



Master Dissertation

**The Adoption of Employee Performance Appraisal Systems
and their Effectiveness in Corporate Greece**

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Abstract

The aim of this work is to examine the effectiveness of human resource practices applied in modern organizations focusing on the adoption and the implementation of employee performance appraisal systems. The study presents two subsidiaries of large multinational companies with a long history in the market and strong Human Resource Management. Both companies are located in Thessaloniki and have been rewarded as Best Work Places in Greece. The results of the study indicate that effective performance appraisal systems are based on the strategic objectives and goals of each organization. Moreover, the role of the managers and the establishment of specific standards as well as the giving and receiving feedback are crucial for achieving employee motivation and development for the organizations' benefit to respond to the challenges of today's marketplace.

1. Introduction

Since early 90's there has been a noticeable tendency for launching new journals and university courses in the domain of Human Resource Management and its impact on organizational performance. Nowadays, organizations face challenges in the management of human resources as it is affected directly by globalization and the change of workforce composition (Mathis and Jackson, 2008). Today's global business competitive environment is characterized by new compounds such as outsourcing, high technological development, workforce mobility, culture difference issues, ageing and retirement as well as high workplace diversity issues. To face these challenges organizations have been downsized, delayed and decentralised (Wilkinson, 2004) and the emphasize has been put on flexibilization of the workforce and on promotion of teamwork along with adopting new managerial initiatives such as total quality management, lean production and performance management (Redman and Wilkinson, 2009). According to Armstrong and Mitchell (2008), the most successful companies are those who manage to integrate their overall plans to those that focus on recruiting and keeping their employees. This indicates the importance of people management practices in modern organizations in order to face the competitive business environment and to achieve high company performance.

The implementation of employee performance appraisal has become a vital element of the Human Resource Management constituting an important tool for assessment and improvement of the employee's performance. There have been numerous academic studies as well as electronic bibliographies with more than twenty publishes per month dealing with performance appraisal system. However, what was deducted from the researches is that the right tool for the practical implementation of the research is still subject to doubts and debates as such studies have not yet managed to determine the real dimensions of performance appraisal practice application in organizations (Redman and Wilkinson, 2009).

In the business community, performance appraisal has been more widespread in Western countries adopted by large and medium-sized companies. The UK has also shown an increase in the use of formal performance appraisal practices, initially in the industrial sector and later on in the public sector. In eastern countries such as China, India and Japan, the formal option of employee assessment has only recently become

common practice for the companies. However, mainly due to the expansion of large US companies to Europe and later to other countries, the adoption of performance appraisal systems was easily spread on to other nations. However various problems concerning its effectiveness and usage couldn't be totally avoided.

This is the reason why performance appraisal remains a critical management activity having a direct impact on employees' pay increases, promotions, terminations, training and career development. Its definition lies in the fact that it is a vital element of companies' strategic management objectives. It is a process that typically takes place once a year or once a quarter and reveals employees' strengths and weaknesses through analyzing individual job performance. In its course, employees' engagement and loyalty are highly correlated with appraisal practices which are measured according to the basic performance standards to ensure the employees are well aware of what is expected of them. This is implemented through various stages such as goals setting, measurements and assessment. The attainment of specific, measurable and tangible goals increases employees' desire for achieving higher performance, (at the same time inciting them to be constantly checking with their progress and the "distance still to be covered until the finish") (Cascio, 2003). Stone (2008) emphasizes that the more properly the performance improvement is evaluated, the more effective the feedback received is, due to which the employees are encouraged to set still higher goals in the future.

In addition to an effective performance appraisal system, the role of the manager is crucial as there are specific guidelines that have to be followed in order to protect employees' personality and feelings. Solid preparation of the manager before the interview, knowledge about each employee's individual job performance as well as his support and involvement towards the employee during the discussion are vital for the effectiveness of the performance appraisal process.

The main goal of the study is to determine the key factors that constitute effective employee appraisal systems which could become a model for the Human Resource managers in Greece to follow. Thus this research focuses on the factors that constitute an effective employee performance appraisal system and the way companies adopt this bundle of practices. The study will determine the impact of performance appraisal's participation on a number of personnel actions which are promotions, training, salary increases, layoffs and terminations (The Blackwell encyclopedia of Management,

2005). It should be noted that so far the distance between the research and practice has not been clearly defined by the studies so the effectiveness of performance appraisal systems still remains subject to further investigation. For this reason this study tries to tackle this issue by examining two companies that both belong to large multinational Groups. Coca Cola Hellenic and Leroy Merlin Hellas were decided to be the case studies for the research. This study was done with the view to determine whether these two particular companies use appraisal practices in their strategic planning and objectives setting in order to match their appraisal system to the organization's strategic goals and to achieve its highest performance. The analysis of these two companies is really worth studying as both organizations have been recognized and awarded as Best Working Places in Greece thus offering two brilliant samples for study and analysis.

Chapter 2 presents the literature review on performance appraisal systems and their role in modern organizations, Chapter 3 explains the method that was used for the research, Chapter 4 and 5 analyze the empirical findings of the two companies study and Chapter 6 draws the main conclusions.

2. Literature Review on Employee Performance Appraisal Systems

2.1. Performance Appraisal and its Role in modern organizations

Performance appraisal is a part and parcel of organization's strategic management and important tool used for recruiting, selecting, training, developing and rewarding employees as well as for planning their career growth, establishing industrial relations and providing them with other benefits such as safety and sanitary well-being. Moreover, it helps to highlight the issues that both managers and employees have to pay more attention to, it determines roles and responsibilities and as a result helps to improve performance. Next, performance appraisal protects the organizations from individuals who legally challenge management decisions with claims for promotions, transfers, payments, and termination (Stone, 2008).

Nowadays performance appraisal is more popular in Western countries. As surveys reported, its popularity in the US increased from 89% in the mid of 70's to 94% by the mid of 80's, supported mainly by the large and medium sized companies (Redman and Wilkinson, 2009).

There's been also similar increase in the numbers in the surveys on the UK and by now it's become a common practice to use performance appraisal systems in other eastern countries such as China, Hong Kong, Japan, Africa and India. Moreover there have been many academic studies based on performance appraisal while over 20 articles monthly appear in the electronic academic press (Redman and Wilkinson, 2009).

Based on UK market, performance appraisal plays an important role in financial services and lately, it has gained relevance for the public sector. It is widely used in schools, hospitals, universities, local authorities, etc. It is worth mentioning that appraising is not applied only to the middle layer of organization hierarchies, but as an IRS survey has shown, 39% of performance appraisal is applied to every employee and its application showed an increase of 75% after five years. Nevertheless, there are still limitations regarding the public sector as the IRS survey found only 17% of public organization using performance appraisal to every employee (Redman and Wilkinson, 2009).

However, there are many ways of performance appraisal practices and the way they should be done. Based on Bernadin's, Kanes' and Pillanova's arguments there are some

basic instructions that have to be followed in order for an organization to succeed in creating an effective appraisal system which are as follows:

- 1) precision in defining and measuring performance appraisal,
- 2) relying on internal and external customers data in the process of evaluation
- 3) formal approach to the investigating process and correction of the effects of situational constraints on performance (Bernardin, 2010).

Moreover, an appraisal system requires the involvement of managers, employees, HR professionals, as well as internal and external customers in the process of decision making about the measurement content, measurement process, rating errors control, in defining the rater as well as the ratee, and finally about the administrative characteristics. The basic of the appraisal system is set by the strategic planning and objectives of the organization and its details are reviewed in order to achieve an appraising system designed in accordance with the overall goals of the organization (Bernardin, 2010).

There are also different tools for appraising employee performance in order to meet organization's strategic business objectives as well as the evaluation purposes and to be consistent with the culture of each company (Mathis and Jackson, 2008).

These systems are:

1. the ranking: the manager evaluates person's performance compared to others, classifying the results on a "the best" to "the worst" scale,
2. the grading: employee's performance is matched with specific levels such as superior, good, acceptable, marginal and unsatisfactory,
3. the graphic scales: evaluating performance by using a specific characteristic or behavior of the employees,
4. the critical incidents: illustrating if employee performance is effective or not,
5. the behaviorally anchored rating scales (BARS): which combine the traditional rating scale and critical incidents method,
6. the behavior observation scales: using critical incidents to create a list of the desired behaviors,

7. the essay description: a written statement describing an employee's strengths, weaknesses, performance and development created by the rater,
8. the management by objectives (MBO): specific goals are set with each employee and then the progress is occasionally reviewed,
9. the balanced scorecard: evaluating employee performance in four basic areas which are people, internal operations, customer satisfaction and financial,
10. the workplace surveillance: monitoring employee performance and behavior through specific equipment (Stone, 2008).

For the implementation of performance appraisal systems there are many developments which have both broadened the range and increased the number of appraisers while at the same time enhanced the managerial control and the exploitation of performance appraisal power to the maximum through upward appraisal, peer evaluation, evaluation of the subordinates, use of external customers and the 360° appraisal (Redman and Wilkinson, 2009).

Upward appraisal was more common in US and was transferred through mother companies to the UK operations and then to other UK companies requiring an anonymous questionnaire in order to avoid employee worries about providing honest feedback regarding managerial performance. Moreover, the evaluation can be applied by the immediate supervisor who has the knowledge of the job, the performance standards that are must be met and the performance of the individual employee. Another type is peer evaluation and it is commonly used by organizations whose employee total quality management concepts and teams are subject to peer pressure which is the key for performance improvement (Stone, 2008). The role of peers is necessary for some jobs as using a number of colleagues can supervise reliably the whole team (Cascio, 2003). Another possible type of rating is the subordinates' evaluation of which favours immediate supervisor's development, because the subordinates know very well to what extent the supervisors are capable of delegating, what is their way of communication, what type of leadership matches them most, and finally, what is the way they work, plan and organize. The type of rater that has collected the highest number of arguments in the literature is very probable to be the self-appraisal. They are useful in appraisal interviews when there is a need of improving

the ratee's motivation and reducing her or his defensiveness (Cascio, 2003). In some other situations where consumers can offer to individuals or to organization services a unique approach on job performance, evaluation is implemented by "customers served". For instance, Cascio (2003) mentions some examples, such as bank customers, clients of a brokerage house or citizens of a local police. Finally, another system with the term 360° expresses the holistic approach of feedback derived from a consolidated rating from peers, subordinates, supervisors and customers. Toegal and Conger (2009) comment that 360° appraisal is moving away from a managerial development tool and goes towards a broader organizational role (Redman and Wilkinson, 2009).

Drotter with Ram Charan and Zames Noel adopted the Leadership Pipeline model to performance appraisal process that enables people in large companies to accumulate skills and experience and tackle bigger and more complex assignments. In many decentralized organizations, the hierarchy of managerial takes the form of six career passages or pipeline turns. The pipeline is bent in six passages and each of these represents a different level of leadership and consists of major events of a leader's life (Charan et al., 2011). By the exploitation of the content of these passages in combination with the challenges involved in order to make these transactions, it is a unique opportunity for the organization to build a Leadership Pipeline and as a result a leadership culture which is the key for the organization to respond to changes and threats in the business environment (Drotter and Charan, 2001). Each passage requires high managerial skills, time application and work values as the higher the passage level the more demanding it becomes. These passages are:

1. Managing self to managing others.
2. Managing others to managing managers
3. Managing managers to managing a function
4. Functional manager to business manager
5. Business manager to group manager
6. Group manager to enterprise manager

The advantage that this model offers and other models lack of is that leadership pipeline diagnoses and troubleshoot potential problems at the level they occur, while it assesses precise skills, time applications and lacking values. Finally, one of the unique abilities of this model is that "taggs" people who have been promoted too quickly and

have not yet the requisite experience causing problems to the organization (Charan et al., 2011).

