Developing a model of employee's performance management process for Tallinn hotel businesses

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Title of report Developing a model of employee's performance management process for Tallinn hotel businesses	**Number of pages and appendices** 84 + 7
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The amount of hotels in Tallinn is growing continuously due to the increase of overnight stays. Therefore, it is important to have a competitive advantage over the competitors in order to stay on the market. Since one of the competitive advantages of a hotel business is the customer service, it is essential to manage employees' performance. The objective of this research was to build a model of employee's performance management process which would be a useful tool for hotel businesses and to give suggestions to eight hotels in Tallinn that they could manage their performance better. This thesis research is commissioned by Twin Capital project in order to help to develop tourism in Tallinn.

The research was based on a qualitative research method. The thesis study was carried out through semi-structured interviews with eight hotels in Tallinn. The interviews were conducted face-to-face with hotel supervisors or human resources managers. In addition, secondary sources were used. This research started in February 2012 by handing in the research plan but the actual implementation of the research took place in Jul - Dec 2012 including the phase of carrying out the interviews.

Findings of this study showed that the process of performance management in the hotels depends of the size and star-rating of the hotel. Hotels with many employees or high star-ratings are using performance management on a deeper level and in a more structured way on the contrary to the small or with low star-rating hotels. Concerning the appraisal, smaller hotels use mainly qualitative assessment methods and bigger hotels use the mostly quantitative ways of assessing employee's performance. The model was improved by moving observation analysis and evaluation into same phase which allows any hotel business apply the model regardless the size of the organisation. There were many suggestions to the hotel businesses regarding their performance management e.g. concerning their motivation or feedback collection methods, appraisal ways and other. However, the suggestions were very detailed and there were a lot of them. Therefore, the suggestions cannot be summed up in few sentences.

Keywords Performance management, employee performance, hotels, Tallinn

Table of contents

Introduction

Tallinn, the capital of Republic of Estonia and the former Hanseatic city, is a modern city with over 400 000 inhabitants and it is situated at the Baltic Sea. Tallinn is a unique city that is built upon the mixture of medieval, Sovietic and fresh modern Scandinavian style. Tallinn, rich for its culture and architectural contrast, is the leading destination and tourist attraction in Estonia that attracts travellers from all over the world.

The inbound tourism in Estonia has been growing each year but according to the statistics, the number of overnight stays increased significantly in 2011 when Tallinn was the official European Capital of Culture (Visit Estonia 2012a; Visit Estonia 2012b). In fact, there was over 2,7 million overnight stays in Estonia in 2011 including leisure and business travellers, and almost 1,5 million overnight stays in Tallinn of which 74,9% were leisure and 24,8% business travellers (Statistics Estonia 2012).

As can be seen from the statistics of the overnight stays and from the figures in the article of Estonian Hotel and Restaurant Association (Laurmaa 2012), it is crucial to have many accommodation facilities, especially hotels, to accommodate a bigger number of visitors. Therefore, it will be challenging for the hotel businesses to be more successful than their competitors. During the three last years, there has been a 28% growth of hotel establishments in entire Estonia and a 17% growth in Northern Estonia (Statistics Estonia 2010, 2011, 2012). Therefore, by now it might be even more difficult to stay on the market. One of the factors that can influence the success of a hotel business is performance management on which I will concentrate in my thesis.

1.1 Commissioning party

The thesis research is commissioned by Twin Capital project which is based on the co-operation of HAAGA-HELIA University of Applied Sciences and Estonian School of Hotel and Tourism Management EHTE. The main objective of the project is to increase and deepen the Twin Capital co-operation in Tourism Education, Research and Development. The main co-operating groups are tourism companies in Tallinn and Helsinki, public tourism organisations in both countries and, tourism teachers and re-

searchers. The aim of this project is to design a Twin-Capital destination i.e. tourists would combine the visit to Tallinn and Helsinki by having a twin capital city break. This thesis research will be used in the Twin Capital project in order to help to develop tourism in Tallinn.

Table 1. Schedule of Twin Capital project

Activity	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul-Nov 2012	Dec 2012
Project administration													
Past													
Present													
Future													

As can be seen from table 1, the project started in August 2011 and will end in December 2012. As can be noticed, the project is divided into four parts – Past, Present, and Future and project administration. The first part, Past, consists of collecting and testing material about history and tourism development throughout the years in Tallinn and in Helsinki. The second part, Present, consists of collecting data and providing tourism organizations with the relevant information about the tourism in Tallinn and in Helsinki. The third part, Future, is about carrying out projects for future tourism development in Tallinn and Helsinki. The last part is about the overall project administration by the steering group.

1.2   Objectives

As described on previously under the part of Introduction, the rise in the number of overnight stays in Tallinn has also increased the competition in the hotel business market. Thus, the hotels should also focus on performance management besides the other hotel success factors. Since one of the competitive advantages of a hotel business are its service and the employees, it is essential to manage employees' performance. After all, employees are the ones who offer memorable customer service and leave an impression of the hotel to a customer.

The research objective is to build a model of employee's performance management process which would be a useful tool for hotel businesses and to give suggestions to eight hotels in Tallinn that they could manage their performance better. In other words, the aim is to build a model that the hotel businesses could use as a framework consisting of clear stages of employee performance management which would make it easier to manage employee performance.

1.3   Research methods and limitations

In my thesis, I use a qualitative research method. The research is carried out through eight semi-structured interviews. The interviews are done face-to-face with the supervisors or the human resources managers of selected hotels. This report is therefore based on the outcomes of the respondents from the hotel supervisors and managers that are currently working there. In addition, secondary sources have been used. The reasons for selecting the specific hotels in specific categories and choosing to interview the supervisor have been explained in the methodology part under chapter 3.

Even though this research accomplished its aims, there were some inevitable limitations. Firstly, the selection of the hotels was limited because many hotels in Tallinn belong to national chains or hotel groups e.g. Tallink hotels, Unique Hotels and Schlössle Hotel Group. Chain hotels or smaller hotel groups tend to have the same management board and similar standards. This means, they have similar standards in the hotels concerning performance management which then, gives less selection. Secondly, there was a lack of available literary sources mainly due to writing the thesis remotely from abroad. Due to the long distance, HAAGA-HELIA library sources were not that helpful, especially with the topic of performance management. Moreover, the access of Internet sources like e-books or online articles was limited and not free of charge. In addition, the selection of books that were relevant to the thesis topic and that were written in English was small in libraries abroad.

1.4   Thesis structure

In chapter 2, I will talk about the history of performance management to give a better overview of its development throughout the years. I will also define and explain the concept of performance management. Subsequently, I will discuss and analyse theories about performance management. I will dedicate this chapter to the theory that I have used as my theoretical framework for the research and explain it in detail to provide a deeper understanding on the content of my research.

Chapter 3 of methodology will give a better overview of how I have carried out the thesis research. I will describe how the hotels were selected and give a reason for the specific selection of choosing the hotels. The chapter will contain the research methods applied in my thesis research and the way of analysing the data.

Chapter 4, research results, will provide a deeper insight into the gathered results which will be analysed. The chapter is structured according the model used for my theoretical framework. In addition, the suggestions for the hotels and improvement of my model will be discussed.

Chapter 5 is the conclusion which will sum up the entire thesis. It will contain a last discussion about the research aim and the findings which means, it will summarise the thesis results.

2 Literature review

In this chapter, I will firstly define and explain the concept of performance management to give a better understanding of the concept to the reader. Subsequently, I will provide an overview of the history of performance management which describes its development throughout the years. After the history of performance management has been discussed, different approaches for performance management development will be analysed. Finally, the approach that is applied in my thesis research will be described thoroughly.

2.1 Concept of performance management

As can be read from chapter 2.2, performance management has been studied throughout years and yet, there was still confusion about the meaning of the term 'performance management' when Personnel Management tried to define the term in 1992. The concept had different meanings to different people. Some people understood the term as an appraisal process, others as performance-related pay and some people defined the term as training and development. (Armstrong & Baron 2005, 2.) Armstrong and Baron (2005, 2) state that there is now a commonly agreed definition to the term 'performance management' which can be read below.

> Performance management is a natural process of management contributes to the effective management of individuals and teams to achieve high levels of organisational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved.

Correspondingly, Walters (1995, in Armstrong & Baron 2005, 2) states that performance management is "directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organisation". Organisations have certain goals what they want to achieve. However, the employee cannot help the company to achieve these goals without knowing how to get there. Thus, the organisation should guide the employees or teams with instructions how to achieve the goals, what are the job tasks for that and how to carry out the job tasks in an effective way. The

way how well or poorly an employee carries out the job tasks depends on the organisational goals, job tasks and performance standards.

Performance management has many different aspects: management, CEO, team, employee and organisational performance management. In my thesis, I will focus on employee performance management. However, the topic is also related to organisational performance. Organisational performance and success depends a lot on the employee performance management. A hotel can reach the position in top 10 hotels or decrease its success rapidly if the performance is not being evaluated.

Heskett, Jones, Loveman, Sasser and Schesinger (1994, in Rutherford 2002, 473,475) have created a service-profit chain in which they have brought out all the influencers on the hotel's performance. Firstly, the internal work quality managed by the company's board influences the employee satisfaction which affects the employee retention and productivity. This, on the other hand, influences the perceived service value and the customer satisfaction. If the customer is satisfied and is a returning customer, it creates customer loyalty which will have a positive effect on the profitability and growth of the hotel. Organisational performance is not only influenced by the customer satisfaction but also by other characteristics of employees' performance such as speed and effectiveness of the work. (Rutherford 2002, 473, 475.)

According to Armstrong and Baron (2005, 2), the purpose of performance management is to achieve high performance by organisation and employees, and by 'high performance' they mean reaching goals such as speed and quality of customer service, amount of productivity, profits and other targets. Pulakos (2009, 5) states that if the performance is managed effectively, outcomes can be e.g. motivating employees to put maximum effort into the work, improving productivity in the whole organisation, aligning performance with organisational goals and strategy, and other outcomes. On the other hand, if the performance is managed ineffectively, the outcomes might be a decrease in productivity and motivation, time and money waste on training, damaged relationship between managers and employees, may cause employees to quit their jobs, and other negative consequences. (Pulakos 2009, 5.)

It is crucial to manage performance effectively but naturally, there are some complications and reasons that might stop the organisation from managing their employee performance or the managers from carrying out performance management activities. Pulakos discusses some of the problems in her book. According to Pulakos (2009, 4), a reason for not providing feedback to the employees is that the manager does not want to risk ruining the relationships with the employees. Moreover, employees might not want to discuss their development needs with the managers because they are afraid to jeopardise their salary and promotion. Employees might also think that the manager does not have the skills or knowledge to develop the employee's performance. One other major problem is that managers and employees are not aware of the benefits of performance management. Despite the difficulties of performance management, an organisation should definitely manage its employees' performance because there are many great benefits of performance management. (Pulakos 2009, 4.)

Before describing the history of performance management, the term 'hotel' will be defined and explained. Jones and Lockwood (2002, 1) have given a very simple and straight to the point definition of a hotel. They define hotel as "an operation that provides accommodation and ancillary services to people away from home." According to this definition, hotel is a place that provides their customers services such as accommodation, food and beverage, often also conference possibility and sometimes spa or wellness services. A customer of a hotel can be a business or a leisure traveller, a local with overnight stay, a daily visitor or from another segment that seeks for hotel services.

