

The Relationship between Performance Appraisal and Psychological Contract: Three Generations of U.S. Hotel Employees

by

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Abstract

This study aims to explore the relationship between performance appraisal and psychological contract from the perspective of U.S. hotel employees, as perceived by different generational cohorts. Specifically, this research seeks to investigate the effect of generational cohort on the relationship between performance appraisal and psychological contract. Additionally, this research examines whether differences exist employee's performance appraisals and psychological contract based on their generational cohorts. This study employs descriptive statistics, bivariate correlation, ANCOVA, and ANOVA to answer the research questions.

Overall, the findings of the study reveal that performance appraisal is positively associated with employees' psychological contract, which is vital for hotels to consider when designing performance appraisal systems. Surprisingly, there were no differences regarding psychological contract and the aspects of performance appraisal, except satisfaction, based on the generational groups. This research contributes to filling a literature gap in current hospitality industry research by investigating this issue, and provides implications for both academia and practice.

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Dedication

This dissertation is dedicated to my parents, to my lovely wife, to my kids, to my sisters, brothers, to colleagues, and friends.

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CHAPTER I

INTRODUCTION

Background

Recently, scholars have tended to focus on the key role of human resources practices in obtaining competitive advantage (Progoulaki & Theotokas, 2010; Guthrie, Flood, Liu, & MacCurtain, 2009). In the current market, organizations are struggling to keep up with a highly dynamic and competitive context. One notable and common practice in the field of human resources is the performance appraisal (PA) (Boswell & Boudreau, 2000). HR practitioners, when developing a PA system, should endeavor to distribute development and reward opportunities based on accurate and fair evaluations of performance, in which the measures should be easily understood, and clear feedback is given to employees after the evaluation (Bae, 2006). Organizations utilize a range of different PA systems with which to assess and improve performance. Such systems offer a way to increase organizational efficiency in competitive markets. A well formulated PA system reduces uncertainty in relation to role requirements, as it gives employees clear information regarding what the organization expects of them, and provides feedback on their performance in a clear and timely manner.

Boice and Kleiner (1997) state that it is challenging to design a PA system that accurately and appropriately evaluates employees' performance. They further suggest that organizations should formulate a systematic framework in order to ensure that their PA system is consistent

and fair. Furthermore, appraisal systems should be consistent in the way that they link between employees' performance and the goals of the organization; this can be achieved by setting individual objectives and performance criteria. Henderson (1984) says that there is no such thing as a generic PA system, which makes it hard for organizations to seamlessly transfer systems across industries or departments. In an ideal world, the PA system should be tailor-made and implemented to fit with the specific characteristics of the organization and its employees. However, Cardy and Dobbins (1994, p. 54) observe that "with dissatisfaction and feelings of unfairness in process and inequity in evaluations, any appraisal system will be doomed to failure." This in turn may lead to a number of negative consequences in the workplace such as lower motivation, feelings of unfairness, and high staff turnover, all of which in turn inhibit the success of an organization (Miller, 2001). Therefore, PA systems do not function in isolation, and the effects of inadequate PA systems can have a damaging effect on the organization in general.

One important outcome that performance appraisals may influence is the psychological contract that binds employees and the organization (Truss, Gratton, Hope- Hailey, McGovern, & Stiles, 1997). Rousseau (1989, p.23) defined psychological contract as "an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party." The reciprocity norm suggests that failure to fulfil obligations and expectations related to the PA may cause employees to respond by reducing or changing their contributions, for instance by changing their organizational citizenship behaviors, reducing their role performance (Lub et al., 2011; Zhao et al., 2007) and being less committed to, or even leaving, their jobs (Matthijs et al., 2010; Conway & Briner, 2005; Robinson & Rousseau, 1994). Previous studies have demonstrated that breach of a psychological contract has a number of

negative outcomes, such as employees feeling less obligations toward their employers, lower commitment and job satisfaction (Robinson, 1996).

The psychological contract has a critical impact on the relationship between the employees and their organization, and on employees' behaviors (McDonald & Makin, 2000) because the psychological contract implies reciprocity in inducements and contributions between employees and employers (Lambert, 2011). For example, if employees perceive that their employer offers more inducements such as wage or benefit increases or more training or career opportunities, they have more sense of reciprocity and contribute more to their organizations (Homans, 1961; Wayne, Shore, & Liden, 1997). As a result, employees' perceptions of their contract with employers may have a significantly positive influence on their organizational effectiveness because employee attitudes and behavior substantially impact organizational outcomes (Rousseau, 1989; Schein, 1980).

Performance appraisals and psychological contracts are both based on a sense of reciprocity and inextricably linked through their roots in social exchange and undeniable effects on the attitudes and behaviors of employees (Maley, 2009). Studies indicate that a key function of PAs is to foster sincerity and trust amongst the workforce (Milliman et al., 2002).

Psychological contracts have been shown to amplify employee's contributions, commitment, satisfaction, perceived trust, and fairness (Guest, 2004; Robinson, 1996; Thompson, 2003).

Theories have been employed to understand and interpret employees' shared aversion of performance appraisals and their subsequent effects. According to Maley (2009) negative performance evaluations adversely impact the self-efficacy of employees. This implicitly highlights the importance of employees' perceptions about the purpose, criteria, satisfaction, and fairness of performance appraisals. Once performance appraisals are clear and acceptable by

employees, it is expected that they would respond by adopting more productive work habits and abandoning behaviors that conflict with performance expectations (Maley, 2009). Thus, for appraisal systems to be effective they should first be accepted, understood and supported by employees. If employees perceive that performance appraisals are unfair, they are likely to respond by reducing their input (Heslin & Walle, 2009).

The term 'organizational justice' refers to the perceived fairness of a work environment (Cropanzano et al., 2001). Greenberg (1990) argues that the term also implies that the organization considers fairness within its operational practices. According to Greenberg (1993) and Colquitt (2001) four factors comprise the construct of organizational justice namely, distributive justice, procedural justice, interpersonal justice, and informational justice. It is safe then to expect that, if employees believe that they are treated unfairly by the organization, this will in turn impact their perceptions of their relationship with the organization. Therefore, the relationship between performance appraisal and the psychological contract can be examined by applying Organizational Justice Theory. Organizational Justice (Kossek, Colquitt & Noe, 2001) is a theoretical construct, from the perspective of which PA systems can be understood and explained.

One issue that recently has obtained the attention of HR managers and researchers is the multigenerational in the workplace. Cennamo and Gardner (2008) observe that HR researchers, practitioners and managers are becoming more and more interested and concerned with how to work with and manage a multigenerational team. In the current business workplace, it is common to see and encounter people from different generations working alongside each other. The Society for Human Resource Management (SHRM) (2004) states that differing workplace values are the primary cause of most differences between employees from different generations, and a

key source of conflict in workplaces. Studies indicate that if organizations understand how to manage workplace values, then they can become a source of real advantage (Lancaster & Stillman, 2002). Consequently, it is essential that managers appreciate the different value structures of people from different generations, if they are to foster and oversee a positive workplace, for example by encouraging leadership, motivation and inter-generational collaboration (Smola & Sutton, 2002).

It is argued that there are distinct and obvious differences between generations (Wong, 2000; Zemke, Raines, & Filipczak, 2000). Eisner (2005) asserts that currently there are four generations: Traditionalists (born < 1945), Baby Boomers (born 1946-1964), Generation X (born 1965-1979), and Generation Y (born after 1980). Of these, at present only three constitute part of the workforce, though they make up the large majority of the workforce in the hotel industry. Although the exact labelling and start and end dates of the different generation classifications differ in the literature, generally academics and practitioners agree upon the classification of these generations (Eisner, 2005; Raines, 2003; Tulgan & Martin, 2001).

The definition of a generation is a group of people or cohorts who share birth years and experiences as they move through time together, influencing and being influenced by a variety of critical factors (Howe & Strauss, 2007). Earlier research has shown that generational value sets affect workplace values, and the expectations that workers might have of their employers (Chen & Choi, 2008).

The hotel industry is not an exception to this rule. Hotels have begun to show interest in how to effectively managing a multigenerational and diverse workforce in what is a dynamic and highly competitive industry (Deloitte, 2006). As each generation is characterized by a unique set of values, skills, and features; as such, employing people from different generations creates

equally unique opportunities and challenges for managers of hotels (Gursoy, Maier, & Chi, 2008).

In particular, HR specialists will likely need to think carefully about how to conduct performance appraisals for employees from different generations. In order to best assess the performance of multigenerational employees, and build a good employee-employer relationship, it is essential that hotel managers understand the workplace values held by the new generation, and particularly how these are different to the values held by other current and previous generation staff cohorts.

In light of the aforementioned concern, and given that performance appraisal and psychological contract are relatively neglected research areas, then a study exploring the relationship between these two constructs from different generational perspectives, in the specific context of the hotel industry, would add to and enhance existing knowledge and best practice in this area.

Problem statement

Despite that the subject of performance appraisal has been given due consideration by researchers in the last thirty years, research has focused on traditional subject areas (Tziner, Murphy & Cleveland, 2005), though it has addressed some new topics, for example contextual factors (Levey & Williams, 2004). Nevertheless, in relation to the hotel sector in particular, there are noteworthy gaps in the performance management literature.

Although some studies have been conducted within the hospitality context exploring generational differences in regard to workplace values (e.g. Chen & Choi, 2008) or expectations (Walsh & Taylor, 2007), there is a lack of studies exploring the relationship between

performance appraisal and psychological contract amongst employees from different generations in a hotel setting. This implies that there is limited knowledge regarding how to improve the performance appraisal process, and in particular that there is no consensus amongst researchers regarding the purpose of performance appraisal and most suitable criteria when conducting performance appraisal (Whitford & Coetsee, 2006; Williams, 2002). As such, this study addresses the lack of information on the subject of performance appraisal and psychological contract across different generations in the workplace.

A major issue in human resource and workforce management in the hotel industry is the changing generational landscape and demographics. As members of different generations frequently work together, it is imperative that hotels acquire some insights into their different mindset and perspectives. Apart from a small number of recent relational research studies (e.g. Park & Gursoy, 2012; Paxson, 2009; Chen & Choi, 2008; Gursoy et al., 2008; Walsh & Taylor, 2007; Miller, 2006; Main, 1998), there are few studies on generational differences in workplace values amongst employees of hotel corporations.

Purpose of the study

The purpose of this study is to empirically explore the relationship between performance appraisal and psychological contract in a hotel context. In addition, the current study aims to investigate whether there are any differences in this relationship from the perspective of three different generational cohorts. The purpose of this study is further delineated by the following research questions.

Research questions

Four research questions are formed:

1. To what extent is performance appraisal with respect to (a) purpose, (b) criteria, (c) satisfaction, and (d) fairness associated with psychological contract?
2. To what extent is there a difference in psychological contract for different generations controlling for the effects of performance appraisal with respect to (a) purpose, (b) criteria, (c) satisfaction, and (d) fairness?
3. To what extent are there differences in employee's psychological contract based on their generational cohort?
4. To what extent are there differences in employee's performance appraisal with respect to (a) purpose, (b) criteria, (c) satisfaction, and (d) fairness based on their generational cohort?

Significance of the study

This research attempts to address a gap in both the mainstream and hotel-specific literature by exploring the relationship between performance appraisal and psychological contract from the perspective of three generational groups. Ignoring the importance and influence of this relationship can have a potential negative impact on the employees, which may lead to a number of undesirable outcomes for the hotel.

Therefore, this research adds and enhances the current literature in a number of key ways. Theoretically, this study endeavors to identify and describe the relationship between performance appraisal and psychological contract, and in this way addresses the literature gap identified by past researchers by providing empirical evidence regarding the nature and scope of the relationship between these two constructs. Furthermore, the study responds to calls for further

research on psychological contract, as very little research has examined the concept specifically in a hotel context (Blomme et al., 2010; Kelley-Patterson & George, 2001). In addition, Solnet and Hood (2008) have expressed the need for studies of the effect of the entry of new generation employees into the hotel workforce. Though there are stereotypical understandings and expectations, there is a lack of empirical research to support identified differences (Giancola, 2006).

In terms of industry practice, this study will provide practical implications for HR managers in the hotel industry. First, results of such a study can provide HR managers with suggestions regarding how to build and implement effective performance appraisal processes in order to best fulfil the expectations of a multigenerational workforce. This will have a positive impact on employees' psychological contracts, which in turn should have significant benefits for hotels. Second, by better understanding performance appraisal, HR managers in hotels will be better equipped to make important decisions related to various HR actions and outcomes, particularly those concerning employee retention and turnover. Finally, the relationship between performance appraisal and psychological contract is potentially important, and can lead to a number of undesirable work-related consequences, including employee absenteeism and decreased performance.

CHAPTER II

LITERATURE REVIEW

Performance appraisal (PA)

Performance management versus performance appraisal

The terms ‘performance management’ and ‘performance appraisal’ are usually used interchangeably, hence they are confused with each other. The cause of this confusion stems from the idea that both of them are linked to employees’ evaluation. This calls for the importance to distinguish between these two terms since they are originally considered to be different from each other. On one hand, performance management can be defined as the management of the human resources in an organization. It is seen as an encompassing and continuous process which involves a number of aspects, including performance appraisal (CIPD, 2005). In other words, performance management is concerned with setting off elevated levels of organizational performance since its orientation is more strategic. On the other hand, performance appraisal is an operative approach that is more limited and narrow in scope. It focuses mainly on employees’ development and their short-to medium-term performance. (CIPD, 2005). However, as a key feature of organizational life, performance appraisal has been perceived as one of the most fundamental aspects of improving and enhancing performance in general.

Concept and importance of performance appraisal

Swanepoel et al. (2003) define the performance appraisal process as one in which the strengths and weaknesses of employees in executing a particular task are identified, observed, measured, recorded, and developed via a formalized and systematic process of performance appraisal. Bach (2005, p. 289) notes, “performance appraisals have become far more than just an annual ritual and are viewed as a key lever to enhance organizational performance”, and Chen and Kuo (2004) describe PA as an essential organizational process. In addition, Fletcher (2011) emphasizes the strategic importance of PA, as well as its key role in bringing together human resource activities and organizational policies.

According to Holbrook (2002), PA is a key aspect of establishing performance goals, addressing performance problems, distributing rewards, and initiating disciplinary procedures, including dismissals. However, PA can be utilized to facilitate various other processes, such as: coaching; discussing performance improvements; creating a positive work environment; establishing duties and expectations; enabling management control; supporting selection decisions; providing supportive information for HR functions; recognizing opportunities for development; raising awareness of organizational goals; and, identifying individuals suitable for promotion or redundancy (Wilson & Western, 2000).

An appraisal is a process of observing and assessing employees in regard to their future prospects, paying particular attention to their successes, failures, and existing or absent qualifications, to decide whether they are eligible for promotion or further training (Maund, 2001). Maund (2001) (cited in: Horsoo Jnr, 2009) argues that appraisal is an essential element of employee performance management. When properly utilized, appraisals perform a key function in raising employee confidence, and encourages employees to strive toward greater ability and

efficiency. When effectively implemented, appraisals can significantly benefit the process of recruiting, selecting and training the future workforce. Furthermore, appraisals can also help to improve working conditions, and via a feedback process, can also increase employee motivation (Horsoo Jnr, 2009). In addition, employee assessment will increase managerial effectiveness when workers are observed on an individual basis by attentive supervisors (Auerbach, 1996). Despite the fact that the number of organizations utilizing a proper performance appraisal system (PAS) is relatively small (Hennessey & Bernadin, 2003), Bratton and Gold (2003) argue that it is still a key factor in acquiring competitive advantage, which organizations can achieve through continuous performance improvement (Hennessey & Bernadin, 2003).

Barzoki, Mahdi & Malik (2012, p. 161) state that the main function of performance appraisal is to arouse motivation in the employees. Employees' motivation results in cooperative work among them in order to achieve the organization's desired objectives (Fitzgerald & Moon, 1996, p. 5). A lack of appraisal systems in place constitutes the main "symptom of an organization disease". Appraisals are the right time for the organization to communicate with its employees and "communication is the key of motivation" (Bates, 2009, p. 53). If the performance reviews fail to set goals and to provide feedback this generally leads to a demotivated working team (Vacharis, Kyriakidou & Maroudas, 2006).

Reviewing the implemented appraisal system is another managerial practice when considering the PA of any given organization. In a study concerning the changes in the schemes of appraisals, Brown and Heywood stated that "two-third of appraisals schemes are abandoned or altered within two years of their creations". Appraisal systems have to be ongoing, constantly improving themselves as the society and the mentalities also move. Longenecker and Fink (1999) put forward the fact that 'corrective actions' to initial schemes need to be taken into

consideration mainly to enhance the relationship between the level of individual and organizational performance.

Perceptions of performance appraisal

According to Keeping and Levy (2000), it is crucial to analyze the reactions or responses to PA, for a number of reasons, such as (a) the idea that the reactions themselves are inherently interesting and useful to practitioners; and (b) the fact that responses are linked to factors determining the acceptance and success of appraisals, yet they have received little scholarly attention. Studies have suggested that responses to appraisals play a key role in the PA process, as they are essential to its acceptance and success (Murphy & Cleveland, 1995).

