

# Employee Appraisal and Performance in the Hospitality Industry

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## Abstract

The number of hotels and catering services are increasing rapidly in Ghana. Previous studies indicate that employee appraisal and performance is one of the major obstacles facing the hospitality industry in Ghana even though it plays an important role in the success of a company. There is therefore the need to assess the contribution of employee appraisal and performance in the hospitality industry and how best the benefits can be harnessed for the development of the industry in the country. The purpose of this study was to ascertain the extent to which performance appraisal is practiced. In all fifty hotels including 44-two star, 5-three star and 1-four star in Ashanti Region, Ghana were contacted. Empirical data was collected through questionnaire administered to Chief Executive Officers, Managers and Employees in the fifty hospitality outfits in Ashanti Region, Ghana.

The findings of the study revealed that majority of the respondents had training on performance appraisal but indicated that they did not fully understand the scheme. Most of the appraisees indicated that performance feedback was not given to them and, therefore, did not know the outcome of the performance appraisal exercise.

It was concluded that, even though training was organized, it did not cover all the members of staff; workers were not given feedback on their performance; and performance appraisal was not effective in the hotels.

The study recommended that management should organise training sessions for all the staff, both appraisers and appraisees should understand the need for the appraisal system, and appraisers should be evaluated on how they conduct performance appraisal.

**Keywords:** Performance Appraisal, Hospitality Industry, Human Resource, Feedback, Training

## 1. Introduction

Tourism industry contributes at least 6 % of the world's gross domestic product and employing over 127 million workers both directly and indirectly worldwide (Holloway, 2002). It is estimated that the world's Travel and Tourism Economy will contribute 10.5 % to global gross domestic product by 2018 with growth averaging 4.4 % per annum between 2009 and 2018 (WTTC, 2008). The industry contribution towards economic development cannot be overemphasised in both developed and developing economies. Some countries especially those in the developing economies rely on tourism as a major catalyst for growth and development. Tourism and hospitality move together in the service industry to provide the necessary service to clientele. Hospitality is one of the largest industries in the world, it plays significant role in terms of accommodation, drink and food to visitors away from home for reward (Medlik, 2003). Hospitality industry therefore describes what is traditionally known as the "hotel and catering industry" (Lee-Ross & Pryce, 2005). It is a sector which is dominated by small and medium scale enterprises and provides foreign exchange as well as employment in most developing economies across the globe e.g Ghana. Hospitality service is labour centred.

The employees are the epicenter of the growth of the industry. Human resources supply their labour, talents, creativity and drive to the industry, thus enabling the hospitality industry to achieve its goals (Kreitner, 2008). The sector heavily relies on their human resources to deliver quality service to create competitive advantage. As such, the worldwide growth or decline of the industry is greatly dependant on how efficient its human resources are. When human resources are efficient, service delivery becomes effective leading to overall positive performance of service and greater customer satisfaction, thereby sparking off growth in the industry (Andress, 1999).

The quality of service delivery hinges in part upon its human resources. The action of frontline personnel has a determining influence on guest perception of quality service which in turn leads to overall level of guest satisfaction (Boella, 1974). Frontline staff always represents the company and carries the image of the company as well. They need to carry themselves well to portray a good and excellent image of the company. Every organisation that wishes to stay in business needs to update the knowledge and skills of its human resource base. This is generally acknowledged as an “important vehicle” for the hospitality industry (Andress, 1999). The modern day business environment throws more challenges and competition than has ever been expected. To thrive and survive in this competitive environment, managers must take strategic action that beats or equals competition. Cost competitiveness, quality, speed and innovation are keys that unlock future benefits and throw competition at the doorstep of competitors. To use those keys effectively, managing performance through performance appraisal is very essential. Performance appraisal in the service industries is much more significant than it is in other industries. This is so because, touristic products are consumed at the point of purchase. According to Cooper, Fletcher, Gilbert, and Wanhil (1993) intangibility, perishability and inseparability are three characteristics which separate touristic products from other products. Bell and Robert (2004) buttress this by expressing that a complete meal experience is the most important intangible element of a restaurant product. This experience is affected by a range of factors such as speed, comfort, service and dines approach among others.

The personal characteristics that increase effective service delivery and contribute to employees’ performance must be determined and encouraged. Employees must be spurred on to contribute efficiently and effectively towards the achievement of the goal of the industry. Management on the other hand must assess to ascertain whether employees are doing right thing or not through performance appraisal. According to Armstrong and Baron (2007), the major purpose of appraising the performance of employees is to improve the work performance of employees by helping them to realise and use their full potential in carrying out their organisational mission and provide information to employees and managers for use in making work related decisions.

Through appraising the performance of employees, the industry can assess the total strength and weakness of its manpower and gather information about employees’ capabilities for assessing the future potentials and promotability of an employee (Cascio, 1986). Performance appraisal provides information to help managers manage in such a way that improves employee performance (DeNisi & Pritchard, 2006).