2.2   History of performance management

Performance management has gained increasingly more attention during the last decades. However, performance appraisal started already centuries ago, just in a simpler form. According to Wren (1994, in Wiese & Buckley 1998, 234), people have used merit exams already during the Han Dynasty, 206 BC-220 AD, to make decisions on selection and promotion. Moreover, during the Wei dynasty in third century AD, "Imperial Raters" were hired to evaluate the performance of the official family members.

However, the "Imperial Raters" tend to give a ranking according to their own likes or dislikes not according to the actual merits. (Armstrong 2009, 10; Wiese & Buckley 1998, 234; Murphy & Cleveland 1995, 3.) The next known example of performance management is from 1648 when Dublin Evening Post that used a rating scale to evaluate legislators (Wiese & Buckley 1998, 234-235; Murphy & Cleveland 1995, 3).

According to several authors (Wiese & Buckley 1998, 235; Murphy & Cleveland 1995, 3), the beginning of performance appraisals was in the 1800s when Robert Owen used "silent monitors" in his cotton mills to evaluate his employees' performance. He used blocks of wood that were painted with different colours on each side. Each colour represented a grade for the performance and in the end of the day, a grade for the day's performance was given by changing the colour of the wooden block accordingly. In 1813, an U.S. Army General evaluated his men with global rating which has been thought as the beginning of formal performance appraisal. In the late 1800s, Federal Civil Service started giving efficiency ratings which have been later used in the government. (Wiese & Buckley 1998, 235; Murphy & Cleveland 1995, 3.)

Since people started to become worried about the economy and efficiency, a Division of Efficiency was created in 1912. In the late 19th and early 20th century, performance appraisals were mostly used in military and government organizations. (Wiese & Buckley 1998, 235.) This changed when Scott developed a man-to-man rating system in 1914. Scott was greatly influenced by Frederick Taylor and by the theory Taylorism. According to Armstrong (2009, 11), Taylorism means "the use of systematic observation and measurement, task specialization and, in effect, the reduction of workers to the level of efficiently functioning machines." Based on this, every task can be divided into small segments which can be easily analysed.

The man-to-man rating system was developed for US Army in order to evaluate army officers before the First World War and the rating system was later developed into a graphic-rating scale which increased organisations' interest in performance management. Unfortunately, there was a lot of criticism about the graphic-rating scale. The tool was inexpensive to use and the results were quantifiable but it was not very useful

for providing feedback. The organisations that used this tool had only one or two standard forms despite the specific skills needed for different jobs. Moreover, the tool focused on the past actions instead of future goals. (Wiese & Buckley 1998, 235; Murhpy & Cleveland 1995, 3.) Douglas McGregor has commented on the tool that in his opinion, the emphasis should be on analysis instead of appraisal. In this way the person being evaluated becomes involved in the process and he can use the feedback for future development. (Armstrong 2009, 12.)

Since the graphic-ranking scale was not so successful and needed development, people started developing new ranking systems. In the 1950s, a new system, management by objectives, was developed and it was based on the approach of McGregor and Drucker. (Armstrong 2009, 14; Wiese & Buckley 1998, 239; Murphy & Cleveland 1995, 8.) The goal of this new tool was to focus on employee development and on giving feedback. This tool made a manager from judge to helper so that the manager feels like he or she is helping the employee to develop and the tool focuses on the future actions instead of past behaviours. However, it needed a high level of management commitment and time which made it difficult for the organisations to use this tool. (Wiese & Buckley 1998, 240.)

In 1970s and 1980s, researchers focused on behaviourally-based ratings. Researchers used in their tools behavioural examples of actual work behaviour. The tool was good because the performance dimensions were defined more clearly but the scoring system was so difficult that the results may not have been understood. This era tried to develop a tool for performance appraisal and produced a lot of different tools. However, the progress in the improvement was little. (Wiese & Buckley 1998, 241-242; Murphy & Cleveland 1995, 9-10.)

In 1970s, organisations were pressured by the legal issues and were forced to formalise, validate, and organise appraisal systems. In 1978, Uniform Guidelines were adopted by four bigger federal enforcement agencies. These guidelines were meant to prove discrimination of employees. (Wiese & Buckley 1998, 242-243; Murphy & Cleveland 1995, 11.) Thus, experts offered guidance to protect the organisations from the legal

considerations and changed the structure of performance appraisals including defined dimensions, rater training, feedback to the employee and documentation. (Wiese & Buckley 1998, 243.) After this, organisations and researches have continuously been developing performance management, especially performance appraisal because they are still dissatisfied with the results. The tools that have been invented are often inaccurate because it only focuses on traits or the outcome but not both of them and because there is a lack of clear job description and organisational goals that should match with the performance results. Moreover, the tools were time-consuming, expensive and most importantly, they focused on the past actions not on the future development. (Wiese & Buckley 1998, 243.) I am focusing with my research on performance management to contribute to its development.

2.3 Models of performance management

Under the chapter 2.3, I will present the theories that I found after doing the theoretical research. I will explain why I chose to discuss about these particular theories and I will describe the models in a comprehensive yet understandable manner in order to introduce the topic better to the reader.

2.3.1 Performance improvement theory

After doing a lot of literature research, I noticed some similarities between certain models and theories. Many of the models that I found had a similar content with similar steps – plan, act, monitor, review. Some models had only had three steps without the 'monitor' step but some models had all of these steps or maybe even few more. (Smither & London 2009, 12; Armstrong & Baron 2005, 13; Investors in People 2006, in Nickson 2007, 149.) However, all of these models concluded in one theory – plan, do, review. Nickson (2007, 149) has introduced one of these models in his book which is the Investors in People (from here onwards abbreviated as IiP) model for performance improvement process (IiP 2006, in Nickson 2007, 149).

I chose to present the particular model of IiP's because the three steps of plan, do, review have been explained and divided into more steps which provides a better explana-

tion to the model viewer (see figure 1). In comparison to the other similar models, it is easier to understand the phases in IiP's model of performance improvement process. According to several authors (Smither & London 2009, 12; Armstrong & Baron 2005, 13; IiP 2006, in Nickson 2007, 149), the first step 'Plan' is about developing different strategies and aligning organisational goals with performance management. It is about e.g. creating a business strategy such as organisational goals and values. It is also about creating a strategy for learning and development such as trainings or setting up a people management strategy like establishing standards for expected behaviour. (Smither & London 2009, 12; Armstrong & Baron 2005, 13; IiP 2006, in Nickson 2007, 149.)

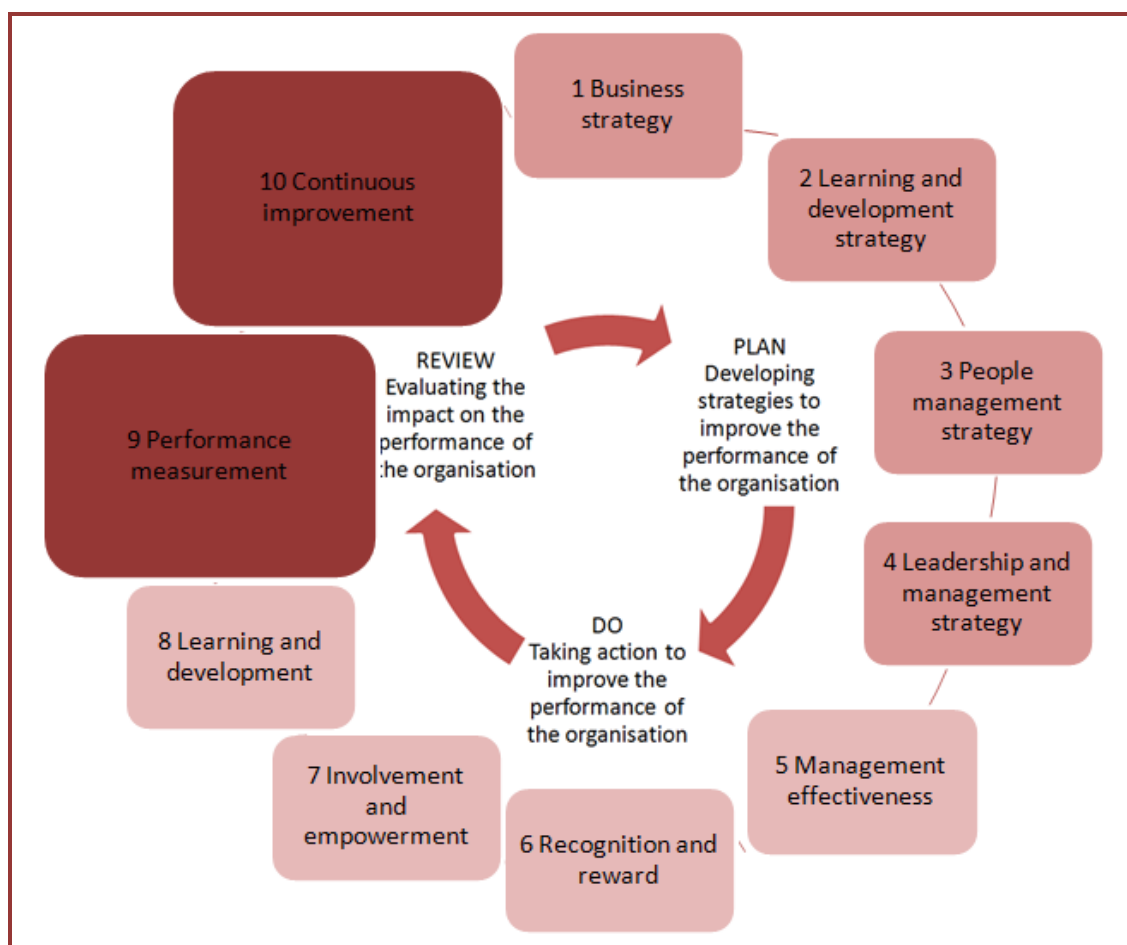Figure 1. Principles of IiP Standard (IiP 2006, in Nickson 2007, 149)

According to several authors (Smither & London 2009, 12; Armstrong & Baron 2005, 13; IiP 2006, in Nickson 2007, 149), the next step 'Do' is about taking action to improve the performance. The phase consists of performance appraisal, feedback and rewarding, employee involvement in tasks and developing the employee's performance

by making an action plan with the steps that need to be taken in order to develop the performance. According to some authors (Smither & London 2009, 12; Armstrong & Baron 2005, 13), there is another step called 'Monitor' between 'Do' and 'Review' which is about monitoring the employee's performance improvement and development after the feedback session. However, IiP's model only presents the step 'Review' as the last and third step which is about evaluating the performance development with a review meeting or interview. (Smither & London 2009, 12; Armstrong & Baron 2005, 13; IiP 2006, in Nickson 2007, 149.)

IiP's model is a simple model with few steps which is easy to understand for a reader. However, the right model for my thesis research should include more than three steps in order to explain the employee performance management process in a clearer way. Moreover, the right model for my research should mainly present steps and actions under the phase 'Do' since this phase has more emphasis once the organisation has defined the strategies. Furthermore, when the company has set the strategies, it is important to present the actions that need to be taken in the 'Do' phase in order to manage performance but in IiP's model, the steps in 'Do' phase have not been presented so thoroughly as in the models under chapters 2.3.2 and 2.3.3.

2.3.2 Model of improving employee performance

While doing the theoretical research, I kept in mind that the theory or the model should relate to employee performance. After going through some literary sources, I found a model (see figure 2) by Jones and Lockwood (2002, 51) which was about improving employee performance and thus, it was closely related to my thesis research study. I chose to present this model because it is related to my research and I applied parts of it to develop my own model of employee performance management process.

