EMPLOYEE ATTITUDES TOWARDS PERFORMANCE APPRAISAL SYSTEMS: A GREEK CASE

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Abstract

The purpose of this paper is to estimate the employees’ perceptions of a big Greek corporation, about the upcoming introduction of a performance appraisal system. Two methods are used in order to perform this research. First, an interview with the HR director of the company and second a questionnaire survey on the employees. By combining these two methods the following research question is going to be answered: “Which are the employees’ perceptions for an upcoming introduction of a performance appraisal system?”

The research is conducted in the Greek industry MEL (Macedonian Paper Mills), located outside Thessaloniki. The results of the research show that the organization faced some problems in the past with the HR department and its concentrated functions. The employees of the company are not aware of the organizational goals and targets and are not aware of what a performance appraisal system is. The relations of the employees with their supervisors can be characterized as sufficient at this point. However, this relationship needs improvement. Additionally, enhancement of the role of managers in the organization is needed, in order to have a well-functioning performance appraisal system. Finally, the perceptions and preferences of the employees between financial and non-financial incentives are highly depended on their job position and their educational background. It is also recommended to the company to improve the communication of its culture and create awareness of such systems before and during the introduction. In this way, and by creating an effective reward system that detects also the specific needs for each job position, the company will apparently improve its HR function and its overall performance. Moreover, this paper can inspire other researchers for further expansion of the research on a bigger number of companies of different fields and locations.
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1. Introduction

When management is about to evaluate its employees’ performance, a lot of task should be taken into consideration, such as decisions about promotions and layoffs, pay rates, selecting individuals for the most suitable work and motivate employees to perform their maximum. However, in order to make this judgment monitoring is required; the most common way of achieving this is through a formal performance appraisal system (PAS) (Brown and Heywood, 2005). For this reason, every big organization must apply nowadays in its functions a formal appraisal system. This is the reason that this paper examines a unique Greek case of a big successful corporation that has not applied yet any kind of formal appraisal.

Much of the past research on performance appraisal has been focused on the accuracy and subjectivity of appraisal rating and also on the psychology perspective. However, the last decade, research has moved beyond the limits of psychometrics and moved into the analyses of the social and motivation importance of appraisal (Fletcher, 2001). Recently, more emphasis has been given to the reactions of employees towards appraisal and the social frame in which they occur due to their importance when determining the effectiveness of an appraisal system (Brown and Heywood, 2005). Aim of this paper is to assess the employees’ reactions, perceptions and preferences towards performance appraisal in the organization. More specific, the following research question is going to be examined:

➢ Which are the employees’ perceptions about an upcoming introduction of a performance appraisal system?

Furthermore, in this study are going to be analyzed the employees attitudes of a specific organization. The overall effectiveness and usefulness of performance appraisal system is going to be assessed. Nevertheless, in more detail, are going to
be analyzed the characteristics of the employees of the company and how employees perceive the following:

- Performance appraisal in total
- The corporate culture of the organization regarding performance
- The assessment criteria regarding their performance
- Their relationship with their supervisors
- Their opinion on monetary and non-monetary incentives.

This paper will be conducive first of all for the organization under analysis. For a well managed company performance appraisal should not be seen as a joke, but as a very serious tool that enhances the power of the business (Montague, 2007). For this reason, the present study will help the company to assess its employee’s perceptions and use this information to make the introduction of the PAS more effective and efficient. Additionally, the results of this study can be useful for other similar organizations which are about to introduce such systems and help make the introduction smoother and more successful. The same application could be done from companies that sell and deal with such kind of systems. There is not extensive research on employees’ perceptions before the introduction of such systems and this paper may help future researches to expand this by examining other organizations in different fields and locations.

The way that the research question is going to be approached is as follows. In chapter 2, literature regarding performance appraisal systems is assessed. The research methods are explained in chapter 3. Next, in chapter 4 is provided an analysis of the collected data and in chapter 5 these data are interpreted. Finally, chapter 6 includes the conclusion, an answer to the research question and further recommendations. There, limitations are discussed as well.
2. Literature Review

Performance appraisal nowadays is applied almost from every organization in order to measure and evaluate the job performance of the employees. Behind the use of such systems two main objectives exist for every company. First, is to use the outcomes as an evaluation to help determine rewards and second, to use it as a feedback for detecting training needs and career enhancement opportunities. The goal of performance appraisal is to measure effectively performance, to increase motivation, to enhance productivity and finally to make strategic planning easier (Jackson and Schuler, 2003). For another approach, the purpose of performance appraisal can be characterized by the fact that when it is done positively it can be beneficial for everyone in the organization, both supervisor and subordinate, and the driving force in any situation must be that: “quality feedback improves performance” (Gillen, 1998). Essentially, the aim of such systems is to compare the actual performance of an employee with that desired from the organization.

Globally, for more than 60 years now, performance appraisal is a part of an organizations everyday life and in essence every company applies an appraisal system in their functions (Grote, 1996).

2.1. The Performance Appraisal Systems

2.1.1. The importance of Performance Appraisal Systems

A performance management system must be implemented in almost every company, because it is quite impossible to achieve the desired organizational goals without having an accurate and on-time performance feedback. The absence of such systems makes even more difficult to identify the changes needed (Watkins and Leigh, 2010, p.251). Another reason for introducing a performance appraisal system (PAS) is that, when it is well designed and well implemented, the feedback
that is provided can be usefully used for improving performance. Additionally, such a system helps to achieve organizational efficiency through the motivation of employees by providing them evaluation, development, rewards and promotion (Watkins and Leigh, 2010, p.299-301). In this way both organizational activities and employee competencies are enhanced (Watkins and Leigh, 2010, p.299-301). Furthermore, there is a need of such a system in every large organization in order to be able to evaluate effectively its employees.

As Dirk Grote (1996) notices in his book, performance appraisal is a good, important and necessary procedure and he believes that a good performance appraisal system is the ideal tool to gather all the required information about individuals over a specific period of time. In the research of Thomas and Bretz (1994) are identified the most important reasons for companies to use performance appraisal systems by having as top reasons the improvement of work performance, the administering of merit pay, the counseling of employees about work expectation and the decision making about promotions. In contrast, the least important reasons appeared to be the decision making about layoffs and terminations, the validation of hiring procedures and the assistance in other managerial actions (Thomas and Bretz, 1994).

However, apart from the importance and the reasons why a performance appraisal should be introduced, it be must be taken into consideration when this implementation should take place. The best time to apply a performance management system in a company is when the organizational leaders are ready to fully integrate it into the management functions of the organization. Everyone in the company must be committed to provide every support and all the information needed, because a poor implemented appraisal system can do more harm than good (Watkins and Leight, 2010, p.263-5). Ideally, before the implementation of such a system, an analysis to identify the needs and the gaps that need to be changed should be conducted (Watkins and Leigh, 2010, p.308). Also, some other cases exist, where the company applies informal some components of managing performance and evaluating its employees. In this case, a performance management system will be very useful and will organize and coordinate this effort.
2.1.2. Elements of a Performance Appraisal System

After the analysis of why a performance appraisal system must be introduced and when it’s the right time, the analysis should focus on how this must be done and what reactions might bring about. It is widely known that one of the most difficult and important tasks of an organization it’s the creation of a new performance management system and it needs many months of intensive work, because it is the nature of the system that will affect all the people in the organization (Grote, 1996). The creation, recognition and acceptance of such a system must come from every part of the organization in order to be successful. Everyone must be a part of this process and should support and provide whatever information is needed, from the front-line managers and line managers until the labor force.

Participation in the creation and implementation is one of the factors that affect the reactions and the attitudes of the employees towards the introduction of such systems. Employee’s attitudes and reactions towards performance appraisal are strongly related with how fair or not they believe this process is and in the case that this is positive, the satisfaction of the supervisors is increased as well (Smither, 1998). The degree that an employee has been aware of the processes from the early beginning decreases the possibility of perceiving the system as unfair. When employees perceive that their evaluation is fair, then it is more likely to accept their appraisal with satisfaction and to be motivated in order to increase their performance (Smither, 1998). As it can be summarized, what a fair performance management system can offer is to improve the reactions of employees to appraisal and towards the organization in total, their motivation and performance and in the end the company’s position in future legal challenges to employment (Smither, 1998).

