factors that have influenced their performance both positively and negatively. At the end of the evaluation session, a plan of further development, improvement and objectives for the year should be developed and agreed with direct supervisors.

**Performance Evaluation (Section II):** The direct supervisor completes each section and chooses the ranking that best describes the performance of the employee to be evaluated during the specific year. Supervisors should complete the evaluation form based on objective and fair criteria aiming on the employee’s improvement and further development. For each section and rating,

the supervisor must provide details and comments to support his/her judgement, where and as needed.

***Overall Evaluation Result and Comments:*** The overall evaluation result should reflect the employee's rankings in the various sections. Overall comments should reflect the employee's general performance and target achievements based on the last period's action plan.

***Improvement & Training/Development (Section III):*** At the end of this evaluation, supervisors are required to provide goals and objectives for the year which will help enhance the employee's personal development and performance.

***Targets & Objectives (Section IV):*** This part should be completed and agreed by both parties at the end of the evaluation session. Objectives set should be specific, measurable, achievable, relevant and timed. This should be taken into account at the next annual evaluation to be completed concerning the staff member's performance for the period of assessment.

***Recording of Completed Form:*** The original and signed form is submitted to and kept at the HR Department for the employee's file. A copy can be provided to the employee upon request.

### **Rating Scale Guide**

*Supervisors and other evaluators should rate the employee to be evaluated based on the below:*

**(1) Outstanding:** Contribution to the Institute consistently exceeds what is normally expected of the individual and goes beyond what is required of the job.

**(2) Very good:** Frequently exceeds job requirements; all planned objectives were achieved above the established standards and accomplishments were made in unexpected areas as well.

**(3) Meets Expectations:** Performance meets the position's requirements and reflects what is needed of a fully qualified and experienced person for the position. Work does not require significant improvement.

**(4) Needs Improvement:** Performance meets some of the job requirements. However, most key job elements are performed unsatisfactorily. An immediate and sustained improvement in quality and/or quantity of work is necessary. Action plan for improvement is mandatory.

**(5) Unsatisfactory performance:** Consistently fails to meet job requirements; performance clearly below minimum requirements. Immediate action plan for improvement is mandatory.

## Section I

### Employee Self Evaluation

1. **DEFINITION OF JOB RESPONSIBILITIES:** Briefly list your main job duties and responsibilities during the period of assessment
  
2. **TARGET ACHIEVEMENTS:** Describe your overall performance based on your achievements, your targets and job description for the last year.
  
3. **STRENGTHS/DEVELOPMENT:** Describe your strengths and your skills development throughout the year
  
4. **IMPROVEMENT/DEVELOPMENT NEEDS AND PLANS:** Identify the most critical needs for development and responsive suggestions for improvement, including job expansion if appropriate
  
5. **PERFORMANCE FACTORS:** State which organizational or job related factors affect your performance either negatively or positively and why
  
6. **JOB/CAREER GOALS:** Please refer to your job and career aspirations

Signature:.....

Date:.....

**Section II**

**Performance Evaluation**

**Performance Characteristics/ Performance Elements**

*Please circle the rating which corresponds to your assessment*

1. **Job knowledge:** *Level of knowledge, skills and experience related to job requirements*

**Rating:**        (1)    (2)    (3)    (4)    (5)

**Comments:**

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2. **Quality of Work:** *Level of quality delivered of tasks and activities (i.e. neatness, accuracy, clarity, professionalism)*

**Rating:**        (1)    (2)    (3)    (4)    (5)

**Comments:**

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3. **Productivity/Promptness:** *Degree of effectiveness, volume of work provided under normal circumstances and task completion efficiency*

**Rating:**        (1)    (2)    (3)    (4)    (5)

**Comments:**

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4. **Problem Solving:** *Level of ability in analyzing tasks, judgment and creativity in finding alternative and better solutions for the most effective completion of tasks*

**Rating:**        (1)    (2)    (3)    (4)    (5)

**Comments:**

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5. **Organizational/Planning skills:** *Degree of ability in setting priorities effectively towards meeting job requirements and for timely achievement of tasks*

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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6. **Communication skills:** *Level of effective communication both in verbal and in writing. Business writing skills and competency*

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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7. **Innovation/Creativity:** *Level of innovation and creativity brought by staff member when carrying out tasks*