Motivation — Fit — Company objectives

Effort   Abilities and skills   The job

Organisational climate

Scheduling

Performance

Reward

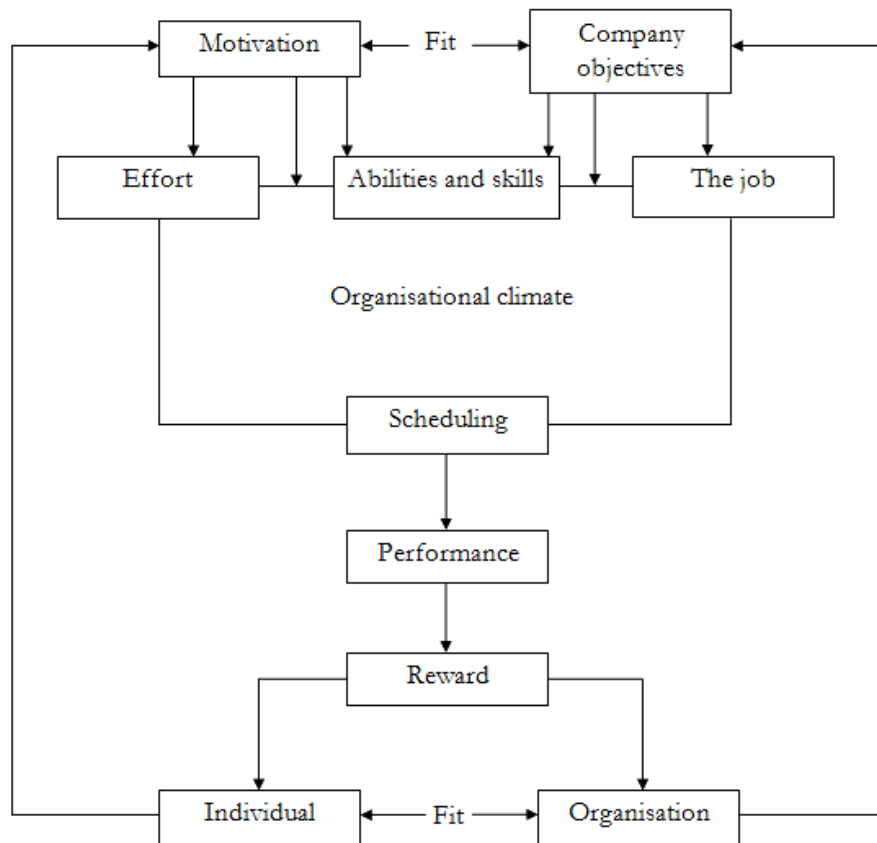Individual — Fit — Organisation

Figure 2. A model for analysing employee performance (Jones & Lockwood 2002, 51)

The model starts from the very beginning of the performance process by bringing out the importance of fitting the employee's motivational values with company's objectives. It is about fitting the expectations between the employee and the company. It starts from setting the organisational goals and values and thus, the result is the expectations for the employees. The company tries to make sure that the employee meets their expectations and that they can meet the employee's expectations already during the recruiting process. The company has different methods to get the employees motivated to apply for the job and to keep the employees motivated to stay in the company for a longer time. (Jones & Lockwood 2002, 50-53.)

Once the employee's has been recruited, the effort that he or she puts into work depends a lot on the organisational climate. It depends on whether the employee's expectations have been met and whether he or she is motivated to work for the company. Furthermore, Jones and Lockwood (2002, 51) discuss about the motivation calculus developed by Vroom (1964, in Jones & Lockwood 2002, 51) and later improved by

Porter and Lawler (1968, in Jones & Lockwood 2002, 51). According to the motivation calculus theory, the effort that an employee puts into work depends on the perceived value of the reward and effort-reward probability. (Jones & Lockwood 2002, 50-53.) When the employee has been recruited, he or she has to be trained for the specific job in order to have the right skills and abilities for carrying out the job tasks. The training ways and methods depend mainly on the organisation and on the job tasks. (Jones & Lockwood 2002, 50, 56-58.) When the employee has been trained and motivated to do the job, the next factor that needs to be considered in order to get the best performance results from the employee is the job itself. There are many job-related factors that can affect employee's work performance such as working hours, salary, physical environment and working conditions, the nature of the job tasks, co-workers and other. All these need to be considered in employee performance improvement. (Jones & Lockwood 2002, 50, 53-56.)

The next phase is scheduling which means using the right amount of human resources at the right time. When the manager has many employees during the quiet time of the day and not enough work for all of them, there is a big waste of resources. Organisation wastes money and human resources also when the manager has scheduled far too less employees for the rush time of the day. (Jones & Lockwood 2002, 50, 59-62.) All of the factors like effort, abilities and skills, job itself, and scheduling are being influenced by the organisational climate and support which means the nature of these phases can vary in different organisational cultures and depending on the management style. (Jones & Lockwood 2002, 58-59.)

After these phases have been followed, the performance appraisal will take place. When it has been measured or observed that the employee's performance is good, he or she will get a reward for good performance. If the performance was poor, the rewarding phase will be skipped and the last phase of feedback will take place. The feedback that is given has to be fit by employee and also by the company. After this phase, the process will start again from the beginning. (Jones & Lockwood 2002, 50-51.)

Jones and Lockwood (2002, 51) focus with their model on individual employee performance which means this approach is related to my thesis research and can be used in developing the model of employee performance management process. However, I will use only parts of the model because this model focuses mainly on the performance influencing factors but not on the actual performance management process i.e. the phases of how to manage the performance. I will use the performance influencing factors such as organisational and employee's values, recruitment and training, and the job itself since they should be considered in performance management process and combine these parts with another approach that discusses more about the actual performance management process in order to create a suitable model for my thesis.

2.3.3 Model of performance management process

While doing the theoretical research, I noticed that many literary sources talked about performance appraisal or used the Plan-Do-Review approach in their model. However, I was looking for a model that would contain the overall process of performance management including the performance appraisal phase, that is focused on the actions in the 'Do' phase (see chapter 2.3.1) and that can be used for developing employee performance. Moreover, I the model should present discrete steps of the process.

After doing some research, I found a book by Cardy and Leonard (2011, 5) where the authors have described in detail their model of performance management process (see figure 3). This model includes the phases of the actual performance, performance appraisal, feedback and performance improvement for the future. Compared to the other approaches (see chapter 2.3.1 and 2.3.2), this model shows the phases how to manage performance in detail which the other models were lacking. As mentioned in chapter 1 of Introduction, my objective is to build a model that the hotel managers could use as a framework with clear stages of employee performance management which would make it easier to manage employee performance. Thus, I have used this model as the main framework for my thesis and I will now provide the reader with a short description of the model.
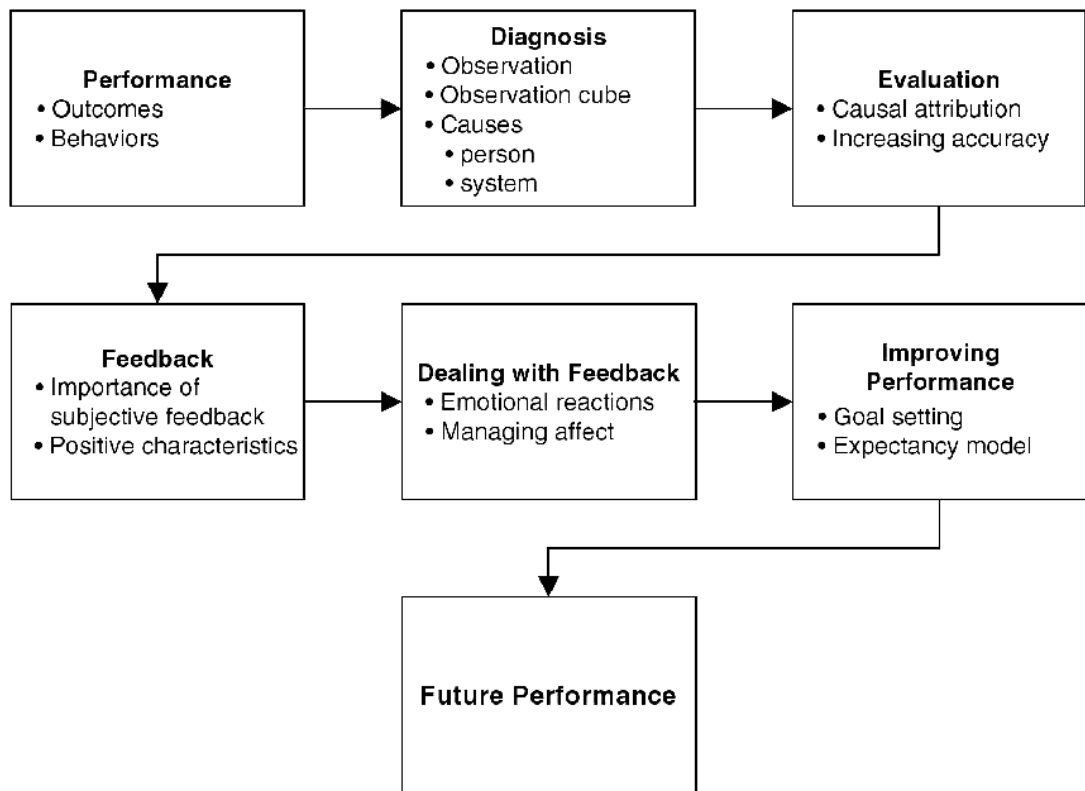
Figure 3. The Performance Management Process (Cardy & Leonard 2011, 5)

The first step, performance, is about the achievements and outcomes that the employee has accomplished with carrying out the job tasks. This phase focuses on three factors such as job analysis, definition of performance and criteria. Job analysis is about indentifying what the job consists of, such as the tasks, duty areas etc. The definition of performance focuses on determining the approach that is used to measure the performance – behavioural or outcome approach. The behavioural and outcome approaches will be explained further under chapter 2.4. Additionally, the need for defined criteria and performance standards for measuring the performance will be explained. (Cardy & Leonard 2011, 4, 40-48.)

The second step, diagnosis, deals with identifying the problem and solving it by trying to understand why something occurred. This step focuses on the correct way of making a diagnosis by observing the performance with an 'observation cube' and recording the data. The phase also contains the causes of performance. Diagnosis is the source of curing performance problems, it helps to influence evaluations in performance and helps to solve a conflict by analysing both parties not only one and thus, gives a clearer

overview and better explanation to the problem. Just like an investigator, a manager has to make a diagnosis what might be the causes for the problem or the death. Based on the authors, diagnosis must be made very carefully since a rushed conclusion can create bigger conflicts between the employees and the manager. (Cardy & Leonard 2011, 4, 85-95.)

Evaluation, the third step, is about judging how poor or good the observed performance was. The phase focuses on the correct way of evaluation, development methods and, evaluating results. Just like a teacher has to evaluate the students by grading them, a manager has to determine the quality of the work of the employees as well. Common evaluative standards and agreed-on criteria is a must in order to evaluate the performance correctly and fairly. (Cardy & Leonard 2011, 4-5, 110-120.)

The fourth step, feedback, focuses on the skill of giving effectively provided feedback since giving a feedback to an employee can be challenging if it is not given carefully. The phase also focuses on the fact that feedback must focus on the improvement of the performance not on the judgment of the employee. The step also focuses on the timeliness and on the frequency of the feedback. (Cardy & Leonard 2011, 5, 140-146.)