Another way of reacting towards performance appraisal is when people, especially managers, perceive it as an administrative chore. This automatically leads to devoting less time and attention to these processes which in turn will lead to disagreements with subordinates and negative results in the organizational performance (Gillen, 1998). Some factors that cause antipathy towards PAS are ownership, bad news, adverse impact, scarce rewards and personal reflection...
Taylor and Pierce conducted a research upon the attitudes of employees after the introduction of a performance management system and they identified the changes that occurred in the performance. Their results showed significant increases in the organizational commitment and in the cooperation with their supervisors over time (Taylor and Pierce, 1999). On the other hand, dissatisfactions occurred when the appraisal was lower than expected, mostly for high performers (Taylor and Pierce, 1999). Simply, the relationship between an employer and an employee can be characterized as an “exchange” of the time and talent an employee dedicates to the organization with the organizational rewards that he takes (Grote, 1996).

Nevertheless, the reaction of an employee to an appraisal system is affected by what the employee perceives as important from what this system can offer. Based on a Harvard Business Review Article (“An Uneasy Look at Performance Appraisal, D. McGregor), it can be said that performance appraisal has three dimensions, first to provide information about possible increases in pay, promotions, transfers etc., second to inform subordinate about his performance and show the way for improvements and last to offer the foundation for coaching and counseling by the supervisor (Grote, 1996). In other words, the degree of importance of each dimension of the system differs for every employee.

2.2. Financial and non-financial incentives

2.2.1. Non-financial incentives

In large performance management systems many elements are included and these can be categorized as financial or non-financial. According to Taylor and Pierce (1999), the two major components of a performance management system are the performance planning/goal setting and the appraisal rating/merit pay. Goal theory was developed by Latham and Locke who claimed after their research that the level of production can be increased when goals are specific; challenging but reachable; fair and reasonable; people participate in goal-setting; and there is
always the feeling of satisfaction when achieving a goal (Armstrong and Murlis, 2007). Moreover, based again on goal theory, goals are those who increase productivity, because they function as motives and additionally they show what has to be achieved, so in this way employee performance is increased as well (Taylor and Pierce, 1999).

Another theory to support this strong linkage of goal-setting and performance can be found in the model of management-by-objectives. In MBO, every level of the organization, hierarchically, sets specific objectives that must be aligned with the organizational targets and in this way goals are achieved step-by-step by transforming the organizational objectives into an individual’s goal (Price, 2007, p.451-2). Many writers split the orientation of goals in two general groups, the learning goal orientation (LGO) and the performance goal orientation (PGO). The first one refers to goals that are oriented towards the development of competences by handling problems and tasks that never faced in the past (Fletcher, 2001). In PGO the goal is to avoid criticism and hunt assessments that are favorable and you can perform well in order to show the sufficiency of someone’s competence. The advantage of LGO against PGO is that LGO deals with using the feedback provided and self-efficacy as well (Fletcher, 2001).

Performance appraisal primary objective is to assure that every employee’s skill and knowledge is exploited at the maximum. The secondary objective of performance appraisal combine the enhancement of employee-employer relationship, the enrichment of the HR activities in performing key tasks and the motivation of employees to strive for goals that are congruent with the goals of the organization (Arthur, 2008). According to Armstrong and Murlis (2007), a part of the human resource policies is reward management that it is strictly related with the best way that an employee can be motivated in order to achieve higher levels of performance and commitment (Armstrong and Murlis 2007, p. 58-73). Motivation plays the most crucial role in people’s working behaviour.

There are two types of motivation, the intrinsic motivation and the extrinsic motivation. The first way of motivating people has to do with the satisfaction that someone gets by the content of the job. This kind of motivation is self-generated and strongly influences empowerment and engagement. The extrinsic motivation
has to do with the external factors that motivate people, meaning the rewards provided by the organization such as an increase in pay, promotion or praise. The difference between the two types of motivation is that the intrinsic motivation is more likely to be more effective in the long-term. On the other hand the extrinsic motivators are having a strong and immediate effect on people’s performance (Armstrong and Murlis, 2007, p. 58-73). The motivators can be categorized as financial or non-financial. Starting with the non-financial, this category includes the needs, goals, reinforcement, expectations, attribution and self-efficacy (Armstrong and Murlis, 2007, p. 58-73). The non-financial rewards are centralized to the needs that many people have, such as the need for achievement, recognition, responsibility, influence and personal growth. The most powerful of those needs in a person’s working life is considered to be the need for recognition. Non-financial means of recognizing an employee’s efforts and achievements are praise, promotion, delegation of high-profile projects, enlarge of the content of job and several forms of esteem symbols (Armstrong and Murlis, 2007, p. 58-73).

2.2.2. Financial Incentives

As far as the financial rewards are concerned, there are several theories that describe the relationship between motivation and money such as the “economic man” approach, the instrumental theory, the Herzberg’s two factor model, the equity theory and the expectancy theory (Armstrong and Murlis, 2007, p.58-73). The topic of performance-based pay is the most popular in human resource policies and most controversial at the same time, and merit-based systems are widely used as a way to form individual awards according to their performance over a defined period (Torrington et al. 2005, p. 639-40). According to Milkovich and Newman, merit pay is a short-term plan of pay-for-performance, which links the increase with someone’s pay according to the rating that obtained on his performance evaluation. In contrast, there is a negative nature in merit pay systems due to the fact that in reality, merit pay does not improve employee and organizational performance (Milkovich and Newman, 1996). Milkovich and
Newman (1996) believe that even though exceptions always exist, generally relating pay with the employees’ behavior - performance-based pay - leads to higher performance, both organizational and individual. People join and leave firms, are ready to develop their skills more easily, perform better in the tasks and all these because of pay (Milkovich and Newman, 1996). Based on motivation theory, performance-based pay cannot be used as a single motivator in order to increase motivation because it is a complex process and depends on individual needs and objectives, both intrinsic and extrinsic motivating factors, equity and fairness, attributions, self-efficacy and the social context (Armstrong and Murlis, 2007, p. 58-73).

Another different type of irregular payment is the payment that the employer is willing to make and it is not gained from the employee and this is called bonus. The difference of a bonus is that the employee holds no entitlement to the payment and it cannot be guaranteed that it is received as a reward for a specific performance. In the same category it is included also the method of profit-sharing (Torrington et al, 2005, p. 607).

Financial rewards hold a very important position in people’s life, not only because with money they can satisfy a large number of their daily needs but also because it is a tangible way for their work, effort and achievement to be recognized. Additionally, among the employees of an organization, pay when compared with others is a way of providing the feeling of equity and fairness mentioned above (Armstrong and Murlis, 2007, p. 58-73).

Concluding, the most powerful way of motivating employees is the combination of financial and non-financial motivators. Nevertheless, the individual’s needs differ a lot and this is ought to psychological reasons, educational background, experience, occupation and position in the organization (Armstrong and Murlis, 2007, p. 58-73). This is one of the premises of this research, the attempt to identify some of the common characteristics of the employees who prefer to be motivated and recognized with the same type of rewards.
2.3. Research aims

Our literature review has shown that employees’ performance appraisal can improve the company’s overall performance. Purpose of this thesis is to assess employees’ perceptions for the upcoming adaption of a performance appraisal system in their workplace. Additionally, the overall usefulness of such systems is going to be examined. The results of the present research could be used as a useful tool for the company’s management before and during the adaption of the PAS.

3. Research Design

3.1. Approaches of empirical research

The purpose of this paper is to explore the relationships between performance appraisal satisfaction and employee perceptions in the form of work performance, loyalty and rewards. For this reason, and as mentioned before, research was conducted in the big Greek corporation MEL (Macedonian Paper Mills).

The reason that this company was chose is because the case of MEL is unique and attractive. What makes it so unique is the fact that a company with such a long history (since 1964), a size around 220 employees and activities over the domestic market (exports all over Europe), hasn’t applied yet any kind of performance appraisal system in its operations, but it is about to introduce such an appraisal in the near future. For these reasons, the use of performance appraisal is widely used in large organizations (>150 employees) all over the world, including companies in Greece. Greek companies first started to use appraisal systems in the early 1990’s and until now most of the Greek large corporations apply them.
Greek organizations, as mentioned above, started to use such systems only the past 20 years. The results of the PhD research of E. Dimitriadis support that in Greek Industrial Companies is apparent the importance of the human factor in the success of the organization and also the participation of the right HR management in the performance of the companies (Dimitriadis, 2006). This shows, that over the recent years, Greek Industries started to recognize the important role that human resource and performance management play for achieving organizational wealth. Mr. Dimitriadis research, conducted in the majority of Greek Industrial Companies, supports also the results of many other researches that show that human resources represent the major competitive advantage among companies in the same industry (Dimitriadis, 2006). The company on which this research is based, MEL, holds a major position between the Greek Industries and the reasons that still lacks in this area are going to be analyzed below in this paper. The main incentive for this research is the belief that employees’ opinion regarding the appraisal process is critical to the long-term effectiveness of the system.