Previous research has shown that responses to appraisals are important to the creation of positive personal and organizational attitudes, and enhance motivation, thus improving performance (Lawler, 1994). The success of a performance appraisal system depends on the employee's perceptions of its fairness, and their response to key parts of the process (Jawahar, 2007). In particular, any feelings of dissatisfaction, perceived lack of fairness in the process or in evaluations, will make an appraisal system more likely to fail (Cardy & Dobbins, 1994). Skarlicki and Folger (1997) argue that the appraisal process can bring about significant discontent if employees perceive the system to be biased, politicized or irrelevant. Therefore, employee perceptions of PA are key to ensuring the long-term effectiveness of any PA system (Longenecker & Nykodym, 1996).

Employees' attitudes toward the goals, outcomes and applications of a PA can bring about a number of benefits, and are influenced by several factors. For instance, employees will be more receptive to and supportive of a PA if they view it as a source of helpful feedback that will enhance their performance (Mullins, 2007). If they view the PA as improving their chances

of promotion, and as a personal development pathway, employees will likely welcome and meaningfully participate in the scheme, and will embrace the opportunity to network within the organization, and to demonstrate and have their skills and abilities recognized. However, if employees view the PA as an undesirable attempt by management to instigate stricter supervision and control over employees' tasks, they may have an adverse reaction to its utilization. A PA is most effective if it is fully explained, and consented to by all those involved (Anthony et al., 1999). Without this consultation, the process could become counterproductive. Some key factors that are essential for successful appraisals are: staff motivation, positive attitudes, behavior development, good communication, individual and organizational goal setting, and the creation of positive links between management and employees (Armstrong, 2003).

The idea that it is critical for organizations to design and implement appraisal systems that employees will respond positively to is not a new one. Earlier studies (e.g. Hepner, 1930) have found that the use of employee-approved performance appraisals is essential for their success. In particular, Hepner (1930) showed that when managers are transparent about the purpose of the PA, this increases employees' trust in the process. A PAS ought to be implemented by an organization to perform the following functions: distributing rewards to employees, supporting further development, collecting feedback from employees regarding their roles, departments, managers, the organization, and the way in which they are treated (Seldon, Ingraham & Jacobson, 2001). If employees have positive attitudes toward these things, then the organization will benefit from a good working environment; on the other hand, if they are negative, the company's performance will suffer (Ahmed, Ramzan, Mohamed & Islam, 2011). To a large extent, employees' perceptions depend on the behaviors and attitudes of management,

which will in turn affect employees' performance. Specifically, if performance appraisals are felt to be biased or unfair, their associated benefits will be absent, and they will not increase performance (Thomas & Bretz, 1994).

Longenecker and Fink (1999, p. 22) describe good PA systems as incorporating "input from employees and managers about practices and criteria" in their evaluation of employee performance. Involving employees in the appraisal process will likely increase co-operation with and acceptance of the system. In order to achieve this, organizations can offer certain development opportunities, for example training, or promotion, to help motivate employees (Vacharis et al., 2006). The mutual satisfaction of both managers and employees will make it more likely that the goals of both parties will be achieved, and create a shared desire to participate as decision-making agents. In this process, the appraiser's role will be to listen attentively to the employee, in order to collect the information required to assess their performance; they should also demonstrate an interest in potentially promoting the person concerned.

Purpose of performance appraisal

PAs are a key aspect of life in an organization, and fulfil a number of important functions, such as problem-solving, goal setting, allocation of rewards, and informing disciplinary and dismissal processes (Dickinson, 1993; Ilgen, 1993). Whilst the primary reason for utilizing PA systems is to assess employee performance, there are also other important purposes that have caused use of these systems to increase (Farr & Levy, 2007). There are two key drivers for the increase in the number of different uses of PA systems; first, in the 1950s, organizations identified that they needed to work closely with their employees in order to make

them most efficient (Katzell & Austin, 1992). The consequent change in organizational practices and frameworks prompted researchers (Meyer, Kay & French, 1965; McGregor, 1957) to argue that administrators and managers needed to alter the way in which they used PAs, where rather than being a way to monitor employees, they should become a means to help employees to meet both their personal needs, and the needs of the organization. Second, in the 1980s, organizations saw a dramatic increase in the adoption of technology, and globalization required some organizations to operate within extremely competitive global markets (Williams, 2001). Consequently, the broad field of performance management underwent development (Farr & Levy, 2007), and the reasons for using PAs increased.

Performance appraisals provide information that assists with a number of different personnel decisions, for example salary reviews, promotion candidates, transfers, and training programs, as well as promoting employee development and encouraging performance feedback (Huber, 1983; Landy & Farr, 1983; Jacobs, Kafry, & Zedeck, 1980). In light of the evolution of management philosophies, and the importance of the performance appraisal to the performance management process, organizations might need the PA to achieve any or all of four primary objectives (Fletcher, 1997; Murphy & Cleveland, 1991): 1) Administrative: to help organizations evaluate employee performance, and thus to inform decisions concerning promotions, transfers, incentives, and other employee rewards; 2) Organizational: to give organizations the chance to communicate organizational strategies to all company employees, and to effectively implement these; 3) Training and development: to help with employee training and ongoing personal development, as developed employees will be better able to succeed with their work-related goals; and, 4) Organizational feedback: by collecting relevant information and feedback from employees, PAs help organizations to identify existing or potential strengths and weaknesses

within the organization. Although organizations can utilize PAs in pursuit of any of these four objectives, some empirical studies (Cleveland, Murphy & Williams, 1989) have observed that a large number of organizations use them primarily as a means of evaluating employees.

Jawahar and Williams (1997) concluded that evaluations conducted for administrative purposes tend to be more lenient than those carried out for research or developmental purposes. Although evaluation formats, training and other technical characteristics of PAs determine the quality of ratings, the overall quality of a PA is also significantly affected by the administrative context within which they are carried out (Murphy & Cleveland, 1995). Effective managers will view PAS as a management instrument, rather than an instrument with which to measure their subordinates. In addition, their utilization of PAs will motivate, direct and develop their subordinates, and increase their access to key organizational resources, thus improving productivity.

Youngcourt et al. (2007) state that a performance evaluation has three intended purposes; the first two, the administrative and developmental purposes, are focused on the individual, the third, the role definition purpose, is position-focused. For the purposes of the present study, which focuses on employees, not organizations, only the individual-based purposes, namely administrative and developmental, will be included. For appraisals to achieve their administrative purpose, organizations evaluate the outcomes of the process and make decisions in relation to matters like salary increases, discretionary bonuses, hiring, dismissals, and promotions. The developmental purpose of PA relates to the enhancement of professional competencies and employees' personal development.

Administrative purpose

Past studies have shown that the evaluative element of performance appraisals is key, and plays a positive role, especially in strengthening appraisal-reward contingencies (Prince & Lawler, 1986). Performance appraisal systems (PAS) produce relevant information concerning employee performance that can be utilized to assist with administrative actions, such as incentives, promotions, transfers, and terminations. Generally speaking, a PAS help to ensure that rewards are fairly and deservedly allocated (Peters, 1986). Furthermore, where these types of decisions are based on an effective PAS, they lead to better interpersonal relationships and increase trust between the supervisor and their subordinate. Performance appraisal systems (PAS) produce relevant information concerning employee performance that can be utilized to assist with administrative actions, such as incentives, promotions, transfers, and terminations.

Administrative uses of performance-related information have been shown to be the most common application of PAs in the 1970s and 1980s (Cleveland, Murphy & Williams, 1989). In the 1970s, between 50%-85% of surveyed organizations reported that they used appraisals to inform administrative decisions. Cleveland et al. (1989) also found that, when asked about their most common use of performance-related information, respondents cited salary review and development feedback as the two most frequent applications.

Developmental purpose

Performance appraisals serve a developmental purpose in that workers are given with role-specific feedback, help, and support, with a view to improving their performance in the future. In such situations, the role of supervisors is a supportive and/or problem-solving one, with the overall aim of encouraging employee development and growth (Maier, 1976). Although the overarching aim of performance evaluation is to increase employees' efficiency (Boswell &

Boudreau, 2002), these systems can also provide many other benefits, both to employees and the organization. For instance, they facilitate the improvement of standards by collecting the views of employees in relation to the company's internal strategy. Appraisal schemes also help to plan training and development programs, by surveying employees to identify gaps in their knowledge or skill-set. The organization can then offer appropriate training and development plans that will improve internal performance, and measure the effects of this implementation (Scott, 2009). Along the same lines, it also helps to identify recruitment needs, where a specific role is lacking, or a group of workers is overloaded and/or unable to complete a particular task (Longenecker & Fink, 1999). Another purpose is the distribution of appropriate rewards (Randell, 1973; Fletcher, 2001), whereby it is much easier to identify an individual's strong performance or valuable development if they are given a performance review.

The developmental element of the appraisal is critically important, though it requires time to implement and enhance further skills for staff concerned (Millett, 1998). It is essential that managers carry out either formal or informal appraisals, in which they set out clear goals in cooperation with employees, and, most importantly, communicate their assessment and give feedback.

Criteria of performance appraisal

Boice and Kleiner (1997) argue that, as PA systems are not generic and cannot be transferred across different organizations, they must utilize bespoke design and administration that takes the characteristics and qualities of employees and the organizational into account. The authors also suggest that organizations put a systematic framework in place to guarantee that PA is "fair" and "consistent", and that a link should be demonstrated between employee performance

and organizational objectives via individual targets and performance criteria. Throughout the performance appraisal process, various criteria are assessed, including the goals and results that have been achieved, relevant skills and competencies, workplace behaviors, individual characteristics and features that can be controlled on a personal level. Pooyan and Eberhardt (1989) identified that a different set of criteria was a reliable predictor of satisfaction with the appraisal process, for both supervisory and non-supervisory employees.

According to Beer (1987), many PA related issues arise from the nature of the system itself; in other words, its intended objectives, the administrative system within which it is embedded, and the processes that the system is made up of. Problems with the system itself might include unsuitable or poor evaluation criteria, an impractical technique, or a system that is more form than substance. In addition, if criteria relate only to activities instead of results, or on individual characteristics rather than performance, employees may not respond well to evaluation (Pan & Li, 2006).

Employees are satisfied according to the extent to which management of the organization meets their expectations concerning compensation, trainings, rewards and equity (Baum, 2006). In case people are dissatisfied with appraisal schemes or by the behavior of the appraiser (judgment, suspicion, or subjectivity), demotivation growth and tensed relationships will take place (D'Annunzio-Green et al., 2002). The selection of the line managers is critical since an appraisal can be "more favorable" if the individual is perceived as similar to the appraiser (Singh, 2000). Studies of sales staff indicate that organizational commitment is positively associated with the use of specific and clear evaluative criteria, and with a more open appraisal process (Pettijohn, 2001), and negatively associated with role ambiguity (Babakus et al., 1996).

Finally, Mangwendeza (2000, p.13) argues that an appraisal is most effective when it “hinges on the extent to which criteria are appropriate for the jobs”

Satisfaction with performance appraisal

In terms of satisfaction with PA, studies suggest that when organizations evaluate employee reactions to performance appraisal systems, they commonly find a degree of employee dissatisfaction (Sudarsan, 2009). On this point Fletcher (1993) states that employee dissatisfaction with PAS should be considered as a red flag to organizations that they are not fulfilling their intended purpose. As such, it is critical that organizations observe how employees react to such systems, so that they can better understand what impact their reactions might have on the organization (Murphy & Cleveland, 1991). According to Lai (2007), employee satisfaction is important to organizations, as this is closely linked to profitability, productivity, employee retention and customer satisfaction. Satisfied and motivated employees will generate greater customer satisfaction, and improve overall organizational performance. Linked to this, satisfaction with the PA system used is considered one of the most important reactions of employee satisfaction (Giles & Mossholder, 1990).

There are four forms of satisfaction related to performance appraisal. First is satisfaction with ratings, whereby receiving higher ratings provokes a positive response to the appraisal itself (Williams, 2001). Research has identified a positive correlation between the rating an employee receives and their response or attitude to the PA process (Dipboye & De Pontbriand, 1981; Pearce & Porter, 1986). The second form of satisfaction is with the rater, where evaluation may generate a negative attitude toward the individual carrying out the evaluation. If, in the evaluation process, the employee feels criticized or demotivated, as past research by (Meyer et

al., 1965) indicates, this may transfer over the individual conducting the appraisal. This highlights the determinative role that supervisors play in securing positive outcomes, as they are mainly the appraisers, and the providers of performance feedback (Milkovich & Boudreau, 1997). Pooyan and Eberhardt (1989) argue that the essential element of the performance appraisal process is the relationship between the employee and their supervisor.

The third form of satisfaction is with the system. Various different models have emphasized the importance of context in the PA process (Murphy & Cleveland, 1995; DeCotiis & Petit, 1978). Of the different contextual factors, the appraisal system itself is the most relevant, as it represents the actual framework within which the appraisal is undertaken, evaluations are carried out, and the resultant data is processed (Giles & Mossholder, 1990; Cederblom, 1982). Furthermore, Murphy and Cleveland (1995, p. 314) stated that “an unfavorable reaction may doom the most carefully constructed appraisal system”. Fletcher (1993) found that over 80% of the surveyed UK organizations had some level of dissatisfaction with the PA system they had in place. In addition, Bowles and Coates (1993) found that, from a sample of 48 UK organizations, 68% were dissatisfied with the PA process, which they judged to be the result of the large number of contradictory requirements that organizations tend to have of their PA system. Furthermore, this organizational dissatisfaction then extends to individual dissatisfaction with the PA system (Kluger & DeNisi, 1996; Thompson & Dalton, 1970).

The last form of satisfaction is with the feedback. Gaines (1994) emphasized the significance of developmental feedback in helping employees to see how they could improve within their organization. As such, it should be specific, truthful, rational, and focused on performance (Sirota & Mischkind, 2006), with the intention of discussing employees’ actual performance, rather than their expectations (Alvero et al., 2001), and aiming to help them

improve. A study by Dobbins et al. (1990) argues that the frequency of feedback is also a significant predictor of appraisal satisfaction amongst employees; the findings of their study suggest that where employees have a high level of role ambiguity, they are more likely to be satisfied an appraisal system in which feedback is more frequent. Consequently, performance feedback plays a key role in many elements of organizations, for instance motivation, career development, job satisfaction, and performance management (McCarthy & Garavan, 2001).

Perceptions of performance appraisal fairness

The idea of organizational fairness is also known as Organizational Justice, according to Greenberg (1987). In regard to PA systems, fairness is claimed to be an important criterion in judging effectiveness and usefulness within organizations (Erdogan, 2002). As well as serving as a criteria of effectiveness in performance appraisals, perceived fairness is also related to certain attitudes, including organizational commitment (Folger & Konovsky, 1989; Konovsky & Cropanzano, 1991), trust in management, commitment to a role (Konovsky & Cropanzano, 1991), and behaviors, including performance (Konovsky & Cropanzano, 1991) and organizational citizenship (Moorman, 1991). As performance appraisal helps to determine individual reward allocations, perceived fairness in this context is particularly relevant. Therefore, it is necessary to study the antecedents and consequences of perceived fairness in relation to performance appraisals.

Existing literature suggests that human beings are particularly concerned with four types of justice. The first is distributive justice which is based in equity theory (Adams, 1965), and is concerned with the perceived fairness of the amounts of compensation employees receive (Folger & Konovsky, 1989). In distributive justice, people compare their input-output ratios with others', so as to assess the fairness (Erdogan, 2002); in other words, they base their assessment

on the degree of material benefit that is gained (Brockner & Wiesenfeld, 1996). The second type of justice is procedural justice, and is concerned with how decisions are made (Thibaut & Walker, 1975). Specifically, procedural justice is concerned with the influence of differences in procedures on judgments regarding the fairness of particular outcomes and procedures (Thibaut & Walker, 1975). In other words, the primary concern of procedural justice is the method used to arrive at particular ends (Tang & Sarsfield-Baldwin, 1996; Alexander & Ruderman, 1987).

The third type of justice is interpersonal justice, which relates to perceived fairness in how the person being evaluated is treated by their appraiser. Greenberg (1993, 1994) states that interpersonal justice affects individual responses to decision outcomes as greater sensitivity can cause individuals to respond better to an unfavorable outcome. Evidence cited by Greenberg (1986) suggests that individuals are significantly affected by how sensitively they are dealt with, both by their supervisors and by other representatives of the organization. This is particularly the case if appraisers demonstrate concern for individuals in relation to their outcomes. Finally, informational justice relates to fairness perceptions with regard to performance expectations and standards, the feedback that is given and received, and how decisions are explained and justified. Informational justice mainly changes reactions to procedures as explanations offer the information needed to assess structural aspects of the process (Greenberg, 1993, 1994). Specifically, this will relate to whether explanations and justifications of procedures, or of any aspect of the allocation process, are perceived to be honest, sincere and rational (Thurston & McNall, 2010).