The fifth stage is dealing with feedback since the employee has to understand the message of the feedback and deal with his or her emotional reactions that may occur. The phase also describes six approaches to manage the influence of evaluator affect which can cause from liking the employee, mood or other factors. The stage also brings out the possible emotional reactions to the feedback and the actions to prevent the emotional reactions from the evaluator and the worker perspective. (Cardy & Leonard 2011, 6, 169-183.)

The second last stage, improving performance, is focusing on the concrete steps that a manager can take in order to improve the employees' performance levels. The phase describes the two performance causes – person and system, and brings out different approaches to improve motivation such as goal setting. (Cardy & Leonard 2011, 6, 205-227.)

The last stage of future performance is about improving the performance in the future and starts the process all over again. However, I will not take this step into my model because I will create my model as a continuous circular cycle that already represents the continuance of the process in the future. (Cardy & Leonard 2011, 6.)

Cardy and Leonard (2011) have focused with their model on the process of managing performance but have not included the pre-performance phase about the factors that can influence the performance. Therefore, I will combine the model by Cardy and Leonard (2011, 5) with some elements from the model by Jones and Lockwood (2002, 51) in order to make the managers aware of the whole process of performance management that starts already before the actual work performance with setting the organisational goals and meeting the expectations.

2.4   Developing a model of employee performance management process

In this subchapter, I will provide the reader with a thorough explanation and description of the model used for my thesis framework. In order to have a good model for my framework, I had to put together two different models by modifying both of them (see figure 4 below).
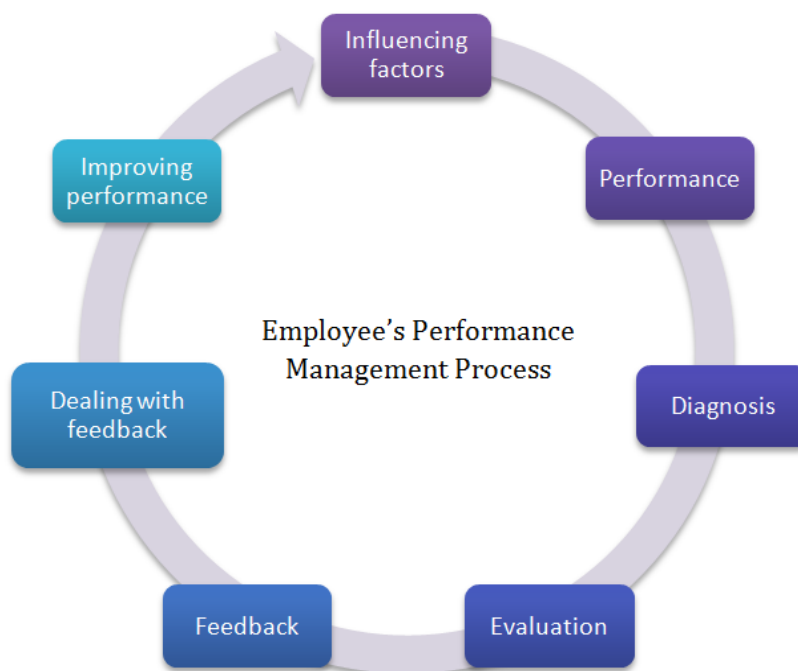

Figure 4. Employee's performance management process model

I used the model of performance management process by Cardy and Leonard (2011, 5) as the basis of my model. I did not include the last stage of the process, future performance, because this stage is about improving the performance in the future and starts the process all over again. I created my model as a continuous circular cycle that already represents the continuance of the process in the future which means there is no need for the discrete step because it is already in the model just in a different way. In addition to the model of performance management process (Cardy & Leonard 2011, 5), I added some elements from the Jones' and Lockwood's (2002, 51) model of improving employee's performance. I added another phase to the process which will be the first step of the process – influencing factors. Since the factors that influence the performance are not more important than the process stages themselves but still need attention, I put the influencing factors together into one stage. The full detailed description of the new model and the added stage can be read from below.

2.4.1 Influencing factors

Companies that measure their employees' performance and discover that it does not meet the standards might tend to focus more on the numerical results without trying to dig deeper and finding the cause of the problem. However, it is important to know that the performance results do not depend only on the numerical measurements but also on the other factors such as the company meeting employee's expectations, competences of the employee, and the job itself. Thus, I will dedicate this part of the subchapter on the other influencing factors that are often not as visible as numbers.

Expectations

When employee's performance does not meet the performance standards, the supervisor should look for the cause of the problem starting from the very beginning with the connection between employee's motivation and company's objectives (Jones & Lockwood 2002, 51). According to Cardy and Leonard (2011, 8), it is important that the goals and expectations of the employee and the organisation would fit with each other. Performance management starts from defining organisation's strategic objectives and

core values because when the organisation knows what the goals and the values of the company are, the organisation can define the strategy how to reach the goals while bearing the values in mind. When the strategy has been set, the organisation knows what to expect from an employee and which kind of performance standards to set for the workers. (Cardy & Leonard 2011, 8.) The best employee that a company can hire is the one who helps the organisation to achieve its goals with pleasure because an inner motivation keeps the employee highly motivated to be a good worker.

Motivation has a significant importance on the organisational performance. It encourages the worker do to a good job while enjoying the job itself. This increases the employee's performance and helps the company to achieve its goals. Nevertheless, motivation does not develop by itself; it has to be triggered by meeting the employee's expectations. The reader should understand that motivation and expectations are connected to each other but are still two different concepts. Thus, I will first talk about the expectations and then about the motivation that can create from meeting the expectations.

Organisation usually has standardised expectations for its employees. Miller, Walker and Drummond (2002, 104) have stated that a company generally expects the employee "to produce the products and services to the quality standards set by the enterprise that is paying you both." For the employees, it is simple to understand the company's objectives and expectations because it is normally stated out in the job advertisement or explained during the recruiting process. For the organisation or the supervisor, it is difficult to know what the worker expects from the job, organisation and supervisor without asking the employee.

Nowadays, the salary is not the only thing that satisfies employees. Workers expect more out of the job such as respect, trust, interesting work and good working environment. (Miller et. al 2002, 104.) However, it is important to point out that expectations vary from individual to individual. Every worker has different expectations and therefore, the manager should ask the employee for his or her expectations already during the recruiting process. The other option is to send out a questionnaire or a

feedback form to the whole staff. This method helps the supervisor understand his or her employees' expectations better and makes it possible to increase the workers' performance by meeting their expectations.

If some of those expectations such as respect, honesty and feedback are not met, the employee might become unmotivated to do a good job. If the expectations are fulfilled, the employee is motivated to put a lot of effort into the job and there is a positive working environment. Thus, the worker is happy to extend the contract with the company. (Miller et al. 2002, 109.)

Motivation

Miller et al. (2002, 109) have referred to the motivation as 'the energizer that makes people take action.' It is a good definition because depending how motivated the worker is, the bigger or smaller effort will he or she put into the work. Jones and Lockwood (2002, 51) have also referred to motivation as the effort that an employee puts into his or her work except in their case, the motivational or the effort level depends on how the worker perceives the value of the reward and how big is the opportunity to receive the reward. Jones and Lockwood (2002, 52) have come up with three attitudes that a worker can have towards work:

– expressive – positive attitude; motivator: intrinsic rewards like achievement or recognition;
– instrumental – positive attitude; motivator: extrinsic rewards e.g. pay, promotion or status;
– alienative – negative attitude; no motivation or interest in the work at all.

Every organisation expects its employees to be highly motivated and to have an expressive or instrumental attitude towards work. Unfortunately, if the worker is not happy with one of the factors that triggers the motivation, he or she will become poorly motivated or even unmotivated and can have an alienative attitude towards work. Employee usually becomes motivated from the factors such as the work itself, the manager's way of supervising, the work environment, or individual goals – money, recognition or other goals from the Maslow's hierarchy of needs (Miller et al. 2002,

113). However, the needs and desires of people vary from individual to individual and may change in a minute. (Miller et al. 2002, 110.) Therefore, Miller et al. (2002, 111) have brought up different theories of motivation which should help the supervisor to understand the needs and desires of an employee.

Miller et al. (2002, 111-116) have analysed eight different approaches to triggering motivation. I will describe only three of these approaches which can be very effective when used correctly. The rest of the methods have not been described because according to the authors, they are not so useful and should not be considered as tools. The methods discussed below have been described and analysed in order to show which approaches can be helpful to a supervisor who wants to get the employees motivated and also improve the performance.

One of the methods is called 'theory Y and motivation' – McGregor (1960, in Miller et al. 2002, 114-115) came up with his own theory by combining his Y theory and the motivational pyramid theory (see figure 5) of Maslow's (1970, in Miller et al. 2002, 114). McGregor's Y theory was that people work willingly when the job satisfies the needs. In his new theory of 'theory Y and motivation', the idea was that once the employees are given work that fills some basic need such as responsibility or self-fulfilment, their inner motivation takes care of their performance. This is a good method to get the employees motivated because people work harder, better and longer for the organisation when their needs are being satisfied during the process.

 Maslow's theory (Miller et al. 2002, 114) was that satisfaction of human beings depends on their individual needs and on satisfying those needs. As can be seen on figure 5, the base of the hierarchy is people's most basic needs such as air, water and food. When these needs are not satisfied, no other needs can be satisfied either. For instance, when there is not enough air in the room or when an employee is very hungry, he or she cannot work effectively and productively without thinking only about air or food. When these needs are met, they will no longer motivate the person but another level of needs will appear – safety needs. These needs can be security, stability, structure or freedom from fear. When an employee is being motivated by fear, the only thing that

the employee can think of is trying to become free from fear either by quitting the job or somehow else. (Miller et al. 2002, 114-115.)

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            /\
           /  \
          /Need\
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        /self-fulfillment\
       /----------\
      / Ego needs  \
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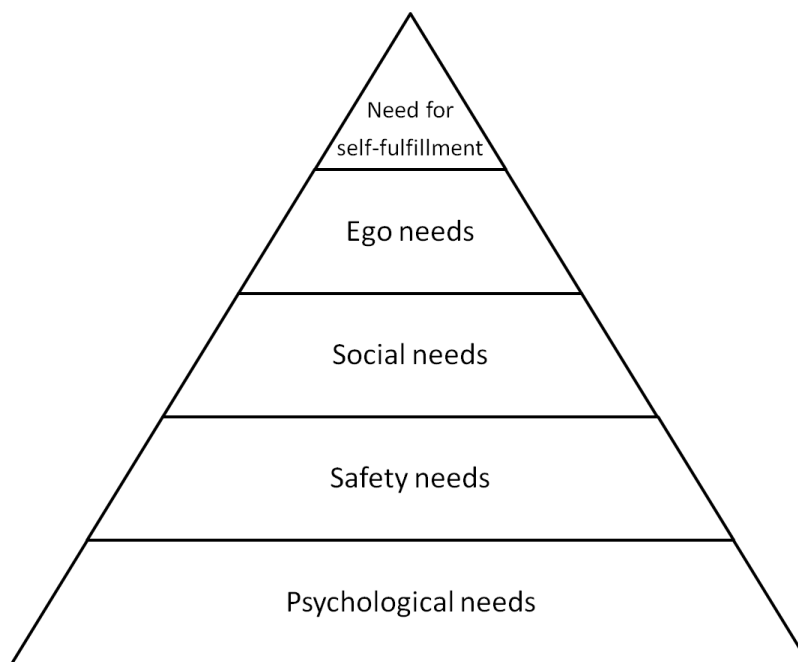
Figure 5. Maslow's hierarchy of needs (Miller et al. 2002, 114)

The next level of needs is 'social needs' which can be having friends, to love, to be loved and to belong. For instance, when an employee cannot get along with anyone at work or outside work, he or she can become very isolated and might not be able to be a good team member. The 'ego needs' is about self-esteem like respect, achievement, status and recognition. This level of needs can be achieved by rewarding employees. At the top of the hierarchy is the need for self-fulfillment which means 'the need to be doing what one is best fitted for'. (Miller et al. 2002, 115.) According to Miller et al. (2002, 115), Maslow's theory is not useful for analysing each employee's needs and how to motivate them. However, it helps the manager to understand the behaviour of the employees.