In order to answer to the research questions, the data for the study was collected in two ways:

1. Interview with the human resource director of the company.
2. Survey: Distribution of questionnaires to the employees.

The purpose of the interview was to fully integrate to the reasons that such a big corporation has not applied yet formal appraisal, which are the implications of that and what kind of appraisal exist in the organization right now.

The survey focused on employees’ attitudes of the Greek corporation Mel (Macedonian Paper Mills). The questionnaires were distributed to the employees by chance. For the research 171 questionnaires were collected from the total 220 employees (77.7%). Our sample is considered to be representative. The questionnaires were distributed either by email or hand by hand. The survey was anonymous. There were no limitations on this research, especially referring to age, working experience or job position.
3.2. Survey

The data that were collected from the questionnaires were numerical (e.g. age) and categorical (e.g. marital status). The questionnaire uses 2 types of closed ended questions, the Yes/No questions and scaled questions (Likert scale). The Likert scale is used to investigate the attitudes of the respondents to a number of statements usually in psychology and social surveys. The advantages of using the Likert is that it is simple to construct (especially for the self-created questions), easy to read and complete, it is likely to produce a high reliable scale and provides more variation responses (Page, 2003). In the end of the questionnaire, the last question is a multiple choice question.

The questionnaire consists of 42 questions in total that are grouped in 7 different parts (see Appendix A):

I. Personal Information
II. General Attitudes to Appraisal
III. Corporate Culture Assessment
IV. Assessment Criteria
V. Supervisor-Subordinate Relationship
VI. Non-Monetary Incentives
VII. Monetary Incentive

The first group of questions (screening questions) has the basic information that characterizes the sample such as: gender, age, marital status, education, years of employment at the company and their job position.

The second group is created in order to check the awareness and the attitudes towards appraisal. The first question is a Yes/No question to identify whether the employees are aware of performance appraisal systems or not. The next two questions are Likert scale questions, with responses from 1-5. These questions are used in order to detect the general feeling about appraisal and employees beliefs about the effectiveness of the upcoming introduction of the system in their organization.
In the third group, corporate culture assessment, an attempt is made to determine how employees perceive the culture of the organization. For this reason, is checked the awareness about the goals, targets and strategies of the organization and the perceptions about “what constitutes good performance” and “how sufficiently employees are recognized” in the organization.

The fourth group about assessment criteria, attempts to check the overall working experience in the organization. First are checked the qualifications that are evaluated in the organization such as: working knowledge, quantity and quality of work, accountability and validity, diligence and accuracy, interpersonal relations, effective use of time and initiatives. Then is checked the performance contribution to several targets and actions. In the end of this section it is asked to the employees to evaluate their own performance at work.

The fifth part of the questionnaire refers to the relationship between supervisors and subordinates. Here are used questions like: “would discussion be a useful tool for you”, “are you getting the expected feedback from your supervisors” and “are you satisfied with the way your supervisor guides you”. The aim of this section is to assess the level of communication between the two parties and identify any problems or gaps.

Continuing, the sixth section is about the Non-Monetary incentives. This group is divided into 3 subcategories: career advancement, training and job security. The reason of using these questions is to identify the importance of each of the subcategories as an incentive for each employee.

Finally, the last section is about the monetary incentives. Then, there are three questions that try to investigate how employees perceive the way the organization acts towards recognition and rewards. Questions like “how fair do you believe is the reward system” and “does bonus improve your performance at work” are used. The questionnaire ends with a multiple choice question regarding the preference of employees between bonus/merit pay and promotion/career development.
The sources for the questionnaire were taken from Grote (1996) and Dimitriadis (2006) (more analytical in Appendix B). Limitations regarding the questionnaire are found in its creation due to the fact that no similar research has been conducted in the past. Extensive research exists on the field of performance appraisal but mostly for identifying attitudes to appraisal after the introduction of the system and not before like the present survey.

4. Data Analysis

4.1. Interview Analysis

In order to analyze the results of the research we need first to understand the model of the company and penetrate into its procedures and policies. For this purpose, an interview with the human resource manager of the firm was conducted. The data collected from this interview are going to be presented as a text in this chapter.

As mentioned before, in this company, no kind of performance appraisal system is applied. Additionally, there is no kind of informal appraisal as well; moreover no kind of bonuses exist. In the past, from time to time and when the company was performing well, the chief director was sharing a part of the profits to his employees equally.

Some of the collected data from the interview refer to the history of the company. MEL is a company that produces and sells cartonboard. The company was founded in Patra in 1964 by Mr. Ladopoulos (manufacturing) and in 1967 the company’s headquarters are transferred in Northern Greece (productive activity).
Back then, it was a very successful corporation that owned one of the biggest plants and was leading the market all over the world. The company was a public property. In 1998 the company went private and its shares were transferred to Mr. Economou, the biggest client and supplier of Mel who found the company with serious financial problems. Nowadays, the company is again one of the main cartonboard producing companies in Europe. From its total production, 60% covers the needs of the Greek market and the other 40% goes to foreign markets. The main characteristic of the product is that its production is highly concentrated and in general the production of cartonboard is concentrated on the hands of a few.

The above information for the company is critical in order to understand the model of management that follows in its practices and the strategy that follows towards its employees. Before its privatization the company was headed by a public sector model of management and the same was applied to its human resource policies. However, after 1998 when the company went private, the same policies were kept and no evaluation occurred in the human resource department. Moreover, the owner and chief director decided to head its company based on a “family” model of management. In a family-run business the controlling interest of the firm is gathered on the hands of a single person or group that can independently place family members on managerial positions or has the authority to control, compensate or dismiss other managers (Zafft, 2002). This single person placed family members in key management positions in order to control every part of the organizational procedures. The chief director knows everything and is involved in every procedure.

As mentioned before, the Greek industries nowadays identify the importance of the HR policies and the human resources as a competitive factor (Dimitriadis, 2006). The reason that this organization still lacks in the HR activities is the fact that the product operates as a monopoly in the Greek market. There is no competitive product or such a production plant in Greece. For this reason, the employees that are specialized, in certain machinery or sales for example, they cannot be a competitive factor as there is no other plant in Greece that needs such kind of employees (as it may happen with other big Greek industries such as milk, aluminum, etc.). As a result, the attention was focalized on the improvement of the product, so to be antagonistic towards the other European competitors, and kept
back the need for the creation of multifunctional HR department. This model itself does not leave space for further evaluation.

The reason that no performance appraisal system is applied yet or no intention to apply it all these years is that there was no HR department to devote time on this. The former HR manager was working for the company since the early 70’s. This kind of HR managers is the old school model, or how the used to call them as personnel officer. They were not aware of the modern role (multi-role) of an HR manager. The 90% of their responsibilities was payroll. No training existed, no guiding and no coordination as in a multi-functional HR department. Only the last 3 years, the departments started to cooperate in order to build the basis for the future application of a performance appraisal system. The HR department, the several managers and an external cooperator started to work on job description, the most important and difficult part of the performance appraisal system. This procedure is estimated to be fulfilled in about 1 to 1.5 years when the complete introduction of the system in every procedure will take place.