In recent years, organisations within the hospitality industry have experienced a great deal of turmoil as the competitive forces within the industry have shifted under the weight of globalisation (Essays, UK 2013; Go, Manachello & Baum, 1996; Boella, 1974). Shifting travel market, world-class competition and escalating operating cost are compelling hospitality organisations to pay more attention than ever before to the needs and desires of their customers – (Essays, UK 2013; Go, Manachello & Baum, 1996; Boella, 1974). This implies that companies are finding ways to become more responsive and create greater value for their customers. In other words, they have to devise systems to facilitate the delivery of improved customer service. To survive this trend, many companies must build competitive advantage by relying on their employees to improve service delivery.

Although appraising the performance of employees is an important component in the industry, it is often neglected by management. Their main concern has been making or maximising profit. Consequently, the hospitality industry particularly in less Developed Countries are crippled – (Boella, 1974). These oversights are squelching employees' performance, decreasing motivation and sending wrong signals to employers on the rationale for being paid for work done. These have resulted from the fact that human resource management has traditionally been a weak link in the hospitality industry (ILO, 2001; Torrington & Charpman 1984). Ironically, the same frontline personnel who are vital to the success of the industry are often undervalued.

This study is to ascertain the extent to which performance appraisal is practiced in hotels in the Ashanti Region, Ghana. The research therefore focuses on performance appraisal in hotels, employee perception of the system, how effective the system is, training available to staff on performance appraisal and how performance appraisal reports were used for in the industry. Our findings could enrich discussions on appropriate policy framework that could stimulate effective labour and management relation in hospitality industry.

The paper proceeds with the overview of performance appraisal and hospitality industry, methodology and data issues, reporting and discussion of empirical results and then conclusion.

## **2. Overview of Performance Appraisal and Hospitality Industry**

### *2.1 Performance Appraisal*

There is a universal human tendency to make evaluations of ourselves and colleagues at work. Performance Appraisal Systems have therefore become wide-spread in both developed and developing countries and have grown from the private sector to public sector institutions, such as schools, hospitals, local authorities, hospitality industry and the civil service (Redman, Snape, Thompson, & Yan, 2000). Over the past two decades, performance appraisal has emerged as a major issue affecting major institutions both private and state owned. It arose out of this inclination to make judgement about those one works with as well as about oneself. Without a structured Performance Appraisal System (PAS), there would be little chance of ensuring that judgments made would be lawful, fair, defensible and accurate (Redman et al., 2000; Duleuicz, 1989). In the literature, many definitions of performance appraisal have been

made by different authors.

Dessler (2013) defines performance appraisal as any procedure that involves setting work standards, assessing the employee's actual performance relative to these standards, and providing feedback to the employees with the aim of motivating that person to eliminate performance deficiencies or to continue to perform above par. According to DeNisi and Pritchard (2006) performance appraisal is a discrete, formal, organisationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated performance dimensions and/or criteria that are used in the evaluation process.

Performance appraisal plays a key role in the success of every organisation. Bratton and Gold (2003) posited that performance appraisal is one of the key elements of any organisation drive towards competitive advantage through continues performance improvement. Managers do not take it kindly since the success or failure of the organisation hinges on the performance of its subordinates. It has two main purpose namely decision making and feedback. According to Brown, Hyatt, and Benson (2010), performance appraisals are the basic element of human resource management and many human resource decisions are totally based on the results of the appraisal. It is also prudent for managers to provide feedback to employees after decision of their performance have been made. With this, employees can be motivated and their performance managed (Boadu, Dwomo-Fokuo, Boakye, & Kwaning, 2014; Cook & Crossman, 2004; Martin & Bartol, 1998; Orpen, 1997). Through appraisal result, training can be organised for employees whose performances are not up to expectation to develop their skills, knowledge and motivation to behave in ways that can help the organisation in different direction. Danvila del Valle, Miguel and Guez-Duarte (2009), are of the view that training provides employees with the skills, abilities and knowledge required by the post/vacant position. According to Malongwe (2005), employees react more favourably to performance appraisal when it satisfies their needs and include an opportunity to state their position, when factors on which they are evaluated are job related and the objectives and plans of the evaluation are discussed openly. Hospitality outfits across the globe employ performance appraisal exercise as a potential tool for managing employee rewards through pay increases since its inception about two decades ago. Through the results of the exercise, employees are counseled, demoted, retrenched among others. On the other hand, the exercise has been operated frequently as up-bottom approach in most organisations and has largely created bureaucratic system owned by the Human Resource department rather than by line managers. Armstrong (2006) argues that many people perceived performance appraisal exercise as a means of exercising managerial control within organisational se-ups.

## *2.2 Hospitality Industry*

Tourism is essentially about people and places, the places one group of people leave, visit and pass through, services and industries that delivers a travel experience and other hospitality services provided for individuals or groups traveling away from home (Pearce, 2007). These groups of people need some essential amenities such as accommodation, communication, meals among others. The hotel industry provides these facilities and services to visitors to prolong their stay at the destination visited. Today, hotel industry is making heavy

investments in new facilities for already existing hotels, including more parking areas, swimming pools, more conference rooms, and new buildings with larger guest rooms constructed to accommodate visitors (Gray & Liquor, 2004). According to John (2003) hotels offer satisfaction to guests and tourists through the provision of high quality amenities such as television, flat-panel plasma, displays, AUD players. Evans (2000) states that hotels play a major role in assessing the activities and behaviours of a tourist towards his spending attitude. Uysal (2007) stresses that hotels play a vital role to different segments of people such as the commercial travelers, tourists and vocational travelers, groups and convention attendees and the government officials.