2.2. Employee Performance Appraisal and its effectiveness in an organization

Performance appraisal is based on the theory that organizational objectives are achieved through the individual effort of employees. Consequently, performance appraisal can be realized as an overall measure of organizational effectiveness. Moreover, through performance appraisal the employees' work performance can be improved by helping them realize and use their full potential in carrying out the organization's full potential and as a result in carrying out organization's objectives (Segaran, 1999).

Performance appraisal is a critical management activity due to the fact that managers are always observing and judging employee behavior and activities and as a consequence has a direct impact on the employee's pay increases, promotions, demotions, terminations, training and career development. This is the reason why organizations are constantly searching for more effective ways of appraising performance. A recent example is Microsoft's where its controversial forced-distribution system was dropped after numerous complaints from supervisors and their subordinates. Another example is Ford's highly controversial system which replaced the older one as it resulted in high ratings and its data indicated that there were almost no ineffective workers (Bernardin, 2010).

In order organizations achieve an effective performance management, Stone (2008) emphasizes in the dynamic form of performance appraisal which refers to employee growth, development and the setting of new goals. The main characteristics of dynamic performance appraisals are the establishment of goals, the performance feedback and the performance improvement. With good performance improvement an effective feedback can be achieved as it is necessary for a goal setting program to help employees see how they perform and as a result allows them to set new goals in the future. Moreover, goal setting is vital for performance improvement, as the employee can understand and is challenged of what is to be achieved.

Newell and Scarbrough (2002) analyze the main purposes of the appraisal process starting with those that give the opportunity to managers and employees to discuss

about the latter's' progress deciding mutually any improvements that can be made in order to perform more effectively. Another purpose is that the employees have the opportunity to predict their future capabilities regarding the level and the type of their work. Lastly, the above purposes are connected with a third one, that of reward which seems to be the most important from the side of employees.

From the side of HR managers, there are some basic researched-based guidelines that have to consider in order their companies achieve effective performance review discussions. First of all, problems that arise should be discussed as problems and in any case as criticisms, because only with the manager's support can lead to problem solutions and consequently to employee improvement. Secondly, during the evaluation the personality of the employee should not be touched and the employee should be encouraged from the manager to talk. As a result to this discussion, specific performance objectives should be set and things that can be changed as feedback is more effective for behaviors that the employee can really change. Last but not least, it is very important during the discussion the manager not to show positional authority, but the discussion should be held on "neutral ground". This enhances effective talk without judgments and promotes problem solving and mutual goal setting (Stone, 2008). Through this kind of dialogue, power differences are not an issue which gives to the employee the right to express his views about his goals and the ability to take further responsibilities (Schneider and Barsoux, 2003).

In order performance appraisal discussions become effective Stone (2008) explains that there must be three main factors to accomplish this process:

1. The knowledge of the manager regarding the employee's job and performance
2. The support of the manager to the employee
3. The degree of manager's involvement of the employee in the discussion.

Potential absence of one of the above factors may have negative results in the quality of the performance appraisal interview and on its ultimate value because through the discussion between the supervisor and the employee mutually review about the employee's responsibilities is applied, they both examine the employee's performance, they mutually explore what each can do in order to ensure performance improvement

and finally they mutually review employee's short term and long term goals (Stone, 2008).

2.3. Critique of Employee Performance Appraisal

Due to the fact that initially performance appraisal processes were very common only in the United States and some other countries, through multinational companies these processes were transported for use in other countries that caused problems on its effectiveness and usage. This happens because in some countries and cultures people are not familiar with the fact that managers rate employees by giving them direct feedback, mainly in cases where some points mentioned are negative. Moreover, in other cultures employees may receive performance appraisal as a criticizing process rather than a vital tool indicating development needs. Regarding some Eastern European countries, Mathis and Jackson (2008) claim that performance appraisal process may has not been fully adapted yet or maybe is not yet used in global settings.

Based on Carroll and Schneier's (1982) research, performance appraisal was found to be as the most disliked managerial activity. Moreover, Redman and Wilkinson (2009) note the critics of performance appraisal arguing that it is an expensive tool, it causes conflicts between the appraisers, has limited value because its use contributes very little to the strategic management of an organization. James Adonis, manager consultant, in his article notes that performance appraisal is a time consuming process and when it is time for the annual review managers and employees get defensive (James, 2006). Worth mentioning is also Dr Culbet's article that performance review does not improve straight-talk relationships but it is a cause of morale at work, damaging communication and teamwork (The Wall Street Journal, 2008). However, an appraisal system cannot really work due to the inappropriate managers of conducting performance appraisals.

3. Methodology

Since the purpose of the research is to examine not only the way large organizations exploit performance appraisal practices, but also to examine the significance of the factors that affect the organizations' overall effectiveness and how it can be adapted to the modern business community, qualitative research was decided to be the preferable technique. As the research focuses on the examination of employee performance appraisal systems, it is necessary to obtain a complete picture of the entire situation by examining a real life example. The investigation of an organization is necessary for the identification of all the potential interactions between all the variables in a real-life setting (Hair et al, 2007). The case of the research is instrumental as it will be used to illustrate a specific issue of the company's practices (Miller and Salkind, 2002). In this case, quantitative research would not be appropriate enough because qualitative method allows the research to explore in depth the main factors that were not be easily spotted by previous studies.

Since the data used for the research are qualitative, it would be most appropriate to select two case studies in order to be able to ensure the authenticity of the results by means of comparative analysis and by offering an insight into the issue of the research (Miller and Salkind, 2002). For this reason, two organizations were carefully studied in order to illustrate different approaches, those of Coca Cola Hellenic and Leroy Merlin Hellas. Due to the application of this method considerable quantity of information can be collected which in its turn allows the investigator to retain the holistic and the most meaningful characteristics of real life events (Yin, 2003). The analysis is based on investigating the employee performance appraisal system of the two companies, focusing on the factors that make it being effective and adaptable in each organization (Hair et al., 2007).

Both organizations are subsidiaries of multinational companies operating throughout Europe and America. Coca Cola Company operates worldwide and the number of its employees amounts to more than 130.000 people (The Coca Cola Company, 2011). The mother company of Leroy Merlin Hellas is Group Adeo and it is also expanding worldwide and engages more than 60.000 employees (Leroy Merlin Hellas, 2011). Regarding the Greek region, and especially the factory in Thessaloniki, Coca Cola Hellenic employees come to 288 people (Coca Cola Hellenic, 2011) while the store of

Leroy Merlin located in Thessaloniki employees 260 people (Leroy Merlin Hellas, 2011). Both companies are worth being compared and investigated on the subject of Human Resources as they have been both rewarded as Best Work Places in Greece, which has been a substantial foundation for choosing them for the particular study.

Due to the fact that the research had to deal with complex and sensitive issues, an interview was chosen as the most appropriate tool for collecting data. Face-to-face interviews which enable the researcher to get both verbal and visual feedback were still more recommendable (Hair et al., 2007). During face-to-face interviews, the information gathered is more likely to be correct in comparison with that collected by means of other techniques applied, since the interviewee can explain each answer, even the inaccurate one to the interviewer, thus eliminating any chance for inadequate or irrelevant data inflow. Moreover, face-to-face interviews also allow to achieve the best quality information as an experienced interviewer can create a relaxed atmosphere in which the interviewee would also feel relaxed and under no constraint to provide the necessary relevant information (Patton, 2002).

Being still more precise, the interviewing methods used for the particular research are the in-depth open-ended interviews that include open-ended questions about people's experiences, feelings, responses, perceptions, opinions and knowledge (Patton, 2002). Semi-structured interviews in the form of a sequence of predetermined questions were prepared for each interviewee, as well as some anticipated questions which were supposed to enhance the flexibility in the discussion and to result in improving and supporting the findings of the research (Hair et al., 2007).

In the beginning of the research the background of the two case studies was analyzed was used as secondary data because the company's history, culture and strategic objectives are highly correlated with the selection and the implementation of the performance appraisal system. The information about the two companies was collected from the official websites and from the annual reports of each company. At the following stage, four interviews were conducted. The two of them were conducted in Coca Cola Hellenic Thessaloniki in July 2011 and the other two took place in Leroy Merlin Hellas Thessaloniki in August 2011. The appointments took place in the companies' offices where there was plenty of additional material available which enabled the interviewer to gather still more information for the benefit of the research.

For each company the first interview was decided to be taken from a Human Resource Manager and the second one from an employee in order to be able to investigate and compare the opinions and the knowledge of the different levels of the organization, that is of those who conduct the employee performance appraisal system and those who follow and implement its process and purpose. HR managers were decided to be the two of the four interviewees as they're seen as the key persons who participate in the performance appraisal process and have the knowledge about the key factors that lead to the selection of each appraisal system, who can explore the factors that make it effective and who can find their right application for the benefit of the organization and its employees.

For Coca Cola Hellenic Thessaloniki, the managerial side was represented by Christos Dedousis, HR Manager Assistant and the employee's side accordingly was represented by Kosmas Sofronidis, Sales Manager. Initially, Coca Cola Hellenic was approached by a formal e-mail asking for cooperation and explaining the purpose of the research. After the mail of acceptance an appointment with the HR Manager was arranged. Finally the interview was taken from the HR Manager Assistant due to high time pressure of the former. For the employee interview HR Manager Assistant gave permission to take interview only from the managerial staff.

For Leroy Merlin Thessaloniki, the first interview was taken by Filippos Antonaras, HR Manager. The first contact with the HR Manager was established directly through telephone and consequently an appointment with Dimitris Faleggos, Department Manager was arranged.

The data from the four interviews were tape recorded under the permission of the interviewees. The duration of the interviews taken from the HR Managers was about an hour while the employees' interviews lasted for 30 minutes. To be more exact, it was 30 minutes for Kosmas Sofronidis of Coca Cola and 25 minutes for Dimitris Faleggos of Leroy Merlin.

However, literature analyzes some other potential problems that can be caused by the interviews, such as for example in the case where interviewers are not prepared properly. In this situation the results are likely to be inaccurate and incomplete. Moreover, a personal interview can take much longer time than telephone interviews, so if it's supposed to be conducted at a particular time it can be a hindrance to the whole

procedure (Miller and Salkind, 2002). One of the disadvantages of the study can be focusing on general information and lack of some specific orientation that could affect the results comparatively to those that could be obtained through specific interview forms and be sent by e-mail. Another issue can be the fact that two companies are a small sample to speak for the whole business community in general. For this reason the results of the current research are subject to and at the same time an incentive for other future researches.

4. The case of Coca Cola Hellenic

4.1. Company Background

Coca Cola Hellenic started its operations in 1969 and now is one of the largest bottlers and vendors of the Coca Cola Company's products in the world and the largest based in Europe because of its unique portfolio of brands and mix of geographies making the company leader in the alcohol-free beverage industry. The company conducts operations across 28 countries and has its headquarters in Athens and recently listed in Athens, New York and London stock exchange (Coca Cola Hellenic, 2011).

Company's mission is first of all, to refresh its consumers, to partner with its customers, thirdly to reward its stakeholders and finally to enrich the lives of local communities. All these are implemented in combination with keeping strong commitment to sustainability policies that company has developed by respecting the environment, providing support to its employees, promoting equality in the workplace and finally, to protect its stakeholders and consumers (The Coca Cola Company, 2011).

Moreover, Coca Cola Hellenic has a corporate vision of achieving excellent partnerships with its customers and high satisfaction of its consumers. Secondly, the company wants to have excellent availability, affordability, acceptability and activation through the development of excellent people, the explore of new opportunities and the continuous optimization of its cost to serve. All the above in order to be achieved have to be in harmonization with the sustainability of the business, the communities that operate and the world in general (Coca Cola Hellenic, 2011).