4.2. Survey Analysis

4.2.1. Characteristics of the sample

The first part of the questionnaire is composed of 6 questions that refer to personal information. As table 1 shows the size of the sample, or number of respondents, is equal to 171 and it is the 77.7% of the total number of the employees in Mel (220). The majority of the sample is men with a percentage of 85.4% (146) and only 14.6% (25) of the employees are female. The minimum age of the respondents is 19 years old and the maximum is 60 with an average age of employees equal to 39.5. 69% (118) of the sample is married and 31% (53) is single. The majority 52.6% (90) has “high school” as educational background, 15.8% (27) hold a “bachelor degree”, 30.4% (52) responded “other” and only 1.2% (2) have a “master or PhD degree”. The minimum period for an employee in
the company is 6 months and the maximum 37 years with a mean equal to 10.02 and a standard deviation equal to 7.85. This means that 68% of the sample works in the company from 2.17 years up to 17.87 years.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
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<tbody>
<tr>
<td></td>
<td>85.4% (146)</td>
<td>14.6% (25)</td>
</tr>
<tr>
<td>Age</td>
<td>Minimum</td>
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<td></td>
<td>19 years</td>
<td>63 years</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Single</td>
<td>Married</td>
</tr>
<tr>
<td></td>
<td>31% (53)</td>
<td>69% (118)</td>
</tr>
<tr>
<td>Education</td>
<td>High school</td>
<td>Bachelor degree</td>
</tr>
<tr>
<td></td>
<td>52.6% (90)</td>
<td>15.8% (27)</td>
</tr>
<tr>
<td>Years of</td>
<td>Minimum</td>
<td>Maximum</td>
</tr>
<tr>
<td>employment</td>
<td>0.5 years</td>
<td>37 years</td>
</tr>
</tbody>
</table>

Table 1: Characteristics of the sample.

Finally, as figure 1 show, 75.4% (129) of the respondents are “production staff or workers” and in contrast 24.6% (42) are “managerial or administrative staff”.

![Job Position](image)

Figure 1: Job position in the organization.
In the next table (Table 2), it is provided a cross tabulation comparison of the education and the job position of the employees. Some worth mentioned elements is the fact that from the 42 managerial staff 52.3% have a bachelor or higher degree and from the 129 workers only 7 (5.4%) hold a bachelor degree and 122 (94.6%) have high school or other education.

<table>
<thead>
<tr>
<th></th>
<th>Managerial or administrative staff</th>
<th>Production staff/Labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>15</td>
<td>75</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Master or PhD</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>42</td>
<td>129</td>
</tr>
</tbody>
</table>

Table 2: Cross tabulation: comparison of education and job position.

4.2.2. General Attitudes to Appraisal

Starting with the question about the awareness of what a performance appraisal system is, only 48 (28.1%) of the respondents answered positively (Yes) and the rest 123 (71.9%) replied that they don’t know these kind of systems, as it is shown in Figure 2.

![Figure 2: “Are you aware of what a PAS is?”](figure2.png)
To the question “How do you feel about appraisal” the mean of the answers is equal to 3.25 (from a scale 1 to 5) with 11.1% (19) of the respondents replied “negative”, 54.4% (93) replied “neutral”, 32.2% (55) replied “positive” and 2.3% (4) replied “very positive”. Whereas, none of the employees replied that they don’t like appraisal at all, as Figure 3 illustrates.

Figure 3: “How do you feel about appraisal?”

Continuing, as it is shown at figure 4, only 2.9% (5) of the survey participants strongly agree that the introduction of a performance appraisal system will be useful and efficient for the organization, 38% (65) agree, 53.8% (92) neither agree nor disagree, 5.3% (9) disagree and none of them strongly disagrees. The mean of the answers is equal to 3.38.
4.2.3. Corporate Culture on Performance Assessment

To identify the culture in the organization employees were asked for their awareness about the goals, targets and strategies of the organization. As it is shown at figure 5, only 1.2% (2) of the employees “do not know at all” the goals and targets of the organization, 32.2% (55) replied “not very much”, 52.6% (90) replied “neutral”, 13.5% (23) are “aware” of them and 0.6% (1) are “fully aware”. The mean of the answers is 2.8.

Furthermore, 0.6% (1) and 25.7% (44) of the employees strongly agree and agree respectively that supervisors and subordinates in their organization agree on what constitutes good performance. In the same question, 62% (106) replied “neutral”, 11.7% (20) disagree and none of them strongly disagrees. The mean of the responses is 3.15.

The majority of the employees 60.8% (104) agree that in the organization they are sufficiently recognized and rewarded those who do their job well and 11.1% (19) strongly agrees with this perception. 24% (41) replied “neutral” and only 3.5% (6) and 0.6% (1) replied “disagree” and “strongly disagree” respectively. The mean of the answers is equal to 3.78.

Figure 4: “Do you believe that the introduction of a PAS would be useful for the organization?”
4.2.4. Assessment Criteria

The percentages of the responses to the sub-questions of the question “Which of the following qualifications are evaluated in your organization?” are shown in the following table 3.

<table>
<thead>
<tr>
<th></th>
<th>“Strongly disagree”</th>
<th>“Disagree”</th>
<th>“Neutral”</th>
<th>“Agree”</th>
<th>“Strongly agree”</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Working knowledge</td>
<td>1.2% (2)</td>
<td>1.2% (2)</td>
<td>27.5% (47)</td>
<td>62.6% (107)</td>
<td>7.6% (13)</td>
<td>3.74</td>
</tr>
<tr>
<td>b. The quality of work</td>
<td>0.6% (1)</td>
<td>0.6% (1)</td>
<td>34.5% (59)</td>
<td>60.8% (104)</td>
<td>3.5% (6)</td>
<td>3.66</td>
</tr>
<tr>
<td>c. The quantity of work</td>
<td>-</td>
<td>5.8% (10)</td>
<td>41.5% (71)</td>
<td>49.7% (85)</td>
<td>2.9% (5)</td>
<td>3.49</td>
</tr>
<tr>
<td>d. Accountability and validity</td>
<td>-</td>
<td>2.3% (4)</td>
<td>11.7% (20)</td>
<td>57.3% (98)</td>
<td>28.7% (49)</td>
<td>4.12</td>
</tr>
<tr>
<td>e. Diligence and accuracy</td>
<td>-</td>
<td>2.3% (4)</td>
<td>8.8% (15)</td>
<td>52.6% (90)</td>
<td>36.3% (62)</td>
<td>4.22</td>
</tr>
<tr>
<td>f. Interpersonal relations</td>
<td>0.6% (1)</td>
<td>5.3% (9)</td>
<td>24% (41)</td>
<td>33.3% (57)</td>
<td>36.8% (63)</td>
<td>4.005</td>
</tr>
<tr>
<td>g. Effective use of time</td>
<td>-</td>
<td>13.5% (23)</td>
<td>52.6% (90)</td>
<td>32.2% (55)</td>
<td>1.8% (3)</td>
<td>3.22</td>
</tr>
<tr>
<td>h. Initiatives</td>
<td>14% (24)</td>
<td>57.9% (99)</td>
<td>24.6% (42)</td>
<td>2.9% (5)</td>
<td>0.6% (1)</td>
<td>2.18</td>
</tr>
</tbody>
</table>

Table 3: “Which of the following qualifications are evaluated in your organization?”
Additionally, in the next table (Table 4) are summarized the perceptions of the employees on how important they consider their performance contribution to specific targets and actions.

<table>
<thead>
<tr>
<th></th>
<th>“Not important at all”</th>
<th>“Not so important”</th>
<th>“Neutral”</th>
<th>“Important”</th>
<th>“Very important”</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Improvement of individual performance</td>
<td>-</td>
<td>1.8% (3)</td>
<td>24% (41)</td>
<td>58.5% (100)</td>
<td>15.8% (27)</td>
<td>3.88</td>
</tr>
<tr>
<td>b. Increase of productivity</td>
<td>0.6% (1)</td>
<td>7.6% (13)</td>
<td>29.8% (51)</td>
<td>56.1% (96)</td>
<td>5.8% (10)</td>
<td>3.59</td>
</tr>
<tr>
<td>c. Increase of inducement</td>
<td>0.6% (1)</td>
<td>9.9% (17)</td>
<td>25.1% (43)</td>
<td>38% (65)</td>
<td>26.3% (45)</td>
<td>3.79</td>
</tr>
<tr>
<td>d. Determining training needs</td>
<td>0.6% (1)</td>
<td>16.4% (28)</td>
<td>39.2% (67)</td>
<td>19.9% (34)</td>
<td>24% (41)</td>
<td>3.50</td>
</tr>
<tr>
<td>e. Promotions</td>
<td>8.2% (14)</td>
<td>25.7% (44)</td>
<td>32.2% (55)</td>
<td>18.1% (31)</td>
<td>15.8% (27)</td>
<td>3.07</td>
</tr>
<tr>
<td>f. Money reward</td>
<td>3.5% (6)</td>
<td>15.2% (26)</td>
<td>15.2% (26)</td>
<td>27.5% (47)</td>
<td>38.6% (66)</td>
<td>3.82</td>
</tr>
</tbody>
</table>

Table 4: “How important do you consider to be your performance contribution to the following targets and actions?”