### *2.3 Employee Appraisal and Hospitality Industry*

The role of hospitality industry in tourism development is enormous and its employees need to be assessed always to put them on alert to avoid any disaster in the industry. Hospitality is one of most important sectors in a large number of developing countries (Nazrul, 2009). The Ghanaian hospitality industry has emerged as one of the key drivers of growth among the service sectors in Ghana. According to the 2012 Annual report of the Ghana Tourism Authority (GTA), hospitality industry is described as employment generator to Ghanaians directly and indirectly across the country. Employees in this sector are critical player in ensuring quality services to customers, since touristic products are consumed at the point of purchase. In order to move the industry to achieve its overall objectives, it is essential for hospitality outlets to apply employee performance appraisal exercise in their broad activities to attain organisational goals and mission. Employee performance appraisals are a parameter used to evaluate employees' performance against set standards (Dessler, 2003). Appraisal reports are used to design the in-service training courses for professional development, reassignment of employees and provide feedback to employees on their actual work performance in relation to the set standards. The exercise serves as a personal decision tool to both team (employer and employee). However, the hospitality industry has not been spared with dishonest and bias way that the exercise is executed. This study investigates the extent to which performance appraisal is practiced in hotels in the Ashanti Region.

## **3. Methodology**

### *3.1 Study Area*

Ashanti region is chosen as our case study area since it is a cosmopolitan region in Ghana. The region is the third largest of 10 administrative regions in Ghana, occupying a total land surface of 24,389 square kilometers or 10.2 per cent of the total land area of Ghana. In terms of population, however, it is the most populated region with a population of 4,780,380 in 2010 population and housing census (PHC), accounting for 19.4 per cent of Ghana's total population; however, its density (148.1 per square km) is lower than those of the Greater Accra (895.5/km<sup>2</sup>) and Central (162.2/km<sup>2</sup>) Region (Ghana Statistical Service, 2010). The region is centrally located in the middle belt of Ghana. It lies between longitudes 0.15W and 2.25W, and latitudes 5.50N and 7.46N. The region shares boundaries with four of the ten political regions, Brong- Ahafo region in the north, Eastern region in the east, Central region in the south and Western region in the south west. The region is divided into 30 districts, each



headed by a district chief executive. Majority of the region's population are Ghanaians by birth (87.3%) with about five per cent naturalised Ghanaians. A smaller proportion (5.8%) of the population originate from outside Ghana, made up of 3.7 per cent mainly from the five English-speaking countries of ECOWAS and 2.1 per cent from other African countries. The non-African population living in the region is 1.8 per cent of the total population. Akans are the predominant ethnic group in the region, representing 77.9% of Ghanaians by birth. A high proportion (78.9%) of the Akan population is Asante. The non-Akan population in the region comprises the Mole-Dagbon (9.0%), the Ewe (3.2%), the Grusi (2.4%), the Mande-Busanga (1.8%) and the Ga- Dangme (1.4%). The other smaller ethnic groups form about 1.3 per cent of the population of the region (Wikipedia, 2013). Ashanti region is the cultural heartbeat of Ghana, it is land of Golden stool.

### *3.2 Population of the Study*

The population of the study is made up of all the hotels operating in the Ashanti Region of Ghana and their employees as at 2013. The employees of the hotels were made up of those who worked in various departments.

### *3.3 Sample Size and Procedure*

The researchers used the hotel directory of the Ashanti Region of Ghana to select the elements of the study. In all fifty (50) hotels comprising of all 44- two star, 5-three star and 1-four star in Ashanti Region of Ghana were surveyed.

In each hotel, five employees were selected using random method of sampling. The researchers chose this method to avoid bias and give every employee the chance of being selected. The Chief Executive Officers (C.E.O's) and general manager/manageress in each hotel were given questionnaire to respond. Purposive method was used in this study due to the number of hotels in Ashanti Region, as well as its suitability in reaching all the respondents across the region. The sample size totaled three hundred and fifty (350).

### *3.4 Research Instrument*

The researchers designed two sets of questionnaire, one set for the Chief Executive Officers and general managers/manageress and the other for employees. The questionnaire for general managers/manageress covered the various forms of employees' appraisal methods, criteria management used for promoting staff members, training programmes management offered to staff, problems they face when appraising employees performance and how often employee performance appraisals are carried out. Questionnaire for employees covered the general background of the respondents, methods used for performance appraisal in hotels, employee perception of the performance appraisal system, what prevent them from working effectively, the type of incentives and motivation available to them and expression of satisfaction or dissatisfaction towards the motivation and incentive types. The final open question was designed to gather opinions, suggestions and comments in general with regard to the research and areas of further study. A total of 350 questionnaires were given out in October 2013, and all were received as at February, 2014.

### *3.5 Data Presentation*

Data gathered were coded and results were analysed using an SPSS computer package. The findings of the study were presented using appropriate tables and chart to ensure easy interpretation.