The Coca Cola plant in Thessaloniki was founded in 1971 employing 388 people and is the trade center of Macedonia and Thrace supplying them with seven products which are Coca Cola, Coca Cola Light, Sprite, Fanta Orange, Fanta Lemon, Tuborg Club Soda and Tuborg Tonic Water (Coca Cola Hellenic, 2011).

4.2. Business imperatives and employee performance

Today's marketplace is characterized by complexity and dynamism due to the fact that retail landscape is ever-changing, customer demands are increasing as they need higher services and consumers are seeking for higher level of variety in the products. For this reason, Coca Cola Hellenic is continuously evaluating the way it operates and does

business aiming to achieve profitable and sustainable growth (Coca Cola Hellenic, 2011).

The company lies its success in large part on its labor force with its high experienced management team and the professionalism of its 44.500 employees. This is achieved by paying high attention to recruiting capable staff and by providing them with high level training and development practices. Coca Cola Hellenic is characterized by its people as people-intensive business, focusing on the skills and putting great emphasis on employees' motivation. The company has designed strong strategies in order to retain and develop the best people that are able to help the organization meet future challenges and goals (Coca Cola Hellenic, 2011).

4.3. Employee Performance Appraisal System at Coca Cola Hellenic

4.3.1. *The rationale of Coca Cola Hellenic's System*

Employee Performance appraisal practices have some specific ways that have to be implemented in an organization which are based on Bernardin's, Kane's and Pillanova's theory (2010). Coca Cola HBC insists on the implementation of correct and consistent performance standards because they cultivate a high performance culture and contribute in the continuous success of the organization (Guide of Performance Appraisal System, Coca Cola Hellenic). Christos Dedousis explains the importance of a holistic appraisal system:

“We in our company, say that the performance appraisal system is a holistic process through which the company develops and retains its organized effectiveness for the accomplishment of its mission and strategic goals.”

Kosmans Sofronidis also mentions about performance appraisal's importance:

“Because there must be a comparative level in order to be able to measure the performance of every employee. Complexity has played a very important role in this, but most important is that everything nowadays has to be measurable in any job and position.”

The above also agrees with Bernardin's theory (2010) that the starting point of the appraisal system is the strategic plan and objectives of an organization and Mr Dedousis argues:

“In 2004 our strategic goal was the Olympic Games. Today, in 2011, our strategic goal is the survival of the company in a period of crisis. It is a big contrast, so if I do not fit the logic of the evaluation in the strategy and follow and remain in the logic that in 2004 I was evaluating my people with that particular strategy that included different commercial policy, different goals and other market data, where the market had totally different dynamic and apply it today I would fail!”

Mr Dedousis also explains the importance of designing a system consistently with the overall goals of the organization mentioning the following example:

“To apply the L.P.I. we had to work many years before its application. I was witness of two workshops in Vienna in order to see the implementation of this system and try to find more ways in order to improve it. Regarding the key result areas, to balance the standards, etc. the conversation reached all the country managers. I am telling you this to imagine how much attention we pay to these things. We had our own research, their proposals, we matched them and we have this system. We did not take Drotter’s system because it was ready. We needed years of work in order the model takes today’s form.”

For the creation of an appraisal system the involvement of some specific people of the company is crucial in order to decide about the measurement content and process, the control of rating errors, to define the rater and the ratee and the administrative characteristics. Bernardin (2010) mentions the managers, the employees, the HR professionals and the internal and external customers. In the question of who are the people that participate in the process, Mr Dedousis mentions:

“Everyone! And only the participation as ratee in this process you contribute strongly. Regarding the managerial, in this process the heads of each department contributes and then the central HR that collects the given data in country level and then by analyzing the need of each country and then from all these companies of each country to be able to find the right person for a specific position in a specific country.”

In Coca Cola’s appraisal process customers are not involved in it and Mr. Dedousis explains:

“No, this system does not have such a part (of customer participation) because this is an evaluation for the internal environment. This is about an employee evaluation beginning from the last hierarchically to the highest level. Everybody follows the same process.”

4.3.2. Adopting Coca Cola's Performance Appraisal System

Coca Cola being aware about the contemporary, dynamic and customer-centric environment of the market has managed to develop a holistic Employee Performance Appraisal System that will give to its people the proper tools and the energy to be responsible for their performance and achieve extreme results (Guide of Performance Appraisal System, Coca Cola HBC). Mr. Dedousis supplements:

“It is a matter of a need of the companies in knowing the real performance of their employees and because they really care about the development of the companies in a long term perspective as through them a real development of the company can really exist.”

And continues:

“If we really care for our company's workplace to have progress and development performance appraisal can have only advantages which are very important. These can be objective development, better place to work, direct, right and more realistic view of all the people's and environment's needs, such as cognitive items, defining new ways of development, experience, training needs.”

The system is called L.PI. (Leadership Pipeline) and Mr. Dedousis claims that is applied from the birth of Coca Cola Hellenic in Greece, since 1970, taking some basic standards from the mother company saying:

“From the birth of the company, during 70's taking some standards from the mother company and then 3E company when became strong and organized decided to make its own steps that of course will allways follow the standards of mother company.”

Mr. Dedousis wanted to explain the reason of selecting this specific system, claiming that:

“ Because it was a natural development through the needs that were raised for the company itself. I could only characterize it as a natural development based on the needs that the company has today.”

Kosmas Sofronidis explains it similarly:

“through performance appraisal you detect the weaknesses of your employees in order in the future your team can perform better. And this is the reason why all this process is applied so many years now! And this is the culture of our company. This can only be built and is not an obligation or demand.

Coca Cola pays high attention to its labor force focusing on skills and on employee motivation. This is the reason why the company implements high strategies on developing its people in order to be able to help the company meet future goals and challenges.

More specific details come from Mr Dedousis' words:

“The fact that all these years has managed to retain its high level with such market shares and by the fact that company owns its managers and their growth not by making “headhunting” from the market-we do not reject it- but in very big amount develops and creates managers from its internal workforce. For example, country manager of Russia was working some years ago as market developer of Thessaloniki!”

Drotter's model refers to organizations that want to assess, develop and enable their own leadership talent in the company at every level (Charan et al., 2011).

“The Leadership Pipeline model used to have five basic key areas but we divided two of them. For example, people development is included in Leadership, but due to the fact that we emphasize very much on People development-here is the culture!-we have them separated because it helps the head officer for his own good and for the good of his team as well! It is good for the employee too, because it has to do with his individual growth and the perspectives he has in the future and the leadership wants to show if during his

work life the employee has some samples of leadership for a further leadership level.”

In order to examine if a company has developed a Leadership Pipeline model and a leadership culture has to develop the six career passages that Drotter and Charan have created in their model. (Drotter and Charan, 2001) Indeed Mr Dedousis has been referred to these passages in his words below:

“The difference of this model is that it does not separate levels, positions or leadership levels. So, in answer to your question, there is a form based which the employees are evaluated in the seven key areas mentioned above and there are some standards for each key area regarding the managerial level. The employee is just “manage self”, the boss of this employee is again “manage self”, the director is “manager of managers” and so on.”

The key result areas based on the passages mentioned above are referred by Mr. Dedousis:

“This method has some specific tools and these tools are the sheets that I have in my hands right now. These have to do with the overall evaluation that comes through other basic elements which are: management, financial result, people development, relationship, growth and innovation, corporate responsibility and leadership.”

Drotter mentions that the main advantages of the Leadership Pipeline model are the diagnosis of potential problems at the level they occur while at the same time assesses precise skills, timeliness and lacking values (Charan et al., 2011). Mr. Dedousis mentions on that:

“ So, I have the key result areas and some specific standards. I take these standards which have to do with quality and quantity. Has the employee reached his goals? The decision comes with the manager if the employee is not yet full, full or exceptional. Full performance shows that you have reached all of your position’s requirements. If others are lower than this level, then there is a problem. The model’s philosophy is that we secure a professional environment with continuous positive performance.”

Finally, the main advantage of the Leadership Pipeline model is that “taggs” people who have been promoted too quickly. Mr. Dedousis is referred to this ability with an example:

“no one can accuse you about being a director without really deserving this position! And if this happens, this director is not going to move further because due to our system he will not be able to cope with the demands of his job.”

Despite the fact that employee performance appraisal selection has to be compatible with the strategic goals of each company, Bernardin (2010) mentions six basic criteria that are suitable in every organization which are quality, quantity, number of units produced, timeliness and cost effectiveness. The Performance Appraisal System of Coca Cola Hellenic has five criteria describing the characteristics of goals. These are:

1. Specific, which means that specific results have to be accomplished during a specific period
2. Measurable, which is a ratio that shows the improvement and that attainment of goals
3. Achievable, where the goal is attainable and agreed
4. Relevant, ensuring that the goal is related to the employee’s job
5. Timed, where goals are achieved within the definite time.

Depending on the needs and the culture of each organization different systems are used to measure employee performance. The system of Coca Cola uses the grading system that Mr. Dedousis explains that the gradation is: not yet full performance, full performance and exceptional and says an example of discussion between the manager and the employee:

“The head officer Mr. Vranis says that the employee has completed the report of the year with success but is “full performance”. Here the employee comes and says that “No, I believe that I am “exceptional””. But Mr. Vranis says that you are “full Performance” because three times I had complaints for the central offices for you because you did not follow the deadlines. And then the employee replies that “I have evidence that at that specific period I was assigned to do this and this and this by you and that is why I could not respond to the deadlines” .

And then Mr. Vranis accepts that he had forgotten this fact and corrects the “full performance” to “exceptional”.”

One of the appraisal purposes is the employee feedback as it promotes personal and career development. As Bernardin (2010) explains: “supportive feedback can lead to greater motivation” and the discussions after the feedback can have as a result employee satisfaction about the process. It is very important for employees to know the results of their performance in order to follow corrective courses of action and set new goals in the future. Mr. Dedousis describes the following example:

“For example, in my case, at the P.D.F. (Performance Development Plan) process my evaluation is going to be made by the person who is one level higher than me and another person to levels higher than me. In this process I do not know the results. They both decide about my overall picture of my performance and then my boss comes and gives me the feedback presenting my P.D.F. explaining my position as full performance or exceptional and for example tells me that I am very close to reach my promotion, etc and we will have to focus on some basic things arranging a mid year review whenever we believe that you are going to reach some new goals.”

When Mr. Dedousis was asked whether their employees are satisfied with the performance appraisal process, he mentioned that the company has made some research about it:

“Not only about performance appraisal, but generally about their engagement. The factory of Thessaloniki has 92% engagement to the company. 92% of our employees feel engaged, “owners” of the company. We do not have a specific index, but have specific guidelines to do the researches. Imagine that we did the research about the professional environment by providing named questionnaires, we sent them and each employee completed the form and sent it back to us. Only this fact shows the commitment to the company.”

In order to justify his opinion stated above, he continues:

“There is no doubt that performance appraisal is an additional work for them, but until now the culture and employee’s position is widespread within the company that: “Ok, whatever it is, we need to do it!”. The most important is that

from the first to the last hierarchically employee, they all know that is a very important tool for their improvement.”

On this point Mr. Sofronidis refers to an example:

“And if they (employees) see all this process positively they appreciate it and moreover, do things in order to improve. But I mention it again that all this has to do with the culture: how people have learned to operate in a specific environment. It is very important. If you see the public sector in Greece and you try to apply the performance appraisal process you will fail because this only can be built and it needs time. It is not a rapid decision that can fit from the next day to an organization.”