Psychological contract

Concept of psychological contract

Argyris (1960) is frequently credited with coining the term ‘psychological contract’, although that he refers to it as “Psychological Work Contract” (p. 96). Drawing on interview conversations, Argyris (1960) noted the existence of mutual respect between workers and foremen. In a later study, Levinson, Price, Munden, Mandl, and Solley (1962) extended the concept of the psychological contract to describe the relationship between employer and employee. It seems that, as Argyris (1960) introduced the concept of a psychological contract without an adequate definition, a wide range of definitions have since been used to describe the psychological contract.

Earlier definitions described the psychological contract as incorporating the overall beliefs, obligations and expectations employees held in relation to their employment (Levinson, 1962; Kotter, 1973; Schein, 1980). Rousseau’s (1989) seminal work on what she coined the ‘psychological contract’ moved the focus of definitions onto employees’ beliefs about the implicit and explicit promises made between the employee and their employer (Rousseau & Greller, 1994; Rousseau, 1995; Herriot & Pemberton, 1997; Morrison & Robinson, 1997). Rousseau (1989) defined psychological contracts as an individual’s subjective perceptions in relation to the terms and conditions of a mutual or reciprocal exchange agreement between that individual and another party (Rousseau, 1989). Similarly, Kotter (1973) defined psychological contracts as an implicit contract between an individual and his organization which specifies what each expect to give and receive from each other in their relationship. In the context of employment, psychological contracts constitute “an individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party” (Rousseau, 1989, p. 123). Rousseau (2010) has further expanded the definition of psychological

contracts to be “an individual’s system of beliefs, based on commitments expressed or implied, regarding the exchange agreement with another” (p.191).

Reflecting upon the various different definitions provided for psychological contract in the literature, it is clear that the value of forming psychological contracts is found in their ability to minimize insecurities and predict future exchanges, consequently helping individuals and organizations alike to satisfy their needs (Rousseau, 1995; Shore & Tetrick, 1994).

One important issue that should be emphasized in any explanation of the psychological contract is subjectivity, as the concept is strongly dependent on the perceptions of employees regarding the obligations that the organization should fulfill. These perceptions are likely to vary across individuals, within organizations, across different organizations, different sectors, and over time (Bellou, 2009; Herriot & Pemberton, 1997; Rousseau, 1989, 1995, 2001).

Types of psychological contract

In terms of employment relations, psychological contract theory differentiates two different types of psychological contracts, namely transactional and relational psychological contracts (e.g. Restubog, Hornsey, Bordia & Esposito, 2008; Zagenczyk, Restubog, Kiewitz, Kiazad & Tang, 2014; Zhao, Wayne, Glibkowski & Bravo, 2007; Herriot et al., 1997). The two contract types differ in terms of focus, timescale, stability, scope and tangibility (Rousseau & McLean Parks, 1993). The following is a brief summary of the characteristics of each.

Transactional contracts

Robinson, Kraatz and Rousseau (1994) define transactional contracts as those that are, in the main, economic, typically short-term, and concerned with ‘substantive’ issues, for example pay, hours, and benefits. Rousseau (2001) explains that this kind of contract applies when

employees are only obliged to perform specific tasks and duties within the scope of what they are paid to do. Likewise, the employer commits to only a small amount of involvement with the organization, offering very few training or career development opportunities. The contract is primarily the terms of a monetary exchange, and is thus very specific in nature, focusing on mutual material reward and typically expressed as “a fair day’s work for a fair day’s pay” (Rousseau, 1995).

A transactional contract typically has a narrow, and purely financial focus (Raja, Johns & Ntalianis, 2004), whereby employees who subscribe to transactional psychological contract theory view their employer organization as merely a source of income and workplace (Millward & Hopkins, 1998). As well as being public, and narrow in scope, a transactional contract will usually be linked to the employee’s careerist motive (Rousseau, 1990); it is based on economic and/or external terms, be very specifically defined, and have a finite, usually short-term time frame (McDermott et al., 2013).

Rousseau (1995, p. 91) expands on the nature of the transactional contract and describes some of its more detailed characteristics, such as: the primary incentive being specific economic conditions, e.g. salary; minimal personal engagement with the role, such as little or no emotional investment; a closed-ended time frame, such as a seasonal employment contract; commitments limited to highly specific conditions, for instance union contracts, with little flexibility, where changes typically require a renegotiation of the entire contract; the employee is unlikely to enhance their existing skills, and would not be given development opportunities; and clear terms that are easily understood by outsiders. The terms and conditions of transactional contracts tend to be formally negotiated, extremely explicit, and usually recorded in written form (Conway & Briner, 2005).

Relational contract

Unlike a transactional psychological contract, employees who perceive there to be a relational psychological contract are likely to consider their relationship with their organizations to extend beyond the scope of a mere economic exchange (Cuyper & Witte, 2006; Rousseau, 1990). Robinson, Kraatz and Rousseau (1994) describe a relational contract as being based on “non-economic terms, tends to be open-ended in time scale, and concern more intangible issues, such as interpersonal treatment, job security and professional development.” In this sense, a relational psychological contract is more generalized and ubiquitous, and it is formed based on intrinsic, non-economic, and socio-emotional factors rooted in trust and organizational commitment.

In a relational psychological contract, employees can demonstrate their commitment and loyalty, and may contribute by displaying discretionary organizational citizenship behaviors, (Rousseau, 1990; Robinson & Morrison, 1995), and may grant one-off tasks (Eisenberger, Huntington, Hutchison & Sowa, 1986; Flynn, 2003) in order to further contribute to the employment relationship. For their part, employers frequently give discretionary organizational support, typically via investing in training courses, facilitating both career and personal development, granting job security (Grimmer & Oddy, 2007), and being considerate of employees’ personal and family lives (Rousseau, 1990; Rousseau, 1995; Herriot et al., 1997; Conway & Briner, 2005). In this way, relational contracts are less tangible, and involve a greater degree of subjectivity compared with transactional contracts (Grimmer & Oddy, 2007).

Rousseau (1995, p. 92) described the particular characteristics of a relational contract to include the following: an emotional involvement as well as economic exchange (e.g. personal support and concern for well-being); whole-person relations (e.g. promoting individual growth and development); open-ended or indefinite time scales; both written and unwritten terms that

are dynamic and can evolve and change over time; pervasive conditions (e.g. has an impact on personal and family life); subjective, and implicitly understood, so hard for an external party to understand.

Outcomes of psychological contract fulfillment

When organizations fulfill the terms of a psychological contract, this will likely have a positive effect on the attitudes and behaviors of its employees. This is the case because employees in this situation will likely respond to good treatment by exhibiting a number of beneficial work outcomes. As a result of the significance of fulfilling psychological contracts, their outcomes have been frequently examined, especially in relation to factors including organizational identification, leader-member exchange, organizational citizenship behavior, organizational support, employee turnover, trust, individual perceptions of employability, and performance (e.g. Dulac et al., 2008; Lo & Aryee, 2003; Lub et al., 2012; Restubog et al., 2008; Shih & Chen, 2011; Shih & Chuang, 2013; Sturges et al., 2005; Coyle-Shapiro & Kessler, 2003). In particular, Chi and Chen (2007) surveyed 153 repatriates and found that the perceived fulfillment of psychological contracts was negatively associated with turnover intent, and positively associated with organizational commitment. Other outcomes that have been studied in relation to psychological contract fulfillment include turnover (Blomme et al., 2010) and performance (Conway & Coyle-Shapiro, 2012).

Coyle-Shapiro and Kessler (2002) identified a positive relationship between employers fulfilling their obligations to employees, and employees fulfilling their obligations to their employer. Drawing on discrepancy theory, equity theory, and needs theory of satisfaction, Lambert (2011) observed that employees who demonstrated higher levels of psychological contract satisfaction exhibited positive behaviors within and toward their organizations. Conway

and Coyle-Shapiro (2012) similarly identified a reciprocal link between employee performance and perceived psychological contract fulfillment, where, when employees' psychological contract obligations were felt to be fulfilled, they were more likely to trust their employer organization and their supervisors. In addition, they were more likely to stay with the organization, and demonstrated more commitment, both to the organization as a whole, and their own department (Lester et al., 2007; Robinson, 1996; Turnley & Feldman, 2000).

The aforementioned studies highlight the importance of fulfilling the obligations of a psychological contract obligations between employee and employer. Specifically, when employees perceive that the obligations of the contract have been fulfilled, they believe that the organization values the employment relationship. By contrast, when employees perceive that their employer's commitments have not been fulfilled, for instance in terms of training and promotion, they would be less willing to consecrate their own contribution, with regard to their skills, knowledge, and loyalty (Cavanaugh & Noe, 1999).

Outcomes of psychological contract breach

Scholars have drawn a distinction between a breach and a violation of a psychological contract. According to Morrison and Robinson (1997), a 'breach' implies unmet expectations, whereas a 'violation' refers to a particular emotional state that may be provoked in certain conditions. Rousseau (1989, p. 128) argues that reactions to perceived violations go beyond mere perceptions of unfairness or inequity and dissatisfaction to feelings of betrayal, frustration, and even psychological distress. In light of the adverse effects violation has on a large number of important organizational outcomes, it is understandable that breach of psychological contract is the most frequently examined phenomenon within the existing research on this topic (Conway & Briner, 2005; 2009).

A breach can be said to have occurred when an employee feels that their employer has broken its promises, and is one of the primary ways that the psychological contract can impact upon the employment relationship and on employee behavior (Robinson & Rousseau, 1994). Research into the outcomes of psychological contracts breaches shows that when the employer fails to meet the expectations of the employee, the latter will be inclined feel dissatisfied in their employment (Gakovic & Tetrick, 2003; Hess & Jepsen, 2009; Suazo, 2009; Zhao, Wayne, Glibkowski & Bravo, 2007). Breaches have also been shown to be related to decreased job satisfaction and organizational commitment, and with withdrawal behaviors (e.g. Coyle-Shapiro & Kessler, 2000; Turnley & Feldman, 1999, 2000). Employees reciprocate perceived contract breach on the part of their employer by placing less trust in their employer (Robinson & Rousseau, 1994), limiting their performance (Robinson, 1996), and abstaining from organizational citizenship behavior (Robinson & Morrison, 1995).

Support for the conclusions of the aforementioned studies can also be found in service-oriented industries. For instance, Deery, Iverson and Walsh (2006) examined the relationship between psychological contract breach and negative behavior amongst customer service workers, and found that when employees perceive a psychological contract violation, their trust in the organization, and their cooperation with regard to employment relations become lower, and rates of absenteeism become higher. Rousseau and Robinson (1994) summarize the consequences of psychological contract violation as lack of trust, dissatisfaction, and the potential breakdown of the employee-employer relationship itself. They also discussed how failure to honor the terms of a contract creates a perception of wrongdoing, betrayal, and deception, which has subsequent implications for the employment relationship.

In a study of MBA alumni, Robinson and Rousseau (1994) found that 54.8% of the sample felt that their organization had broken their psychological contract at some point. They also showed that this perception of violation had a negative impact on employees' trust in their employer, their satisfaction with their job and organization, their intention to remain at the organization, and was positively correlated with actual staff turnover. Rousseau (2001) argued that a violated psychological contract leads to greater attitudinal and emotional responses than merely unmet expectations. When employees perceive a psychological contract to have been breached, they feel negative emotions, including anger, a sense of having been mistreated, and frustration with their employers (Morrison & Robinson, 1997). This in turn has a negative effect on trust and job satisfaction, damaging the employee-employer relationship (Bordia et al., 2008; Dunn & Schweitzer, 2005; Robinson, 1996; Robinson & Rousseau, 1994). Furthermore, breach and/or violation of a contract might prompt an individual to shift their focus to their own career, rather than on their loyalty to the organization (Rousseau & Wade-Benzoni, 1995).

Breaches of psychological contract can be caused by renegeing and/or incongruence (Robinson & Morrison, 2000). 'Reneging' is where one party clearly and deliberately fails to fulfill their obligations, and incongruence is the result of overly complex or ambiguous terms, accompanied by inadequate communication in the employee-employer relationship (Morrison & Robinson, 1997).

Hamel (2009) argues that psychological contract violations can result from incongruity in the perceptions of employees in relation to the messages communicated by employers, and a resultant breakdown of sense and meaningfulness. One assumption that can be reasonably made with regard to the violation of a psychological contract is that, with the distribution of rewards and benefits, or lack thereof, the work input of employees significantly and proportionally alters

(Coyle-Shapiro & Conway, 2005). Where psychological contracts are violated, employees are likely respond by creating obstacles to the achievement of organizational goals. According to social exchange theory, violation of a psychological contract brings about negative reciprocity norms and behaviors (Eisenberger et al., 2001; Heckman et al., 2009). These would affect both employees' formal roles and responsibilities in addition to any voluntary prosocial behaviors or organizational citizenship behaviors (Suazo, 2011).

When staff perceive that their employer has not delivered on what they promised, they feel betrayed, angry, and untrusting (Raja, Johns & Ntalianis, 2004). Such emotions can lead to negative outcomes, in particular higher turnover intentions (Turnley & Feldman, 2000; De Vos, Buyens & Schalk, 2003), decreased job satisfaction (Tekleab, Takeuchi & Taylor, 2005; Zhao, Wayne, Glibkowski & Bravo, 2007), and diminished performance at work (Orvis, Cortina & Dudley, 2008). When the employee-employer relationship is a positive one, the organization can benefit from optimal levels of performance (Mullins, 2010).

Restubog et al. (2010) examined the relationships between leader-member exchange, psychological contract breach and employee performance, based on a sample of MBA students, employees and supervisors in the manufacturing industry, and pharmaceutical organizations using a cross-sectional and longitudinal research design. The research results showed that both the organizational citizenship behaviors of employees and their performance at work were significantly negatively affected by psychological contract violation. Therefore, an awareness of employees' perceptions of the relationship between themselves and their employer, i.e. the psychological contract, is essential.

Why the psychological contract is worthy of study

As stated earlier in this paper, the psychological contract forms a key aspect of the employer-employee relationship, and plays a significant role in determining and explaining workplace behaviors and attitudes. As such, it is widely utilized as a tool with which one can explore and understand employment relationships (Tyagi & Agrawal, 2010; Raulapati, Vipparthi, & Neti, 2010).

McDermott et al. (2013) state that the primary vehicle managers have for making firms successful is the psychological contracts they create with workers. It is undeniable that the majority of researches and literature suggest that the psychological contract constitutes a helpful framework for the management of employment relations, and organizations may suffer if they deny or ignore or the importance and implications of the psychological contract. As such, it is logical to argue that the success of organizations may largely depends upon the quality and status of the psychological contracts they have in place, and the way in which individual employees perceive their contracts has been argued to be key driver of their workplace behaviors, which can be either positive or negative (Muller-Camen, Croucher & Leigh, 2008). It is also reasonable to argue that a positive psychological contract is essential for the ongoing growth of an organization, and for a harmonious employee-organization relationship.

The psychological contract in the hotel industry

In their role, frontline employees of hotels are expected to always be professional and courteous toward customers, and to quickly deal with and respond to customer problems and enquiries. They also typically undertake additional tasks and voluntary behaviors, including individual helpful acts, and acting based on their initiative and goodwill, things that are not enforced via an employment contract or stipulated within a job description (Organ, 1988).

Research on the impact of psychological contract fulfillment on the level of service workers in the hospitality sector provide has shown high performance human resource management practices, particularly those involving salary reviews, training programs, reward,, and career development opportunities, were positively correlated to the service-related behaviors of employees, and to their performance, factors that are crucial to service-based organizations (Liao & Chuang, 2004; Liao et al., 2009; Tang & Tang, 2012).

In summary, in the present competitive and labor-intensive working environment, which has caused employment relationships to become more complicated in nature, creating and maintaining a healthy employer-employee relationship is key to organizational success. In particular, issues such as the changeable nature of modern organizations, downsizing, restructuring and outsourcing, increase the chance of incongruence in the employee-employer relationship. This in turn may cause employees to perceive that their employer organization has failed to fulfil their obligations in the reciprocal exchange. This emphasizes the importance of the psychological contract and the major influence it has in the workplace, particularly in light of the changing dynamics of employment relationships resulting from the changing economic, political, and social climate. In order to understand how employees should be treated, organizations must recognize and appreciate the concept of psychological contracts, as workers' perceptions about the employment contract they have with their employers has a notable impact upon workplace outcomes (Rousseau, 1989; Schein, 1980). It is thus not surprising that organizations have acknowledged the need to discover effective means to increase their competitive advantage by harnessing their most essential asset: a flexible workforce.

Performance appraisal and psychological contract: an organizational justice theory perspective

When joining an organization, an employee can generally expect to receive incentives and rewards, typically in the form of compensation, often, but not always, monetary, determined by their employers in exchange for their effort and contributions to the fulfillment of the organization's needs (Kotter, 1973). This type of exchange is perceived by employees to fulfill the psychological contract (Rousseau, 1989). For employers, the efforts and contributions of individual employees in pursuit of organizational goals is primarily based on the outcome of the PA (Latham & Wexley, 1981).