## **4. Result and Discussion**

In this section, data collected from questionnaires are analysed and compared with the literature. The results are therefore presented in tables showing frequencies, percentages and degrees of the responses given by appraisers and appraisees in the selected hotels.

### *4.1 General Characteristics of the Respondents*

The discussion on performance appraisal cannot be complete without a critical look at the level of education of employees, which has a tendency to enhance or worsen the performance of an organisation. Education is considered an important social variable which can unlock or enhance all other human potentials. From Table 1, it is clear that the educational background of the appraisers is satisfactory as compared to appraisees. Sixty three percent of the appraisers had either a first degree or higher national diploma qualification as against 66.8 % of the appraisees who had either a secondary school or elementary school qualification. This finding indicates that appraisers will be in a position to be abreast with their duties, authorities and responsibilities. The situation is worrisome on the part of appraisees who are always at the frontline to deliver service. Training and development programmes need to be put at the footsteps of appraisees to upgrade themselves in order to deliver better services, this will in-turn attract more customers for increase revenue towards the survival of the industry. According to Armstrong (2006), human capital is essential to every organisation and it involves the stocks and flows of knowledge available to an organisation. He was of the view that if workers are knowledgeable, they will apply their knowledge to move the organisation to higher levels.

Regarding the gender distribution of the respondents 62.0 % of the respondents (both appraisees and appraisers) were males and 38.0 % female. The imbalance ratio of male to female can be accepted as normal since the hospitality activities involve working long and unsociable hours which may be difficult for females. In general, this is acceptable, because the industry requires long hours of work. In terms, of age distribution, the result indicates that 70.1 % of the respondents were within the age group of 21-50. The mean ages of appraisees, appraisers and the total number of respondents fell around the age of 35 years. This means that both appraisees and appraisers are relatively young and can work effectively to promote productivity towards economic development for a longer period. A considerable percentage of appraisees and appraisers have less than 6 years of experience in their work places. This constitutes 60.0 % of both appraisees and appraisers. It presupposes that labour turnover is high buttressing Boella and Goss-Turner (2005), assertion that hospitality industry still has a reputation for very high levels of labour turnover. It should be great concern to the industry players, because experience plays key role to the success of every organisation. If the labour turn-over is high, it tends to affect the industry in the long run. Experienced labour is an essential resource to any organisation aiming for future success.



Table 1. Characteristics of the Respondents

| Sample Characteristic          | Items Appraisees | Frequency (N=250) | Percent of Total | Items Appraisers | Frequency (N=100) | Percent of Total | Total number (N=350) | Percent of total |
|--------------------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|----------------------|------------------|
| Gender                         | Male             | 150               | 60.0             | Male             | 67                | 67.0             | 217                  | 62.0             |
|                                | Female           | 100               | 40.0             | Female           | 33                | 33.0             | 133                  | 38.0             |
| Respondents Age                | Below 20 yrs     | 32                | 12.8             | Below 20 yrs     | -                 | -                | 32                   | 9.1              |
|                                | 21-30            | 62                | 24.8             | 21-30            | 15                | 15.0             | 77                   | 22.0             |
|                                | 31-40            | 60                | 24.0             | 31-40            | 20                | 20.0             | 80                   | 22.9             |
|                                | 41-50            | 56                | 22.4             | 41-50            | 32                | 32.0             | 88                   | 25.2             |
|                                | 51-60            | 30                | 12.0             | 51-60            | 23                | 23.0             | 53                   | 15.1             |
|                                | 61+              | 10                | 4.0              | 61+              | 10                | 10.0             | 20                   | 5.7              |
| Education                      | Elementary       | 72                | 28.8             | Elementary       | 12                | 12.0             | 84                   | 24.0             |
|                                | Secondary        | 100               | 40.0             | Secondary        | 15                | 15.0             | 115                  | 32.9             |
|                                | Polytechnic      | 40                | 16.0             | Polytechnic      | 40                | 40.0             | 80                   | 22.9             |
|                                | University       | 18                | 7.2              | University       | 23                | 23.0             | 41                   | 11.7             |
|                                | Other            | 20                | 8.0              | Other            | 10                | 10.0             | 30                   | 8.5              |
| Number of Years in the Company | Below 1 Yr       | 10                | 4.0              | Below 1 Yr       | -                 | -                | 10                   | 2.9              |
|                                | 1-3 years        | 68                | 27.2             | 1-3 years        | 33                | 33.0             | 101                  | 28.9             |
|                                | 4-6 years        | 72                | 28.8             | 4-6 years        | 27                | 27.0             | 99                   | 28.2             |
|                                | 7 years +        | 100               | 40.0             | 7 years +        | 40                | 40.0             | 140                  | 40.0             |

Source: Field Data, 2014.

#### *4.2 Methods Used in Assessing Performance in Hotels in the Ashanti Region*

For hospitality industry to continue playing its role in Ghanaian economy there is the need to assess the performance of the workers within the industry. This will help both the management and the employees to critically assess their contribution towards the industry. Performance appraisal is about measuring, monitoring and enhancing the performance of staff as a contributor to the overall organisational performance and effectiveness. It should also be noted that organisations have various methods of appraising their workers. From Table 2, the results show that, the appraisal method most frequently used for assessing performance was behavior appraisal (38.6 %). This method was used to appraise 39.0 percent of the appraisees by appraisers and 37.5 percent of the appraisers by appraisers (superiors). However there seems to be no significant differences among the choices (Table 2).