Finally, as it is shown at figure 6, none of the employees believes that his/her performance at work is “very bad”, 2.9% (5) of the employees believe that their performance is “bad”, 29.8% (51) responded “neutral”, 60.8% (104) responded “good” and 6.4% (11) responded “very good”. The mean of the responses is 3.7.
4.2.5. Supervisor-Subordinate relationship

As far as the relationship between supervisors and subordinates is concerned, most of the employees, 76.6% (171), believe that it will be useful for them if they had better communication with their supervisor. For the same question, 4.7% (8) of the respondents strongly agrees with this belief, 18.1% (31) replied “neutral”, 0.6% (1) disagrees and none of the employees circled “strongly disagree”. The mean of the answers is equal to 3.85.

Regarding discussion, the majority of the employees, 75.4% (129), agree that it is a useful when comes to performance improvement, 5.8% (10) strongly agrees and 17.5% (30) neither agree nor disagree. Only 1.2% (2) disagree with this belief and none of strongly disagrees with a mean of the responses equal to 3.85.

On the other hand, 5.3% (9) of the employees’ get “very much help” from their supervisor, 56.7% (97) get “some help”, 31% (53) responded “neutral”, 6.4% (11) get “not so much help” and only 0.6% (1) of the respondents get “no help at all”. The mean of the answers is 3.59.

To the question how often do employees get feedback from their supervisors, 1.8% (3) said “never” and 15.2% (26) said “rarely. In addition, 28.1% (48) take
feedback “sometimes” from the supervisors, 52% (89) receive it “often” and 2.9% (5) receive it “very often”. The mean of the responses is equal to 3.39.

Furthermore, 1.2% (2) of the respondents are not satisfied with the way their supervisor guides them, 9.9% (17) declare “not so satisfied”, 33.9% (58) declare neither satisfied nor dissatisfied, 50.9% (87) declare “satisfied” and only 4.1% (7) declare “very satisfied”. The mean of the responses is 3.46.

Concluding with this section, only 1 employee (0.6%) replied that he would not use the feedback to improve his work, 1.2% (2) “disagree” with this belief, 36.8% (63) neither disagree nor agree, 52.6% (90) “agree” and 8.8% (15) strongly believe that they would use the feedback in order to improve their performance at work. The mean of these responses is equal to 3.67. All the above data are presented at figure 7.
4.2.6. Non-Monetary Incentives

Career Advancement

Employees were questioned if they believe that in their organization exist opportunities for advancement in their job and 19.9% (34) of them agreed, 0.6% (1) strongly agreed and 59.6% (102) neither agreed nor disagreed, as it is summarized at figure 8. Meanwhile, none of them believes that there are no opportunities at all and 19.9% (34) disagree with this belief. The mean of the responses is 3.01. Moreover, 43.3% (74) and 5.3% (9) of the employees “agree” and “strongly agree” respectively that opportunities for career advancement would improve their performance at work. None of the respondents declare that they “strongly disagree”, 6.4% (11) declare that they “disagree” and 45% (77) declare “neutral” about career opportunities. The mean of the responses is 3.47.

Figure 8: Career opportunities.
Training

As it is shown at figure 9, the answers to the question about training programs contributing to performance improvement were almost distributed equally, except from the choice “strongly disagree” that no one picked. Analytically, 24% (41) selected “disagree”, 27.5% (47) selected “neutral”, 25.7% (44) selected “agree”, 22.8% (39) selected “strongly agree” and the mean of the answers was 3.47.

![Bar chart showing improvement of performance through training](image)

Figure 9: Training.

Job Security

Half of the employees in the organization, 50.9% (87), feel secure for the job position and 2.9% (5) feel “very secure”, as figure 10 illustrates. On the other hand, 33.9% (58) feel “neutral”, 10.5% (18) feel “not so secure” and 1.8% (3) do not feel secure at all. The mean of the answers is equal to 3.42.
4.2.7. Monetary Incentives

As far as the rewards are concerned, 2.3% (4) disagree on the belief that the organization recognizes those who contribute the maximum, 46.2% (79) replied “neutral”, 49.7% (85) “agree” and only 1.8% (3) “strongly agree”. Additionally, none of the respondents strongly disagrees with the above question and the mean of the answers is 3.5. Continuing, as it is shown at figure 11, 47.4% (81) believe that the reward system is fair, 1.8% (3) believe that it is “very fair” and 46.8% (80) believe that it is neither fair nor unfair. In contrast, 4.1% (7) believe that the reward system is not so fair, none of the respondents answered that it is not fair at all and the mean of the answers is 3.46.

The majority of the employees, 63.7% (109) “strongly agree” that bonuses would improve their performance at work, 32.2% (55) “agree”, 3.5% (6) replied “neutral”, 0.6% (1) “disagree and non of the respondents “strongly disagree”. The mean of the answers is 4.59.
Finally, the overwhelming majority of the employees consider more important for them as a reward for their efforts the financial rewards such as bonuses and merit pay with a percentage equal to 74.3% (127). Figure 12 shows that the rest of the employees 25.7% (44) prefer promotion/career development as a reward for their achievements.

Figure 11: Monetary rewards.

Figure 12: “What would be more important for you as a reward for your performance?”
Moreover, the above findings could be more informative if we combine these with job position. Based on this combination, form the employees that consider bonuses as more important the 7 (5.5% of the employees that chose bonus) belong to managerial or administrative staff and the rest 120 (94.5% of those who chose bonus) belong to the labor force. From those who chose promotion as more important, 35 (79.5% of those who chose promotion) belong to managerial staff and only 9 (20.5% of those who chose promotion) belong to the labor force of the organization, as table 5 illustrates.

<table>
<thead>
<tr>
<th>Managerial or administrative staff</th>
<th>Production staff/Labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus/merit pay</td>
<td>7</td>
</tr>
<tr>
<td>Promotion/career development</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>42</td>
</tr>
</tbody>
</table>

Table 5: Cross tabulation: Comparison of preference on the type of reward with job position.

In table 6, we see a different comparison this time with education. In this table we see that 47.4% (21 out of 44) of those who chose promotion hold a bachelor degree and both (2 out of 2) the people who have a master or higher degree chose promotion as well. Additionally, 92.3% (48 out of 52) of those who have “other” education and (81.1%) 73 out of the 90 that have “high school” education have chosen bonuses as more important as an incentive.

<table>
<thead>
<tr>
<th>Bonus/merit pay</th>
<th>Promotion/career development</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>73</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>6</td>
</tr>
<tr>
<td>Master or PhD degree</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>127</td>
</tr>
</tbody>
</table>

Table 6: Cross tabulation: Comparison of preference on the type of reward with education.
The collected data was analyzed using SPSS PASW Statistics 18. For the interpretation of the results, these data was used in combination with the results from the interview analysis. The results from the analysis are discussed in the next chapter.

5. Discussion

5.1 Characteristics of the sample

The majority of the sample (85.4%) is men and the rest (14.6%) is women. These numbers can be justified by the hard handwork needed in the factory (see Table 1). The average age of the employees is 39.05 years and the standard deviation is 9.78 which shows that 68% of the employees is between 29 to 49 (more in detail from 29.27 to 48.83) years old. The average age of the employees explains also the fact that 69% of them are married. As far as the education of the employees is concerned, only a small percentage equal to 17% (15.8% + 1.2%) hold a bachelor or a master (or higher) degree. The rest 52.6% have the basic education and 30.4% have other education (“other” in this case means either not even high school or a degree of a technician, professional driver, machine operator, etc.). This shows that the majority of the job positions, especially in the factory, do not need high education but specialized workers. Exactly this is confirmed by table 2, where is shown that only 7 employees of the labor force have a bachelor degree and none of them holds a master or PhD. Additionally, figure 1 shows the proportion of the job position within the sample, which is 24.6% - 75.4% managerial staff and production staff respectively. The proportion
can be considered to be normal, functional and efficient as the majority of the employees compose the production plant force.