As mentioned earlier, a PA is intended to evaluate staff performance and give feedback to individual employees regarding how their performance can be improved (Gomez-Mejia et al., 2010). This feedback, regardless of whether it is positive or negative, can exert a significant influence on the psychological contract, because it is directly associated with the terms of the employment, such as pay, promotion and training opportunities (Suazo, Martínez, & Sandoval 2009). For instance, acceptable performance evaluations from supervisors might cause employees to expect that their employment is stable, secure, and likely to be long-term. Similarly, positive feedback given by superiors may imply the creation of a PC based on the expectation of long-term employment, in other words, a relational PC. (Suazo, Martínez, & Sandoval 2009). On the other hand, negative feedback might encourage workers to see their relationship with their employer as being transactional in nature, in which case the focus of the PC will be economic, not emotional, with a narrower scope and shorter time frame (Suazo, Martínez, & Sandoval 2009).

It is of utmost importance that both supervisors and HR managers sufficiently understand their legal and contractual obligations with regard to PA systems. For instance, organizations should ensure that their PA systems are not inconsistently applied, avoid any variable impact, do

not perpetuate stereotypes that have a negative impact on certain individuals, use the same criteria to assess all individuals, for instance both men and women, and do not make any false and/or defamatory claims about a member of staff (Bennett-Alexander & Hartman, 2007). According to Rousseau and Greller (1994), HR functions, including selection, training, compensation, and performance evaluation, all affect the employee's PC status.

There are some commonalities between the PA and the PC. First, and most notably, they both have their foundation in social exchanges, and depend upon the norm of mutual reciprocity to explain their influence on employee attitudes and behaviors (Maley, 2009). For instance, Milliman et al. (2002) suggest that one function of the PA is to create feelings of loyalty and trust. Similarly, an important component of the logic underlying the need for a PC is the need to encourage organizational commitment, to meet the expectations of employees (Thompson & Bunderson, 2003), and to promote fairness and trust, which are key values in the workplace (Guest, 2004; Robinson, 1996). Nevertheless, the commonality between the two concepts does suggest that their joint utilization could work toward the achievement of similar outcomes, such as mutual commitment on the part of both the employer and the employee, and organizational citizenship behavior that is aligned with organizational strategy.

The two concepts are also similar in their complexity. For instance, as with performance appraisal, studies examining psychological contracts have indicated that organizations often send out mixed messages regarding the terms of the psychological contract, which are also poorly expressed by managers (Cullinae & Dundon, 2006). Stiles et al. (1997) conducted a review of the role of performance management in the creation of psychological contracts in changing circumstances. The researchers found that, where workers were significantly concerned about the

accuracy and fairness of the PA system, they would also feel skeptical, which had a negative overall effect on the PC (Maley, 2009).

In terms of the state of the PC, the management of fairness perceptions is arguably central. Employees' perceptions regarding the fairness or unfairness of a particular HR practice, or HR in general, will have a significant impact on how they react to that practice, and to their relationship with the organization overall (O'Donnell & Shields, 2002). Also referred to as organizational justice perceptions, these feelings can be understood as possessing two separate but associated dimensions: distributive justice and procedural justice (Beugre, 1998). Procedural justice concerns with the perceived fairness of decision-making procedures and processes which lead to decision outcomes (Leventhal, Karuza, & Fry, 1980). Procedural justice depends on the utilization of detailed and role-based performance criteria, in order to ensure a consistent and accurate evaluation; furthermore, feedback must be constructive and provided in good time, and employees must be given the chance to respond to this feedback and discuss their views on their performance (Gilliland & Langdon, 1998; Folger et al., 1992). Distributive justice refers to perceptions of the equity of reward. In this case, the greater the belief that the rewards presented and/or distributed are unfair the higher the chance of a violated psychological contract. The perceived fairness of the outcome distribution, for example salaries, and the processes employed to determine outcomes, in particular their consistency and the opportunity for consultation, are all important issues for organizational participants (Greenberg 1986, 1988). The findings of previous studies suggest that the reaction of employees depends on the perceived fairness of the outcome of their performance evaluation (Horvath & Andrews, 2007; Jawahar, 2007; Colquitt, Conlon, Wesson, Porter & Ng, 2001; Greenberg, 1988). Existing evidence broadly indicates that

the more fair the performance appraisal procedures and outcome distribution is perceived to be, the more the employee's PC will be identified with the organization.

Another factor that plays an important role in the analysis process that takes place after a perceived breach of contract is the employee's beliefs regarding how fairly they have been treated (Morrison & Robinson, 1997). In situations where the employee is able to identify that it was formal process that led to the breach of contract, they will be further affected by other factors known to affect assessments of procedural fairness, for example whether procedures were consistently followed, whether or not the staff member was consulted, and if the decision might have been biased (Lind & Tyler, 1988). Judgments of fair treatment accord with what Bies and Moag (1986) call 'interactional justice'. Such judgments are based on the individual's beliefs regarding whether they have been treated with honesty and respect, and whether the contract breach has been adequately justified (Bies & Shapiro, 1987).

In summary, according to Gabris and Ihrke (2001), unfair performance appraisal systems may have a negative impact on the efficacy of HR practices. Studies have shown that perceptions of fairness promote favorable employee attitudes and behaviors, including organizational citizenship behaviors (Skarlicki & Latham, 1997) and commitment to an organization (Folger & Konovsky, 1989).

Generational cohorts

Recently, there has been a significant increase in scholarly interest in generational differences, as suggested by recent published works (e.g. Bellou, 2009; Benson & Brown, 2011; Cugin, 2012) and the issues being raised in academic journals (Macky, Gardner & Forsyth, 2008; Deal, Altman & Rogelberg, 2010). This rise in interest most likely reflects the significant changes in society, and the impact that these have had on workplaces. Specifically, these shifts

have created a situation in which HR managers are required to manage a multigenerational workforce, in possession of potentially varying views of the employment relationship. Previous research has shown the existence of generational differences in individuals' life choices and values life choices and values (Lyons, Schweitzer, Ng & Kuron, 2012; Twenge, Campbell & Freeman, 2012). Within the specific context of HRM, most research into generational differences has been in the area of workplace values and attitudes to work (Lyons & Kuron, 2013; Parry & Urwin, 2011).

Generally speaking, the term 'generation' usually indicates a cohort of people that have common life experiences, for example global events, natural disasters, economic conditions, and popular culture (Smith & Clurman, 1998). According to cohort theory, growing up and experiencing certain things at around the same point in their lives and emotional development causes the formation of common values and opinions amongst the individuals that make up each cohort (Smola & Sutton, 2002; Smith & Clurman, 1998; Kupperschmidt, 2000).

Workplace values and different generations in the workplace

One on hand, values reflect what different individuals, or groups of individuals, hold to be morally right or wrong. Rokeach (1973, p. 5) considers values to be "beliefs and personal standards that guide individuals to function in a society and thus, values have both the cognitive and affective dimensions." Hofstede (1984, p.18) describes values as "a broad tendency to prefer certain states of affairs over others." Values also typically shape norms and collective goals, encouraging and directing collective action (Roe & Ester, 1999). On the other hand, and like fundamental values, work-related values are beliefs in relation to desirable end-states, such as a high salary, or behavior, such as working in a team (Ros, Schwartz, & Surkiss, 1999). Work

values are narrowly defined, for instance as an employee's expectations from the workplace, and about how those expectations should and might be achieved (George & Jones, 1999).

In theory, work goals and/or values are generally considered to be specific expressions of more general human values in a work environment (Ros, Schwartz, & Surkiss, 1999). Workplace or work-related values are more specific in nature and scope. 'Work values' are the end-values, such as the satisfaction, quality or reward that individuals perceive in or acquire from their work (Super, 1970). The relationship between general and work values is understood in various different ways. Values share a specific cognitive structure, which causes there to be a structural similarity between general and work values (Roe & Ester, 1999). Work values determine employees' work-related preferences, and have a direct influence on the attitudes and behaviors that they exhibit in the workplace (Dose, 1997). Super (1980, p. 130) defined work values as "an objective, either a psychological state, a relationship, or material condition, that one seeks to attain." However, studying the values of employees has benefitted from significant attention for several decades, because of their importance in predicting and determining behavior (Chu, 2007; White, 2006). In particular, Chu (2007) asserts that recognizing the values held by employees is essential, as how highly employees value their employment affects their attitudes toward work and the workplace.

Generational differences in work values have been associated with changes in the meaning of work, where there are two career and single parent families, whose work/life balance expectations are different, and also with the greater usage of technology, and the continuous acquisition of new skills (Bernstein, 1997; Harding & Hikspoor, 1995). The way in which an individual views work in general will be reflected in their attitude toward their specific employment (Blood, 1969). Haeberle et al. (2009, p. 64) found that "Generational differences

impact communication styles, technology needs, professional development preferences, workplace expectations, compensation and benefits needs, desired leadership styles and the effectiveness of reward and recognition systems.” As such, it is plausible that generational differences affect many different elements of organizations.

Several studies have found that employee values play a dominant role in generating a range of attitudes and behaviors, including role satisfaction (Dawis, 2002), performance (Swenson & Herche, 1994), and intention to remain (Hesketh, McLachlan, & Gardner, 1992). Adding to the importance of employee values is the fact that organizations face significant challenges in integrating different generational cohorts with the workplace, in addition to the need to create attractive and satisfactory environments for workers of all ages (Hansen & Leuty, 2012).

It is important that employers are able to understand, interact and know how to deal with employees of each generation so that they are able to challenge them in the right ways, and employees need to contribute in ways that facilitate the achievement of company goals, and the creation of new goals (Gursoy, Chi, & Karadag 2013). In order to facilitate this, both employers and employees need to understand the different perspectives and worldviews of each generation, in order to determine how they can best work alongside each other for the success of both the company and the individual employees (Lancaster & Stillman, 2002).

Studies suggest that the values shared by a generation are shaped by key historical and social experiences that are shared by members of the cohort throughout the period in which they were born and grew up (Smola & Sutton, 2002; Kupperschmidt, 2000). Whilst there will be individual differences, most people who grew up in the same era will identify strongly with that particular point in history, and are likely to think, feel, and behave similarly (Beldona et al.,

2008). These commonalities across a single generation are typically most evident in their lifestyles, one aspect of which is their working life (Patterson, 2008).

If managers understand generational differences then they can also harness this knowledge to improve productivity and innovation, and to produce good corporate citizens (Kupperschmidt, 2000). This is a particularly pressing issue in light of the fact that younger generation managers will gradually take over the management positions that are left open by retiring Baby Boomers (Lyons et al., 2005). Research indicates that the three generations making up the majority of the present workforce are: Baby Boomers, Generation X, and Generation Y (or Millennials) (Glass, 2007). In the next section, the profile of each generation will be summarized.

Baby boomers (born between 1946-1964)

Members of the Baby Boomer generation were born between 1946 and 1964 (Smola & Sutton, 2002; Lancaster & Stillman, 2002); got their name from the post-war surge in birth rates, and grew up in an era of positivity and optimism (Kupperschmidt, 2000). This cohort is typically associated with values like optimism and teamwork, and were raised with a sense of entitlement, where they expected the best from life (Smola & Sutton, 2002). An emphasis on hard work and achievement might mean that this cohort values status and material rewards in recognition of their commitment and loyalty (Collins, 1998).

In terms of their work values, studies have shown that Baby Boomers commonly appreciate the opportunity to acquire new skills, personal development, and creativity at work (Lyons, 2004; Jurkiewicz, 2000). Boomers are often described as ‘workaholics’ that value their employment highly, and find significant meaning in work (Strauss & Howe, 1991). It is also suggested that they prefer extrinsic reward and measures of success, like career progression

(Sullivan, Forret, Carraher & Maineiro, 2009). Benson and Brown (2011) argue that, as a result of experiences early in their lives, Baby Boomers are more likely to value teamwork and cooperation within a group. Their positive work-related skills and strengths include facilitating consensus, tutoring, and bringing about change (Kupperschmidt, 2000).

Baby Boomers sacrifice themselves for a materially rich existence, live for “the now”. They were brought up in the post-World War II economic prosperity, and witnessed some of the most significant changes in the history of America, such as the Vietnam War, the civil rights movement, Watergate, and the assassinations of President Kennedy and Martin Luther King (Twenge et al., 2010). It is also claimed that Baby Boomers favors consensus building and appreciate mentoring. Finally, it is observed that they are particularly concerned with status (Kupperschmidt, 2000). They believe that it is best to follow a hierarchal structure, which makes it difficult to adjust to a more flexible work environment (Kane, 2010).

Generation X (born between 1965-1980)

This generation grew up in an era characterized by significant and fast-paced technological and social change, creating financial, social and family instability, and thus joined the workforce without expectation of job security (Eisner 2005). Generation X have been greatly influenced by witnessing their parents being made redundant, causing them to be untrusting and cynical (Kupperschmidt, 2000). They also grew up in a time of social, financial and familial insecurity, where society saw rapid change, significant diversity, and an absence of strong traditions (Smola & Sutton, 2002). Generation X individuals have acquired skills including adaptability, resilience and independence (Thieftoldt & Scheef, 2004).

In general, the media profile of Generation X is a negative one; however, what some might perceive to be ‘selfishness’ can also be viewed as autonomy and independence

(Jurkiewicz, 2000). Some argue that growing up in solitude, due to both parents working, has encouraged them to value flexible working arrangements that enable them to achieve a work-life balance and spend time with their families (Losyk, 1977). Members of Generation X are likely to be more committed to their own career objectives than to a particular organization (Lyons, 2004; Yu & Miller, 2003), and are likely to gravitate toward organizations that promote skills development, efficiency and work-life balance over status and length of service (Smola & Sutton, 2002). Whilst members of Generation X are pursuing higher salaries, more flexible working conditions, and greater financial freedom, the subsequent generation will have even greater expectations (Jennings, 2000).

Individuals from this generational cohort value a flexible work timetable, autonomy, interesting work, and opportunities for professional growth (Gursoy et al., 2008). Members of Generation X are technically competent, and not fazed by diversity, competition or change (Kupperschmidt, 2000). In addition, they tend to be self-reliant and have an entrepreneurial spirit; this can be problematic for HR professionals, as this cohort are more likely to prefer working for themselves over someone else (Hays, 1999). They are also far more likely than any other generational cohort to leave a role in pursuit of more challenging employment, a higher salary, and/or additional benefits, such as a flexible working arrangement (Hays, 1999). The Generation X cohort typically values individualism and independence, attributing more value to their own careers than to organizational loyalty (Beutell & Wittig-Berman, 2008), and responding favorably to extrinsic rewards like higher pay and material incentives (Twenge et al., 2010). They prefer managers to be in the background and allow them to work independently, after giving instructions relating to the task (Kane, 2010). They also tend to value autonomy and independence in the workplace, rather than supervision (Jurkiewicz, 2000).

Generation X was much affected by changes to the labor force, most notably the phenomenon of corporate downsizing that resulted in mass redundancies for their parents' generation (Kupperschmidt, 2000); the result of this is that Generation X are now perceived as being somewhat cynical and untrusting of corporations (Westerman & Yamamura, 2007). Individuals from the Generation X commonly have the following traits: they value autonomy, independence, and open communication; approach work from an action-orientation perspective; try to identify the root of issues; do not believe in the need to 'pay one's dues'; endeavor to acquire greater skills and expertise; lack any long-term loyalty to organizations, but may be loyal to individuals; aspire to achieve a work-life balance; try to identify a common mission; and generally tend to be reluctant to take on leadership roles (CLC, 1998). Although they may be accused of being less loyal to organizations than the previous generation was, members of this cohort can also be described as being more committed to their work, even though they might change roles more frequently (Cohen, 2002). In addition, members of Generation X respond well to challenges, feedback, and developmental opportunities (Cohen, 2002).

Generation Y/Millennials (born between 1981-2000)

Generation Y began entering the workforce in large numbers around a decade ago, and have thus acquired the power to dictate the new rules of the workplace (Twenge & Campbell, 2008; Smola & Sutton, 2002). Consequently, HR practitioners and scholars have begun to turn their attention to this new generation, and many studies and articles have been published about them in the wider press, in which they are referred to by a variety of labels, including Echo Boomers, Millennials, and Generation Next (Howe & Strauss 2000; Zemke et al., 2000). These types of popular publication have propagated various stereotypes of this generation, though these are based only on anecdotal evidence, and lack any empirical foundation (Wong et al., 2008).

This generation is arguably the most adaptable, in terms of their technological skills, and are found to value some intrinsic aspects of work, such as mentoring and training, that enable them to be marketable (Lyons, 2004; Loughlin & Barling, 2001). Generation Y is diverse, both culturally and socially. They are motivated to succeed, but need their work to have direction and meaning. They are comfortable questioning authority, and are likely to question management decisions if they feel that they are unconscionable (Tulgan & Martin, 2001). Generation Y has matured in times of economic prosperity, globalization, the rapid advancement of instant communication technologies facilitated by the Internet, and the rise of social networks. Like Generation X, Generation Y also values freedom and work-life balance (Cennamo & Gardner, 2008), they also value leisure highly, favoring careers that offer longer vacations (Twenge et al., 2010). However, Generation Y also seem to value personal development, and welcome challenging work (Eisner, 2005). Generation Y are observed to value work/life balance, a particular quality of life, career development, and foreign travel to a greater extent than previous generations have (Zemke et al., 2000).