Table 2. Performance Appraisal Method

| Appraisal Method | Frequency of Appraisees | Percent | Frequency of Appraisers | Percent | Total Number | Percent |
|------------------|-------------------------|---------|-------------------------|---------|--------------|---------|
| Behaviour        | 96                      | 38.4    | 38                      | 38.0    | 134          | 38.3    |
| Result           | 58                      | 23.2    | 25                      | 25.0    | 83           | 23.7    |
| Peer             | 43                      | 17.2    | 18                      | 18.0    | 61           | 17.4    |
| Trait            | 33                      | 13.2    | 12                      | 12.0    | 45           | 12.9    |
| Other            | 20                      | 8.0     | 7                       | 7.0     | 27           | 7.7     |
| Total            | 250                     | 100.0   | 100                     | 100.0   | 350          | 100.0   |

Source: Field Data, 2014.

#### 4.3 Purpose of Employee Performance Appraisal

As indicated early, performance appraisal is crucial to the survival of any organisation. Management of organisations embark on such exercise for several reasons which include training needs of employees; employee understanding of his/her job responsibilities, overall output of the employee towards productivity; and how to promote employees to occupy top positions. All these helped organisations to make decisions towards improvement of its activities. Table 3, Figure 1, indicate that performance appraisals are carried out primarily to determine training and development needs of employees as well as enhance their understanding of their job responsibilities. These accounted for 30% (108 degree) each. These findings clearly show that hospitality service providers need to embark on performance appraisal to assess training need of their employees so that they can design the required training to help them acquire the necessary skills and knowledge to improve performance. This is crucial because if employees get clear understanding of their job description, they will go a long way to help the organisation to achieve its objectives.

Also, it is clear that management of hospitality industry use performance appraisal to determine promotion of its employees. This enables them to assess employees within their outfit to fill more senior positions.

Table 3. Major Reasons for Employee Performance Appraisal

| Consequence   | Frequency of Appraiser | Percent | Degree |
|---|------------------------|---------|--------|
| Determines the promotability of employee                            | 10                     | 10.0    | 36     |
| Weed out poor performance   | 20                     | 20.0    | 72     |
| Enhances the employee understanding on his/her job responsibilities | 30                     | 30.0    | 108    |
| Determines training and development needs of employee               | 30                     | 30.0    | 108    |
| Avoid corruption and stealing by employees                          | 10                     | 10.0    | 36     |
| Total   | 100                    | 100     | 360    |

Source: Field Data, 2014.

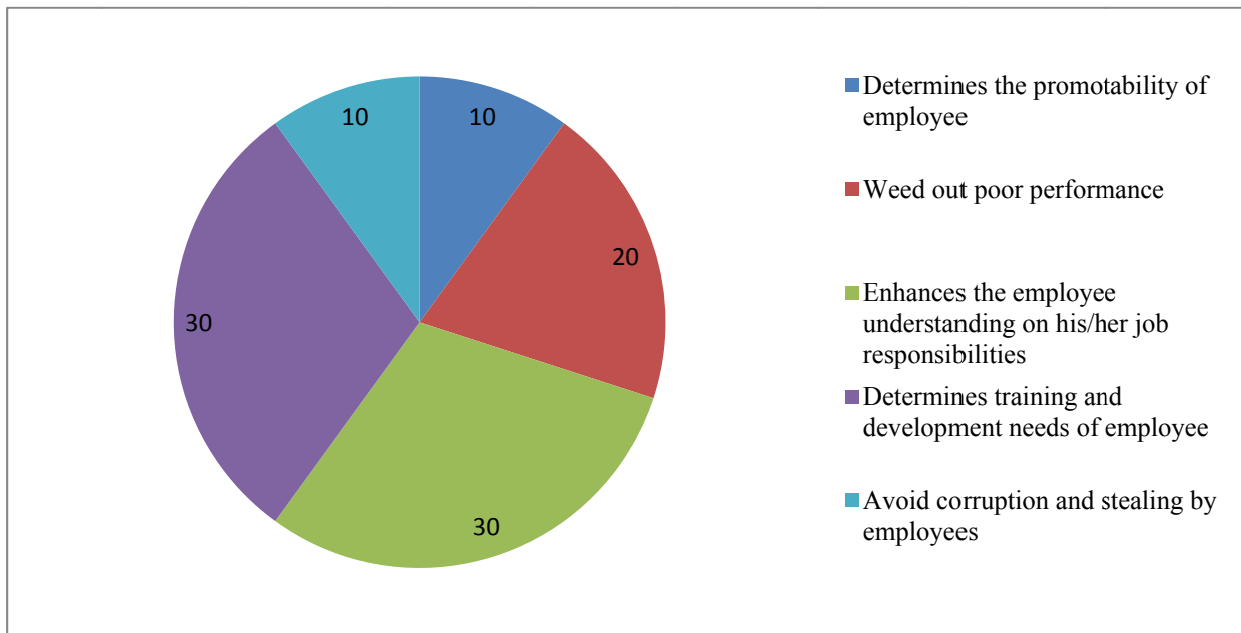


Figure 1. Major Reasons for Employee Performance Appraisal

Source: Field Data, 2014.