Second method is 'Herzberg's motivation-hygiene theory'. Herzberg (1982, in Miller et al. 2002, 115-116) discovered that factors related to the job environment such as working conditions and company policy do not motivate the employees, they can only create satisfaction or dissatisfaction. If the working equipment is poor, the employee does not get along with colleagues or the employee thinks he or she is getting unpaid for the

effort that has been put into the work, the worker might start working poorly or be often absent from work. Another example is when the working chairs are too uncomfortable for eight hours of work, the employees will start complaining but if the organisation prevents the need of a new chair before getting complaints from employees, the staff will not get suddenly motivated from new chairs. On the other hand, the factors related to the job itself like advancement and recognition are the motivators that stimulate employees to do a great job. For instance, when the organisation rewards an employee for doing a great job, he or she will be proud and knows that his or her work performance is good. Thus, the rewarded employee becomes more motivated to keep doing the good job also in the future. (Miller et al. 2002, 115-116.)

The final effective approach is 'behaviour modification'. Based on Miller et al. (2002, 116), 'people behave as they do because of positive or negative consequences to them'. According to this theory, the supervisor tries to change the workers' behaviour and make them motivated by giving them positive reinforcement. However, if the job is done poorly, negative feedback must not be ignored but should be dealt with so that the employee knows what he or she did wrong. Additionally, the supervisor has to show the employee how the task should be done. Providing the workers with a feedback, especially with positive feedback, is very important in order to let them know how they are doing and to get them motivated to improve their performance or to keep up with the good work. (Miller et al. 2002, 116.)

Competences

Besides expectations and motivation, employee's performance can be influenced by the job itself but in order to get the job done, the worker has to have adequate abilities and skills. If an employee is lacking the right competences for the job, the work tasks will be carried out poorly and the overall performance level of the employee will be very low. In order to avoid this unfortunate result and to save the time and effort of the supervisor who has to help out the employee with everyday problems, the right person for the job must be recruited and the company should provide the possibility to develop the employee's competences.

The first step for the organisation or the supervisor is to make a job analysis and define the job responsibilities and other details concerning the nature of the job. This will help the manager to make a detailed description of the suitable candidate. After all the needed abilities and skills have been specified, the manager can continue more easily with the recruitment process while bearing the necessary requirements in mind. (Jones & Lockwood 2002, 56-57.) Generally, companies tend to test the candidate's competences and his or her suitability during a job interview. Sometimes, companies even have some other tests for the candidate if the job position is higher or more specialised like human resources manager or IT person.

After the company has done everything e.g. job interview, tests, probationary day and probationary period to be sure that the candidate has the right competences and fits to the job, the organisation should also think about developing the competences for the employee's best performance. Firms often offer trainings to employees but some companies also offer other kind of competence development ways such as internal sales competitions or external competitions for chefs, bartenders and receptionists either on the national or the international level. However, training is the most common way to develop employee's competences and thus, I will mostly focus on that in this chapter.

According to Armstrong (1999, in Nickson 2007, 154), training is "a planned process to modify attitude, knowledge or skill behaviour through learning experience to achieve effective performance in an activity or range of activities." Miller et al. (2002, 219) have stated that "in a hospitality setting, training simply means teaching people how to do their jobs." Whether it is an older employee, freshly recruited or even the manager, it is important that the organisation provides training to its employees. Training is the best way for the workers to gain new knowledge and skills.

Often companies do not take the time to organise training programmes for its employees. Besides time, training also requires effort and money. Many companies do not provide training because they claim to lack the time and money, and cannot see the urge for it. In addition, there are also other problems related to training like the urgent need for the employee or a short-term worker. (Miller et al. 2002, 219, 225-226.) How-

ever, if an organisation wants to stay on the market and increase its competitive advantage, a continuous training is a must. Employee training is a win-win-win situation; it is beneficial for the organisation as well as for the employee and also for the customer. There are a lot of benefits from training and thus, I have listed the most important benefits (Miller et al. 2002, 223-225; Nickson 2007, 154-155; Jones & Lockwood 2002, 57):

– increase of knowledge and skills of the employees – workers become more independent and do not have to ask always for the instructions;

– clarification of work role – employees have a clear overview of what should be done and how should it be done in order to increase their performance;

– reduction of work accidents and injuries – employees are aware of the dangers and know how to do their job without the risk of getting hurt;

– gives supervisor more time to manage – manager does not have to spend so much time on checking and helping the employees with their work and can focus on his or her own job;

– less absenteeism and less turnover – employees feel comfortable in their jobs if they know what they have to do and how they have to do it;

– lower costs – less breakage, less waste and more productivity through efficient work;

– increase of frequent and happy customers – employees know how to treat the customers and satisfy them.

As can be seen, training can be very beneficial in many ways. By teaching your employees how they should carry out the tasks and what exactly the job tasks are, they will become more effective and productive which will increase the employee's performance and will eventually increase the organisational performance as well. Nonetheless, the organisation should know which kind of training to provide, which training methods and teaching methods to use, and how to improve the training for the future.

According to Miller et al. (2002, 219), there are three types of training which are orientation, job instruction, retraining. Orientation is a general introduction to the job and the company which is held on the first day of work for the new employees. Job in-

struction contains providing the new employee with a detailed description of the job tasks and instructions how to carry out the tasks. It starts on the first day of work and continues on the following work days until everything has been taught. Retraining is targeted to current employees and is only needed in case of a new method, new equipment, organisational change, promotion, employee's request, or for a worker whose performance is below the standards.

Besides the different types of training, organisation should also know which training method to use. Nickson (2007, 159-162) has explained three training methods that are in-company on-the-job, in-company off-the-job and external off-the-job method. The first method, in-company on-the-job, has two ways of training. The first way to train is to teach the new employee through watching and observing a colleague who has greater experience in the same job. It is a good method because it is cheap, the trainee can practice straight away and he or she can get immediate feedback. It is also a risky method because the colleague might not be trained to train somebody and, he or she might pass on some bad habits to the new employee. The second way to train is to mentor the new employee by a senior staff member. In-company off-the-job method takes place outside the normal place of work and it is ran by a specialised training department. External off-the-job method is about offering your employees courses in an educational institute to deepen their knowledge in certain field.

The training will be only useful for the employees' performance if the employees actually learn something at the training. Thus, the supervisor or the organisation should be aware of the ways how employees learn the best (Miller et al. 2002, 229-230):

- active involvement of the employees;
- relevant and practical training;
- well organised training material;
- informal, quiet and comfortable learning environment;
- good trainer;
- giving feedback and rewarding the employees.

The most efficient way how employees learn the best is to get them actively involved. When employees participate in the training, they are able to gasp more information and to remember more from the things learned. To use this method, one should know the different ways of teaching that involves the participants more in the training. These teaching methods are a discussion, demonstration, skill rehearsal, case study, guest speaker, role-play, simulation, dramatization, instructional games, brainstorming and a field trip. By using an interesting teaching method, the employees will pay more attention in the lecture. Besides involving the participants, it is also important to choose the relevant topics for the training, create a good learning environment, find a good trainer, provide feedback, and also to use good training material such as videos, posters or other visual aids that are easier to remember later. All of these methods will help the trainer to get the employees' attention and to keep them interested throughout the whole training.

After the training has been carried out, feedback and evaluation of the training should be collected and analysed for the development of future training. Holden (2004, in Nickson 2007, 164) has brought up several ways for evaluating training. The best way to collect employees' feedback is to create a questionnaire or to interview the participants and ask for their opinion and suggestions. Another way to see whether the training was useful and to check the participants' progress is to make a test in the end of a formal training. If the training is informal and does not require an examination in the end, case studies and structured exercises can be used to see whether the participants are able to use the learned skills and knowledge in practice. In addition, observation method can be used to see whether the training needs improvements. Holden has presented also other methods that can be used for development of future training but the presented examples above are just to give the reader an idea of how the training evaluation could be done.

Job itself

The last major influencing factor that may make a difference to employee's performance is the job itself. If the employee is not satisfied e.g. with the temperature and it is too cold or hot for him or her, the worker cannot focus entirely on the tasks which

may result poor performance. Thus, it is important to keep the employees satisfied with the work environment. Herzberg (1982, in Miller et al. 2002, 115) calls the factors related to the job environment 'hygiene or maintenance factors'. According to his approach, hygiene factors only satisfy or dissatisfy the workers and do not motivate them. However, it is essential to take care of as many maintenance factors as possible because they can cause dissatisfaction which can create low productivity and high turnover.

Cardy and Dobbins (1994, in Cardy & Leonard 2011, 90) have stated that there are two causes of performance – person and system. In case the cause is the person, then the reason of the problem is internal and can be e.g. employee's motivation. If the cause is the system, then the problem is in the organisation or the job itself and it can be e.g. the equipment or the co-workers. Since for the organisation it is easier to deal with the system cause or with the hygiene factors, the company should do everything possible to avoid the poor employee's performance caused by the maintenance factors. To explain the hygiene or maintenance factors better, Miller et al. (2002, 129) have brought examples of those factors. The hygiene factors are e.g. the physical environment and the working conditions like noise, temperature and equipment. The influencing factors are the co-workers, length of a work day, rate of pay, benefits, and e.g. company policies.

Jones and Lockwood (2002, 53-55) have separated the job related factors into five dimensions that are content, context, contact, control and communication. Content, the first dimension, is related to the clear job tasks that the organisation sets for the employee. In addition, equipment and meaningfulness of the job has to be taken into account in order to satisfy the employee. The second dimension, context, is divided into three groups which are conditions of work concerning extrinsic rewards, conditions of work concerning ergonomics, and work environment. Organisation has to consider that the employee will care about the factors like pay structure, bonus schemes, uniforms, hours of work, job security and promotion prospects. Company also has to consider the ergonomics related to the conditions of work. It is essential to design carefully the employee's workplace by taking into account the seating, furniture, space

and needed equipment. In addition to the work conditions, also the working environment like the lighting, noise, temperature and ventilation have to be considered.

The dimension of contact is about having contact with the customers and the staff. Since the main reason of e.g. a receptionist is probably having contact with people, the employee should have enough time to talk to the customers. This will not only make the employee happy but will also satisfy the customers by having more personalised service. The next dimension, control, is about giving responsibility to the employee. Once the manager gives a limited amount of responsibility to the employee, the worker will feel honoured and motivated because he or she knows that the manager trusts him or her with the given tasks. The last dimension, communication, has two elements. The first element is providing the employee with a detailed job description and with the expected performance standards. The second element is giving feedback on the tasks and on the achievement in the performance. If the worker knows what is expected from him or her and how he or she is doing, the employee will be motivated to keep up with the good work or to improve his or her performance. (Jones & Lockwood 2002, 53-55.)