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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### **Behavioural Traits**

1. **Teamwork/Cooperation/Interpersonal Relations:** *Degree of honest interest for his/her fellow employees and their needs, level of cooperation with others in a constructive and professional manner*

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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2. **Accountability/Dependability:** *Degree of independence in taking initiatives, delivering tasks, reliability, trustworthiness, acceptance of responsibility*

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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3. **Flexibility:** *Degree of willingness to contribute in extraordinary tasks and activities, time flexibility*

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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4. **Professionalism:** *Degree of understanding and adherence to professional conduct, punctuality, honesty and trustworthiness*

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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**Supervisory skills (if applicable)**

*Please circle the rating which corresponds to your assessment*

1. **Leadership:** Promoting a productive, creative environment where people strive for quality of service; fostering a commitment in colleagues for achieving organization goals

Rating:       (1)   (2)   (3)   (4)   (5)

Comments:

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2. **Decision Making:** Ability to make decisions affecting the work unit which are timely and reasonable in the light of available facts, circumstances and applicable standards

**Rating:** (1) (2) (3) (4) (5)

**Comments:**

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3. **Policy and Procedure Knowledge:** Knowledge of job procedures, policies and responsibilities, thorough understanding of how to perform regular work assignments and how those assignments relate to other areas.

**Rating:** (1) (2) (3) (4) (5)

**Comments:**

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4. **People Development:** the ability to coach and develop subordinates; enhancing development and ability to contribute more effectively

**Rating:** (1) (2) (3) (4) (5)

**Comments:**

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5. **Evaluating Employees:** Ability and promptness in assessing job performance of subordinates and to provide constructive feedback to the employees

**Rating:** (1) (2) (3) (4) (5)

**Comments:**

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6. **Motivation/Teambuilding skills:** Ability to inspire, encourage and move employees to perform to and beyond work requirements; channelling subordinate efforts towards the accomplishment of common objectives

**Rating:** (1) (2) (3) (4) (5)

**Comments:**

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7. **Delegation ability:** Ability to entrust authority to subordinates enabling them to act on their behalf in carrying out projects or assignments

**Rating:** (1) (2) (3) (4) (5)

**Comments:**

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**Overall Performance Rating** (1) (2) (3) (4) (5)

Note: Considering all dimensions above indicate the overall rating that best describes the employee's performance.

**Supervisor's Comments:**

*Refer to the staff member's general performance and accomplishments based on Section IV (Targets and Objectives-if applicable) of the previous period of assessment:*

### **Section III**

#### **Areas for Improvement**

*List the main areas for improvement for the coming year based on the evaluation for each section*

#### **Action Plan for Improvement and Training/Development**

*Specific Development Plan for improvement and further development.*

**Section IV**

**Targets and Objectives set for next period**

*Objectives and goals set for the year to meet individual/departmental/organizational goals for the year.*

**Comments**

**Supervisor's Comments:**

**Employee's Comments:**

**Comments by the Centre Director/VPR/AVPO/President:**

**Comments by HR:**

**Signatures**

**Employee:**

**Date:**

*I have read and discussed this evaluation with my supervisor and I understand its contents.*

**Supervisor(s):**

**Date:**

# Appendix C

## Performance Appraisal form for Research Staff

### REVIEW FORM FOR RESEARCH SCIENTISTS

Employee name:		Rank/Title:	
Affiliation:		Review Period:	

Activities Report (to be filled by researcher being evaluated)

#### I. Research and Scholarly Activities

For each applicable category, describe accomplishments for the review period.

##### A. Publications in Journals

(Identify by type - refereed, non- refereed, in-print, accepted for publication, in-preparation; please use standard bibliographic form)

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##### B. Books and Book Chapters

Contribution	Citation

##### C. Sponsored Research and Grants

SOURCE	PROJECT TITLE	STATUS	YEARS	AMOUNT
		Currently held		

##### D. Presentations at National or International Conferences

NAME AND DATE OF MEETING	PRESENTATION TITLE

E. Patents, Licenses and Invention disclosures

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F. Collaborative Research Activities

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G. Publicly Recognized Achievements

(Identify by type - e.g., awards, commendations, public lectures, publications about self, etc.)