#### 4.4 Criteria Used in Hospitality Industry to Promote

A greater percent of the respondents (42.3 %) claimed that promotion depended on the level of education; 23.4 percent said that competence was used to determine promotion; 18.6 percent indicated that promotion was based on long service; while 15.7 percent specified that promotion depended on other things, such as confidential reports on staff and hard work (Table 4). It is important to note that most hospitality outfits use education to consider their promotion issues. This suggest that management perceived employees with higher educational level as ones who posse high knowledge and skills to promote the well being of their organisation.

Table 4. Respondents' Views about the Criteria Used to Determine Promotion

| Criteria           | Frequency of Appraisees | Percent | Frequency of Appraisers | Percent | Total Number | Percent |
|--------------------|-------------------------|---------|-------------------------|---------|--------------|---------|
| Level of education | 98                      | 39.2    | 50                      | 50.0    | 148          | 42.3    |
| Competence         | 62                      | 24.8    | 20                      | 20.0    | 82           | 23.4    |
| Long service       | 50                      | 20.0    | 15                      | 15.0    | 65           | 18.6    |
| Other              | 40                      | 16.0    | 15                      | 15.0    | 55           | 15.7    |
| Total              | 250                     | 100.0   | 100                     | 100.0   | 350          | 100.0   |

Source: Field Data, 2014.

From the Table, it is clear that management also used long service as a basis for promotion. This is good practice, since it helps employees to demonstrate their loyalty towards the performance of the organisation. This makes them feel part of the organisation and continue to work assiduously since they know that there is always promotion to seniority level awaiting them. This always helps to reduce labour turnover. Also, in Ghanaian set ups employees have a view that those workers who are promoted are those who are closed to the management.

The researchers are of the view that hospitality outfits should not only rely on education to promote their employees, but rather take into consideration the competence level of employees. From the study, it is clear that promotion based on competence accounts for less than a quarter ( $\frac{1}{4}$ ). This can lead well qualified or experienced workers to leave for another outfit, if their effort towards productivity is not recognised because of paper qualification.

#### *4.5 Employee Perception of the Performance Appraisal System in Hospitality Industry*

##### Feedback Provided

Performance feedback helps workers to identify the lapses in their performance and to know what is expected of them. Performance feedback is, therefore, needed to ensure effective appraisal. According to DeNisi et al. (2006) the ultimate goal of performance appraisal should be to provide information that will best enable managers to improve employee performance. Therefore, providing information about performance to employees working in established institutions is a crucial activity, which need to be encouraged to enable employees to assess where they are, where they want to be, and how they can get there? From the result in Table 5, 65.7 percent of the respondents (77.2 % of whom were appraisees and 37.0 % appraisers) indicated that performance appraisal reports were not made known to them. This suggests that hospitality outfits in the region do not give appraisal reports to their members. If feedbacks are not given, employees will not know what they are doing, and therefore will continue to perform or behave in the same way without any improvement. Some of the appraisers were of the view that appraisal results are confidential report to the organisation. The researchers are of the view that employees' evaluated reports are given back and discussed with them.

Table 5. Feedback provided

| Criteria | Frequency of Appraisees | Percent | Frequency of Appraisers | Percent | Total Number | Percent |
|----------|-------------------------|---------|-------------------------|---------|--------------|---------|
| Yes      | 57                      | 22.8    | 63                      | 63.0    | 120          | 34.3    |
| No       | 193                     | 77.2    | 37                      | 37.0    | 230          | 65.7    |
| Total    | 250                     | 100.0   | 100                     | 100.0   | 350          | 100.0   |

Source: Field Data, 2014.

#### 4.6 Methods of Giving Feedback on Appraisal Report

Communication is the transmission of meaning from one person to another or to many people, whether verbally or non-verbally. According to Barrett (2006), communication from one person to another is commonly depicted as a simple triangle consisting of the context, the sender, the message, and the receiver. Even though Performance appraisal plays critical role in the success of every organisation, but it is important to note that this success will not continue for so long if it lacks the same efficacy in communication. Communication should take place in such a way that it will give opportunity for the respondent or receiver to make decisions with regard to the message he perceived (Master, 2008). From Table 6, 39.2 percent of the respondents (appraisees 43.9 % and appraisers 34.9 %) prefer that their performance results should be communicated to them in written form. Written form of communication helps both employees and management to visualise what they are doing and keep track of their achievement.

Table 6. Methods of Giving Feedback on Appraisal Report

| Methods   | Frequency of Appraisees | Percent | Frequency of Appraisers | Percent | Total Number | Percent |
|-----------|-------------------------|---------|-------------------------|---------|--------------|---------|
| Written   | 25                      | 43.9    | 22                      | 34.9    | 47           | 39.2    |
| Verbal    | 13                      | 22.8    | 19                      | 30.2    | 32           | 26.7    |
| Interview | 17                      | 29.8    | 8                       | 12.7    | 25           | 20.8    |
| Seminar   | 2                       | 3.5     | 14                      | 22.2    | 16           | 13.3    |
| Total     | 57                      | 100.0   | 63                      | 100.0   | 120          | 100.0   |

Source: Field Data, 2014.