Once all of these dimensions and factors have been taken care of, there should be less risk that the employee's performance is caused by the organisation. However, even if the worker is satisfied with all the job related factors, he or she might get bored after a while. This means, the organisation should provide the employee with a continuously interesting and challenging job. This can be made by e.g. giving the employee new tasks, more responsibility and more freedom at the job. (Miller et al. 2002, 131-132.) Jones and Lockwood (2002, 53) have called this approach the Quality of Working Life (QWL) which contains three techniques to make the job more interesting and challenging for the worker. The first method is job enlargement in which the employee is given more related tasks in addition to his or her current job tasks. The second method is job rotation which means moving employees from one job or one department to another. This offers the worker more variety and challenge. The last technique is job enrichment which provides the employee with new different tasks in addition to the old tasks and increases his or her involvement and participation in the organisation.

To conclude, if all of those factors related to the job environment will be considered when trying to create a comfortable working environment and satisfy the staff, the employee's performance will definitely achieve the expected standards. In case the cause of the performance is the person instead, supervisor can apply different methods discussed in subchapter 2.4.1 Motivation to increase the employees' motivation and ensure the high performance level.

2.4.2 Performance

In this subchapter, I will discuss about the steps that have to be made before the actual performance appraisal. I will discuss about the importance of job analysis and talk about different approaches to performance definition. In addition, I will describe the different levels and types of criteria for measuring performance.

Before setting the performance standards, job analysis must be made. It is important to identify what the job consists of because the job analysis can be used as a basis for determining the pay levels, the expected performance standards and for training programmes. (Cardy & Leonard 2011, 41.) After the job analysis has been made, the organisation has to decide on the definition of performance. There are two approaches to define performance – behavioural and outcome. Behavioural approach is focusing on the way the work is done. With this approach the company values the work process and the worker is told what should be done and how the job should be done. The downside of this approach is that the outcomes may not be achieved due to lack of clear results. The second approach is focusing on the outcome. With this approach the organisation values the numerical results and the worker is told what needs to be done and what is expected to achieve. Unfortunately, the risk of this approach is that the employee might not know how to achieve the expected outcomes and how the job should be done. Thus, the perfect approach would be between the behavioural and the outcome approach through which the worker is told the expected outcomes and the expected way of doing the job. (Cardy & Leonard 2011, 42-43.)

After these steps have been taken, one can move on to the phase of diagnosis which focuses on recognising the problem and finding a solution to the problem by observing the performance.

2.4.3 Diagnosis

As mentioned above, the next phase, diagnosis, is about trying to understand why something occurred by identifying the problem and finding a solution to the problem. Yet, making a diagnosis is risky because if conclusions are made too quickly or not accurately, it will cost a lot of money and might put employees' trust in danger. For instance, if a manager decides that the employee needs training or that the equipment needs to be updated, and the supervisor is wrong, then all the money spent on the training or on the new equipment might have been a mistake. Therefore, it is crucial to be accurate with the diagnosis in order to avoid spending company's money and effort on the wrong things. (Cardy & Leonard 2011, 85-86.)

There are also other reasons why making a diagnosis, especially an accurate diagnosis, is so important. The first reason is involved with the above given example of investing the company's money wisely. In order to know how to remedy the performance problem correctly, an accurate judgement must be made. Moreover, diagnosis also influences the way the manager evaluates the performance problem later on. If the diagnosis is right, the supervisor will evaluate the problem rationally and wisely. It is also important to make an accurate diagnosis because it helps to avoid unnecessary tensions and conflicts between the employee and the manager caused from reckless conclusions. Moreover, e.g. accusing the worker in something that is not true might lead to loss of worker's respect towards the management and the organisation. (Cardy & Leonard 2011, 85-87.)

Making a diagnosis requires careful observation. The manager has to observe and analyse not only one task but multiple tasks at multiple occasions in order to gain a deeper insight into the performance cause. (Cardy & Leonard 2011, 87-88.) Cardy and Leonard (2011, 89-90) suggest that the gathered data should be recorded by using a 'diary' where the evaluator can write down all the detailed facts concerning the performance

as an evidence and a reminder. The authors also advise to observe the performance and to record the data regularly, e.g. once a week in order to get the employees used to being evaluated and observed. Cardy and Leonard (2011, 88) strongly suggest that the evaluator should provide immediate feedback on the evaluation. Instant feedback helps to provide arguments based on freshly gathered facts and gives the employee the opportunity to start improving his or her performance straight away after the feedback session.

In order to find out the cause of the performance, the supervisor must observe the employee's performance. Cardy and Leonard (2011, 89) have brought up an observation tool called 'observation cube'. The observation cube is a matrix of people, tasks and observation time. Each cell is a meeting point of a person doing a certain task at a particular time. If ideally all the cells would be observed, the supervisor might see a pattern in certain tasks. For instance, the manager might notice that Employee 1 has problems with the Task 3 throughout the whole month while Employee 2 does the same task well. This shows that Employee 1 needs some training or clearer instructions with the Task 3. If Employee 1 does all the other tasks well except for the Task 3 which may be involved with certain equipment, the worker might not be aware of how to use the technology. The observation cube allows the observer to analyse the patterns and the possible reasons for the problems.

According to Cardy and Dobbins (1994, in Cardy & Leonard 2011, 90-91), there can be two causes of performance – person and system. If the supervisor discovers that the cause for the poor performance is the person itself then the cause is not so visible and usually, the abilities and the employee's motivation are involved. In this case, the manager should offer training to the employee, try different methods to motivate the employee and see if any of the worker's expectations are not met. Moreover, the manager should ask the employee personally whether something is wrong or how could he or she help the employee. If the cause is visible and it is clear that the source of the performance problem is the system then the problem has to come from the organisation. In this case, the issue can be e.g. equipment malfunctions, poor quality of materials, unfriendly co-workers, negative organisational climate or poor communication from

managers. In case the cause of the performance would be the system, it would be easier for the manager to solve the problem.

After the observation of the performance has been carried out, performance must be measured by an evaluation. Evaluation phase is the heart of the performance management process which focuses on 'judging the worth of observed performance'. (Cardy & Leonard 2011, 111.)

2.4.4 Evaluation

Employee's performance is a powerful thing to a company. It can tear the organisation down or boost its competitive advantage so high that no competitor can compete with that. However, some companies do not see the reason to put so much emphasis on the performance appraisal. They should because performance appraisal helps the organisation improve the current performance, increase the employees' motivation, recognize the training needs, give feedback to the employees, solve job problems, let employees know what is expected from them, and several other reasons why the organisation can benefit from having control over the employee's performance. (Bach 2005, IRS 2005; in Nickson 2007, 172-173.)

Before starting to measure the performance, it must be acknowledged that the evaluation must be based on the same internal standards and that there has to be agreed-on criteria for the evaluators and the workers. Having common evaluative standards helps the evaluator compare the results with equivalent scales. (Cardy & Leonard 2011, 113-114, 117.) Subsequently, the organisation can use three methods to make the employees become aware of the common performance characteristics. (Cardy & Leonard 2011, 115-117.)

The first method is about involving all workers in order to get their ideas and point of views on the performance management. If the organisation considers all the workers in implementing a new performance management system, the whole organisation will be aware of the common performance standards because the standards have been built upon the employees' suggestions. The second method is training the employees – tell

them what should be done and how it should be done. The third technique is to use job aids. Job aids can be either signs, reminder sheets or other items that can help the employees remember the performance standards. Moreover, job aids can also be performance criteria or examples of performance.

When the common performance standards and agreed-on criteria have been developed, organisation can choose the way of appraisal. The most traditional way of appraisal is the top-down approach where the manager measures the employee's performance. (Nickson 2007, 180-181.) However, if the organisation seeks for another approach that may be more innovative and offers a bigger possibility for development, Nickson (2007, 182) has brought up several other approaches by various authors which can be used to measure performance.

The first approach by Bach (2005, in Nickson 2007, 182) is 'self-appraisal' which means the employee measures his or her performance by himself and the appraisal is later discussed with the manager in order to come up with a plan for improvement. If the employee is critical enough and is able to measure well his or her performance, he or she can offer a different perspective to the manager. Another way to measure employee's performance is by letting the fellow team members or colleagues to provide the assessment of performance which is called 'peer appraisal'. If the organisation wishes to measure the managers' performance, 'upward appraisal' can be applied. Through this approach the managers' performance will be measured by their staff. (Nickson 2007, 182.)

Redman (2006, in Nickson 2007, 182) points out that customers are more and more important in the performance appraisal process, especially in the hospitality industry, since they can give feedback to the organisation about the customer service was, how satisfied they were with the overall service and what could be improved. Thus, Redman (2006, in Nickson 2007, 182-183) has brought up three different performance appraisal ways in order to gain a better overview from the customer's perspective. The first method is gathering customer's feedback through surveys via telephone, post, face-to-

face interview or via e-mail. The second technique is to have certain surveillance over the employees in order to observe and evaluate their performance.

The last method concerning the customer's point of view is 'mystery' shopping. Mystery shoppers are hired to observe and record their experience with the organisation. They visit the organisation randomly and play to be normal customers while evaluating the service and employee's performance. After the 'mystery' shopping has been done, the hired evaluators report back to the company about their findings.

2.4.5 Feedback

The next stage after gathering the results of the performance is giving feedback to the employee which gives the worker the chance to improve his or her performance. One may think it is simple to give feedback but instead, there are certain rules when giving feedback which I will discuss about in this subchapter.

First of all, the feedback must focus on the assessment and improvement of the performance, not on the assessment of the performer. It is easy to blame someone for their personality but it is unethical and unprofessional. Moreover, it is likely that the employee does not accept a feedback with the person focus and will rather cause conflict and mistrust among the supervisor and the worker. (Cardy & Leonard 2011, 142-144.)

Secondly, the timing and the frequency of the feedback have to be considered. The feedback has to be provided as soon as possible in order to remain its accuracy and freshness. Furthermore, the quicker the employee receives the feedback, the faster he or she can start improving the performance. The feedback should be frequent due to two reasons. The more often you provide the feedback, the more opportunities there are to discuss and improve the employee's performance. In addition, giving or receiving feedback has to be ordinary and a normal thing at work. (Cardy & Leonard 2011, 145-146.)

2.4.6 Dealing with feedback

When the feedback is delivered for the first time or it is not done frequently, it is likely that the emotional reactions of an employee will appear. On the other hand, if the feedback belongs to the work routine and is ordinary to the employees, the evaluator affect can play role in the process. (Cardy & Leonard 2011, 169.) In this chapter, I will talk about delivering feedback and receiving feedback.

Before the final delivery of the feedback, the supervisor should be aware of the evaluator affect which is likely to play a role in the process. Evaluator affect simply means that the evaluator gives a better or worse rating and feedback to the employee based on e.g. the assessor's mood or his personal feelings towards the employee. Fortunately, there are techniques to manage the influence of the evaluator affect. Having a clear criteria and common standards helps the evaluator to follow the rules easier. Moreover, recording the performance with e.g. a diary helps to remember the true facts. Other techniques are e.g. having an 'open-door policy' at work which means being open-minded to the employees' concerns and opinions, self-awareness of the evaluator and the evaluation itself.

The evaluator should also be prepared for the emotional reactions of the employee to the feedback. The person who is receiving the feedback can react in many ways including being surprised, defensive, shocked, angry, or just reject and ignore the feedback. (Cardy & Leonard 2011, 176-177.) In order to prevent the emotional reactions, Cardy and Leonard (2011, 177-182) have brought up several steps and actions that can be taken to avoid them. Firstly, the evaluator must focus on the performance not on the performer. Secondly, the feedback provided by the supervisor must be relevant and ethical without any discrimination about the age or gender. Moreover, there should not be any surprises for the employee which means the employee should receive the feedback before the annual session. In addition, the supervisor should consciously be aware of his or her body language and eye contact, and listen to the employee.