4.3.3. Employee Performance Appraisal at Coca Cola HBC and its effectiveness.

Managerial Practices

Stone (2008) explains the main factors that give ultimate value to the whole evaluation process. These are the knowledge from the side of the manager regarding the employee’s job, the support of the employee and thirdly the involvement of the manager in the employee’s evaluation. The manager also has to be prepared properly before the meeting with the employee and opinions should be mutually expressed. In the following lines Mr. Dedousis shows this relationship between the manager and the employee during the interview:

“Each employee has his own file which includes all these evidences. We meet and take the seven key areas, specific standards for each area and to make an example”

And then he adds his comments on that:

“there is a mutual discussion with documents and evidences and as a result there are not going to be any doubts or disputes between them. Finally, the harmonization, the strategic goals and the company’s vision and the key result areas that have been divided to seven, match with the goals of each department and job.”

Finally, the system of Coca Cola Hellenic has developed some specific guidelines (Guide of Performance Appraisal System, Coca Cola Hellenic) in order to protect the personality of each employee, problems not be discussed as criticisms and an effective discussion that promotes mutual problem solving and goal setting should be achieved. These are the following:

1. For substantial evaluation long period has to pass in order repeated behaviors to be identified and analyzed.
2. The evaluation criteria have been developed in order to achieve higher accuracy and more complete approach in the performance evaluation process.
3. The evaluation is based on the judgment.
4. The judgment is based on evidence.
5. The leaders should focus on the research of reliable evidence supported by specific examples in order reliability and justice is secure.

Setting of Goals

Higher employee performance can be achieved when specific goals are being set. In case of Coca Cola Hellenic, the definition of the goals is the first step of the annual performance appraisal process. It is a process in which the direct manager and its employee agree about a range of measurable responsibilities and expectations that have to be implemented within specific period. The individual evaluation will be measured based on these goals. Mr. Dedousis explains:

“From the workshops’ decisions each manager has specific standards, but these are just the guides, they do not make copy-paste! These standards are agreements between the boss and the employee. The secret for both sides to be immunized is that there is a big change: every boss is called to bring the results through his people. He does not bring them on his own. Fortunately we are not in the periods anymore when the manager says things on his own and the employees were obliged to implement it.”

Kosmas Sofronidis on this part sets his view:

“You measure employee performance, secondly you record it and the most important that you set goals, where you want to be and what to achieve. In a company that performance appraisal does not exist, when you start at that company you know where you are at that moment and then what you want to achieve in the future, independently the position you are. But these goals have to be measured, and then by building gradually these goals to see how far you can go.”

Mr. Dedousis also mentions:

“Finally, the harmonization, the strategic goals and the company’s vision and the key result areas that have been divided to seven, match with the goals of each department and job.”

The targets of each employee are established based on the needs of the company for the specific year. Mr. Dedousis was asked if due to the financial crisis the targets were limited for this year and applied:

“ No, they are not. They just have changed and remodeled. Every goal is mutually decided by the boss and the employee”

Performance Appraisal Outputs

1. Training and development

Coca Cola pays high attention to recruiting capable staff and providing them with high level training and development practices. For this reason performance appraisal process is highly related to such practices in order to improve employee performance and help in learning opportunities and help employees grow (Bernardin, 2010). Mr. Dedousis explains the process after the end of performance appraisal process:

“We note the training needs and we built educational plans, we make new plans regarding people development nor to the existing leadership level or for something higher and we shape or revalue the existing career paths in teams. Moreover, we note the high potential employees that are evaluated within the organization.”

Kosmas Sofronidis also mentions:

“By the time the evaluation ends, then we make an action plan on the areas that need improvement. For example, an employee in the sales department has shown from the performance appraisal process that is not able to cope with financial issues with the client. In order to solve the problem we try to find where the problem has its roots. Maybe, this person does not have knowledge regarding financial instruments or he cannot read a balance sheet. Then we focus on this part by giving to this person the training he needs in order to improve in the future.

2. Employee motivation

Employee performance many times is connected with various forms of reward systems. Employees' motivation is increased and individual and team job is encouraged. Coca Cola has developed the Strategy of “Fees and Benefits” in order to achieve individual goals and the attainment of the goals of the business unit. The forms of reward at Coca Cola are the annual bonus for every employee individually and the annual bonus based on the overall performance of the previous year. Mr. Dedousis claims that employees already know about the bonuses:

“They know about them. The overall performance is taken into account in combination with the results throughout the country. And then after some specific rates we have the bonus of each employee. The employees know that after the performance appraisal process they will probably have some bonuses and this is a motivation to them!”

3. Career development

Career development practices prove that enhance the career satisfaction of employees and improve organizational effectiveness (Bernardin, 2010). As Mr. Dedousis mentioned above, Coca Cola focuses very much on People Development, trying to create its people inside the organization and not through “headhunting”. Career development is connected with company's needs and this comes from Mr. Dedousis's words:

“To be more specific about our system today, its development lies on the application of our needs to Drotter's model which is the leadership Pipeline.”

Mr. Dedousis sets the example of how Leadership Pipeline focuses on career development:

“For example, people development is included in Leadership, but due to the fact that we emphasize very much on People development-here is the culture!-we have them separated because it helps the head officer for his own good and for the good of his team as well! It is good for the employee too, because it has to do with his individual growth and the perspectives he has in the future and the leadership wants to show if during his work life the employee has some samples of leadership for a further leadership level. The difference of this model is that it does not separate levels, positions or leadership levels.”

In an overall assessment, Mr. Dedousis explains the way the company takes advantage of its employee performance appraisal system:

“We note the training needs and we built educational plans, we make new plans regarding people development or to the existing leadership level or for something higher and we shape or revalue the existing career paths in teams. Moreover, we note the high potential employees that are evaluated within the organization.”

Kosmas Sofronidis describes his personal situation in the company regarding the performance appraisal system:

“Personally, by the time I entered this company I am evaluated every year. But I took advantage from this because in the beginning I was working as a developer and through the appraising I was promoted in the boss position and now I managed to become sales manager.”

5. The Case of Leroy Merlin Hellas

5.1 Company Background

Leroy Merlin belongs to the Group Adeo which is the leading French player in the do-it-yourself market owning Leroy Merlin, Brico, Oki, Bricoman, Dompro, Zodio and Kbane. Leroy Merlin is the fourth largest do-it-yourself industry in the world, the second largest in Europe and the largest in France. Leroy Merlin stores are do-it-yourself hypermarkets located near urban areas providing retail self-service and sales assistant. Leroy Merlin Greece was established in 2005 and after a research about the Greek habits and needs in 2007 opened its first store in Athens and in 2008 a second store in Thessaloniki and until now three new stores opened in Athens, Larisa and Cyprus (Leroy Merlin Hellas, 2011).

Company's mission is to stay close to its customers by providing them with products and services that will help them imagine the home of their dreams and to achieve it by adapting to local markets, by meeting customers' needs, by meeting with residents and homeowners to learn about the living environment of each country and city, by taking and interest in each customer's plans and finally, by providing friendly and easy-access stores. The logo of the company symbolizes a house that expresses its mission and reflects the common values of the employees (Leroy Merlin Hellas, 2011).

5.2. Business Imperatives and Employee Performance

Leroy Merlin has as development strategy the knowledge of the habits of customers and the adoption of the range and the organization of the store to their needs. This is achieved by arranging visits to homes of residents in the area in order all the products in the store be connected with the needs of the customers.

Leroy Merlin Hellas (2011) has the autonomy given by its mother company, the integration of Greek contributions and thirdly the employee involvement. Moreover, the company has its own autonomous management and recruitment in order to be able to adapt in the local conditions while at the same time gains the experience of other countries.

Company's ambitions are team work, professionalism and high performance achievement. This is gained from its people trying to get them close to the life, development of each employee's sector, store and company. These are built in

company's philosophy which focuses on informing and training employees, to have the freedom and the autonomy to express their views. Leroy Merlin Hellas also believes on team work and on collective victories because increases employee commitment towards the company and also provides the chance of employees to become shareholders increasing the employee interest regarding the company's progress (Leroy Merlin Hellas, 2011).

5.3. Employee Performance Appraisal at Leroy Merlin Hellas

5.3.1. *The rationale of Leroy Merlin System*

Bernardin's theory (2010) mentions that appraisal systems are created based on the strategic plans and objectives of each organization and this is where Filippas Antonaras states his view explaining that company's ambitions are correlated with the current performance appraisal system:

“There must be (performance appraisal) in every company and each of these systems have to be compatible with the needs and have to be configured in a way that will be easily compatible with the culture of the company. In our company, our culture is that our people share everything; everyone is free to express his opinion while other companies are more strict with their hierarchy. So a performance appraisal system that matches with our company is very probable not to match with other companies.”

And continues:

“If we manage to have objective evaluation criteria, performance appraisal gives to the people the sense that the evaluation is correct by always trying to improve their job.”

Dimitris Faleggos' view supplements the above adding new factors that agree with Stone's definition (2008) about performance appraisal systems:

“I believe that is a process that is necessary for multinational companies because it guides the employee and evaluates his path in the job and it can also show some problems that may occur in a department. On the other hand it is a way that the employee can express his opinion about problems in the job and with the employer can mutually discuss and find some solutions and from that to have some progress in the future.”

In the literature Bernardin (2010) mentions that the involvement of managers, employees, HR professionals and internal and external customers is vital in decision making. In Leroy Merlin Hellas, managers, employees, as well as HR professionals participate in the process with Filippos Antonaras being more specific:

“Responsible for the organization is the Human Resource manager of the store and the process is being held by the manager and his employee. The Human Resource department of Greece is responsible for the evaluation of our store by controlling all the performance appraisal processes.”

The company uses the performance appraisal process for the evaluation of its entire people in the store:

“Everyone. The general manager of Greece is evaluated by the manager who is above him in the hierarchy of the company. Maybe this person is the Director of South East Europe. Every one is evaluated, even the general manager of the Group who is evaluated by the board of shareholders.”

5.3.2. Adopting Leroy Merlin's performance appraisal system

Leroy Merlin Hellas does not have any specific name for its performance appraisal system and Filippos Antonaras explains:

“We do not have a system with a specific name because is the company's creation.”

Group ADEO transfers its strategies to its subsidiaries and by the time the company started its operations in the store of Thessaloniki, its managers were ready to appraise their employees:

“From the first time the company started. In 2005. An employee by his first time in the company has an interview with his boss informing about employee's obligations and goals.”

The company has its own performance appraisal system that focuses on employees' development. The whole system and directions were created from Group ADEO and then adopted to Leroy Merlin Hellas.

At this point, Filippos Antonaras was asked whether there are any differences between the appraisal form of different stores in different countries and replies:

“Actually, I do not know. But I know the French form that is exact the same with ours.”

And continues:

“The professions in every country are the same. The salesman in Turkey is expected to do the same things with the salesman in Greece. But of course adopted with the culture of every region.”

The evaluation process consists of three parts, where the participation of the manager and the employee is highly promoted. The interviews are based on four topics:

1. Employee's successes from the year past
2. Employee's job development
3. Employee's needs for development prospects in his job
4. Employee's expression about his feelings regarding his role in the job, his team and his boss.

Moreover, Filippos Antonaras mentions seven values that are staple piece of company's vision which are described in his words:

“Group ADEO has seven values which are honesty, generosity, respect, performance, simplicity, proximity and consistency. These values are the foundation. Trust is not possible to exist if there is lack of honesty, or generosity means when people share everything such as knowledge or the profits of the company. In our company if an employee knows something that will do his job better, he or she should share his views in order to make other employee's jobs also better.”