#### 4.7 Training on the Performance Appraisal System

For an organisation to grow, the behavior of workers should be modified through learning events, programmes and instructions which will enable them to achieve the level of knowledge, skills and competence needed to carry out work effectively (Armstrong, 1996). This will help in the realisation of the ability and potentials of workers. Appraisees were asked whether or not they have had training on performance appraisal.

From Table 7, a little over half of the respondents (53.4%) indicated that they had had training on how performance appraisal was to be conducted, while almost ½ indicated that they had not received any training. This is serious indictment to the industry because training is essential tool for employee development as well helping them to be conversant with the guidelines of performance appraisal. Management of the hospitality industry must, therefore, ensure that both supervisors and subordinates are frequently trained on how to appraise performance. This will reduce the tendency of biases and other errors. Of the 53.4 % of the respondents who had training on performance appraisal, 68.5 percent indicated that they will

avail themselves for training, whilst 31.5 percent indicated that they did not need retraining. Some of the respondents indicated that, though they have had training on performance appraisal, they did not really understand the scheme and, therefore, did not know what was expected of them in terms of their roles. The researchers are of the view that various hospitality outfits in the region should organise frequent training, whether on or off the job. This will help them to upgrade their knowledge on appraisal issues.

Table 7. Training Needs on the Performance Appraisal System

| Variable    | Frequency of Appraisees | Percent | Frequency of Appraisers | Percent | Total Number | Percent |
|-------------|-------------------------|---------|-------------------------|---------|--------------|---------|
| Training    | 131                     | 52.4    | 56                      | 56.0    | 187          | 53.4    |
| No training | 119                     | 47.6    | 44                      | 44.0    | 163          | 46.6    |
| Total       | 250                     | 100.0   | 100                     | 100.0   | 350          | 100.0   |

Source: Field Data, 2014.

#### *4.8 Effectiveness of the Performance Appraisal System in Hospitality Industry*

According to Table 8, a majority of the respondents 84.3 % made up of 88.0 % appraisees and 75.0 % appraisers disagreed that performance appraisal in hospitality industry was effective. This is an indictment to hospitality outfits operating in Ashanti region, since employees are of the view that the system is not adequate. This study suggests that management or body in charge of hospitality in the region should organise orientation programmes on performance appraisal to both appraisees and appraisers to up-grade their skills towards appraisal exercise. Both appraisees and appraisers will get clear understanding of appraisal issues.

Table 8. The Effectiveness of the Performance Appraisal System in Hospitality Industry

| Effective         | Frequency of Appraisees | Percent | Frequency of Appraisers | Percent | Total Number | Percent |
|-------------------|-------------------------|---------|-------------------------|---------|--------------|---------|
| Strongly agree    | 15                      | 6.0     | 10                      | 10.0    | 25           | 7.1     |
| Agree             | 15                      | 6.0     | 15                      | 15.0    | 30           | 8.6     |
| Strongly disagree | 115                     | 46.0    | 30                      | 30.0    | 145          | 41.4    |
| Disagree          | 105                     | 42.0    | 45                      | 45.0    | 150          | 42.9    |
| Total             | 250                     | 100.0   | 100                     | 100.0   | 350          | 100.0   |

Source: Field Data, 2014.



An effective performance appraisal system plays a crucial role in accomplishing organisational and individual goals. There is the need for consideration and planning to ensure that critical elements are featured in the appraisal environment and the performance appraisal system. This is because, if performance appraisal is not effective, it can easily kill the spirit of employees towards productivity in the sector.

#### *4.9 Factors that Prevent the Employees from Performing Effectively*

It is the wish of every organisation that its employees will perform effectively to enhance productivity for the survival of the organisation. In institutional set-ups, some employees put in maximum effort to show their commitment level towards productivity, while others do not for various reasons. On the basis of factors that prevent employees from performing effectively (Table 9), respondents ranked inadequate salary first as a major factor, poor incentive for employees is ranked second not having ownership in the hotel is ranked fourth with a total score of 440.

From Table 9 inadequate salary which accounted for 850 mainly prevent the employees from performing effectively. The employees perceive that their efforts were not commensurate with the salary they receive. Also, from the table, favouritism by management accounted for a weight of 550 which represents 22.0 %, it prevents employees from working effectively. During face-face interview with one of the employees, he gave instances where only senior staff always emerge as best employee of the year. This is a major disincentive for the junior staff and those at the shop floor whose high commitment towards productivity is crucial to the survival of the organisation. The researchers are of the view that performance appraisal should be linked to compensation. Employees should see a clear relation between appraisal result and rewards that they deserved in the organisation.

Poor incentives also accounts for 660. This may be due to the fact that employees are either not given incentive at all or the incentive given is usually inadequate. This finding is in-line with Boella (1974) view, which maintains that adequate salary, and incentives motivate employees to deliver quality service. Lee-Ross et al. (2005) also have the view that lack of incentives negatively affects employees' performance.