The average years of employment in the company are 10.02 and based on the standard deviation, 68% of the employees work for the company from 2.17 up to 17.87 years. This is the first example that highlights the “family” model situation in the corporation which tends to keep its employees loyal and creates life-lasting relationship with its employees. Many of the employees were there before the privatization of the company (1998) and still work in the corporation. A remarkable element is the “oldest” employer of the company who works there 37 years, 5 years after the start up of the company. This tendency to keep employees at the company for so many years and not bringing new fresh talents might be one of the reasons which did not let the company to evaluate its HR practices.

5.2 General Attitudes to Appraisal

In order to fully understand the perceptions of the employees about appraisal we need to know their awareness towards it. The majority of the employees (71.9%) do not know what a performance appraisal system is (see Figure 2). This percentage sounds normal if we take into consideration that most of them are workers with low educational background. Furthermore, as mentioned before most the employees work many years for the organization, which means that they have few or none past experience in other companies (which might have applied appraisal systems).

Continuing, most of the employees feel “neutral” (54.4%) and others (32.2%) feel “positive” about appraisal (see Figure 3). Additionally, 53.8% and 38% of the employees replied “neutral” and “positive” respectively to the question about the usefulness of the introduction of a PAS to their organization (see Figure 4). The reasons that we see this indifference and a slight likeness towards appraisal are the same mentioned before about awareness. But what should catch the attention here,
is the fact that the non-awareness for such systems and their effectiveness can lead to bad results during and after the introduction. Such numbers indicate that the awareness of the employees towards these systems should be increased and they should be educated about it before and during the introduction.

5.3 Corporate Culture on Performance Assessment

Every organization has its own unique identifying culture (Buhler, 1993). In order to identify how well this culture is communicated, the employees were asked about their awareness regarding the goals, targets and strategies of the organization. The results indicate that over half of the employees (52.6%) answered “neutral” and 32.2% “do not know” the goals and targets of the organization. The mean of the answers is 2.8 which shows again that the majority of the respondents is between 2-“do not know them” and 3-“neutral”. This is a negative element for the organization. An understanding of the corporate culture is vital if the organization and its human resources want to prosper (Buhler, 1993). It shows a lack in the communication of the culture from the managers to their subordinates, from the top to the bottom.

The questions about “what constitutes good performance” and the “relationship between supervisors and subordinates” indicate also the culture and the communication inside the corporation. Here, the results are slightly better. The mean of the answers is 3.15 which indicate that the majority of the employees feel “neutral” about this matter, neither agrees nor disagree. This result combined with the next result to the question about “how sufficiently are recognized those who do their job well” improve the scene between the organization and its employees. The mean of the answers to this question is 3.78, with 60.8% of the employees agreeing that the organization recognizes those who do their job well (see Figure 5).

Therefore, on the one hand the employees are not fully aware of the organizational goals; on the other hand they feel satisfied with the way their work
is recognized, even though there is absence of a formal reward system. The cultural values are expressed through the reward system (Kerr and Slocum, 1987). The linkage between corporate culture and the reward system is strong. A reward system defines the expected contribution from the employees to the organization but also shows the values and beliefs in which they must harmonize and incorporate themselves (Kerr and Slocum, 1987). Based on this and on the research results, it is identifiable that there is plenty room for improvement and the creation of a reward system will be more than useful. Concluding, when the organizational culture is fully communicated to its employees, a sense of identity with the company is provided to them and gives them also an overall objective (Buhler, 1993).

5.4. Assessment Criteria

In this sub chapter, an attempt is made to assess how employees perceive their overall working experience in the organization. The analysis is based on which working qualifications they believe are evaluated by the organization, as demonstrated in table 3. By comparing the means for each sub-question, “Diligence and accuracy” (mean equal to 4.22) are the qualifications that most of the employees “agree” and “strongly agree” that are evaluated in the organization. “Accountability and validity” (mean equal to 4.12) and “Interpersonal relations” (mean equal to 4.005) are also highly evaluated. “Working knowledge” (3.74), “Quality of work” (3.66), “Quantity of work” (3.49) and the “Effective use of time” (3.22) are qualifications that are considered from the employees to be like basic or typical. Only for “Initiatives” (2.18), more than half of the respondents (57.9%) do not believe that are evaluated by the organization. These results are considered to be normal and logical, if someone takes into consideration the nature of most of the jobs. Diligence and accuracy in a work, inside a factory over a machine, are very important and this is what characterizes a qualified worker. In
contrast, initiatives are not something that is evaluated in such kind of jobs because the job tasks are highly specialized and one mistake can cost a lot.

Continuing, the employees were asked in which targets and actions they consider their performance contribution to be important. By looking on the responses (Table 4), the means were from 3.07 to 3.88, which shows that the majority of the answers were between 3-“Neutral” and 4-“Important”. But with a closer look on the results, we can identify some elements worth mentioning. Such elements are the improvement of individual performance and the increase of productivity; that for both of them more than half of the respondents, 58.5% and 56.1% respectively, consider that their performance contribution is important. For the rest actions or targets the answers are spread between the scales of importance among the employees. This can be justified from the high diversification among the job positions in the organization. Other jobs consider inducement more important, others need training in order to develop. For others, their performance contribution is more important in order to take a promotion or monetary rewards. In this organization, there are numerous job positions that show evidence for the above tendency, especially in the factory which has high job specialization. For example, in the production area there are specialties like processing operators, stokers, preservers, electricians, processing foreman, guards, storekeepers, forklift operators, drivers, trimmer operators and many others.

Finally, 28.9% of the employees rate their performance at work as “neutral”, 60.8% rate it “good” and only 6.4% rate is as “very good”, as presented at figure 6. These data indicate that there is still room for improvement. The 28.9% of the employees that rate their performance as “neutral” is sufficient to show that their job tasks, or what makes their performance at work high, are not clear enough.
5.5. Supervisor-Subordinate Relationship

Regarding the relationship of supervisors and subordinates in the organization, data from the respective sub-chapter are going to be analyzed (summarized data at Figure 7).

The majority of the employees (76.6%) believe that it would be useful for them if they had better communication with their supervisors. This is a rational result, taking into consideration that none of the employees “strongly disagrees” and only 1 (0.6%) disagrees. So, the vast majority agrees that better communication with the supervisor is always useful and efficient for both sides. It can lead to better outcomes that will benefit the overall performance of the organization.

Along with the previous results, the same outputs are identified about discussion. Again, the majority (75.4%) of the employees agree that discussion would be useful for them in order to improve their performance. Also the means for the two questions are the same, so employees see discussion as a useful tool as well.

On the contrary, around half of the employees (56.7%) get some of the necessary help from their supervisors and only 5.3% of them get a lot of the expected help. One disappointing element is that 31% of the respondents feel “neutral” regarding the necessary help that they should get from their supervisors. Almost the same answers were given for the expected guidance that their supervisors provide to them. Half of the employees (50.9%) claim satisfied but 9.9% are not so satisfied and 33.9% are neither satisfied nor dissatisfied.

Continuing, some elements worth mentioning are how often do employees get feedback and if they believe that they would use this feedback in order to improve their performance. Half of the employees (52%) said that they take feedback “often” but what is noteworthy is that 3 (1.8%) employees replied “never” and 26 (15.2%) replied rarely. On the other hand, 61.4% (52.6% + 8.8%) of the employees claimed that they would use their feedback in order to improve their performance. A quite big percentage of the sample (36.8%), neither agrees
nor disagrees with this belief. This result indicates ignorance of how useful feedback can be and they way that it can be used in order to improve performance.

All the above indicate gaps that should be filled between supervisors and subordinates and their overall communication. However, the perception of the employees about the relationship with their supervisors tends to be positive.