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H. Other Significant Professional Achievements

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J. Professional Development Activities/Continuing Education

(Include travel for purposes of research or preparation of research work, personal development programs, conferences/workshops attended that aren't listed above.)

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II. INSTITUTE & PROFESSIONAL SERVICE & RELATED ACTIVITIES

A. Institute Committee service

COMMITTEE NAME	ROLE	DATES

B. Professional society activities and national/international service activities

COMMITTEE NAME	ROLE	DATES

C. Peer review activities

Organization NAME	ROLE	DATES

D. Community Service

Organization NAME	ROLE	DATES

E. Other (e.g. industry consulting, advising, board membership)

Organization NAME	ROLE	DATES

III. General Assessment and Self Evaluation.

A. What are your most significant accomplishments for the Academic Year under review, in the areas of Research Accomplishment, and Service?

B. Please list and comment on what you, as a member of the research personnel, believe are the major contributions you have made to the Institute (and to the Center’s goals and objectives) during the past year. (Be as specific as possible. While question A, in this section refers to your individual accomplishments, this question asks about your contributions to the collective excellence of the Institute).

Assessment Report

Please rate performance using the following indicators:

- P = POOR
- S = SATISFACTORY
- G = GOOD
- VG = VERY GOOD
- O = OUTSTANDING

1	KNOWLEDGE	Extent of job knowledge, ability and skills demonstrated as compared with the job requirements, in relation to the duties and experience
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Employee Rating	P	S	G	VG	O
CyI Rating	P	S	G	VG	O
Employee Comments					
Institute Comments					

2	QUALITY OF WORK	Degree of accuracy, and thoroughness demonstrated in work output. Effective output without error.			
Employee Rating	P	S	G	VG	O
CyI Rating	P	S	G	VG	O
Employee Comments					
Institute Comments					

3	PRODUCTIVITY	Level of output attained as compared to the standards or goals established for the job.			
Employee Rating	P	S	G	VG	O
CyI Rating	P	S	G	VG	O
Employee Comments					
Institute Comments					

4	ADAPTABILITY	Ability to adapt to new instructions, changes in methods and procedures as well as level of versatility demonstrated in performing a variety of assignments.			
Employee Rating	P	S	G	VG	O
CyI Rating	P	S	G	VG	O
Employee Comments					
Institute Comments					

5	TEAM SPIRIT	Ability and effectiveness in working with others productively as part of a team.			
Employee Rating	P	S	G	VG	O
CyI Rating	P	S	G	VG	O
Employee Comments					
Institute Comments					

6	COLLEGIALITY	Ability and effectiveness in working with other researchers, administrators and staff as a member of the community.				
Employee Rating		P	S	G	VG	O
CyI Rating		P	S	G	VG	O
Employee Comments						
Institute Comments						

7	INDEPENDENCE	Level of direct supervision needed for the employee to ensure proper performance for the assigned duties.				
Employee Rating		P	S	G	VG	O
CyI Rating		P	S	G	VG	O
Employee Comments						
Institute Comments						

8	ACCESSIBILITY	Level of absenteeism, and availability for tasks related to duties.				
Employee Rating		P	S	G	VG	O
CyI Rating		P	S	G	VG	O
Employee Comments						
Institute Comments						

9	RELIABILITY	Punctuality in working hours. Performance of tasks and duties within assigned deadlines and timeframes. Availability.				
Employee Rating		P	S	G	VG	O
CyI Rating		P	S	G	VG	O
Employee Comments						
Institute Comments						

10	MANAGEMENT SKILLS	Delegation, motivation, foresight, leadership problem solving skills. (Applicable to Supervisory personnel only)				
CyI Rating		P	S	G	VG	O
Employee Comments						
Institute Comments						

SUMMARY AND COMMENTS

Summary

	P	S	G	VG	O
Employee Rating	<input type="checkbox"/>				
CyI Rating	<input type="checkbox"/>				

P = POOR

S = SATISFACTORY

G = GOOD

VG = VERY GOOD

O = OUTSTANDING

Comments

\_\_\_\_\_

Researcher's signature for agreement

\_\_\_\_\_

Researcher's signature for 'seen'

Reasoning: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

Evaluating Committee signatures

\_\_\_\_\_

Center Director's signature

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