But, when he was asked how the company achieves these values Filippos Antonaras answers:

“In every store every month meetings between every department are arranged and will talk about the problems that might have been aroused and also they

share their opinions and their ideas in order to improve their department. In managerial level, every week a meeting takes place between the managerial staff of the store talking about potential problems, what solutions need to be taken and finally in regional level, almost every three months the managers of a specific department meet together in order to compare the performance of each store and of course they talk in order to overcome some problems.”

Leroy Merlin Hellas pays high attention to its labor force providing them the freedom and the autonomy to express their views. Filippos Antonaras mentions:

“In our company if an employee knows something that will do his job better, he or she should share his views in order to make other employee’s jobs also better.”

At that point, Dimitris Faleggos’ point of view is important as he expresses the ratee’s side:

“From this conversation you can realize many things for yourself or you can express your opinion and it can be heard. You feel and know that there is someone that watches you and moreover you know that if I have complaints from my colleague or from my boss all these are written down and then eleven people meet together and discuss about it and they will know that it was me that said some basic things. My opinion counts. “

Mathis and Jackson (2008) mention that for appraising employee performance there are basic tools that each of them match with each companies’ strategic objectives and evaluation purposes. For this reason Leroy Merlin has put some basic capability levels for evaluating its employees and the employee has to reach a specific level each time in order to reach a specific position in the company. Filippos Antonaras describes the situation:

“The manager and the employee have on their hands the sheets and start expressing their views about the performance and potential negative issues that the employee has shown within the last year. For example, the evaluation refers to the relationship between the customer service and the employee and the evaluation can be: basic, capable, trained, specialized. What does really mean to be basic on this specific domain? This is based on the profession of each

employee in the company which are: warehouse employee, seller, treasurer, sales manager, etc.”

The company also needs to receive the feedback from its employees in order to make corrections regarding the performance appraisal practices. Employee satisfaction is the proof of an effective appraisal system. Mr. Antonaras explains:

“This year group ADEO sent us a questionnaire about how satisfied we are with this performance appraisal system. And this questionnaire was distributed to every department of each store. To give it to everyone was difficult because 57.000 employees is difficult to measure. The results are not ready yet. We usually focus on the management style: The continuous development. We are demanding, we are improving, become well performed, and contribute to the continuous improvement of the company. Is about the mentality, the culture, to feel the company as if it is hour own and continuously improve.”

5.3.3. Employee Performance Appraisal at Leroy Merlin Hellas and its effectiveness. Managerial Practices

Stone (2008) analyzes the importance of the managers to handle in a proper way the appraisal process in order not to cause negative feelings to the employee. Filippos Antonaras shows that Leroy Merlin is aware of this fact:

“The point is how each manager who is responsible for this job will handle this situation in order make people understand it and what they can gain from it. The manager from the use of performance appraisal, first, has to show some improvements on his job and then make the employees improve having as a goal the improvement of every person in the company. This is the way people in a company can see positively the use of an appraisal system. The point is the management of the company to find the appropriate way to pass it to its employees. And most important is the way that somebody does negative criticism against an employee in order to avoid denial.”

From the employee’s side, Dimitris Faleggos expresses his own point of view showing that theory meets with practice:

“If you think, the whole process is a discussion. During this conversation you can realize many things for yourself or you can express your opinion and it can be heard. You feel and know that there is someone that watches you and moreover you know that if I have complaints from my colleague or from my boss all these are written down and then eleven people meet together and discuss about it and they will know that it was me that said some basic things. My opinion counts.”

Moreover, a manager works daily on employees’ performance staying close to them. Filippos Antonaras explains:

“There is not the measurement of the kind of how many pieces someone has managed to sell, but there is the daily evaluation that the manager does. Each manager does not sit simply in his office, but he goes out to the store and watches how each employee of his department is doing his job and this on a daily basis. The spirit of the company is the team.”

Setting of Goals

Leroy Merlin has an organized system that ensures all the employees know what goals are expected of them in order to accomplish higher levels of performance (Cascio, 2003). Filippos Antonaras words states this fact:

“Every month in the meetings we notify the goals of the following month. These goals can be seen by every employee through software which is online.”

As Leroy Merlin focuses on teamwork goals are not only individuals, but they are also set for each team in the store.

“Bonus will gain the store that is going to achieve the required goals. It is possible all the departments won’t reach their goals but in case the whole store achieves its goal then all the departments are going to have a prim. That means that those who did not reach their goals they contributed to the company to reach its goal. So, we pay attention to the team. If someone is good at sales but is not good at the operational issues does not mean that he is going to leave the company. People work as a team and moves on. That is the reason why we pay attention not only to quantitative, but to qualitative criteria as well.”

Performance Appraisal Outputs

1. Training and development

Appraisal data can reveal employees' not only strengths but weaknesses as well. For this reason one of Leroy Merlin's seven values is training. Every employee at every level can be trained in order to improve his autonomy and his technical skills for his job. Filippos Antonaras mentions:

“Secondly, through the performance appraisal the personal goals are being set. These are for example what each person expects to be one or two years from now: to be capable, or to be specialized. Then we see what this person can do in order to improve regarding the training. In our company we have created the training contract that shows what the most appropriate training programs are for each employee regarding his level. If an employee has applied for a managerial position the management team examines if this person has the required skills for this job and then he has to follow a specific training program in order to prove that his is really capable to manage a team.”

Performance appraisal gives to the employees the chance to express their views about the training needs that may have. Dimitris Faleggos explains:

“Through the interviews an employee can ask for further seminars about sales for example. This has helped the employees much on improving their skills.”

Filippos Antonaras also explains the role of performance appraisal process in defining training needs. Through the evaluation process the managers are able to see the level of each employee regarding the grading scale. His words are written below:

“From the performance appraisal process we cannot see if someone is capable for a position, but through this we can see what the situation in the company is. We see the level of the employee-if he is basic, capable or specialized- and then we decide what the training program will be.”

2. Employee motivation

Stone (2008) emphasizes on the fact that to achieve performance it must be rewarded. Leroy Merlin rewards its employees by offering bonus in the end of each year.

However, Filippos Antonaras mentions that rewards are not connected directly with performance appraisal's results, but with the overall company's performance:

“We offer bonus but it has to do with the company's performance and not with performance appraisal. Someone is not going to gain special bonus because of the results of performance appraisal, only beyond the statutory, if an employee is very good at his job through the appraisal process is going to have some bonuses.”

3. Career development

Employee development is the third aim of performance appraisal by helping employees to grow and develop (Stone, 2008). In Leroy Merlin every employee has the possibility to evolve in horizontal and vertical way in the company's hierarchy or at the same store, in another one or abroad. In this situation, performance shows the levels of performance for each employee and then the managers are those that decide about potential promotions or position changes. Filippos Antonaras makes it clear:

“From the performance appraisal process we cannot see if someone is capable for a position, but though this we can see what the situation in the company is. We see the level of the employee-if he is basic, capable or specialized- and then we decide what the training program will be.”

However, performance appraisal gives the opportunity to employees to define their capabilities and skills and prove it through the evaluation processes. Dimitris Faleggos describes his own experience about the performance appraisal:

“It is about a conversation. In my case, I was working as a seller and through this process I managed to become department manager. I managed to prove it!”

6. Conclusions and Recommendations

The purpose of this study was to examine the “gap” between research and practice about employee performance appraisal systems focusing on their implementation, the way they are adopted and to what extent they manage to become effective in modern organizations. Coca Cola Hellenic and Leroy Merlin Hellas were the two case studies for this research as they both belong to large multinational companies that owe a big part of their success to their labor force. The results of the study found evidence that performance appraisal systems are effective in employee development, attainment of specific and measurable goals and giving and receiving feedback. The right selection of appraisal system from the perspective of the company culture and its strategic objectives is also important. Moreover, the management team affects directly workers’ motivation and their overall performance to the organization’s benefit. Finally, performance appraisal’s outputs can lead to the attainment of organization’s goals, supporting it to encounter future challenges and demands. In general, the findings seem to support the pertinent literature (Bernardin, 2010; Cascio, 2003; Charan et al., 2011; Mathis and Jackson, 2008; Redman and Wilkinson, 2009; Stone, 2008) about the importance of employee performance appraisal systems and their impact on organizations.

Coca Cola Company is a multinational organization operating for more than 100 years and has expansion in more than 200 countries worldwide. Its success lies in its high developed staff paying attention to recruiting and providing its people with high level training and development practices. Coca Cola Hellenic in Thessaloniki has adopted the culture, mission, visions and strategies of its mother company having already a strong Human Resource department and backing up on its managerial instructions and directions. Based on company’s aspects and Mr. Dedousis’ words, the company created an appraisal system that would focus on company’s development and organized effectiveness for the accomplishment of its goals. Moreover, Coca Cola highly emphasizes the importance of developing and breeding managers from its own workforce and based on this strategy the company developed an appraisal system that focuses on employee evaluation and development and furthermore on developing leadership culture in order for the people to be responsible for their share for responsibility for their performance and meeting future goals and challenges. Coca Cola’s performance appraisal system does lead to effective results as it has a skilled management team, sets specific and measurable goals that employees are already aware

of and finally, exploits evaluation's results. Employees are familiar with the appraisal process while they decide about their goals and discuss problems with their managers. At Coca Cola performance appraisal is a holistic process that is integrated into the identification of training needs, reward systems and employees' career development.

Leroy Merlin with a history of about 78 years and belonging to Group Adeo has managed to expand in 12 countries worldwide. Leroy Merlin Hellenic shares the same vision and mission with its mother company while at the same time has the autonomy for planning its recruiting and management in order to match the needs of the Greek market. The company is highly focused on team work and employee participation that are based on Group's seven values. The performance appraisal process was developed to evaluate its employees based on these values giving them the opportunity to perform better, become professionals, get better job positions and as a result to achieve company's goals. The attainment of strategic goals is implemented through accomplishing tasks and goals on daily basis and constant employees' motivation to perform better and achieve their team goals. There is no doubt that it is an opportunity for employees to discuss with their managers, but there is additional evidence, such as frequent weekly meetings and daily exchanges between employees and managers that can also boost employees' performance and affect manager's decision. Moreover, the company's reward system is not correlated with the appraisal process but with the department's and company's overall performance in the end of the year. The outcome of the discussion with the company's HR manager and department developer showed that performance appraisal system in Leroy Merlin Hellas mainly serves in consulting rather than managing employees in training needs, rewards and career progress.

The analysis indicated that effective performance appraisal systems are an integral part of businesses' strategic objectives through the identification of critical performance criteria in order to improve organization's competitive advantage. Both Coca Cola and Leroy Merlin have used the proper rating methods consistent with the purpose of the appraisal, implemented these systems systematically and made sure their managers were well prepared for the evaluations, for motivating employees to participate in the process, for encouraging two-way dialogue and setting tangible and specific goals. The differences between the two companies appear to be the way they utilize the outcomes of the appraisal process. Coca Cola Hellenic highly depends on the information that arises from the evaluation process regarding workers' training needs, motivation and

career development, while Leroy Merlin Hellas uses performance appraisal's results as an additional tool for taking decisions about employees' training and career opportunities while reward system belongs to another domain of company's practices. This fact was not only supported by the interview with Mr. Antonaras, but also expressed by the employees' representative Mr. Faleggos. Despite his positive opinion about the appraisal systems and their connection to the goals settings, he did not relate directly to the appraisal practices regarding employees' rewarding.

We could say that the adoption of employee performance appraisal system at Coca Cola Hellenic plays more important role in managerial decisions compared to that of Leroy Merlin's. There is no doubt that an effective implementation is achieved when all the managerial decisions are integrated into the appraisal process in order to achieve higher motivation for the employees as well as their performance improvement. In Leroy Merlin's case, as long as reward systems are not part of the appraisal process, the risk of motivation and performance reduction is higher from a long term perspective compared to Coca Cola's system where appraisal processes and results constitute an integral part of managers' decisions.