Additionally, employees need to be educated about the importance of feedback and how they can use it effectively. Moreover, supervisors also need to learn how to guide their subordinates more effectively and provide them with the feedback they need. In order this to be done supervisors must have a clear and straightforward role. As mentioned before, this organization, due to the strategy that follows, does not allow to supervisors or managers to perform their duties and restricts them within limits. In a family-run business model supervisors find difficulties when it comes to firing or penalizing a low-performer subordinate who is a child, relative or under the protection or the orders of the owner (Zafft, 2002). Cases exist where managers found themselves incapable of performing basic tasks of their job due to these restrictions that come from the model itself. When the business grows there is a need of capable and experienced managers that cannot be found inside the family (Zafft, 2002). There is a point when the owner-chief executive cannot perform everything by himself and cannot control every part of the organization, especially inside the plant area where the hierarchy is complex. At that point, hiring outside managers becomes obligatory and there is a risk of harming the company, if there is not sufficient monitoring and motivation towards that person. (Zafft, 2002)
5.6. Non-Monetary Incentives

Career advancement

In order to check if career opportunities are part of the incentives of an employee, we need to check first if career opportunities exist within the organization. To this query, almost 60% of the respondents replied “neutral”, which means that neither agree nor disagree or they are just indifferent towards career opportunities. As it can be seen from figure 8, 19.9% of the employees disagree and the same percentage agrees. This indicates that about all the responses are equally spread around the mean which is 3.01 -“neutral”. These results are justified from the many job positions that this company has. Every specialty has its own needs and its own opportunities for further advancement. As an example, the nature of the job for a truck driver or a trimmer operator does not give the same opportunities for advancement as for someone who works in the chemistry department or in the sales department. Based on this, it is normal to have these different perceptions and to see so high percentage of “neutral” that comes especially from job positions like those which cannot have clear career opportunities.

Still, around half of the employees (43.3% and 5.3%) “agree” and “strongly agree” that career opportunities would improve their performance at work. What is noteworthy here, is that only 11 (6.4%) of the respondents disagree with this belief indicating that the majority recognizes the importance of career advancement as an incentive at their jobs.

Training

As far as training is concerned the answers of the employees are split between 2-disagree and 5-strongly agree (see Figure 9). None of the employees replied “strongly disagree”. The reason that the responses are distributed between all these choices is again due to the many different job positions. Every specialty has different training needs and some others don’t have any.
Job Security

Job security is also an important control variable. More than half of the employees (50.9%) feel secure about their position in the organization. However, 33.9% of the respondents feel “neutral” about this matter (see Figure 10). Still, there is space for improving these percentages. What a performance appraisal system could do is to create a feeling of security for those who do their jobs well and lower the security feeling for those that know that they are not doing their work well.

5.7. Monetary Incentives

Concerning rewards, half of the employees (49.7%) believe that the organization recognizes those who contribute the maximum and the rest of them (46.2%) neither agree nor disagree (see Figure 11). Approximately, the same responses were given when questioned about the fairness of the reward system where 47.4% believe that it is fair and 46.8% feel neutral about its fairness. It is very important for the organization that these percentages (of the employees that feel neutral) to be improved. As mentioned before, reward systems are connected with corporate culture. The reward system is a robust tool that can influence corporate culture, by using it to achieve control towards the behaviors and attitudes of its employees (Kerr and Slocum, 1987). The employees need to accept the reward system and perceive it as fair in order for the whole appraisal system to be accepted and in the end to be successful. Besides, the effectiveness of the reward system affects the relationship of supervisors and subordinates. In several companies, that already applied appraisal systems, one of the biggest problems, is the conflicts between appraisers and appraises, when the subordinate does not agree with his evaluation. Apart from this, reward systems can enhance the already weak role of managers in this organization. Reward systems are powerful mechanisms that managers can use in order to communicate to their subordinates
the appealing attitudes and behaviors (Kerr and Slocum, 1987). After the introduction of the PAS the existing way of giving rewards to the employees will become more formal, more clear, more understandable and more fair. The employees will know exactly what tasks they should perform and the targets that need to achieve in order to gain rewards.

The importance of rewards, and especially of a money reward like bonus, is apparent in the next result. 63.7% of the employees “strongly agree” and 32.2% “agree” that bonuses would improve their performance at work. The mean of the answers to this question is 4.59, meaning that it is between 4-“agree” and 5-“strongly agree”, certifying the importance of bonuses as an incentive for improving performance. At the same time, it is increased the responsibility towards the company on how these bonuses should be managed.

Concluding the discussion part, the employees were asked to choose what is more important for them as a reward, bonuses or promotion. The majority of the employees (74.3%) prefer to be awarded for their performance with bonus/merit pay and the rest 25.7% prefer to be awarded with promotion/career development (see Figure 12). To analyze more in depth this result a crosstab analysis was conducted to compare the preferences on rewards with the job position of each of the respondents (see Table 5). The majority (35 out of 42, 83.3%) of those who hold a managerial or administrative position chose promotion/career development as a preference for their reward. On the other hand, only 9 out of the 129 (6.9%) production staff chose promotion and the rest prefer bonuses. Moreover, a comparison is made between these preferences and the educational background (see Table 6). Here, most of the employees that hold a bachelor or higher degree chose promotion as their preference between the two. In contrast, the majority of those who have “high school” or “other” education prefer bonuses.

From the above results, it is clear that the preferences among the employees have to do a lot with their position and also with their educational background. A managerial or administrative position gives more opportunities for career advancement. Moreover, the person who works in such positions has higher education than that from a worker inside the factory. The educational background plays a very important role in such decisions. For example, a worker with low
educational background cannot have the same job aspirations with an employee at the administration offices. Furthermore, workers are more interested for some extra money once in their salary. They do not care so much for a better working position or maybe they do not understand that this better position will lead eventually to an increase in their salary as well. On the contrary, for an employee that belongs to managerial staff and due to his/her education, it is among his/her targets and aspirations to climb in the job hierarchy and achieve a better job position through promotion. To conclude, providing information for promotion and salary increases and improving the current performance are some of the reasons why performance appraisal systems are so valuable (Montague, 2007).

6. Conclusion and Recommendations

6.1. Conclusion

Macedonian Paper Mill has never had a formal performance appraisal. The reactions of the employees are pure attitudes towards appraisal. Moreover, they represent employees’ perceptions for a system that are not aware of. These two factors make this case study and its results unique. Below in this chapter an answer to the research question, “Which are the employees’ perceptions for an upcoming introduction of a performance appraisal system?”, is provided.

It is observed in this research that in this company the employees are mostly men, with an average age around 40 and with low educational background. These data combined with the many specializations in the factory, are considered to be sufficient and effective taking into account the nature of the work. Another tendency that is observed is to keep the employees for many years in the organization. The company creates a life-time relationship with its employees.
This policy is explained if we take into consideration the “family” model of management that this company follows. On the one hand, this policy helps to increase the loyalty and commitment of the employees towards the company. On the other hand, creates barriers for further evaluation of the company. This happened especially to the HR department that kept the same practices since the start up of the company. Mel did not enrich the HR tasks with functions vital for the organization, such as training, seminars, job evaluation etc.

Furthermore, the present research shows that the majority of the employees is not aware of what a PAS is. An encouraging thing is that employees do not negatively evaluate appraisal and the introduction of such a system in the organization. Either they feel positive or neutral, mostly due to their ignorance. Regarding corporate culture, the results are negative. Most of the employees are not aware or replied “neutral” about their awareness of the goals, targets and strategies of the organization. The results are better when it comes to the evaluation of the climate and communication within the corporation. The employees are pretty satisfied with the communication and with the way the company recognizes their efforts. Still, there is plenty room for improvement in this field and the introduction of the PAS will help in this direction. Moreover, the employees believe that what is mostly evaluated in their work is “Diligence and Accuracy”. The least evaluated qualification, according to employees, is “Incentives”. Additionally, employees believe that their performance contribution to the “improvement of individual performance” and the “increase of productivity”, are considered to be more important. These results show that the company has well communicated to its employees which job tasks are most important. As mentioned before, the target of the organization used to be just the improvement of the product and the increase of the production volume. By having these goals, the company has well communicated to its employees the importance of diligence and accuracy in such a specialized job, where every mistake inside the factory is costly. But as far as their individual performance is concerned, the majority of the employees perceive it as good. This shows that there is room for improvement, as the performance of an employee should always be at maximum (“very good”), especially when it is the employee who evaluates himself.
Currently, the relationship between supervisors and subordinates in the organization can be characterized as sufficient. However, employees believe that it would be useful for them if this communication was improved and enriched with discussion. Based on the results of the survey regarding feedback, there is a gap between supervisors and subordinates that needs to be filled before the introduction of the PAS. Also, the limited role of managers and supervisors in “family” run businesses must be taken into consideration. Based on the interview analysis, it is identified that the owner/chief executive deals with every aspect of management. This situation blocks managers from performing all the tasks of their position. Managers should get insight into different jobs, enhance better working relationships and communication. (Montague, 2007)

Regarding the non-financial incentives, as it was expected, employees believe that there are not many opportunities for career advancement but if they exist, this would improve their performance. About training needs, employees’ perceptions are split; this is justified from the numerous different job specialties in the factory. Room for improvement exists also for the feeling of job security.