Generation Y is characterized as being accustomed to change (Eisner, 2005), they are reported to have a low level of commitment to an organization, and will likely leave if they are not satisfied (Twenge et al., 2010). Clark (2008) has observed that Generation Y is less hierarchical, and more collaborative, balanced altruistic, skilled in management, self-reliant, transparent in their communications, and are more comfortable with female superiors. They think more visually, desire immediate satisfaction, and value fun and excitement in the workplace. Millennials are starting to exhibit a wide range of social behaviors and traits, such as modesty, teamwork, achievement, and positive social conduct (Howe & Strauss, 2000).

Some research has suggested that the Generation Y cohort is more likely to take an aggressive stance with regard to salary reviews, are quick to climb up the corporate ladder, lack loyalty to their employer, and expect to have both a working and family life (Conference & Incentive Travel, 2008). Millennials expect a lot of their employers; they respond well to challenges and are comfortable with challenging authority (Kane, 2010). Despite this willingness to question authority, Millennials are also described as a more caring generation, as they prioritize the 'greater good' over individual reward (Greenberg & Weber, 2008). Other research studying the characteristics of Generation Y has found that most graduates will also possess work experience, will expect to take pleasure from their job, and value fairness, tolerance, and equal opportunities (Boadbridge et al., 2007).

Studies have shown that, in general, Generation Y views the world differently to other generations, notably believing that one should be passionate about one's work (Hill, 2002). Millennials also exhibit a higher degree of narcissism than previous generations (Twenge, Konrath, Foster, Campbell & Bushman, 2008), and believe that provided they operate within certain guidelines then success will be guaranteed.

Hospitality employment and generations

Research exploring the work values and generational differences of service staff in the hospitality industry is limited, and most existing studies are fairly recent (Park & Gursoy, 2012; Paxson, 2009; Chen & Choi, 2008; Gursoy et al., 2008; Walsh & Taylor, 2007; Miller, 2006). Nevertheless, of these studies, most suggest that generational differences may influence the work values of hospitality industry employees (Gursoy, Chi, & Karadag 2013).

Walsh and Taylor (2007) have observed that Generation X and Generation Y are likely to pursue challenging employment prospects that offer opportunities for growth, ongoing skills

acquisition, greater responsibility and more active involvement in decision-making processes. Chen and Choi (2008) specifically studied several aspects of the work-related values of managers in the hospitality sector; they studied 15 work values, of which 'way of life' and 'achievement' were ranked most highly, interestingly by all three generational cohorts. Notably, the Generation X respondents and Millennials both rated 'supervisory relationships' as more important than did Baby Boomers. Generation X also considered 'security' and 'independency' to be more important than the other two groups did. Millennials included 'economic return' in their top five work values; 'achievement' and 'intellectual stimulation' were most popular amongst Baby Boomers, then amongst Generation X, and then Generation Y.

Relating generational cohorts to the performance appraisal

Knowing how to deal with employees from different generations has gained the attention of researchers and industry professionals alike. Recognizing the forebears to and effects of generational identity within organizations leads to a number of research-related benefits, not only work related, but also wider social outcomes (Dencker, Joshi & Martocchio, 2008). Past studies have found that a multigenerational workforce has an impact on two spheres of human resources policy and staff development, namely retention and motivation. Employees falling within diverse age categories responded in different ways to programs intended to address these two factors, and also have different expectations (Glass, 2007).

In a study by Marquez (2005), it was found that HR managers believed that there were differences in what employees from different generational groups want from their jobs. Overall, there is a clear absence of information on the subject of generational differences in human resource management, especially with regard to job satisfaction, organizational commitment, company loyalty, lifetime employment, and work-life balance (Arsenault, 2004; Benson &

Brown, 2011; Crampton & Hodge, 2007; Dries et al., 2008; Jenkins, 2008; Twenge et al., 2010). In line with this, it seems that studies that have addressed the HR related issues from the perspective of employees from different generations are limited. According to the best knowledge of the researcher, no study has empirically investigated performance appraisal aspects (purpose, criteria, satisfaction, and fairness) based on generations. Therefore, it is assumed that employees from different generational groups will hold different perceptions about PA aspects.

Relating generational cohorts to the psychological contract

Rather than work values, a more helpful way to examine different generational responses to certain organizational actions is through the lens of the psychological contract (Tekleab, Takeuchi & Taylor, 2005; Lub, Bal, Blomme & Schalk, 2014). The psychological contract denotes the reciprocal exchange, between employee and employer, of certain mutual obligations (Rousseau, 1995), where an employee understands their employer to have particular obligations toward them, and, if these are fulfilled, will reciprocate by exhibiting positive work attitudes, for instance, intention to remain, affective commitment, and organizational citizenship behaviors (Bal, De Lange, Jansen & Van der Velde, 2008). Although a degree of these positive work attitudes may be created through perceived obligations alone, in expectation of their fulfillment, their actual fulfillment guarantees positive work attitudes (Montes & Irving, 2008; Montes & Zweig, 2009).

According to Rousseau (2001) employees create mental models of their psychological contracts drawing on a wide range of sources, including social norms and contracts, and formative pre-employment motivations and values. These mental models influence the understanding of the reciprocity and mutuality that the contracted parties are expected to exhibit (Dabos & Rousseau, 2004). Similarly, it is assumed that individuals from different generational

groups, who have experienced different events and environments in the formative stages of their lives, may create correspondingly different mental schemas for the environment in which they work and live. These different generational models will likely impact on the psychological contract in two distinct ways: via the creation of generationally-specific perceptions of employer obligations (Hess & Jepsen, 2009; Lub et al., 2012) reflecting the relationship between general and work values (Elizur & Sagie, 1999), and in the way that different employees from different generations react to their employer's fulfillment of their obligations (Lub et al., 2014).

As defined earlier, a generation is “an identifiable group (cohort) that shares birth years, (social) location and significant life events at critical development stages” (Kupperschmidt, 2000, p. 66). Mannheim (1952) argues that it is specifically the experiences one has in the formative stages of one's life that determine values and attitudes, and that such experiences create patterns and mental schemas that will generally stay consistent throughout one's life (Ryder, 1965; Kowske, Rasch & Wiley, 2010). The function of these mental schemas is to determine individuals' responses to various contextual situations, one of which is the employment relationship.

The literature discussing psychological contracts thus far has more or less neglected the influence of social change on the creation of and responses to the psychological contract (Anderson & Schalk, 1998; Cullinane & Dundon, 2006). This is unexpected, particularly in light of the fact that the idea of the psychological contract itself arose from societal changes, and the resultant evolution in the way that corporations interacted with their workforce (Rousseau 1995; Anderson & Schalk, 1998); the psychological contracts of new generations have been shaped in a new social reality, based on entirely new perspectives.

In relation to the reciprocity principle (Gouldner, 1960), despite the fact that employees from all generations evaluate the extent to which their employer's obligations have been fulfilled, the way in which each cohort does so is dictated by experiences they had in their formative years, as is their reciprocal response. Therefore, as different generational cohorts have different needs, they will most likely respond differently to the fulfillment of psychological contract.

Studies comparing multiple generations show that they have different work-related characteristics and values; for example, it has been demonstrated that employees of different ages perceive the employer-employee psychological contract differently, and also vary in the significance that they accord to career development, and in their loyalty to a particular organization (Valcour & Tobert, 2003; Robinson & Jackson, 2001; Brousseau et al., 1996). More specifically, older employees are more likely to perceive a PC in which loyalty and hard work are reciprocated with job security and incremental salary increases. On the other hand, younger generations are less likely to place their trust in employer loyalty, instead choosing to believe that they alone are in control of their career trajectory, and as such they are willing to change careers and jobs, and will advantage of learning opportunities as they arise (Brousseau et al., 1996). In addition, younger employees are comfortable with leaving an organization if a promising opportunity is presented to them, and will actively look for other employment options if their current employer is not meeting their needs (Crainer & Dearlove, 1999).

In light of the diversity and multigenerational nature of the current workforce, there might be inconsistencies in perceived PCs, which can affect organizational effectiveness, employees' work attitudes, and overall performance (Robinson & Morrison, 2000). A mismatch between the expectations of the employer and the employee can create the perception that the

employer has failed to fulfill one or more of their obligations (Robinson & Morrison, 2000; Morrison & Robinson, 1997).

The expectations of Generation Y with regard to employer incentives, and in relation to work-life balance, are very high (Twenge & Campbell, 2008; Smola & Sutton, 2002). Consequently, Smola and Sutton (2002) argue that Millennials are seeking a different kind of PC with potential employers, focusing on a balance between personal and work goals. Millennials also expect their work to have a significant social element, and favors a PC with a social element (Cennamo & Gardner, 2008). This finding is confirmed by Wong et al, (2008), who observed that Generation Y had a higher score for affiliative personality traits than any other generational cohort, and are most motivated in a social and cooperative workplace. In addition, members of Generation Y also have high expectations with regard to their career advancement.

Rousseau (1995) stressed the importance of individual differences in determining how employees perceive the terms of their PC terms, in light of their varying motivations and attitudes. Examining the apparent differences between various generational cohorts, Smola and Sutton (2002) found that the work values of Generation X differed dramatically from those of the Baby Boomers. Specifically, the Generation X employees showed a lower degree of organizational loyalty, and were more self-oriented desiring more rapid promotion, but being less likely to consider work an important element of their lives. Similarly, Westerman and Yamamura (2007) studied the work environment preferences of different generations, and identified that goal orientation was more likely to influence the satisfaction and intention to remain of Generation X employees, whereas relationship fit was a better predictor of Baby Boomers' satisfaction and intention to remain.

Academic and practical research exploring the PC has increased, due to the need to understand and define the employment relationships of the 21st century (Granrose & Baccili, 2006; Latham & Pinder, 2005; Atkinson, 2002; Lester & Kickul, 2001). Organizations today should increasingly manage a workforce made up of both older and younger workers, within organizations characterized by flatter structures and less opportunity for progression (Kupperschmidt, 2000; Maguire, 2002; Pappas & Flaherty, 2006). The concept of a ‘job for life’ has today been replaced by flexible working, where individuals, instead of moving only upwards, now make sideways career moves, and occasionally seemingly backwards, depending upon personal preferences and individual circumstances (Briscoe et al., 2006).

Studying generational differences using the PC as reference point is logical, due to its solid theoretical grounding (Rousseau, 1990), and also because a recent tide of research has proven its relevance in a professional context (Paauwe & Boselie, 2005). It is widely agreed that one of the most important strategic HR objectives is to attract skilled and committed individuals to an organization (Delery & Doty, 1996).

In light of the high expectations of new entrants to today’s workforce, there are likely to be inconsistencies in psychological contracts, which can have a dramatic impact on organizational effectiveness, as perceived breach of contract may detrimentally affect employees’ job satisfaction, attitude, performance, and commitment (Robinson & Morrison, 2000).

CHAPTER III

METHODS

Overview

As mentioned previously, the primary purpose of this research is to explore the relationship between performance appraisals and the psychological contract of U.S. hotel employees. In addition, this study investigates whether differences exist in this relationship from the perspective of employees from three generational cohorts. Not paying attention to the potential consequences of this relationship can negatively influence employees, which may lead to several undesirable work outcomes.

Based on the literature review, it is assumed that performance appraisals will influence the psychological contract of U.S. hotel employees. It is also proposed that different generations will perceive the psychological contract and performance appraisals differently. This is because generations are shaped by societal events in the formative phase of their lives that influence their values (Ng et al., 2010; Gursoy et al., 2008; Smola & Sutton, 2002), and as a result, the values of employees are likely to influence their perception and evaluation of the psychological contract (De Vos et al., 2003). Therefore, it is proposed that different generations will hold different perceptions regarding performance appraisals and will value psychological contract differently.

With the theoretical background and confirmative evidence from previous studies, the following research hypotheses and research model (see Figure 1) are proposed.

H1: Employees' perceptions of performance appraisals with respect to (a) purpose, (b) criteria, (c) satisfaction, and (d) fairness will be positively associated with their psychological contract.

H2: There will be a statistically significant difference in the psychological contract for different generations, controlling for the effects of performance appraisals with respect to a) purpose, b) criteria, c) satisfaction, and d) fairness.

H3: U.S. hotel employees of different generational cohorts will perceive the psychological contract differently.

H4: U.S. hotel employees of different generational cohorts will perceive the (a) purpose, (b) criteria, (c) satisfaction, and (d) fairness of performance appraisals differently.

Research Model

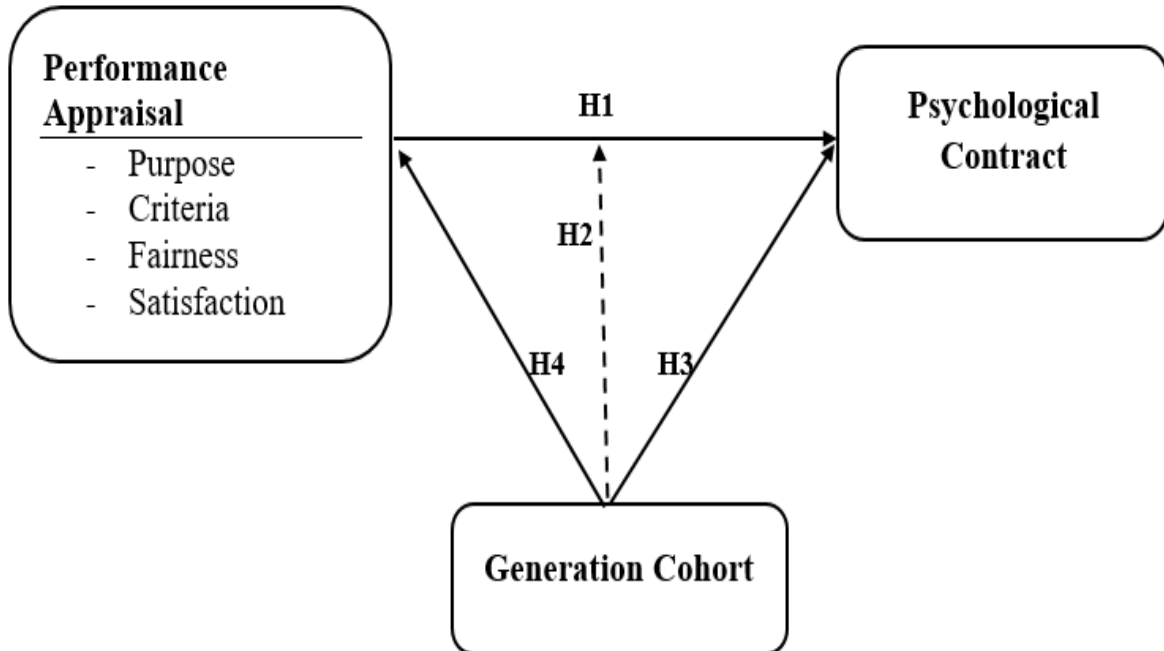


Figure 1. Research model for performance appraisals, the psychological contract, and generation cohorts.

Sample and data collection

The target population for this study consisted of hotel employees across different regions of the U.S. The sample was intended to represent the general population of hotel employees as much as possible. Administering the survey involved two steps. First, the researcher received permission from the Institutional Review Board (IRB) at the researcher's institution. Secondly, a U.S. marketing company named *Qualtrics* was employed for data collection. A random sample of 277 hotel employees was generated, of which 230 were usable. *Qualtrics* began administering the survey on July 23, 2016 and was initially asked to gather data for two weeks. Ten percent of the agreed upon number of surveys was collected and sent to the researcher to check for any

undesired issues before proceeding further with data collection. At this stage, a number of issues were identified. These issues included the following: the reverse coded items were not appropriately considered because some of the participants contradicted themselves when responding to the same items. In addition, it was obvious that some participants had not carefully read some of the survey questions; therefore, *Qualtrics* was asked to add filtering “attention” questions to ensure that respondents had read each item thoroughly. As a result, several questions were added to the survey in multiple scales, asking participants to choose a specific number of anchors to ensure they had read the questions. Those who did not choose the filtering numbers were terminated. The time taken to complete the survey by various participants was also checked by the researcher as the completion time varied considerably between participants. Some respondents completed the survey in five minutes, while others did so in twenty-five minutes. *Qualtrics* was therefore asked to add a time-limit window/option to exclude respondents who filled out the survey in less than the estimated reasonable time (15-20 minutes). This was to ensure that the survey was read carefully. Lastly, *Qualtrics* was asked to add the question “What is your job title?” to confirm that the participants did in fact work in the hotel industry.

The following criteria were used to qualify participants:

1. Must be 19 years of age or older.
2. Currently employed in a participating hotel.
3. Received at least one performance appraisal from their employer.