The fact that this research focused on a limited number of companies renders it impossible to make any firm generalizations about the main findings. However, the factors analyzed in the study allow us to draw attention to the ways an appraisal system should work in order to be used properly and become an effective tool for other companies in the Greek business community.

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Appendices

1. Interview with Christos Dedousis/ Coca Cola Hellenic (July 2011)
2. Interview with Kosmas Sofronidis/ Coca Cola Hellenic (July 2011)
3. Interview with Filippos Antonaras/ Leroy Merlin Hellas (August 2011)
4. Interview with Dimitris Faleggos/ Leroy Merlin Hellas (August 2011)

Master Dissertation

Sofia Zempiliadou

Interview 21st July 2011

CocaCola Hellenic/Christos Dedousis

Information about Employee Performance Appraisal Systems:

1. What is your opinion about Employee Performance Appraisal Systems;

It is a very important tool throughout the organized professional programs that give the opportunity to evaluate and develop their employees in the most objective way approaching at a high level the strategies and the vision of each company.

2. For what reasons do you believe that this trend exists for the last 15 years?

It is a matter of a need of the companies in knowing the real performance of their employees and because they really care about the development of the companies in a long term perspective as through them a real development of the company can really exist.

3. What are performance appraisal's advantages?

From not having any kind of system that includes the performance of the employees and their evaluation, there is no doubt that having this system is much better because there is already a base where we can improve our weaknesses. So I believe that the existence of an appraisal system has no disadvantages, but only advantages, of course in terms of using it objectively as anyone can see things from his own point of view. If we really care for our company's workplace to have progress and development performance appraisal can have only advantages which are very important. These can be objective development, better place to work, direct, right and more realistic view of all the people's and environment's needs, such as cognitive items, defining new ways of development, experience, training needs.

4. What is your opinion about the big trend of integration in Greece and abroad?

Regarding the abroad I would not say that it is about a big trend, on the other hand it is about a "status quo" many years from now. Now, about Greece, taking as an example our company, I would kin more on the "status quo" theory, meaning that it is a more consolidated and stable situation because from the beginning of our company such systems were existing and were evolving from time to time until now. Compared to other companies, of course there are many of them that performance appraisal has never been applied and eventually these companies are going to receive what they deserve in the future! They are going to face a downward situation as they will not be able to

follow the future developments and without knowing the real reason of their failure! For example if somebody is not good at his or her job without knowing the reasons that cause this situation: “Is this because I did not give him or her the right tools to do his job or the real reason is that this person can not go further with this job, is his performance already in the maximum level and he or she cannot show any further improvements?”.

5. From the companies you know how many of them use performance appraisal systems?

There are, but of course I cannot name these companies! Some of the companies I know do not use such systems, but there are some others that use it wrongly.

6. What is your opinion about the negative review about the use of performance appraisal;

Some time ago I made a presentation with the topic “The ten lies of Management” and I was referring to the common used sentences of managers such as: “employee opinions are always heard”, “my office is always open for my employees”, and so on, explaining that these are just the data, as the main point is to put them in their daily life. The “challenge” is in the mood and willingness of each manager separately. So, with no doubt we put the blame on the factor “human”, at what level each person wants to use an appraisal tool in order to be able to have an overall view about the environment of the company and as a result to develop his or her employees. I believe that in this part, the issue of negative criticism of performance appraisal is a result of human will. If people realize that something good is applied for them, there is no way of blaming it. Maybe in our company there were some negative criticisms, but in a big level we managed to negate the “hallway logic”, meaning that all the thoughts and employee talks usually take place in the hallways. This does not exist anymore in our company because no one can say anything negative about our HR practices as they all have been filtered through specific processes. For instance, no one can accuse you about being a director without really deserving this position! And if this happens, this director is not going to move further because due to our system he will not be able to cope with the demands of his job.

7. Can some companies choose and use the wrong system of performance appraisal?

The company can select a wrong system and that is the level of the preparation preceding the application of each system. For example the mystery evaluation mainly applied in retail can not have the same effectiveness in our company, so again the blame goes to the people. Moreover, to combine an electronic system with things that are going to match with the people, their needs and specificity of each department, their requirements, etc, I can understand it. But if I just choose 360° system because I have heard that “Papastratos” company has chosen it, this is wrong. Papastratos is a company created years ago and as a result has the culture and the background to be able

to accept the 360°. For example, you have recently created a company why not to do a benchmarking in order to see from what system the Papastrartos company has passed in order to decide the 360° and to see what you can do for your own company! It is not a trend to choose a specific system! Do you have the culture? Have you built on this culture? We have still people that have matched the old generation with the youngest one and they still can not accept all this complexity of these systems explaining that they used to have only a sheet to do evaluation and now the companies have to cope with five sheets! Still, they can not understand that each of these sheets has its own usage. So assuming that I have a healthy new company and think that Coca Cola has the L.PI. system so I am going to use it for my own company too, here comes the human factor where a right evaluation has to be done regarding the needs and the things my company can gain from this system. To choose it, run it, built on this and if I realize that this reaches the ceiling where it cannot give me anything more, then I can go further and choose another system, more complicated, reflecting my company's new needs. The culture is being built, it is not payed, you cannot demand it to others to understand it and endorse it; of course some things have to be demanded in terms of professional consciousness, but only there. The culture is being built! And this is where the performance appraisal process begins and mainly the acceptance of this particular process! We in our company, say that the performance appraisal system is a holistic process through which the company develops and retains its organised effectiveness for the accomplishment of its mission and strategic goals. In 2004 our strategic goal was the Olympic Games. Today, in 2011, our strategic goal is the survival of the company in a period of crisis. It is a big contrast, so if I do not fit the logic of the evaluation in the strategy and follow and remain in the logic that in 2004 I was evaluating my people with that particular strategy that included different commercial politicly, different goals and other market data, where the market had totally different dynamic and apply it today I would fail! So, if I go today to evaluate a sales manager and I think that this person has reached the 90% of his performance, was full performance but he has to develop his effectiveness, his team and growth and innovation. But growth and innovation compared to what I said before in 2004 existed as growth existed and innovation existed, as there were some standards that matched with the operations the company responded to the olympic games. The point is that the norms do not remain the same, however, we can retain some values that are going to help us not to do the same mistakes.

Employee Performance Appraisal at Coca Cola Hellenic.

8. When did your company start to make employee evaluations?

From the birth of the company, during 70's taking some standards from the mother company and then 3E company when became strong and organized decided to make its own steps that of course will allways follow the standards of mother company.

9. How often do you evaluate your employees?

Once a year. Every year we have the overall evaluation which has a six month review and after performance appraisal we have the P.D.F.s: Performance Development Plan, and then the review. Some years ago, P.D.F. was one page and today is three pages. That is what I was saying about difference between the needs of each period. And performance appraisal used to be three pages and today is eight! Regarding the frequencies, performance appraisal takes place in first months of the year, then follows the P.D.F. between March and April, exact after P.D.F. we apply the feedback process, where there is evaluation of the employees in discussion with their managers. In P.D.F. the evaluation is applied by the heads and the managers of the employees. For example, in my case, at the P.D.F. process my evaluation is going to be made by the person who is one level higher than me and another person to levels higher than me. In this process I do not know the results. They both decide about my overall picture of my performance and then my boss comes and gives me the feedback presenting my P.D.F. explaining my position as full performance or exceptional and for example tells me that I am in a very close to reach my promotion, etc and we will have to focus on some basic things arranging a mid year review whenever we believe that you are going to reach some new goals. Then we agree, and if not the decision will be the person's who is two levels higher than me. It has to go hierarchically in order to immunize the system flow.

10. To whose this evaluation refers to?

Every single person within the company.

11. Who are involved in this situation?

Everybody! And only the participation as ratee in this process you contribute strongly. Regarding the managerial, in this process the heads of each department contributes and then the central HR that collects the given data in country level and then by analysing the need of each country and then from all these companies of each country to be able to find the right person for a specific position in a specific country.

12. Do your clients participate in this process?

No, this system does not have such a part because this is an evaluation for the internal environment. This is about an employee evaluation beginning from the last hierarchically to the highest level. Everybody follows the same process.

The System of Employee Performance Appraisal at CocaCola Hellenic.

13. What is the performance appraisal system that you use and why?

Why? Because it was a physical development through the needs that were raised for the company itself. I could only characterize it as a physical development based on the needs that the company has today. The system is called L.PI. which means Leadership Pipeline.

14. Where you using any other systems in the past?

Something like L.P.I. no. Something similar yes but it was not exact the same, it was quite different. There was not a specific name for this, it was a Performance Appraisal evaluation compatible with the needs we had at that time.

15. When did you change your system?

At about ten years ago.

16. What is the development of Performance Appraisal in your company all these years?

Its development is that nowadays the trends and the market demands are totally different from those in the past. For example, in every system you have to look for effectiveness, don't you? So, nowadays the factor of Growth and Innovation which is the springboard of effectiveness, till now we were looking at the company's receivables, but now we question what the employees' conditions are or the system's for business development. To be more specific about our system today, its development lies on the application of our needs to Drotter's model which is the leadership Pipeline. From ten years ago till now with much more changes made three years ago.

17. With which way do you select the questions that are included in your questionnaire?

We do not use any questionnaire for our evaluation. The particular evaluation is done through a specific way. This method has some specific tools and these tools are the sheets that I have in my hands right now. These have to do with the overall evaluation that comes through other basic elements which are: management, financial result, people development, relationship, growth and innovation, corporate responsibility and leadership. The Leadership Pipeline model used to have five basic key areas but we divided two of them. For example, people development is included in Leadership, but due to the fact that we emphasize very much on People development-here is the culture!-we have them separated because it helps the head officer for his own good and for the good of his team as well! It is good for the employee too, because it has to do with his individual growth and the perspectives he has in the future and the leadership wants to show if during his worklife the employee has some samples of leadership for a further leadership level. The difference of this model is that it does not separate levels, positions or leadership levels. So, in answer to your question, there is a form based which the employees are evaluated in the seven key areas mentioned above and there are some standards for each key area regarding the managerial level. The employee is just "manage self", the boss of this employee is again "manage self", the director is "manager of managers" and so on.

18. So, who are the people who complete this form?

The managers with the employees. They have a conversation and they go to the mutual results about the goal setting and after the time passes and we meet again for the evaluation. Each employee has his own file which includes all these evidences. We meet and take the seven key areas, specific standards for each area and to make an example: The head officer Mr Vranis says that the employee has completed the report of the year with success but is “full performance”. Here the employee comes and says that “No, I believe that I am “exceptional””. But Mr Vranis says that you are “full Performance” because three time I had complaints for the central offices for you because you did not follow the deadlines. And then the employee replies that “I have evidence that at that specific period I was assigned to do this and this and this by you and that is why I could not respond to the deadlines” . And then mr Vranis accepts that he had forgotten this fact and corrects the “full performance” to “exceptional”. So, there is a mutual discussion with documents and evidences and as a result there are not going to be any doubts or disputes between them. Finally, the harmonization, the strategic goals and the company’s vision and the key result areas that have been divided to seven, match with the goals of each department and job.

19. From what I have read, 360° is also one of the best systems. Why did you choose L.P.I. to 360°?

Some years ago the 360° was applied only to the top management of the company. That specific period for some specific reasons they wanted to use the 360° for the top management. With all this process that is needed and all these sheets if we used 360° the whole organization should only worked with this process and with anything else and this would be ineffective. 360° takes opinion for one employee from two levels from the department he works and form one level from another department. One level lower than you and one level higher than you and one from another department. I believe it is a matter of culture again. Ten years ago I tried it in another job for my own good and for my team too and I was characterised “dangerous”. Because the environment was not ready in terms of culture to accept this evaluation.