Table 9. Factors that Prevent Employees from Performing Effectively

| Rank                              | 1                   | 2                     | 3                    | 4                  | Score | Overall Rank    |
|-----------------------------------|---------------------|-----------------------|----------------------|--------------------|-------|-----------------|
| Weight                            | 4<br>Very important | 3<br>Fairly important | 2<br>Least important | 1<br>Not Important |       |                 |
| Inadequate salary                 | 50 (200)            | 40 (120)              | 10 (20)              |                    | 340   | 1 <sup>st</sup> |
| Poor incentive                    | 28 (112)            | 30 (90)               | 20 (40)              | 22 (22)            | 268   | 2 <sup>nd</sup> |
| Favouritism                       | 20 (100)            | 20 (60)               | 20 (40)              | 40 (40)            | 240   | 3 <sup>rd</sup> |
| Not having ownership in the hotel | 2 (8)               | 10 (30)               | 50 (100)             | 38 (38)            | 176   | 4 <sup>th</sup> |

Source: Field Data, 2014.

#### 4.10 The Challenges of Performance Appraisal

Performance appraisal has been discredited as a means of exercising managerial control (Armstrong, 2006; Townley, 1990). It tends to be backward looking, concentrating on what had gone wrong, rather than looking forward to future development needs. Line managers have frequently rejected performance appraisal schemes as being time-consuming and irrelevant. Performance appraisal has its challenges. Employees have resented the superficial nature with which appraisals have been conducted by managers, who lack the skills required, and tend to be biased and simply go through the motions. As Armstrong and Murlis (1998) assert, “Performance appraisal too often degenerates into a dishonest annual ritual”.

Appraisers were questioned on the challenges of the performance appraisal system in the hospitality industry. The results in Table 10 show that almost half of the appraisers attributed the problems of appraisal to rater biases, while half claimed that the appraisal method was unreliable. Only a few (5%) claimed that staff involvement and lack of management support were the problem. The high percentage of (45 %) personal biases will constitute a misleading picture which may not help the organization to achieve the purpose for which performance appraisal was conducted. Since 50 % of the problems is due to unreliable nature of the method. There should be guidelines in rating. The researchers suggest that there must be a clear standard to be followed by appraisers in rating. Appraiser can use the likert scale rating to differentiate between the various variables for smooth interpretation.

Table 10. Challenges Appraisers Face in Appraising Staff

| Challenges                  | Frequency of Appraiser | Percent |
|-----------------------------|------------------------|---------|
| Rater biases                | 45                     | 45.0    |
| Unreliable appraisal method | 50                     | 50.0    |
| Others                      | 5                      | 5.0     |
| Total                       | 100                    | 100.0   |

Source: Field Data, 2014.

## 5. Conclusion

The hospitality industry has a considerable importance and potential share in the economy of Ghana. This potential can be realised, besides other things, by providing quality service to visitors, in order to create a good impression about the destination. According to Cooper et al., (1993), intangibility, perishability and inseparability are three characteristics which separate tourism products from other products. The hospitality industry, being a service industry is a labour intensive. Human resources therefore play a crucial role in guest – customer satisfaction. No matter how much investment made on physical facilities, like building, equipment, furniture, decorations, serene environment among others, to provide the visitors

with a comfortable stay, poor service may wipe out all the positive impressions created by the physical facilities.

The industry over the years has been receiving increased attention from public policy makers, both in developed and developing countries. They are now widely recognised as leading sources of income, employment, and wealth. In order for the hospitality industry to thrive and prosper, adequate human resources with requisite knowledge should be available. According to Armstrong (2006), hospitality service providers need to conduct performance appraisal to check whether they possess the right caliber of employees to execute the task. Employee appraisal can therefore be regarded as one of the best tools for the hospitality industry. It contributes to effective performance of employees, weed out poor performance, enhance employees understanding of their job responsibilities, and also determine training and development needs of an employee.

This research provides an overview of employees' appraisal and performance in the hospitality industry in Ashanti Region of Ghana. The paper has showed that management of the hotels knows the importance of employee performance appraisal but it is poorly done. This can hamper the growth of the industry. A majority of the respondents had training on performance appraisal but indicated that they did not fully understand the scheme. Most of the appraisees indicated that performance feedback was not given to them and, therefore, did not know the outcome of the performance appraisal exercise. Also both management and employees admitted that performance appraisal was not effective in the hotels.

Finally, it is clear from the findings that, for a hotel to be successful and to be able to face the global competitive challenges, it must continuously appraise the performance of its employees.

## **6. Recommendations**

In the light of the findings and conclusion, in order to ensure an effective appraisal system, management should conduct training sessions for all the staff, both appraisers and appraisees in a way that they will understand the need for the appraisal system, and appraisers should be evaluated on how they conduct performance appraisal. Again, the result of the performance appraisal should be given to appraisees to evaluate their performance. Management should avoid the use of unreliable appraisal method so that standards can be developed to distinguish employees who are performing from those who are not performing. Finally, it is recommended that management, after evaluation, should involve employees in setting up future plans of the organisation.

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