From the worker's perspective, the employee has to separate him- or herself from the performance because it does not tell who he or she is as a person. Moreover, the em-

ployee should be realistic in the performance expectations because no one is perfect and everyone makes mistakes. The employee should also focus on the future improvement not on the mistakes made in the past which cannot be changed anymore. The worker should also not be surprised and should be aware of his or her emotional tendencies.

2.4.7 Improving performance

As stated by Cardy and Leonard (2011, 205), "Improving performance is, or at least should be, the goal of performance management." The authors are absolutely right, performance does not improve by only looking at the past performance. If an organisation aims to improve the employee's performance, the results got from measuring the performance should be analysed and dealt with. After analysing the performance, setting a diagnosis, evaluating the performance and giving feedback to the employee, a solution for the improvement should be found.

The more accurate the diagnosis is, the easier it is to improve the performance. Once the cause of the performance has been identified, it is easier to find a solution since the problem source has been discovered and one can focus on a certain area when searching for a way to improve the performance. Cardy and Leonard (2011, 210) have come up with a formula which states that performance is built up on three factors: ability, motivation and system. In other words, performance can be a result of either the person or the system or both. Once the manager knows what the problem source is, it is easier for him or her to look for a solution. For instance, if a manager discovers that the cause of the performance is the poor equipment, he or she knows that new and better equipment must be bought. On the other hand, if the performance cause lies within the person or cannot be seen clearly, the supervisor should go back to the first step of influencing factors where an answer might be found.

3 Methodology

As Silverman once stated (2005, 112), "There are no right or wrong methods. There are only methods that are appropriate to your research topic and the model with which you are working." In this chapter, I will talk about the research methods I have chosen to use in my study. Moreover, I will explain the specific selection of the hotels which I have chosen for my research and I will also talk about the way I analysed the data.

3.1   Data collection

The objective of this thesis study is to build a model of employee's performance management process which would be a useful tool for hotel businesses and to give suggestions to eight hotels in Tallinn that they could manage their performance better. In order to achieve this objective, I have chosen to do a collective case study which in my thesis means, I will interview eight hotels to understand performance management and its process (Stake 2000, in Silverman 2005, 127). I will use qualitative research method because my topic cannot be measured and thus, quantitative method cannot be applied in this research. The research topic needs to be analysed and thus, I will carry out interviews to understand the topic more when it has been applied in real life. Moreover, I will do semi-structured interviews in order to explore the topic as much as possible.

A semi-structured interview means that it consists of open-ended questions and the interviewees are not limited to answer with closed answers such as yes or no. Furthermore, semi-structured interview is only partly prepared and it is partly improvised. The questions of the interview will be prepared but since the interviewee has been given open-ended questions, the interviewer can improvise instantly and come up with unprepared questions that are relevant to the answers of the respondents. This gives the interviewer flexibility and creativity yet enough structure that he or she can stay on the right path. (Ayers et. al 2007, 315.)

The interviews were carried out with eight hotels in Tallinn. I interviewed the hotel supervisors or the HR managers because they were the right persons to give the most relevant answers to my questions concerning performance management. If they are the

persons who deal with the performance management in the hotel, they know the best what to answer to the interview questions. Moreover, I have chosen to stay on the company level with interviewing the supervisors in order to see the overall picture and not to go too deep in detail.

The interviews were conducted in face-to-face which allowed the interviewer to explain the questions better and the interviewee could also give more thorough answers. The interview was held in Estonian in order to make the respondents feel more comfortable and get more accurate answers. The questions of the interview were divided into themes that were based on the model which I have used as my thesis framework. As mentioned previously on page 39, I carried out semi-structured interviews. Thus, the interviews had 23 open-ended questions and some of them had sub questions in order to get more accurate or extra information from the informants. The interview was partly prepared in order to have a structure and to stay on the right path with the questions. However, it was also partly improvised in order to stay flexible and ask questions that corresponded to interviewee's answers. There were 8 informants from 8 different hotels. Six of the respondents were HR managers and two of the informants were general managers. The interviewees had been working in HR field for approximately 5-10 years. About half of the respondents were talkative but the rest had to be questioned more in order to get detailed answers. The interviews took place in Tallinn and they lasted for approximately 45-60 minutes depending on how much information the informant could share. The interviews were recorded by a voice recorder that made it easier for the interviewer to go over the data and stay focused during the interview.

3.2   Selection of the hotels

I have chosen for my research eight hotels from four categories – two hotels from each category. The selected types of hotels are from business, leisure, luxury and international brand category which have been illustrated on the matrix below. I have chosen these kinds of hotels for a reason which I will explain under this subchapter.

Matrix 1. Hotel category criteria

As mentioned in the introduction of the thesis report, the number of accommodation facilities in Tallinn has increased a lot over the years due to the increasingly high amount of overnight stays (see figure 6). (Statistics Estonia, 2012.) According to Statistics Estonia (2012), the two main traveller types throughout the years have been leisure and business travellers. This means, there are more and more business and leisure hotels among the freshly established accommodation facilities which creates a higher competition among the old and new hotels. The business and leisure hotels have to remain strong and have a good competitive advantage over their new competitors. Thus, it is more likely that they manage their performance and that they can be very helpful to my research.
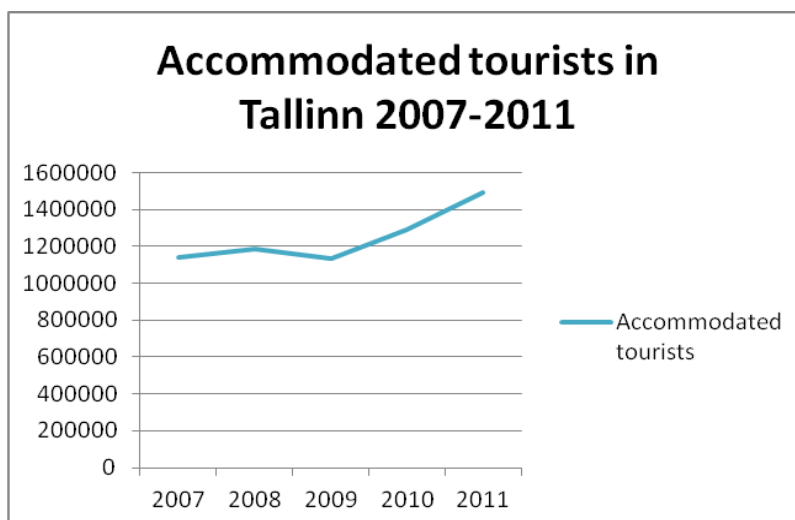

Figure 6. Accommodated tourists in Tallinn 2007-2011. (Statistics Estonia 2012)

The reason for selecting luxury hotel category is because luxury hotels want to treat their customers like kings and queens and since the employees have a big influence on the customer satisfaction, the business has to put a lot of focus on the employee's performance in order to remain the customers satisfied and to make them feel like kings and queens. Moreover, luxury hotels are mostly small hotels and have a small amount of employees. The hotels have to choose their employees very carefully because each word and act counts when it comes to customer service experience. It is even more important for the luxury hotels because they want to provide the customer with a personalised experience and thus, the employee must have all the required skills and abilities to perform well.

An international brand hotel is often a large-size enterprise and has its own regulations and rules that apply in each of their hotels despite the location of the hotel. I chose this category because if they have common regulations and rules for all of the hotels and they want to remain their brand, they should also have regulations concerning performance management. Therefore, it is more likely that they deal with their performance management in a regulated way which I find useful to research for my thesis study.

In addition to the category criteria, I selected the hotels by different size and star-rating. The reason for paying attention to the size of the hotel is because small-, medium- or large-sized hotels can have different ways of managing their employees' performance. For instance, if it is a large-sized hotel with a lot of employees, the organisation or the manager might not be able to observe each employee's performance daily and provide immediate feedback. Thus, they might have other methods or ways for doing this. Besides the size of the hotel, the star-rating also matters. For instance, the more stars the hotel has, the more standards the organisation has to follow including the regulations for performance management. As can be seen on matrix 2 below, I have illustrated the positions of the selected hotels when taken into account the size and the star-rating of the hotels. In addition, the hotel categories have numbers which

are actually the codes for the interviewees. For instance, interviewee 5 is a manager in a hotel which is from business hotel category and is a medium-sized 4-star hotel.
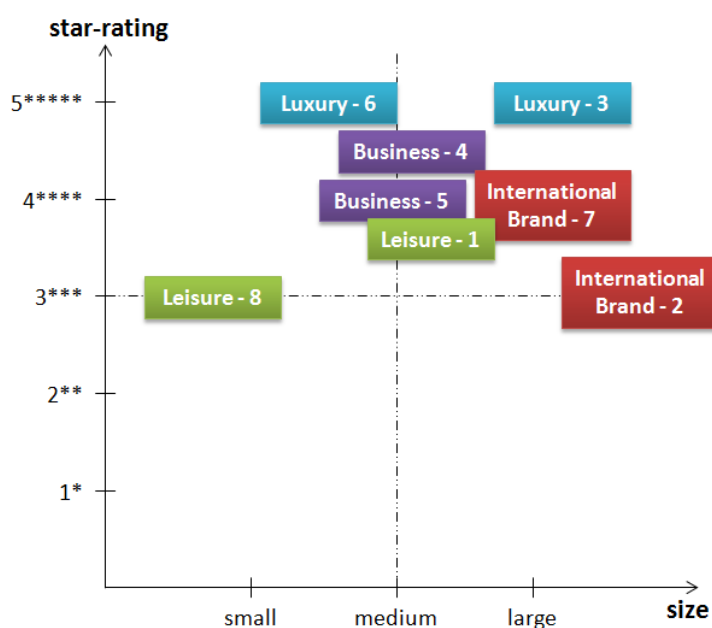
Matrix 2. Selected hotels with size and star-rating

Matrix 2 presents the reader an image of how the selected hotels are positioned when taking into account the star-rating and the size of the hotels. The size of a hotel has been identified by the number of the employees. According to Viin (2009a, 12; 2009b), a hotel with 0-49 employees is small-sized, a hotel with 50-99 employees is medium-sized and a hotel with more than 100 employees is a big-sized hotel. As can be seen, all of the hotels have at least 3-star rating and the size of the hotels varies a lot which gives the analysis more credibility. More about reliability and validity of this research can be read under subchapter 3.4.

3.3   Data analysis

In order to analyse the data collected through the interviews, I have used the method of framework analysis. Since another similar method, thematic analysis, is about identifying the themes based on the collected data, I could not use this method. However, framework analysis is about having clear aims and specific information and since I had developed the themes already before collecting the data, this method seemed suitable. (Green & Browne 2005, 82.) Moreover, framework analysis is very organised and structured. Ritchie and Spencer (1994, in Green & Browne 2005, 82) have described

five stages in framework analysis which are familiarization, identifying a thematic framework, indexing, charting, and mapping and interpretation.

The first stage is about becoming familiar with the theoretical data I have collected before the interviews. The second stage is about identifying a framework with different themes that are based on the theoretical data. The third stage is about applying the framework to the collected interview data and using coding to find out certain pieces of data that match to differing themes. The fourth stage is about creating thematic charts of the data in order to make it easier to read and work with the data. The final stage is about analysing the collected data - searching for patterns, relations, concepts and explanations in the data. This stage allows the researcher to develop strategies and make his or her own conclusions. (Green & Browne 2005, 82.)