Employees agree or feel neutral with the way that the organization recognizes their efforts and its fairness. From the survey, the importance of financial rewards like bonuses for the improvement of employees’ performance is also clear. Finally, the majority of the employees in the company prefer their efforts to be recognized with a financial reward. However, after in depth analysis of this result, research reveals that employees’ preferences between financial and non financial rewards have to do a lot with their job position and with their educational background. Highly educated managerial staff prefers promotion/career advancement, whereas lower educated workers prefer bonuses or merit pay as reward.
6.2. Policy Recommendations

Based on the research results, it first can be noticed that the introduction of a PAS in this organization will be very beneficial and effective. This will change drastically the way the organizations functions in several fields. The first recommendation for the company is to keep the current role of the HR department that applied modern HR policies in recent years. Furthermore, they should try to adjust the older employees to this way of managing human resources. The second recommendation is to create awareness about the PAS to all the employees, before its introduction. This is very crucial for a successful adaption and for further efficiency of the system. A performance appraisal system is effective when it helps to achieve organizational goals and by developing the communication between the employees. (Montague, 2007)

Third, the organization must increase the awareness of the employees about its goals, targets and strategies. This will make easier and smoother the introduction of PAS and afterwards the system itself will help to increase this awareness. The best organizations create performance appraisal systems that fully support their goals and link the system with their mission and vision, with their organizational strategy and with their values. (Montague, 2007)

The introduction of a PAS is strongly recommended for another reason as well. A system like that will enrich the role of managers and supervisors in the organization, which has been weakened due to “family” governance. The organization must keep the advantages of a family-run business, like the loyalty between organization and employees, and let back the practices that do not leave room for further development. Additionally, the organization must focus on the detection of training needs because, as mentioned before, due to the several specialties employees of this organization have different needs and preferences. Finally, the organization must pay attention to the creation of a formal reward system in order to increase its perceived fairness, set clear targets for the employees and in this way make their achievement easier.
6.3. Further Research Recommendations

The present research analyses the employees’ perceptions towards appraisal before the introduction of a performance appraisal system in a single company. The results of this research, even though valuable, cannot be considered as valid for every organization. Further research can be performed to other companies and in different locations to certify the research results. Moreover, additional research can be performed in the final outcome of the present study, the employees’ preferences on the type (financial or non) of the rewards. Analysis can be performed on the criteria on which people choose. This will be a useful tool for companies in order to create the right reward packages for the right type of employees. Also the usefulness of a PAS towards this direction can be assessed.

6.4. Study Limitations

As every research, this paper has its own limitations as well. The first limitation of this research is, as mentioned before, the fact that the research was conducted in only one company. For this reason, it cannot be stated that the results are valid for every organization. Another limitation of this study was the limited given time for the completion of the work. This led to a more limited data analysis instead of a more advanced type of analyzing data, like a regression analysis.
References


Appendix A

Research Project:
“EMPLOYEE ATTITUDES TOWARDS APPRAISAL SYSTEMS: A GREEK CASE”

Eleni Toukmenidou
Student of the International Hellenic University
Department of M.Sc. in Management
Questionnaire

The anonymity of the participants is assured.

Dear participants,

Your participation in my research is of great importance not only for me but for everyone, as the final target is to identify the attitudes of the employees towards the appraisal of their performance and more specific towards the introduction of a performance appraisal system. Application on a Greek Industry.

THANK YOU IN ADVANCE
FOR YOUR PARTICIPATION, HELP AND SUPPORT AT MY RESEARCH
I. Personal Information

1. Gender
   - Male
   - Female

2. Age: _________

3. Marital Status
   - Single
   - Married

4. Education
   - High School
   - Bachelor degree
   - Master / PhD
   - Other

5. Years of employment: __________

6. Job Position: _______________________________________

II. General Attitudes to Appraisal

1. Are you aware of what a performance appraisal system is?
   - Yes
   - No

2. How do you feel about appraisal? (Circle from 1=don’t like them at all to 5= very positive)
   
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3. Do you believe that the introduction of a performance appraisal system will be useful and efficient for your organization? (Circle from 1=strongly disagree to 5=strongly agree)

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III. Corporate Culture Assessment

1. How well aware are you about the goals, targets and strategies of your organization? (Circle from 1=not at all to 5=very much)

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2. In your organization supervisors and subordinates agree on what constitutes good performance? (Circle from 1=strongly disagree to 5=strongly agree)

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3. Employees who do their job well are sufficiently recognized and rewarded for their achievements? (Circle from 1=strongly disagree to 5=strongly agree)

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IV. Assessment Criteria

1. Which of the following employee qualifications are evaluated in your organization? (circle from 1=strongly disagree to 5=strongly agree)

   a. The working knowledge (knowledge of the obligations and responsibilities of the position)
      1  2  3  4  5
   b. The quality of work (accuracy, completion and correctness)
      1  2  3  4  5
   c. The quantity of work (volume of the work accomplished during the day)
      1  2  3  4  5
   d. Accountability and validity
      1  2  3  4  5
   e. Diligence and accuracy (compliance in working hours)
      1  2  3  4  5
   f. Interpersonal relations (communication and cooperation with coworkers)
      1  2  3  4  5
   g. Effective use of time
      1  2  3  4  5
   h. Initiatives (development of key processes at work)

      1  2  3  4  5

2. How important do you consider to be your performance contribution to the following targets and actions? (circle from 1=Not important at all to 5=Very important)

   a. Improvement of individual performance
      1  2  3  4  5
   b. Increase of productivity
      1  2  3  4  5
   c. Increase of inducement
      1  2  3  4  5
   d. Determining training needs in your organization
      1  2  3  4  5
   e. Promotions
      1  2  3  4  5
   f. Money reward
      1  2  3  4  5

3. How would you rate your performance at work? (Circle from 1=very bad to 5=very good)

      1  2  3  4  5

V. Supervisor-Subordinate Relationship

1. Do you believe that it would be useful/helpful for you if you had better communication with your supervisor? (Circle from 1=strongly disagree to 5=strongly agree)
2. Would discussion be a useful tool for you in order to improve your performance? (Circle from 1=not useful at all to 5=very useful)

3. Are you getting the expected help from your supervisors? (Circle from 1=no help at all to 5=very much help)

4. Does your supervisor offer you feedback regarding your performance? (Circle from 1=never to 5=very often)

5. Are you satisfied with the way your supervisor guides you? (Circle from 1=not satisfied at all to 5=very satisfied)

6. Do you believe that you would use your feedback to improve your work? (Circle from 1=strongly disagree to 5=strongly agree)

VI. Non-Monetary Incentives

1. Career Advancement:
   1.1. Do you believe there are opportunities for advancement in your job? (Circle from 1=strongly disagree to 5=strongly agree)

   1.2. Do you believe that opportunities for career advancement (promotion) would improve your performance at work? (Circle from 1=strongly disagree to 5=strongly agree)

2. Training
   2.1. Do you believe that training programs or seminars in your field would improve your performance at work? (Circle from 1=strongly disagree to 5=strongly agree)

3. Job Security
   3.1. How secure do you feel about your position in the organization? (Circle from 1=not secure at all to 5=very secure)
VII. Monetary Incentives

1. The reward system recognizes those who contribute the maximum for the organization. (Circle from 1=strongly disagree to 5=strongly agree)

   1    2    3    4    5

2. How fair do you believe is the reward system to those who achieve the target set by the organization? (Circle from 1=not fair at all to 5=very fair)

   1    2    3    4    5

3. Do you believe that bonuses/merit pay would improve your performance at work? (Circle from 1=strongly disagree to 5=strongly agree)

   1    2    3    4    5

4. What would be more important for you as a reward for your performance between the following:

   - [ ] Bonus/merit pay (financial)
   - [ ] Promotion/career development (non-financial)

THANK YOU!!!
## Appendix B

### Sources of the Questionnaire

<table>
<thead>
<tr>
<th>Question</th>
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<tbody>
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<td><strong>I. Personal Information</strong></td>
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<tr>
<td>1-Gender</td>
<td>Dimitriadis (2006)</td>
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<td>2-Age</td>
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<td>3-Marital Status</td>
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<td>4-Education</td>
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<td>5-Years of employment</td>
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