Instruments

The nature and purpose of the survey was described in the introduction. Participants were asked for their consent and informed about their anonymity. Respondents who agreed to

participate were then able to proceed. The survey comprised six major sections (see Appendix). The first section contained demographic information for the study sample, including gender, age, generation, work department, how many times they have had a performance appraisal, marital status, ethnic origin, and highest educational level obtained. The second section addressed the purpose of performance appraisals and consisted of two parts: administrative and developmental purposes. The third section covered the criteria used when conducting a performance appraisal. The fourth section considered satisfaction with the performance appraisal and included four sub-sections (satisfaction with ratings, system, rater, and feedback). The fifth section of the survey explored the fairness of the performance appraisal and also consisted of four parts (procedural, distributive, interpersonal, and informational fairness). The last section addressed the psychological contract.

Measurements

The current study uses employees' perceptions as a measurement of the performance appraisal and the psychological contract. The measurement scales for all of the study variables are based on previously validated scales. Three of the scales (satisfaction, fairness, and psychological contract) were appropriately modified to fit the purpose of the present study. For example, the word "organization" was replaced with "hotel."

Participants were instructed to indicate their perceptions about each scale based on the most recent performance appraisal they had received at their hotel. Administrative purpose was measured with three items that were adopted from Youngcourt et al. (2007). Sample items were: "Performance appraisal helps determine whether to promote, retain or terminate an employee" and "Performance appraisal determines what raise someone should receive." Developmental

purpose was measured with three items that were also adopted from Youngcourt et al. (2007). Respondents were asked to assess their perceptions about the developmental purpose of the most recent performance appraisal they had experienced at their hotel. Sample items were: “Performance ratings let employees know where they stand” and “Performance ratings are used to provide feedback about employee performance.” Items for both purposes were assessed using a 5-point Likert-type scale ranging from “1= Strongly Disagree” to “5= Strongly Agree.”

Performance appraisal criteria was measured with seven items adopted from Pooyan and Eberhardt (1989). Participants were instructed to indicate the extent to which each of the criteria formed the basis of their most recent performance appraisal they had at the hotel. Sample items were: “The results I achieved,” “My job related behaviors,” “My skills and abilities,” “My personality and personal characteristics,” and “The things I can control.” Items were assessed utilizing a 5-point Likert-type scale ranging from “1= Not at All Used” to “5= Very Much Used.”

Satisfaction with the performance appraisal in this study included four aspects: satisfaction with the ratings, system, rater, and feedback. Participants were instructed to indicate their level of satisfaction with their most recent performance appraisal they had at their hotel. Satisfaction with performance appraisal ratings was measured using two items adopted from Colquitt (2001). A sample item was: “I am satisfied with the performance appraisal ratings I received.” Satisfaction with the performance appraisal system was measured with a scale developed by Giles and Mossholder (1990) and consisted of three items. The scale was slightly modified to fit this research. Sample items were: “Overall, I am satisfied with the performance appraisal system used to evaluate my performance” and “In general, I feel this hotel has an excellent performance appraisal system.” Satisfaction with the rater was measured using a scale

adopted from Russell and Goode (1988) and consisted of three items. Sample items were: “My supervisor knows how well I am doing my job” and “My supervisor helps me improve my performance.” Satisfaction with feedback was also adopted from Russell and Goode (1988) and included four items. Sample items were: “I felt quite satisfied with my last review discussion” and “My last appraisal feedback interview gave me a good idea of how I can improve my performance.” All of the items were assessed using a 5-point Likert-type scale ranging from “1= Strongly Disagree” to “5= Strongly Agree.”

Perceptions of organizational justice were assessed using a total of 20 items developed by Colquitt’s (2001) study and included four justice scales: procedural, distributive, interpersonal, and informational justice. Participants were asked to assess their perceptions about the fairness of their most recent performance appraisal they had at their hotel. Procedural justice was measured by employing seven items. A sample item was: “I have been able to express my views and feelings during the performance appraisal procedures.” Distributive justice was assessed using four items. A sample item was: “The outcomes arrived at by the performance appraisal were appropriate for the work I have completed.” Interpersonal justice was measured utilizing four items. A sample item was: “I have been treated in a polite manner during the performance appraisal.” Lastly, informational justice was measured by employing five items. A sample item was: “My supervisor explained the performance appraisal procedures thoroughly.” All scales used a 5-point Likert-type scale ranging from “1= To a Very Small Extent” to “5= To a Very Large Extent.”

The psychological contract was assessed with twelve items adopted from Herriot et al. (1997). Although this scale has not often been used in previous research, it has recently gained the attention of several recent researchers (e.g., McDonald & Makin, 2000; Addae, Praveen, &

Davis, 2006; Seul Gi Park, 2013). What distinguishes the Herriot et al. (1997) study is the addition of more organizational obligations that were considered to be neglected by other researchers. The twelve items were developed based on qualitative research with a total of 184 interviews with managers. Therefore, this scale is considered to be more expansive and expository (McDonald & Makin, 2000). On the other hand, scales such as Rousseau (1990), Robinson et al. (1994), and Robinson and Morrison (1995) have been criticized as being narrow in scope because their construction was based on only 13 interviews across several organizations (McDonald & Makin, 2000). Respondents of this study were asked to indicate their perceptions of the extent to which their hotel is committed to providing certain obligations. Sample items included: “Equitable pay,” “Fair and consistent benefit systems,” and “Adequate induction and training.” All items were measured using a 5-point Likert-type scale ranging from “1= Not at all Obligated to Provide” to “5= Very highly Obligated to Provide.”

Statistical analysis

The returned questionnaires were coded into the Statistical Package for Social Sciences (SPSS version 23). Descriptive and frequency analyses were used to describe the characteristics of the participants. A bivariate correlation procedure was employed to examine the relationship between performance appraisals and the psychological contract. Analysis of the covariance (ANCOVA) procedures were conducted to examine the difference in the psychological contract among different generations controlling for the effect of the performance appraisal aspects (purpose, criteria, satisfaction, and fairness). A One-way analysis of variance (ANOVA) procedure was used to determine whether there were any significant differences in the psychological contract among the three different generational cohorts. A series of analysis of

variance (ANOVA) procedures were employed to determine whether there were any significant differences in the performance appraisal in each of its aspects a) purpose, b) criteria, c) satisfaction, and d) fairness, among the three different generational cohorts.

Summary

In summary, this chapter presented the research methods used in this study. The process of developing the survey instrument was provided and discussed, along with the statistical procedures. The next chapter contains the actual data analyses and the results obtained.

CHAPTER IV

RESULTS

The data collected in this study include descriptive statistics of the characteristics of the participants and information for exploring the relationship between aspects of performance appraisal and psychological contract. In addition, this chapter provides findings regarding the differences in relation to psychological contract and elements of performance appraisal, as perceived by employees from three generational groups.

Characteristics of the sample

Table 1 reveals the demographic profile of the sample. A total of 277 questionnaires were received, 230 of which were valid to be analyzed. Male respondents accounted for 20.9% of the sample and female respondents accounted for 79.1%. The majority of the respondents (18.3%) were between the ages of 19 to 24 years of age, followed by the category of 25 to 29 years of age (17.8%) and 30 to 34 years of age (16.1%). Respondents who fell between the ages of 35 to 39 years accounted for 12.6%, and 10% was the percent of the respondents who fell between the ages of 40 to 44 and 45 to 49. The category of 50 years or older accounted for 15.2% of the sample. The majority of the sample (48.7%) identified their generation as being Y. Generation X accounted for 33% of the sample and baby boomers accounted for 18.3%. In terms of work

department, the majority of the respondents were in food and beverage (56.1%), followed by front office (15.7%). Those who work in reservations consisted 3.5% of the sample, housekeeping counted for 9.1%, while concierge, Guest Service, and switchboard consisted 5.2% of the respondents. And, 10.4% of the sample worked in administrative positions.

With regard to how many times respondents had a performance appraisal from their employers, the majority of the sample had a performance appraisal more than two times (55.7%). Those who were appraised one time accounted for 20%, followed by those who had two times of appraisal 24.3%. Approximately 45.7% of the respondents identified themselves as being single, followed by married 40%. Around 9% of the participants classified themselves as being divorced/separated, and about 5.2% chose “other”. In terms of ethnic group, about 9% of the participants indicated that they are American Indian/Alaska Native. Black/African American counted for 8.7% of the sample, Hispanic/Latino accounted for 8.3% of the sample, and 3% were Asian or Pacific Islander. The majority of the sample classified themselves as being Caucasian/White 77.8%, and 1.3% chose “other”. In terms of the highest education obtained, High School or GED were the highest among respondents (40.4%), followed by Diploma/Associate degree (27%). Bachelor’s degree and Graduate degree represented 22.2% and 3.5% of the sample, respectively. About 7% of the respondents chose “other”.

Table 1: Demographic profile of participants (N=230)

Variable	Frequency	Percentage (%)
Gender		
Male	48	20.9
Female	182	79.1
Age		
19-24	42	18.3
25-29	41	17.8

30-34	37	16.1
35-39	29	12.6
40-44	23	10.0
45-49	23	10.0
50 or Older	35	15.2
Generation		
Baby Boomers (born 1946-1964)	42	18.3
Generation X (born 1965-1980)	76	33.0
Generation Y (born 1981-2000)	112	48.7
Work department		
Front Office	36	15.7
Reservations	8	3.5
Housekeeping	21	9.1
Food and Beverage (Restaurants, Bars, Banqueting, Room Service, etc.)	129	56.1
Concierge, Guest Service, PBX Switchboard	12	5.2
Administrative (HR, Accounting, Sale and Marketing, etc.)	24	10.4
Times of performance appraisal		
One time	46	20.0
Two times	56	24.3
More than two times	128	55.7
Marital status		
Single	105	45.7
Married	92	40.0
Divorced/Separated	21	9.1
Other	12	5.2
Ethnic origin		
American Indian/Alaska Native	2	.9
Black/African American	20	8.7
Hispanic/Latino	19	8.3
Asian or Pacific Islander	7	3.0
Caucasian/White	179	77.8
Other	3	1.3
Highest educational level obtained		
High School or GED	93	40.4
Diploma/Associate degree	62	27.0
Bachelor's degree	51	22.2
Graduate degree	8	3.5
Other	16	7.0

Data preparation

Screening the data was the first step in analyzing the data before testing the hypotheses. The outliers, missing values, and normality issues that could influence the results were addressed. An outlier is a case that obviously deviates noticeably from other cases in a given sample. The outliers were addressed by dealing with the univariate outliers by using Z-scores. This step resulted in deleting one case that was greater than 3.0. No missing values were found and this is, as mentioned in the methods section, because a marketing company was hired to collect the data. Normality of the data was checked by identifying Z-scores for skewness and kurtosis, Shapiro-Wilk test and were also visually tested by observing the histograms, normal Q-Q plots and box plots using (SPSS version 23). Data for all the scales were normally distributed with no violation.

Data were transferred from *Qualtrics* into (SPSS version 23). Transforming the reverse coded items was the first step. Reverse coding items included three for satisfaction with performance appraisal and four items for fairness of performance appraisal. Those reversed items replaced the original ones and were then used in the computation of the satisfaction and fairness sum of scores. A sum of scores for each scale (purpose of performance appraisal, criteria, satisfaction, fairness, and psychological contract) were computed from the survey responses of each participant and used in the statistical analysis.

Reliability

Cronbach's Alpha coefficient was used to evaluate the internal consistency of the scales. Cronbach's Alpha (1951) is among the most commonly used reliability coefficient (Hogan, Benjamin & Brezinkisi, 2000). An attribute of alpha (Cronbach, 1951) is one type of internal

consistency coefficient. Cronbach's (1951) alpha was developed based on the need to evaluate items scored in multiple answer categories. Table 2 shows the alpha values for all the scales. Ranging from .801 to .916, the Cronbach's Alpha for all measures were above the recommended .70 threshold (Nunnally, 1978), signaling a satisfactory level of reliability.

Table 2: Coefficient alpha of scales

Scale	Alpha
Purpose of performance appraisal	.905
Criteria of performance appraisal	.801
Satisfaction with performance appraisal	.907
Fairness of performance appraisal	.916
Psychological Contract	.815

Validity

Validity refers to the degree to which an instrument measures the construct being investigated or how well the measurement measures what it is supposed to measure (Babbie, 2013). To enhance validity in this study, all items used in the questionnaire were tested for content validity. The content validity was examined through confirmation with the literature review and the feedback obtained from a panel of experts that included three faculty members, six graduate students in the researcher's department, and three industry practitioners (HRM department managers and general managers) in the U.S. Those academics, researchers, and industry professionals were asked to examine the scales and assess their face and content validity, and to add their thoughts on any inappropriate items. Therefore, the criterion of face validity is met by the participation of this group of experts and practitioners in the development of the survey.

Pilot testing

In order to minimize the possibility for any opacity of the survey questions a pilot test was employed before sending the final survey version: four graduate students in the researcher's institution received a hard copy of the survey and were requested to review it and provide their feedback. The purpose of this pilot test was to get feedback from participants in terms of the survey content, questions, clarity, time of completion, and general understanding of survey items. Based on the feedback gathered from them about relevance and clarity issues in the survey items, a number of modifications were made to the survey. These changes included rewriting questions, shortening the length of the survey by combining several questions into one category, and, as a result, the completion time of survey was condensed.

Statistical Testing of the Research Hypotheses

Relationship between performance appraisal and psychological contract

The first hypothesis is related to performance appraisal and psychological contract and stated that:

H1: Employees' perceptions of performance appraisal with respect to (a) purpose, (b) criteria, (c) satisfaction, and (d) fairness will be positively associated with their psychological contract.

Correlation, as assessed by Pearson Product-moment correlation r , was used to measure and describe the relationship between aspects of performance appraisal and psychological contract. Table 3 shows that all elements of performance appraisal are positively related to employees' psychological contract. Specifically, purpose of performance appraisal has a significant positive relationship with psychological contract ($r=.286$, $p<0.001$). There was also a significant positive correlation of criteria of performance appraisal with psychological contract

($r=.311$, $p<0.001$). There was a significant positive correlation of satisfaction with performance appraisal and psychological contract ($r=.410$, $p<0.001$). Lastly, fairness of performance appraisal also has a significant positive relationship with psychological contract ($r=.526$, $p<0.001$). This means that employees who exhibited higher levels of perceptions with respect to purpose, criteria, satisfaction and fairness of performance appraisal tended to have higher levels of psychological contract. These findings supported H1.

Table 3: Means, standard deviations, and correlation coefficients among performance appraisal aspects and psychological contract ($n=230$)

	Study Variables	Mean	SD	1	2	3	4	5
1.	Purpose	4.3652	.71594					
2.	Criteria	4.0447	.69227	.441**				
3.	Satisfaction	3.5511	.49145	.453**	.499**			
4.	Fairness	3.5702	.56132	.485**	.496**	.680**		
5.	Psychological Contract	4.0678	.79643	.286**	.311**	.410**	.526**	

** Correlation is significant at the 0.01 level (2-tailed).

The moderating effect between psychological contract and generations controlling for performance appraisal aspects

The second hypothesis posited the moderating effect of generational cohort on the relationship between performance appraisal and psychological contract and stated that:

H2: There will be a statistically significant difference in psychological contract for different generations controlling for the effects of performance appraisal with respect to a) purpose, b) criteria, c) satisfaction, and d) fairness.

Analysis of Covariance (ANCOVA) procedures were conducted to test the second hypothesis. Interactions between each aspect of performance appraisal and generational cohort

on psychological contract were explored. The homogeneity assumption was met as indicated by the Levene's test ($F_{2, 227}=2.70, p=.07$). Results of the ANCOVA analysis are shown in Table 5. The results revealed that only the interaction between purpose of performance appraisal and generation was significant when controlling for other aspects of performance appraisal ($F_{2, 215} = 4.40, p = .01, \eta_p^2 = .039$). Interactions between generation and criteria ($F_{2, 215} = .406, p = .667$), satisfaction ($F_{2, 215} = .025, p = .975$), or fairness ($F_{2, 215} = .998, p = .370$) were non-significant.

Table 4. ANCOVA analysis of main and interaction effects between generation and psychological contract controlling for performance appraisal aspects ($n=230$)

	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	48.066 ^a	14	3.433	7.595	.000	.331
Intercept	4.095	1	4.095	9.058	.003	.040
Purpose	1.165	1	1.165	2.578	.110	.012
Criteria	.291	1	.291	.644	.423	.003
Satisfaction	.169	1	.169	.375	.541	.002
Fairness	8.932	1	8.932	19.759	.000	.084
Generation	1.346	2	.673	1.489	.228	.014
Generation × Purpose	3.980	2	1.990	4.402	.013	.039
Generation × Criteria	.367	2	.183	.406	.667	.004
Generation × Satisfaction	.023	2	.012	.025	.975	.000
Generation × Fairness	.902	2	.451	.998	.370	.009
Error	97.191	215	.452			
Total	3950.979	230				
Corrected Total	145.257	229				

a. R Squared = .331 (Adjusted R Squared = .287)

Since the interaction between purpose of performance appraisal and generational cohort was significant, and to determine the way in which purpose of performance appraisal is related to

psychological contract differently depending on employee's generational cohort, multiple regression analysis was conducted for each generation. The results of the multiple regression are shown in Table 6. Once criteria, satisfaction and fairness of performance appraisal were controlled for, purpose of performance appraisal positively predicted psychological contract for generation Y ($\beta = .279, p = .015$) but not for generation X ($\beta = -.039, p = .725$) or Baby Boomers ($\beta = -.48, p = .104$). Thus, H2a is supported.