20. But in your company you are now the environment is ready for this kind of evaluation, isn’t it?

Do not be sure that it is in any case. To apply the L.P.I. we had to work many years before its application. I was a witness of two workshops in Vienna in order to see the implementation of this system and try to find more ways in order to improve it. Regarding the key result areas, to balance the standards, etc the conversation reached all the country managers. I am telling you this to imagine how much attention we pay to these things. We had our own research, their proposals, we matched them and we have this system. We did not take Drotter’s system because it was ready. We needed years of work in order the model takes today’s form.

21. What are the criteria that you evaluate the employees?

The seven key result areas we analyzed above and different standards for each area. These standards are formulated regarding the company's needs and the leadership levels. Through the workshops, there are specific standards.

22. Do you have specific goals? Do you discuss them with your employees?

From the workshops' decisions each manager has specific standards, but these are just the guides, they do not make copy-paste! These standards are agreements between the boss and the employee. The secret for both sides to be immunized is that there is a big change: every boss is called to bring the results through his people. He does not bring them on his own. Fortunately we are not in the periods anymore when the manager says things on his own and the employees were obliged to implement it.

23. Are your company's standards because of the crisis limited nowadays?

No, they are not. They just have changed and remodeled. Every goal is mutually decided by the boss and the employee.

24. What is the method that you use in order to measure the results of the Performance Appraisal process?

The gradation is: not yet full performance, full performance and exceptional.

25. With which way do you exploit and utilize the results of the Performance Appraisal process?

Everything. We note the training needs and we built educational plans, we make new plans regarding people development or to the existing leadership level or for something higher and we shape or revalue the existing career paths in teams. Moreover, we note the high potential employees that are evaluated within the organization.

26. Regarding the bonus that you provide to your employees, are they standard every time and do the employees know about them?

No, they are stabilized after the decision of the central offices. They know about them. The overall performance is taken into account in combination with the results throughout the country. And then after some specific rates with have the bonus of each employee. The employees know that after the performance appraisal process they will probably have some bonuses and this is a motivation to them!

27. What is the performance that your company has achieved due to the implementation of the Employee Performance Appraisal process?

The fact that all these years has managed to retain its high level with such market shares and by the fact that company owns its managers and their growth not by making “headhunting” from the market-we do not reject it- but in very big amount develops and creates managers from its internal workforce. For example, country manager of Russia was working some years ago as market developer of Thessaloniki! So, I have the key result areas and some specific standards. I take these standards which have to do with quality and quantity. Has the employee reached his goals? The decision comes with the manager if the employee is not yet full, full or exceptional. Full performance shows that you have reached all of your position’s requirements. If others are lower than this level, then there is a problem. The model’s philisophy is that we secure a professional environment with continuous positive performance.

28. Have you made any research regarding employee satisfaction about performance appraisal?

Not only about performance appraisal, but generally about their engagement. The factory of Thessaloniki has 92% angagement to the company. 92% of our employees feel angaged, owners of the company. We do not a specific index, but have have specific guidelines to do the researches. Imagine that we did the research about the professional environment by providing named questionares, we sent them and each employee completed the form and sent it back to us. Only this fact shows the commitment to the company.

29. But do you feel that performance appraisal could make them nervous during this process?

No. There is no doubt that performance appraisal is an additional work for them, but untill now the culture and employee’s position is widespread within the company that: “Ok, whatever it is, we need to do it!”.The most important is that from the first to the last hierarchically employee, they all know that is a very important tool for their improvement.

Thank you very much!

Master Dissertation

Sofia Zempiliadou

Interview 21st July 2011

Coca Cola Hellenic /Kosmas Sofronidis

About Performance Appraisal Systems.

1. What is your opinion about Employee Performance Appraisal Systems?

It is a mechanism that is necessary to be included in every company's operation.

2. For what reasons do you believe that this trend exists for the last 15 years?

Because there must be a comparative level in order to be able to measure the performance of every employee. Complexity has played a very important role in this, but most important is that everything nowadays has to be measurable in any job and position. For example, a person who just makes a simple insertion in a database, even this has to be measured in order to know what is this employee's performance.

3. What are the advantages of this process?

You measure employee performance, secondly you record it and the most important that you set goals, where you want to be and what to achieve. In a company that performance appraisal does not exist, when you start at that company you know where you are at that moment and then what you want to achieve in the future, independently the position you are. But these goals have to be measured, and then by building gradually these goals to see how far you can go.

4. What is your opinion about the big trend of integration in Greece and abroad?
5. From the companies you know, how many of them use performance appraisal systems?

I believe that performance appraisal existed many years ago before its appearance in the Greek region. But in such companies like ours, by the time I worked in this company, 20 years ago, this process existed. It was not something new for CocaCola. Of course the mechanisms and processes have changed in some way but the philosophy was always existing in CocaCola's operations. Regarding other companies in Greece, it also exists in big private companies with more than 50 employees. All these companies work performance appraisal system, with different mechanisms each of them. Now the public sector is trying to endorse it, but it has difficulties because they are not familiar with it and they believe that it is a way to control them and criticize them negatively of course! But it is not true.

6. What is your opinion about the negative review about the use of performance appraisal;

Performance appraisal needs a specific way that people are going to use it. It is the way that the manager is going to explain the process to the employee, meaning that it is a process that is going to make good to the individual and it is here in order to help him. The employee can easily make negative perception about performance appraisal process because it has to do with the rater and not with the ratee. I do not agree with the negative views because all this process is implemented in order to recognize potential gaps in employees' performance and cover them in many ways such as coaching, additional seminars and training, etc. Any kind of these gaps appear or any kind of potential development in employee's performance, is about team matter and then organizational matter, not just individual matter finding ways to fix problems and improve. So, through performance appraisal you detect the weaknesses of your employees in order in the future your team can perform better. And this is the reason why all this process is applied so many years now! And this is the culture of our company. This can only be built and is not an obligation or demand.

Performance Appraisal at Coca Cola Hellenic.

7. How often is the evaluation process applied?

The evaluation was applied once a year for the team leaders and some years ago every employee is evaluated the same often. But again it has to do with the culture. Me as a manager, if I wait this day once a year to tell to my subordinate that has some weaknesses regarding his job performance the game is lost!

8. What are the main criteria that your company evaluates its employees?

At management, business, people development, leadership, relationship, growth and innovation and social responsibility. Of course the weight of each changes at each department. For example social responsibility at sales department has not the same weight with business or finance and of course it depends on your activities. If you do not make plantation in the sales department it is not that important! But if he does not have the required results in sales then it is a problem which is important!

9. With which way does your company exploit the results of Performance Appraisal process?

By the time the evaluation ends, then we make an action plan on the areas that need improvement. For example, an employee in the sales department has shown from the performance appraisal process that is not able to cope with financial issues with the client. In order to solve the problem we try to find where the problem has its roots. Maybe, this person does not have knowledge regarding financial instruments or he cannot read a balance sheet. Then we focus on this part by giving to this person the training he needs in order to improve in the future. I am talking about education, not necessarily to put this person in a class to follow some seminars about finance-

CocaCola has as its last solution the seminars because they are not effective as the audience from the 100 will listen only the 20 and in a few days will have forgotten the 15 and the 5 left if the audience do not put it in its culture and behavior it will be lost in a few days more.

10. Do the employees take an advantage from this process?

Yes, they are. I realise this on myself and on my colleagues too, it might sound strange, that everyone sometimes wants to be evaluated. And if they see all this process positively they appreciate it and moreover, do things in order to improve. But I mention it again that all this has to do with the culture: how people have learned to operate in a specific environment. It is very important. If you see the public sector in Greece and you try to apply the performance appraisal process you will fail because this only can be built and it needs time. It is not a rapid decision that can fit from the next day to an organization. It is very difficult. It also has to do with the criteria. It is an issue if in the public sector the results of a performance appraisal process are subjective or objective. Now, regarding the individual, I believe that all this process makes good on the person and makes it better on his job, improving the professional skills and counts in each person's CV. If you are successful on your job of course it is very important.

11. What are the elements that you find important?

When a system is complete, organized and you adjust it to yourself and your organization, then this form is from its own successful.

12. Do you believe that performance appraisal has really helped the company to improve?

Yes, of course has helped. In order the company achieve its results each employee has to perform in the best way. So if the individuals perform their best, then the total will result will be high.

13. Do you see them to be more activated because of this process?

I will tell you again that in CocaCola this is a matter of culture! This process is very important for the employees. To give you an example, my position has to manage seven persons and these persons have other fifty to manage. During the first years of my work I had to spend my half of my working hours to solve problems of my subordinates. Through this process, these gaps were covered because helped my subordinates improve and now, most of their problems do not even come to me and this is an advantage not only for me but for the company as well because I have time to come with more productive things that my position requires.

14. Are there any problems that worry you about this process?

15. Are you nervous due to this process?

I do not think that I can find something negative through this process. Of course I feel nervous when it is time to be evaluated. But this kind of feelings is productive because you see the evaluation positively as I mentioned above. But, I do feel nervous because the future of my position is based very much on performance appraisal. If the results are not the expected for more than one times, things are not going to be pleasant for me. But to make it clear: when you hear the bad news are already familiar with what you hear because you know your progress and your potential warnings that have made to you. And the opinion of the rest of the employees is the same because everybody knows here that once a year we have performance appraisal. It is in our culture all this. Everybody knows that each of us will be evaluated. From the simplest employee to the country manager.

16. Have you ever experienced an employee to have problem with the evaluation you made to him or her?

Yes, but if you justify your opinion-and this process is based on the evidence- they cannot tell you anything. If he or she has not achieved the required goals, has not met the deadlines, has not the ability to make a project, etc unfortunately he will have to face the reality. Personally, by the time I entered this company I am evaluated every year. But I took advantage from this because in the beginning I was working as a developer and through the appraising I was promoted in the boss position and now I managed to become sales manager.

Thank you very much!

Master Dissertation

Sofia Zempiliadou

Interview 23^d August 2011

Leroy Merlin Hellas/Filippos Antonaras

Information about Employee Performance Appraisal Systems:

1. What is your opinion about Employee Performance Appraisal Systems;

There must be in every company and each of these systems have to be compatible with the needs and have to be configured in a way that will be easily compatible with the culture of the company. In our company our culture is that our people share everything, everyone is free to express his opinion while other companies are more strict with their hierarchy. So a performance appraisal system that matches with our company is very probable not to match with other companies.

2. For what reasons do you believe that this tendency exists for the last 15 years?

Nowadays there are companies that are no longer in the family environment. Mainly in multinational companies the employee who achieves better positions in the company is because of his skills and abilities. Another reason is that there is human tendency to have the need of knowing about his good performance and to be evaluated properly only in case that the criteria that are used are objective.

3. What are performance appraisal's advantages?

If we manage to have objective evaluation criteria, performance appraisal gives to the people the sense that the evaluation is correct by allways trying to improve their job.

4. What is your opinion about the big tendency of integration in Greece and abroad?

From my experience, I have worked in three companies and one of them was the S.A. company called Halivos. It is about a multinational company where there were systems but they were quite different because this company was operating in hard industry and you were watching the amounts of production. The other one was Melon company that operates in economic business with banking systems and there we had also appraising systems. It was a multinational company too but with Greek origin. What I am trying to say is that the big tendency exists in big companies. In small medium companies I am afraid they do not use such systems. There is only the total subjective, where companies pay attention only to quantitative results and they do not measure the qualitative criteria. In large companies that operate in Greece I believe that performance appraisal works. Abroad things are totally different. Performance appraisal is necessary to every company.