Table 5: Multiple regression analysis of the effects of purpose of performance appraisal on psychological contract by generational cohort (n=230)

Generation			Unstandardized Coefficients	Standardized Coefficients
			β	β
Generation Y (born 1981-2000)	Step 1	Criteria	.144	.135
		Satisfaction	.220	.140
		Fairness	.548*	.343*
	Step 2	Criteria	.101	.094
		Satisfaction	.290	.184
		Fairness	.311	.194
Purpose		.279*	.240*	
Generation X (born 1965-1980)	Step 1	Criteria	-.065	-.054
		Satisfaction	.211	.132
		Fairness	.679*	.535*
	Step 2	Criteria	-.048	-.040
		Satisfaction	.228	.142
		Fairness	.681*	.536*
Purpose		-.039	-.040	
Baby Boomers (born 1946-1964)	Step 1	Criteria	.112	.082
		Satisfaction	-.081	-.043
		Fairness	.582*	.426*
	Step 2	Criteria	.142	.103
		Satisfaction	.223	.118
		Fairness	.720*	.528*
Purpose		-.481	-.343	

* $p < .05$.

Generational cohort and psychological contract

The third hypothesis is related to generational cohort and psychological contract and stated that:

H3: US hotel employees of different generational cohorts will perceive psychological contract differently.

A one-way analysis of Variance (ANOVA) was conducted to examine the differences in psychological contract by generational cohort. Three generational cohorts, Y, X, and Baby Boomers served as three levels of independent variable, and psychological contract was the dependent variable. The result of the analysis is shown in Table 7. Homogeneity assumption was met as indicated by Levene’s test ($F_{2, 227}=1.54, p=.22$). The ANOVA results were not significant ($F_{2, 227}=.788, p=.456$). Means of psychological contract across the three generational cohorts were similar. In other words, employees from different generations held similar perceptions regarding their psychological contract. Therefore, H3 is not supported.

Table 6: ANOVA analysis of psychological contract by generational cohort (n=230)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.002	2	.501	.788	.456
Within Groups	144.255	227	.635		
Total	145.257	229			

Generational cohort and performance appraisal aspects

The fourth hypothesis is related to generational cohort and performance appraisal, and is stated in four sub-hypotheses reflecting the four aspects of performance appraisal used in this study:

H4a: US hotel employees of different generational cohorts will perceive purpose of performance appraisal differently.

Analysis of Variance (ANOVA) was used to evaluate the mean differences between the perceived purpose of performance appraisal among the three generational cohorts. Homogeneity assumption was violated as indicated by the Levene's test ($F_{2, 227}=4.25, p=.01$). Therefore, Welch's statistic was used in place of F -statistic to evaluate differences in purpose of performance appraisal by generation as shown in Table 8. The result of the ANOVA analysis is shown in Table 9. As can be seen in the table, there was no statistically significant difference in the mean scores of the perceived purpose of performance appraisal based on employees' generational cohorts ($Welch_{2, 110.22}=.13, p=.207$). Therefore, H4a is not supported.

Table 7: Welch's test of differences of purpose of performance appraisal by generational cohort ($n=230$)

	Statistic ^a	df1	df2	Sig.
Welch	2.067	2	110.220	.131

Table 8: ANOVA analysis of purpose of performance appraisal by generational cohort ($n=230$)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.616	2	.808	1.585	.207
Within Groups	115.761	227	.510		
Total	117.377	229			

H4b: *US hotel employees of different generational cohorts will perceive criteria of performance appraisal differently.*

Analysis of Variance (ANOVA) was used to evaluate the mean differences between the perceived criteria of performance appraisal among the three generational cohorts. Homogeneity assumption was met as indicated by the Levene's test ($F_{2, 227}=.47, p=.63$). The result of the analysis is shown in Table 10. As can be seen in the table, there were no statistically significant differences in the scores of the perceived criteria of performance appraisal based on employees'

generational cohorts ($F_{2, 227}=2.93, p=.055$). In other words, perceptions of criteria of performance appraisal are similar among employees of the three generations. Therefore, H4b is not supported.

Table 9: ANOVA analysis of criteria of performance appraisal by generational cohort (n=230)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.616	2	1.381	2.930	.055
Within Groups	115.761	227	.471		
Total	117.377	229			

H4c: US hotel employees of different generational cohorts will perceive satisfaction with performance appraisal differently

Analysis of Variance (ANOVA) was used to evaluate the mean differences between the perceived criteria of performance appraisal among the three generational cohorts. Homogeneity assumption was met as indicated by the Levene's test ($F_{2, 227}=.31, p=.73$). The result of the analysis is shown in Table 11. As can be seen in the table, there was a statistically significant difference in the scores of the perceived satisfaction with performance appraisal based on employees' generational cohort ($F_{2, 227}=3.087, p=.048$). In other words, employees of generations Y, X, and Baby Boomers exhibited different satisfaction levels with performance appraisal, supporting hypothesis H4c. Post Hoc analyses using Bonferroni was employed to determine where of the three generations differ from one another in their satisfaction with performance appraisal. The results of the test are presented in Table 12. As can be seen in the table, employees from generation Baby Boomers ($M=3.69, SD=.45$) were more satisfied with performance appraisal than employees of the generation Y ($M=3.48, SD=.49$). However, employees of generation X ($M=3.57, SD=.51$) did not differ significantly from generation Y

($M=3.48$, $SD=.49$) and generation Baby Boom ($M=3.69$, $SD=.45$) in their satisfaction with performance appraisal.

Table 10: ANOVA analysis of satisfaction with performance appraisal by generational cohort ($n=230$)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.465	2	.732	3.087	.048
Within Groups	53.845	227	.237		
Total	55.309	229			

Table 11: Bonferroni post-hoc analysis of satisfaction with performance appraisal by generational cohort ($n=230$)

(I) Which Generation do you belong to?	(J) Which Generation do you belong to?	Mean	Std. Deviation	Mean Difference (I-J)	Std. Error	Sig.
Generation Y (born 1981-2000)	Generation X (born 1965-1980)	3.4807	.48591	-.09500	.07238	.572
	Baby boomers (born 1946-1964)			-.21379*	.08812	.048
Generation X (born 1965-1980)	Generation Y (born 1981-2000)	3.5757	.50739	.09500	.07238	.572
	Baby Boomers (born 1946-1964)			-.11879	.09364	.618
Baby Boomers (born 1946-1964)	Generation Y (born 1981-2000)	3.6944	.45071	.21379*	.08812	.048
	Generation X (born 1965-1980)			.11879	.09364	.618

* The mean difference is significant at the 0.05 level.

H4d: US hotel employees of different generational cohorts will perceive fairness of performance appraisal differently.

Analysis of Variance (ANOVA) was used to evaluate the mean differences between the perceived fairness of performance appraisal among the three generational cohorts. Homogeneity assumption was violated as indicated by the Levene's test ($F_{2, 227}=3.12$, $p=.05$). Therefore,

Welch's statistic was used in place of *F*-statistic to evaluate differences in perceptions of performance appraisal fairness by generation as shown in Table 13. The result of the ANOVA analysis is shown in Table 14. As can be seen in the table, there was no statistically significant difference in perceived fairness of performance appraisal based on employees' generational cohorts ($Welch_{2, 97.97}=.09, p=.91$). Therefore, H4d is not supported.

Table 12: Welch's test of perceptions of fairness of performance appraisal by generational cohort (n=230)

	Statistic ^a	df1	df2	Sig.
Welch	.091	2	97.971	.913

Table 13: ANOVA analysis of fairness of performance appraisal and generational cohorts (n=230)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.057	2	.029	.090	.914
Within Groups	72.096	227	.318		
Total	72.153	229			

Summary

This chapter presents the statistical findings obtained in this study. The demographic information of the sample [including gender, age, generation, work department, times of performance appraisal, marital status, ethnic origin, highest education obtained] are disclosed. A bivariate correlation procedure was employed to examine the relationship between performance appraisal and psychological contract. Analysis of covariance (ANCOVA) procedures were conducted to examine the effect of performance appraisal (purpose, criteria, satisfaction, and fairness) on psychological contract controlling for generational cohort. A One-way analysis of variance procedures were used to determine whether there were any significant differences in psychological contract and

performance appraisal on each of its aspects (purpose, criteria, satisfaction, and fairness) among the three different generational cohorts.

The next chapter will address the discussion of the findings, present the main conclusions, address limitations, and report recommendations to the hotel industry and directions for future research in this area.

CHAPTER V

DISCUSSION AND IMPLICATIONS

This chapter is divided into several sections. The first section discusses the research hypotheses, along with the results obtained. In the second section, the theoretical and managerial implications are presented. The third section provides limitations and directions for future research. Lastly, the conclusion briefly summarizes the study as a whole.

As previously mentioned in Chapter 1, this study was conducted to investigate the relationship between performance appraisals and the psychological contract of U.S. hotel employees. In addition, the present study examined generational differences in this relationship between employees from three generational cohorts.

Discussion of results

The relationship between performance appraisals and the psychological contract

The current study examined the relationship between performance appraisal aspects (purpose, criteria, satisfaction, and fairness) and the psychological contract. This relationship was explored by hypothesizing that the perceived performance appraisal with respect to purpose, criteria, satisfaction, and fairness will be positively associated with the employee's psychological contract. According to the results of this study, the performance appraisal aspects are positively associated with the employee's psychological contract. This indicates strong support for the direction hypothesized, thus strengthening the empirical foundation regarding this relationship.

The results mean that higher levels of employee perceptions about the elements of performance appraisal will increase their psychological contract with the hotel. In other words, when employees feel that their organization has a clear purpose and criteria of appraisal, are satisfied with their appraisal, and believe that the performance appraisal was fair, they are more likely to perceive that their employers' obligations toward their employees are fulfilled in regards to the performance appraisal. This is likely to foster the relationship with their employer and encourage employees to provide more positive behaviors and attitudes toward the organization. Social exchange theory (Blau, 1964), which is rooted in reciprocity, supports this finding. That is, employees who perceive the purpose of the appraisal as clear may feel that the organization is implicitly providing support and opportunities for improvement. These employees, as a result, may respond positively by showing more desirable behaviors at the workplace. This result is also consistent with the findings of Stiles et al. (1997).

In terms of the criteria used to conduct the performance appraisal, the results revealed that employees' perceptions of various criteria used for their performance appraisal are positively associated with their psychological contract. Consistent with a study by Palaiologos, Papazekos, and Panayotopoulou (2010), who found a positive association between the criteria of performance appraisal and fairness, it appears that having a clear-cut criteria of appraisals that are well-recognized and understood by employees enhances their relationship with their employer. Moreover, since the criteria used in performance appraisals are related to decisions that can influence employees, these criteria are likely to be used by employees themselves to determine or predict their relationship with their employer. When considered in relation to the psychological contract, if the employer specifies their appraisal criteria, it will help employees develop clear expectations of what performance determinants they will be evaluated on. When

those expectations are met, employees will feel that their employer is helping them develop and, in return, will perform well (Palaiologos, Papazekos, & Panayotopoulou, 2010). Thus, if employees perceive that their organization provides clear appraisal criteria that are supposed to raise their benefits, such perceptions will also lead to a greater psychological contract.

With respect to satisfaction with the performance appraisal, the results confirm the association between satisfaction with performance appraisals and an employees' psychological contract. This highlights the importance of satisfaction regarding the performance appraisal, because the more satisfied the employees are, the more positive the outcomes will be, which benefits both the employer and the employee. This finding is in line with the study by Lai Wan (2007), who found that employees' perceptions about satisfaction with appraisals leads to several positive outcomes such as profitability, productivity, employee retention, and customer satisfaction. Moreover, this result is consistent with Taylor et al. (1984), who asserted that the psychological consequences of appraisal satisfaction represent a crucial determinant of behavior and job and organizational attitudes.

In relation to the fairness of the performance appraisals, when employees consider that the performance appraisal process is fair, it is likely to positively influence their psychological contract. This result is in line with Storey and Sison (1993), who stated that perceptions of fairness are central to the psychological contract. Previous research has shown that perceptions of fairness are associated with organizational attitudes and outcomes such as trust and turnover intentions (Konovsky & Cropanzano, 1991), organizational citizenship behaviors (Moorman, 1991), and organizational commitment (Folger & Konovsky, 1989). Social exchange theory (Blau, 1964) also supports this because it involves two main aspects: trust and fairness, which are the basic foundations of the psychological contract theory. Therefore, it is logical to assume

that employees' perceptions regarding the fairness of appraisals could be a means to foster the relationship between the employee and the employer. Fair appraisal procedures will enhance the psychological contract, and thus will increase the level of trust between the two parties.

In summary, Suazo et al. (2009) argued that HRM practices, such as recruitment, training, performance appraisal, and compensation play a vital role in creating the psychological contract. Therefore, elements of the performance appraisal are important sources of beliefs regarding the psychological contract. In particular, the quality of these aspects shapes whether employees believe commitments regarding career development have been made and kept-or not.

The moderating effect of performance appraisal aspects

To examine the differences in the psychological contract for different generations controlling for the aspects of performance appraisal (purpose, criteria, satisfaction, and fairness), ANCOVA was conducted. The results of the test do not support this relationship, except for with regards to purpose, which was the only aspect of performance appraisals found to moderate this relationship. For other elements of appraisals, there was no moderation based on generation. Multiple regression analysis was conducted for each generation to determine the way how performance appraisal relates differently to the psychological contract depending on employee's generational cohort. As mentioned earlier, the purpose of the performance appraisal positively predicted the psychological contract for generation Y. The findings of this research are somewhat consistent with previous research on generation Y. It was found that employing generation Y presents several challenges for HR managers, as they are required to develop practices that meet specific expectations such as providing individual development procedures (Kultalahti & Viitala, 2014). As one of the purposes of performance appraisals is to develop

employees, HR professionals in the hotel industry need to pay special attention to the issue of individual development. As generation Y will dominate the workplace soon, HR managers need to focus on the developmental side of the appraisal's purpose in order to enhance relationships with generation Y employees. In order to get the most out of generation Y employees and keep them satisfied with the appraisal's purpose, hotel managers must understand this generation and how they perceive performance appraisal.

Psychological contract by generational cohort

ANOVA was conducted to examine the differences in psychological contract by generational cohorts. Surprisingly, employees belonging to different generations showed no differences in relation to their psychological contract. This is, in general, inconsistent with research on generational differences. This unanticipated result may be explained by referring to the concept of organizational culture. Schein (1985) defined organizational culture as the mix of assumptions and beliefs that members of a given organization commonly share. Based on this definition, it is logical to assume that since almost every organization has its own distinct culture that is created and shaped by its policies and structure, it is possible that participating hotels retain certain types of employees who responded to this study survey in a similar way, leading to consistency in the way they perceive their psychosocial contract with their employer.

Performance appraisal aspects and generational cohorts

ANOVA was also used to examine the differences in each of the performance appraisal aspects by generational cohort. Similar to the psychological contract, there were no differences across employees from different generations in relation to their performance appraisal elements

except satisfaction. This unexpected result could potentially be explained by previous empirical research that advocates for generations sharing or revealing large similarities, rather than dissimilarities (e.g., Deal, 2007; Deal et al., 2010; Davis, Pawlowski, & Houston, 2006). The results of this research support these studies. For instance, Deal (2007) states that perceptions and realities regarding generational differences are markedly different. In addition, Smola and Sutton (2002) and Kowske et al. (2010) investigated attitudes at work among generations, finding a few, modest statistical differences between participants. In addition, this result could potentially be explained by the assumption that it is not enough to expect employees from different generations to perceive the elements of performance appraisal differently simply because they belong to the same generation. In other words, the personal attitudes and perspectives of employees within the same generation might be a factor that affects the way they perceive performance appraisals. Moreover, influence and interaction between employees in the workplace should not be denied, because it might result in what behavior the workplace encourages and discourages (Deal et al., 2010). Lastly, the findings of this research are in line with a meta-analysis study by Costanza et al. (2012), who found no meaningful differences among generations in relation to three work-related criteria: job satisfaction, organizational commitment, and intent to turnover.

Since satisfaction with performance appraisals was the only aspect that employees from different generations perceived differently, post hoc analyses was employed to determine where the three generations differ from one another. The results of the post hoc analyses demonstrated that baby boomers were more satisfied with performance appraisals than generation Y. Collins (1998) state that baby boomers tend to focus on previously determined goals. That being said, based on the findings of this study, hotel managers need to make every effort to keep baby

boomers satisfied, because when they are satisfied, they are more likely to reciprocate by adopting positive attitudes and behaviors in the workplace.

Theoretical implications

The theoretical contributions this research has made are multifold. First and foremost, it has highlighted that the literature has almost ignored performance appraisals in relation to the psychological contract of U.S. hotel employees from different generational groups. Second, the present study further pushed a framework in which generation moderates the relationship between the purpose of the performance appraisal and employees' psychological contract. Lastly, by investigating relationships that have not been studied before, the findings of this study open the door for multiple research opportunities, such as more closely investigating how employees from different generations perceive both performance appraisals and the psychological contract.

Managerial implications

The results obtained in this study provide evidence for a lack of attention regarding the relationship between aspects of performance appraisal and the psychological contract, which should encourage hotel managers to be more aware of this issue. The implications of the findings of this study can be derived from hotel managers. Rousseau and Greller (1994) highlight that investigating the construct of the psychological contract can sharpen the understanding of human resource practices. If organizational managers fully understand employees' perceptions about the performance appraisal elements, they can make the necessary modifications to their performance appraisal practices so their employees believe the appraisal system is clear, transparent, and fair.

Hotel managers need to pay attention to the aspects of performance appraisal (purpose, criteria, satisfaction, and fairness) as they are associated with employees' psychological contracts. More specifically, when conducting performance appraisals, the purpose and criteria must be as clear and sound as possible. The importance of the clarity of performance appraisals stems from their nature of being individual-focused and tangible, meaning they have several potential consequences that affect employees such as their payroll, training, promotion, and termination.

In addition, it is important that HR managers ensure their employees are satisfied with their performance appraisal and perceive that the appraisal process is fair. For example, employees should have the opportunity to participate in designing the evaluation process in order to ensure that the appraisal is both objective and attainable. Linking and including employees in the appraisal process promotes understanding and encourages their relationship with the hotel. Thus, practical actions by managers, such as allowing employees to participate in the appraisal process, increasing employees' interaction, and showing concern for employees, will be beneficial in increasing employees' perception of the psychological contract, which results in greater efforts in their work. Furthermore, hotel managers should allow their employees to access the evaluation forms that are used when conducting their appraisal. Permitting this access enhances the trust of employees and increases satisfaction with their ratings. At the same time, it helps employees feel that the appraisal is bias-free.

Hotel managers should strive to display an accurate image of the appraisal process and its intended goals to avoid the risk of creating unrealistic expectations, which will lead to adverse work outcomes. Therefore, displaying an accurate and coherent image of the performance appraisal aspects can play a major role in shaping the psychological contract positively.

As found in the current study, there were no differences in the psychological contract and aspects of performance appraisal based on generation. The results suggest that generational cohorts do not always result in a change in the relationship between these two variables. This finding suggests that hotel managers should approach the organization as a whole rather than focusing on the different generations since no differences were discovered. In other words, employees should be treated similarly with no differentiation based on the generations they belong to when it comes to the psychological contract. In addition, hotel managers should keep in mind that obligations or promises that are made should be kept, as a breach can cause negative behaviors from employees.

Based on the results of this study, there were no differences found between employees from different generations in relation to aspects of performance appraisal except satisfaction. This implies that regardless of generation, hotel managers should treat all employees well. If employees find their job to be enjoyable, receive reasonable compensation, are provided with opportunities to learn and advance in their career, are trusted by their supervisors, and have leaders who are competent, then employees of all generations will respond positively (Deal 2007).

Limitations and directions for future research

This section is provided to highlight the limitations of this study to help future researchers who are interested in this area to better conceptualize and design their research. Although this study has been carefully prepared, there are some unavoidable limitations. According to the distribution of generations of the present study, generation Y constituted the highest percentage of the sample, potentially affecting the results. The sample was also

dominated by female participants, therefore the generalizability of its findings should be considered with the sample composition in mind. Since the findings of the current study were based on participants' perceptions, and given that the survey was self-administered, issues such as subjectivity and misunderstanding were unavoidable. Moreover, given the lack of previous research addressing the issue of performance appraisals, the psychological contract, and generations, this study is considered to be exploratory in nature, thus limiting the application of the results to other populations outside of the one investigated here. Lastly, the participants of this study were asked to fill out the survey only once. Cross-sectional studies only evaluate a specific phenomenon at a certain period of time. As a result, the findings of the study are limited in terms of its applicability to the larger population, and the fact that the evaluations of participants are constantly occurring and are being changed.

Considering the limitations of this study, there are recommendations for future research. Since the present study is the first study to address the relationship between performance appraisals and the psychological contract in different generations of U.S. hotel employees, it can serve as a foundation for other relevant topics in terms of implications and models. Future research can involve more hotels, representing different employees' populations, in order to generalize the results. Most of the participants classified themselves as belonging to generation Y; consequently, future research may extend the present research by attempting to control the percentages of employee generations studied. Further research investigating the psychological contract from the perspective of both the employer and employee will be insightful.

This study raises more awareness of the relationship between several elements of research into performance appraisals and the psychological contract. Other aspects of performance appraisals, such as linking appraisals to expectations, is worth investigating. Even

though the current study found no differences in performance appraisals and the psychological contract of employees from different generational cohorts, it would be insightful to further investigate these surprising results, potentially using varied research designs. It would be necessary for future research to employ mixed methods approaches (qualitative and quantitative research) to establish a base of information to be used in future research in this under-explored area of inquiry. It is possible that employees may be better able to express their opinions on this issue within the qualitative design. Indeed, future research could consider employees' thoughts and feelings with regard to the relationship between performance appraisals and the psychological contract. Further mixed method exploration of performance appraisals and the psychological contract is likely to provide insights into reasons for the surprising results of the current study.

Conclusion

The main objective of this research was to investigate the relationship between performance appraisals and the psychological contract of U.S. hotel employees, as perceived by different generational cohorts. The findings revealed in this study indicate that the performance appraisal is positively associated with employees' psychological contract, which is vital for hotels to consider when designing their performance systems. As an emerging phenomenon, performance appraisals and the psychological contract from the perspective of three generational cohorts in the hotel context still requires further attention. Some of the surprising results of this study warrant additional research attention, such as no differences being found regarding the aspects of performance appraisal and the psychological contract based on the generational

groups. Finally, this research has contributed to filling a gap in the current hotel industry by investigating this issue and providing implications for academia and practice.

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AUBURN
UNIVERSITY

COLLEGE OF HUMAN SCIENCES

DEPARTMENT OF NUTRITION, DIETETICS,

AND HOSPITALITY MANAGEMENT

(NOTE: DO NOT AGREE TO PARTICIPATE UNLESS IRB APPROVAL INFORMATION WITH CURRENT DATES HAS BEEN ADDED TO THIS DOCUMENT)

INFORMATION LETTER

for a Research Study entitled

“The Influence of Performance Appraisal on Psychological Contract: Three Generations of U.S. Hotel Employees”

You are invited to participate in a research study that aims at exploring the influence of performance appraisal on psychological contract of employees in the hospitality industry. The study is being conducted by Khalid Eyoun, doctorate candidate, under the supervision of Baker Ayoun, associate professor in Auburn University Department of Nutrition, Dietetics, and Hospitality Management. You are invited to participate because you are a hotel employee who has been working in the hotel industry for one year or more and are aged of 19 or older.

If you decide to participate in this research study, your total time commitment will be 10 to 15 minutes. If you change your mind about your participation in this study, you may withdraw at any time prior to returning the complete questionnaire to the researcher. Your decision about whether or not to participate or to stop participating will not jeopardize your future relations with Auburn University, Department of Nutrition, Dietetics, and Hospitality Management or your current employment status with your employer.

There will be no risk to you or to your privacy if you decide to join this study by filling out the attached survey. Your responses will be completely anonymous and confidential; no identifying information will be collected. After your survey has been submitted, you will be unable to withdraw your survey since there will be no way to identify which survey you submitted.

The information collected in this study may benefit the hospitality industry in the future by enabling hotel managers to not only make appropriate human resource decisions, but help in understanding and improving their relationships with employees, especially those from various generations.

The information collected through your participation may be published in a professional journal or book, and/or it may be presented at professional

The Auburn University Institutional
Review Board has approved this
Document for use from
03/18/2016 to 03/17/2019
Protocol # 16-084 EX 1608

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COLLEGE OF HUMAN SCIENCES

DEPARTMENT OF NUTRITION, DIETETICS,

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conferences, with no personally identifiable data. Any information obtained in connection with this study will remain confidential. No information you provide in this study will be shared with anyone associated with your organization. Only a summary of the findings will be made available, if requested, to participant companies and their human resource representatives.

Once the questionnaire has been completed, you need to mail it directly in the attached prepaid envelop to the researcher's mailing address.

If you have questions about this study, please contact Khalid Eyoun at 334-332-8376 or at kze0007@auburn.edu or his advisor Dr. Baker Ayoun at 334-844-8196 or at bayoun@auburn.edu

If you have questions about your rights as a research participant, you may contact the Auburn University Office of Research Compliance or the Institutional Review Board by phone (334) 844-5966 or e-mail at IRBadmin@auburn.edu or IRBChair@auburn.edu.

HAVING READ THE INFORMATION ABOVE, YOU MUST DECIDE IF YOU WANT TO PARTICIPATE IN THIS RESEARCH PROJECT. IF YOU DECIDE TO PARTICIPATE, PLEASE FILL OUT THE ATTACHED SURVEY.

YOU MAY PRINT A COPY OF THIS LETTER TO KEEP.

Primary Investigator	Date
Khalid Eyoun Doctoral Candidate kze0007@auburn.edu	March, 1 st , 2016

Co-Investigator	Date
Baker Ayoun, Ph.D, MBA Associate Professor bayoun@auburn.edu	March, 1 st , 2016

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Survey of Hotel Employees' Perceptions

Thank you for agreeing to complete the following survey. The survey should take no more than 15 minutes to complete. All answers will be kept strictly confidential. You will be asked a series of questions regarding your performance appraisal and your hotel's obligation to provide certain employment commitments.

How many times have you had a performance appraisal from your employer?

- Never
- One time
- Two times
- More than two times

Listed below are statements to assess your perceptions about **the purpose** of the most recent performance appraisal you've had at your hotel. Use the following scale to indicate your level of agreement or disagreement with each statement.

1: Strongly Disagree, 2: Disagree, 3: Neither Disagree nor Agree, 4: Agree, 5: Strongly Agree

	Please Circle				
Performance appraisal helps determine whether to promote, retain or terminate an employee.	1	2	3	4	5
Performance appraisal determines what raise an employee should receive.	1	2	3	4	5
The performance appraisal process documents and recognizes employee performance.	1	2	3	4	5
Performance ratings let employees know where they stand.	1	2	3	4	5
Performance ratings are used to provide feedback about employee performance.	1	2	3	4	5
Performance appraisals identify individual strengths and weaknesses.	1	2	3	4	5

Listed below are certain **determinants/criteria** usually used in conducting performance appraisal. Please use the following scale to indicate the extent to which each of these determinants/criteria was the **BASIS** of the most recent performance appraisal you've had at your hotel.

1: Not at All Used, 2: Slightly Used, 3: Moderately Used, 4: Much Used, 5: Very Much Used

	Please Circle				
The results I achieved.	1	2	3	4	5
My job related behaviors.	1	2	3	4	5
My skills and abilities.	1	2	3	4	5
My personality and personal characteristics.	1	2	3	4	5
The things I can control on my work.	1	2	3	4	5
Predetermined goals of my work.	1	2	3	4	5
General impressions of my manager.	1	2	3	4	5

Listed below are statements about your **level of satisfaction** with the most recent performance appraisal you've had at your hotel. Use the following scale to indicate your level of agreement or disagreement with each statement.

1: Strongly Disagree, 2: Disagree, 3: Neither Disagree nor Agree, 4: Agree, 5: Strongly Agree

	Please Circle				
The performance appraisal ratings I received are not acceptable. (R)	1	2	3	4	5
I felt satisfied with the appraisal feedback interview.	1	2	3	4	5
My supervisor helps me improve my performance.	1	2	3	4	5
In general, I feel this hotel has an excellent performance appraisal system.	1	2	3	4	5
My experience with the performance appraisal system has been negative. (R)	1	2	3	4	5
Overall, I am satisfied with the performance appraisal system used to evaluate my performance.	1	2	3	4	5
I am satisfied with the performance appraisal ratings I received.	1	2	3	4	5
I am dissatisfied with the quality of the appraisal feedback interview. (R)	1	2	3	4	5
My last appraisal feedback interview gave me a good idea of how well I'm doing my job.	1	2	3	4	5
Overall, I am satisfied with the support and guidance I received from my supervisor.	1	2	3	4	5
My supervisor knows how well I'm doing my job.	1	2	3	4	5
My last appraisal feedback interview gave me a good idea of how I can improve my performance.	1	2	3	4	5

Listed below are statements to assess your perceptions about the **fairness** of the most recent performance appraisal you've had at your hotel. Please use the following scale to describe your perception about each statement.

1: To a Very Small Extent, 2: To a Small Extent, 3: To a Moderate Extent, 4: To a Large Extent, 5: To a Very Large Extent

	Please Circle				
I have not been able to express my views and feelings during the performance appraisal procedures. (R)	1	2	3	4	5
I have had influence over the outcomes arrived at by the performance appraisal procedures.	1	2	3	4	5
The performance appraisal procedures have been applied consistently.	1	2	3	4	5
The performance appraisal procedures have been free of bias.	1	2	3	4	5
The performance appraisal procedures have been based on accurate information.	1	2	3	4	5
I have been able to appeal to the outcomes arrived at by the performance appraisal procedures.	1	2	3	4	5
The performance appraisal procedures uphold ethical and moral standards.	1	2	3	4	5
The outcomes arrived at by the performance appraisal did not reflect the effort I have put into my work. (R)	1	2	3	4	5

The outcomes arrived at by the performance appraisal were appropriate for the work I have completed.	1	2	3	4	5
The outcomes arrived at by the performance appraisal reflected what I have contributed to the hotel.	1	2	3	4	5
The outcomes arrived at by the performance appraisal were justified, given my performance.	1	2	3	4	5
I have been treated in a polite manner during the performance appraisal.	1	2	3	4	5
I have been treated with dignity during the performance appraisal.	1	2	3	4	5
I have not been treated with respect during the performance appraisal. (R)	1	2	3	4	5
My supervisor refrained from improper remarks or comments during the performance appraisal.	1	2	3	4	5
My supervisor was candid when communicated with me during the performance appraisal.	1	2	3	4	5
My supervisor explained the performance appraisal procedures thoroughly.	1	2	3	4	5
My supervisor's explanations regarding the performance appraisal procedures were not reasonable. (R)	1	2	3	4	5
My supervisor communicated details in a timely manner during the performance appraisal.	1	2	3	4	5
My supervisor tailored communications to meet my needs during the performance appraisal.	1	2	3	4	5

Listed below are statements to assess your perceptions about your hotel's commitments to employees. Please use the following scale to indicate the extent to which do you believe your hotel is **obliged to provide the following employment commitments**.

1: Not at all Obligated to Provide, 2: Slightly Obligated to Provide, 3: Somewhat Obligated to Provide, 4: Moderately Obligated to Provide, 5: Very Highly Obligated to Provide

	Please Circle				
Adequate induction and training.	1	2	3	4	5
Fair procedures for selection, appraisal, promotion and redundancy.	1	2	3	4	5
Time off to meet personal or family needs.	1	2	3	4	5
Consultation and communication with employees on matters which affect them.	1	2	3	4	5
Minimal interference with employees in terms of how they do their job.	1	2	3	4	5
Personal and supportive way of dealing with employees.	1	2	3	4	5
Recognition of special contributions or long service.	1	2	3	4	5
Safe and congenial work environment.	1	2	3	4	5
Fair and consistent rules and disciplinary procedures.	1	2	3	4	5
Equitable pay.	1	2	3	4	5
Fair and consistent benefit systems.	1	2	3	4	5
Job security.	1	2	3	4	5

Demographic Data

Listed below are questions to obtain some general background about you and your hotel.

What is your gender?

- Male
- Female

Which generation do you belong to?

- Baby boomers (born 1946-1964)
- Generation Xers (born 1965-1980)
- Generation Yers (born 1981-2000)

Numbers of years in current hotel

- 5 years or less
- 6 - 10 years
- 11- 15 years
- 16 years or more

What is your marital status?

- Single
- Married
- Divorced/Separated
- Widowed
- Other, please specify _____

What is your ethnic origin?

- American Indian/Alaska Native
- Black/African American
- Hispanic/Latino
- Asian American/Pacific Islander
- Caucasian/White
- Other, please specify _____

What is your age?

- 19 - 24
- 25 - 29
- 30 - 34
- 35 - 39
- 40 - 44
- 45 - 49
- 50 or older

What is the highest formal educational level you obtained?

- High School or GED
- Diploma / Associate degree
- Bachelor's degree
- Graduate degree
- Other, please specify _____

What is your work department?

- Front Office
- Reservations
- Housekeeping
- Food and beverage (Restaurants, Bars, Banqueting, Room Service, etc.)
- Kitchen
- Concierge, Guest Service, PBX Switchboard
- HR, Accounting, Sale and Marketing
- Other, please specify _____