5. From the companies you know, how many of them use performance appraisal systems?

I know that regarding retail, Praktiker uses it, IKEA, other kind of companies such as CocaCola use it and pharmaceutical companies.

6. What about the Greek companies?

What I saw in my previous job, in Melon company, we the people of Human Resource, tried to create a performance appraisal system and connect it with the bonus and with the annual increase of the wages and it was successful.

7. What is your opinion about the negative review about the use of performance appraisal;

Many times when something is new, people are afraid of it. This happens because they have gotten used in a specific style of management or because they believe that a machine that evaluates humans may does not use the personal aspects of each person. The point is how each manager who is responsible for this job will handle this situation in order make people understand it and what they can gain from it. The manager from the use of performance appraisal, first, has to show some improvements on his job and then make the employees improve having as a goal the improvement of every person in the company. This is the way people in a company can see positively the use of an appraisal system. The point is the management of the company to find the appropriate way to pass it to its employees. And most important is the way that somebody does negative criticism against an employee in order to avoid denial.

Employee Performance Appraisal at Leroy Merlin Hellas.

8. When did your company start to make employee evaluations?

From the first time the company started. In 2005. An employee by his first time in the company has an interview with his boss informing about employee's obligations and goals. Within the first semester there is another interview that gives more guidelines to the employee, they share their opinions about the employee performance and after three months this interview is repeated and finally, at the end of the year the performance appraisal process takes place. These are the papers of the process. (He shows the papers to me). The manager and the employee have on their hands the sheets and start expressing their views about the performance and potential negative issues that the employee has shown within the last year. For example, the evaluation refers to the relationship between the customer service and the employee and the evaluation can be: basic, capable, trained, specialized. What does really mean to be basic on this specific domain? This is based on the profession of each employee in the company which are: warehouse employee, seller, treasurer, sales manager, etc.

9. How often do you evaluate your employees?

The evaluation is annual but during the year there are two guide interviews those I told you before.

10. To whose this evaluation refers to?

Everyone. The general manager of Greece is evaluated by the manager who is above him in the hierarchy of the company. Maybe this person is the Director of South East Europe. Every one is evaluated, even the general manager of the Group who is evaluated by the board of shareholders.

11. Who are involved in this situation?

Responsible for the organization is the Human Resource manager of the store and the process is being held by the manager and his employee. The Human Resource department of Greece is responsible for the evaluation of our store by controlling all the performance appraisal processes.

About the Performance Appraisal System at Leroy Merlin Hellas.

12. What is the performance appraisal system that you use and why?

We do not have a system with a specific name because it is the company's creation. Based on the French standards, there are four levels: basic, capable, trained, specialized. The movement of an employee in the company can be horizontal or vertical.

First is the manager with his employee, they exchange their views, asking for more guidelines or further training. Then, the year ends and the manager meets the director. The whole year past is evaluated, the manager shares his views with arguments and then they agree in some applicable issues that will be able to be improved in the future. They both write an essay with the results and then the meeting of the evaluation of Human Resource department takes place. The whole department meets together and each manager talks about each employee separately. All views are accepted in the conversation. All the conversation is transferred to the employee from the first session. That is why one of our principles is transparency. Whatever is said for the evaluation of the subordinate and from whom is transferred to the subordinate. In the evaluation there is another paper that is about the feedback the evaluation. The manager writes his comments referring to the results of the process. If the employee is going to be promoted or if they expect to see more from his performance. On the evaluation sheets we write when and what has been said during the three evaluation processes and finally, the final evaluation that takes part between January and February of the new year.

13. Where you using any other systems in the past?

No, from what I have heard so far. I do not know if there has been something in France, but by the time the company operated in Greece we had this system.

14. What is the development of Performance Appraisal in your company all these years?

Every year in the Human Resource meeting we discuss about this issue. For example, what means now for us for someone to be “basic” and how we can develop this. To be more specific and tangible. This year group ADEO sent us a questionnaire about how satisfied we are with this performance appraisal system. And this questionnaire was distributed to every department of each store. To give it to everyone was difficult because 57.000 employees is difficult to measure. The results are not ready yet. We usually focus on the management style: The continuous development. We are demanding, we are improving, become more well performed, and contribute to the continuous improvement of the company. Is about the mentality, the culture, to feel the company as if it is our own and continuously improve.

15. With which way do you select the questions that are included in your questionnaire?

From the mother company. In the central offices of ADEO there is a whole department that deals with the performance appraisal process and try to find ways to develop it.

16. Does this form differ from those of Russia or Ukraine for example?

Actually, I do not know. But I know the French form that is exact the same with ours. The vision in all the countries is the same: to be the first company in its sector, but we believe that this gets stronger if it arises from us, to know what we want to achieve when a customer comes in the store. The group ADEO has seven values which are honesty, generosity, respect, performance, simplicity, proximity and consistency. These values are the foundation. Trust is not possible to exist if there is lack of honesty, or generosity means when people share everything such as knowledge or the profits of the company. In our company if an employee knows something that will do his job better, he or she should share his views in order to make other employee’s jobs also better.

17. How do you achieve this?

In every store every month meetings between every department are arranged and will talk about the problems that might have been arisen and also they share their opinions and their ideas in order to improve their department. In managerial level, every week a meeting takes place between the managerial staff of the store talking about potential problems, what solutions need to be taken and finally in regional level, almost every three months the managers of a specific department meet together in order to compare the performance of each store and of course they talk in order to overcome some problems. It is also important that there is no distance between the boss and the employee. The manager of every department is approachable and they can discuss easily with the employees. But we should not forget the value of respect. I have to respect my boss and at the same time he has to respect me. After the seven values, the evaluation takes place in four areas: to human, management, customer and prosperity.

18. So, you mean that the goals and the strategies of every country are common?

The professions in every country are the same. The salesman in Turkey is expected to do the same things with the salesman in Greece. But of course adopted with the culture of every region.

19. What are the criteria that you evaluate the employees?

There is not the measurement of the kind of how many pieces someone has managed to sell, but there is the daily evaluation that the manager does. Each manager does not sit simply in his office, but he goes out to the store and watches how each employee of his department is doing his job and this on a daily basis. The spirit of the company is the team. Bonus will gain the store that is going to achieve the required goals. It is possible all the departments won't reach their goals but in case the whole store achieves its goal then all the departments are going to have a prize. That means that those who did not reach their goals they contributed to the company to reach its goal. So, we pay attention to the team. If someone is good at sales but is not good at the operational issues does not mean that he is going to leave the company. People work as a team and moves on. That is the reason why we pay attention not only to quantitative, but to qualitative criteria as well.

20. Do you have specific goals? Do you discuss them with your employees?

Of course we have. Every month in the meetings we notify the goals of the following month. These goals can be seen by every employee through a software which is online.

21. What is the method that you use in order to measure the results of the Performance Appraisal process?

We already mentioned them above: basic, capable, trained and specialized.

22. With which way do you exploit and utilize the results of the Performance Appraisal process?

We include everything. We offer bonus but it has to do with the company's performance and not with performance appraisal. Someone is not going to gain special bonus because of the results of performance appraisal, only beyond the statutory, if an employee is very very good at his job through the appraisal process is going to have some bonuses. Secondly, through the performance appraisal the personal goals are being set. These are for example what each person expects to be one or two years from now: to be capable, or to be specialized. Then we see what this person can do in order to improve regarding the training. In our company we have created the training contract that shows what are the most appropriate training programs for each employee regarding his level. If an employee has applied for a managerial position the management team examines if this person has the required skills for this job and then he has to follow a specific training program in order to prove that he is really capable to manage a team. From the performance appraisal process we cannot see if someone is capable for a position, but through this we can see what the situation in the company is. We see the

level of the employee-if he is basic, capable or specialized- and then we decide what the training program will be.

23. What is the performance that your company has achieved due to the implementation of the Employee Performance Appraisal process?

If performance appraisal would not exist in the company things would be worse. I believe very much on these kind of appraisal systems because it helps on the development of the employees. It helps you to find the key points and work on them and help the employee improve. It also makes the employee to learn to think. It is very nice when you have employees that understand what the strategy of the company is, where it relies on and why it is doing this. And this is what performance appraisal has achieved. Points where we can work on in order to offer and the company succeeds.

24. Have you made any research regarding employee satisfaction about performance appraisal?

Yes. Recently we had a research with the participation of all the employees which is something similar with the Best Work Place, but something internal. Employees were asked if they are satisfied with the evaluation process, but unfortunately I do not have the results yet.

Thank you very much!

Master Dissertation

Sofia Zempiliadou

Interview 23^d August 2011

Leroy Merlin Hellas/Dimitris Faleggos

About Performance Appraisal Systems.

1. What is your opinion about Employee Performance Appraisal Systems?

I believe that is a process that is necessary for multinational companies because it guides the employee and evaluates his path in the job and it can also show some problems that may exist in a department. On the other hand it is a way that the employee can express his opinion about problems in the job and with the employer can mutually discuss and find some solutions and from that to have some progress.

2. For what reasons do you believe that this trend exists for the last 15 years?

It is different when you speak with your boss unofficially and it is totally different when whatever is said between them are written down and being publicized to other people.

3. What is your opinion about the big tendency of integration in Greece and abroad?

I do not know. It is the first time I see something like that in Greece. There is no doubt that big companies use it like Coca Cola for example, but in smaller companies I do not believe that they have such systems.

4. What is your opinion about the negative review about the use of performance appraisal;

The fact that performance appraisal exists as a process and is obliged by the multinational company, some employees may do not give that much attention because they do not agree with the whole progress and because they are obliged to do it. Or maybe due to the big bureaucracy. Some people believe that the manager already watches them all the time and if they speak for ten minutes per day it is fair enough to solve their problems.

Performance Appraisal at Leroy Merlin Hellas.

5. How often is the evaluation process applied?

Two times per year including the two guide interviews and the final interview.

6. What are the main criteria that your company evaluates its employees?

It refers to the whole staff in the company.

7. With which way does your company exploit the results of Performance Appraisal process?

Based on the seven values of the company. If you see the form with the questions that we are given you will see that all these are based on these values. Now, regarding the results, there are some goals that are being set and if somebody lacks in some main issues the manager sets specific goals and after six months the results will show if the employee has solved these issues.

8. Do the employees take advantage from this process?

From what I see in the company, even the people who do not like the evaluation process that much, in the end they have made an important progress. If you think, the whole process is a discussion. Between this conversation you can realize many things for yourself or you can express your opinion and it can be heard. You feel and know that there is someone that watches you and moreover you know that if I have complaints from my colleague or from my boss all these are written down and then eleven people meet together and discuss about it and they will know that it was me that said some basic things. My opinion counts.

9. What are the elements that you find important?

The fact that we have some goals that we have to reach points that have to be improved in the near future. In a personal level and then in a team level.

10. Do you believe that performance appraisal has really helped the company to improve?

I believe that yes. You do not see it every day, but you realize that people learn through this process and the climate between the employees becomes better and better.

11. Do you believe that performance appraisal has helped the employees to improve their personal skills?

This has been achieved through the training and the seminars. Through the interviews an employee can ask for further seminars about sales for example. This has helped the employees much on improving their skills.

12. Are there any problems that worry you about this process?

The basic things are always in your mind meaning the goals that you have to reach. You have to evaluate yourself on a daily basis in order to be able to see how you are doing and what the performance evaluation will be in the end of the year.

13. Are you nervous due to this process?

I do not think that this process should make us feel nervous. It is about a conversation. In my case, I was working as a seller and through this process I managed to become department manager. I managed to prove it!

Thank you very much!