In this paragraph, I will describe how I applied the framework analysis in my thesis research. Firstly, I became familiar with the theoretical data that I collected during the literature review. Secondly, I constructed a model of employee performance management process i.e. I built a framework with various themes based on the theoretical data. In the third stage, I created the interview questions based on the themes of the framework before collecting the data because in this way, it was easier to match the collected data with the framework themes. In the fourth stage, I listened to the recordings of the eight interviews and I wrote down the collected data into eight documents by using Microsoft Office Word 2007. Furthermore, I used Microsoft Office Excel 2007 to build a table (see table 2) and inserted the collected data from the Word documents into the table in Excel in order to make it easier to read and work with the data.

Table 2. Table for analysing the collected data by using MS Office Excel 2007

	Interviewee 1	Interviewee 2	Interviewee 3	Results	Suggestions
General					
Question 1	- answer	-answer	-answer	...	...
	- answer		-answer	...	...
			-answer		
Performance					
Question 2					
Question 3					
Expectations and Motivation					
Question 4					
Question 5					

In the fifth and final stage, I created two extra columns – results and suggestions. After creating those columns, I could analyse the data by trying to search for patterns, relations and explanations in the data and write down the results and the suggestions into the two columns that are surrounded with double borders. Using a structured way of analysing a data gives a good overview of the whole data and makes it easier to analyse and summarise the collected data.

3.4   Validity and reliability

According to Finn, Elliott-White and Walton (2000, 28), validity means when the interview or questionnaire measures what it is supposed to measure. For instance, when an interviewee has misunderstood a question, he or she might not give the interviewer the accurate and somewhat expected answer. The validity in this research lies within several factors. Firstly, there has been a very careful selection of the hotels considering the category, size and star-rating of the hotel. The selection has been made carefully in order to interview the hotels that are familiar with the topic and can provide accurate answers. The interviews have been carried out with human resources managers or supervisors who are specialists in the field and can provide accurate answers without consulting anyone else in the organisation. Furthermore, the interview questions were sent to the respondents via email before the actual interviews to give the respondent enough time to prepare for the interview and to provide accurate answers. The interview questions and the interviews were carried out in Estonian in order to avoid the risk that the respondent would misunderstand the questions. Finally, all of the inter-

views were recorded with a voice recorder in order to listen to the exact answers after carrying out the interviews in order to avoid losing any information.

According to Finn, Elliott-White and Walton (2000, 28), reliability is about getting the same answer from different persons when the same question is asked – consistency of results. Based on this, reliability means that e.g. when two different researchers come to the same conclusion about one research problem, the results are considered to be reliable. In this research, the interview questions that meant the same were formulated differently in case the respondent's answer was too short or did not contain enough information. In addition to these questions, there were also some sub questions that were asked from the less talkative respondents in order to gain more information. These extra questions were not asked from talkative respondents in order to avoid re-petitiveness. Furthermore, when the interviewee was confused what to answer to the question, the interviewer provided few examples of the answers so that the informant could understand the nature of the question.

4 Research results

The objective of this thesis research was to build a model of employee's performance management process which would be a useful tool for hotel businesses and to give suggestions to eight hotels in Tallinn that they could manage their performance better. This chapter provides a full understanding of the interview results, analysis of the summarized answers of the respondents and, suggestions to the hotels. Moreover, the employee performance management process model will be improved based on the answers and suggestions of the respondents.

4.1 Interview results

The interviews were carried out face-to-face with eight human resources managers of Tallinn's hotels who have the experience in the field on the average of five to ten years. The hotels were selected from four different hotel categories and in different sizes in order to provide a reliable outcome of the study. The interview questions were sent to the respondents via email before the actual interviews to give the respondent enough time to prepare for the interview and to provide accurate answers. Interviews were carried out in Estonian in order to make the respondents feel more comfortable and to get accurate answers. There were 23 interview questions with smaller sub questions which can be seen in attachment 1 and the results, conclusions and suggestions can be seen in attachment 2.

4.1.1 Influencing factors

Expectations

As discussed earlier in chapter 2.4.1 under subchapter of Expectations (page 19-20), it is important to define the core values and strategic objectives of the organisation before starting to manage employee performance. Once the core values and strategic objectives have been set, the organisation can define the performance standards and thus, the expectations for employees. Is essential that the values of the organisation and employee would match or at least that the employee would respect the company's values.

When this is achieved, the company and the employee can move towards common goals while bearing these values in mind. (Cardy & Leonard 2011, 8.)

As can be seen from table 3, three interviewees out of eight said that one of the core values is the employees (Interviewees 4, 6 & 7. 2012). Interviewees 2, 5, 6 and 8 (2012) said that one of their core values, among others, is the customers. Since the companies also have other core values that are more specific and need to be explained, the organisations communicate their values with the employees. The most common ways to communicate the organisational core values are through employee handbook, welcoming programme and meetings.

Table 3. Results and conclusions about core values

	Results	Conclusion
Core values	Employees (3/8), customers (4/8), other.	Customer satisfaction is important to them.
Communicating core values	Employee handbook (5/8), welcoming programme (4/8), meetings (5/8), training (2/8), job interview (1/8).	Core values are often communicated after the employee has been hired not before.

According to the interviewees 1, 3, 6, 7 and 8 (2012), the company communicates the core values with the employees through an employee handbook that is given to them on the first day of the job. According to the interviewees 2, 3, 4 and 7 (2012), the organisation communicates the core values with the employees during the welcoming programme. Based on interviewees 1, 4, 6, 7 and 8 (2012), the organisation explains the core values to the workers during meetings. Based on interviewees 1 and 3 (2012), the organisation also provides an extra training to communicate the core values in order to ensure that the employees understand the values correctly. Only one organisation communicates its core values during the job interview (Interviewee 6. 2012).

The first factor than can influence employee's performance is meeting the employee's expectations. (Jones & Lockwood 2002, 50-51.) However, to keep the both parties satisfied, the employee also has to meet the company's expectations. Miller et al. (2002, 104) have stated that companies often expect effective and productive quality work

from the employees in order to get good financial results. Nevertheless, my interview results showed that most of the hotels expect something more from the employees than only productive quality work and good financial results.

Based on the interviews, the hotels have many different expectations for the employees. The most common expectations were commitment, motivation and professionalism as can be seen in table 4. According to the interviewees 1, 2, 4, 6 and 7 (2012), their organisations expect commitment from employees. According to interviewees 1, 3, 4, 5, 6 and 8 (2012), their companies expect motivation from employees i.e. that employees would be motivated to work for this particular hotel. According to interviewees 2, 5, 6 and 7 (2012), their organisations expect professionalism from employees i.e. that employees would be specialists in the field.

Table 4. Results and conclusions about expectations

	Results	Conclusion
Company's expectations	Commitment (5/8), motivation (6/8), professionalism (4/8).	Organisations do not expect good performance but the factors that cause good performance – motivation, commitment.
Communicating company's expectations	Job advertisement (4/8), job interview (5/8), meetings (5/8), employee handbook (3/8), welcoming programme and development and feedback session (1/8).	Most of the communication about the expectations is in the beginning of the recruitment process and later during meetings.
Employees communicating their expectations	Job interview (3/8), employee satisfaction survey (5/8), development and feedback session (4/8), open door policy (4/8), suggestions box (1/8).	Companies mostly ask for employee's expectation after the recruiting process. The way of communicating depends on the size of the hotel, e.g. bigger hotels with many employees send out surveys.

After an organisation has defined the expectations for employees, the next step is to decide how to let the employees or the job candidates know about these expectations. According to interviewees 2, 3, 6 and 7 (2012), these organisations communicate their expectations already with the job candidates through a job advertisement. Respondents 3, 4, 5, 6 and 8 (2012) said that they discuss the organisation's expectations with the employees during the job interview. Interviewees 1, 2, 3, 4 and 6 (2012) said that they discuss about the company's expectations during meetings. According to interviewees 5, 7 and 8 (2012), their organisation writes down the expectations into the employee handbook. According to interviewee 7 (2012), their organisation also communicates the expectations during the welcoming programme and the development and feedback session.

Naturally, employees also have their own expectations. Since each employee has individual and different expectations, organisation has to use a more individual method to become aware of its employees' expectations. According to interviewees 6-8 (2012), they ask about the job candidates' expectations already during the job interview. According to respondents 1-5 (2012), the organisation uses employee satisfactions survey to find out about the employees' expectations. Interviewees 3, 6, 7 and 8 (2012) said that employees' expectations are being asked during the development and feedback session. According to informants 3, 4, 6 and 8 (2012), they use open door policy communication way in the organisation. Based on interviewee 6's (2012) answer, their organisation also uses suggestions box. As can be seen from the results, there many different ways for the employees to communicate their expectations and the communication way also depends on the size of the hotel. Smaller hotels use open door policy more and bigger hotels use employee satisfaction survey due to the big number of employees.

Motivation

When companies want the employees to be motivated, they should use a motivation theory or a method to trigger their motivation. The hotels that have been interviewed for this research are using many various motivators, some offering more benefits, some less. Standards motivation methods are offering discount for hotel services, discounts

with hotel business partners, bonuses for employees in case of a special occasion (childbirth, birthday, wedding etc), training, corporate events (summer camp, team-building events, New Year's party etc) and recognition by naming e.g. 'the employee of the year'. (Interviewees 1- 8. 2012.)

However, some of the hotels also have more than only the standard methods in use. According to interviewee 3 (2012), their organisation offers other external motivation methods like massage from work time with a negotiable price, healthy and various food for employees and a comfortable eating room with sofas and other entertainment in order to ensure that the employee can rest during the break. Interviewee 2 (2012) said that their organisation offers a free fitness club usage for the employees for their well-being. As for internal motivation methods, interviewee 3 (2012) said that their organisation offers cross training, employee exchange programme, positive feedback competition and honour badges with different levels based on how the employee has worked for the organisation. Interviewees 5 and 7 (2012) said that their organisation also uses daily recognition and positive reinforcement as a motivation method.

Table 5. Results and conclusions about motivation

	Results	Conclusion
Standard motivation methods	Discount for hotel services, discounts with hotel business partners, bonuses for employee special occasions, training, corporate events and recognition through 'employee of the year'.	Every hotel despite its size or financial resources has some motivation methods.
Special motivation methods	Massage (1/8), employee exchange programme (1/8), relax lounge (1/8), healthy and various food (1/8), fitness club free usage (1/8).	Many hotels do not have the financial resources to afford special motivation methods.
Dealing with alienative attitude	5/8 talk with the employee to find a solution, the rest did not answer.	The way of dealing with alienative attitude is commonly the same.

Becoming aware of employee's motivational triggers	Satisfaction survey (4/8), development and feedback session (3/8), seen from everyday's work (4/8), open door policy (3/8).	The way of asking employee's motivational triggers depends on the size of the hotel.

An employee can have three attitudes towards work – expressive (positive attitude, motivated by intrinsic rewards), instrumental (positive attitude, motivated by extrinsic rewards) or alienative (negative attitude, no interest in the work). I asked from the hotels how they deal with the situation when an employee is unmotivated and has an alienative attitude towards work. Interviewees 1, 2, 4, 5 and 8 (2012) said that in this situation, they have a private conversation with the employee in order to find a solution.

In order to prevent the situation of having an unmotivated employee working at the hotel, the companies should become aware of each employee's motivational triggers. All eight hotels depending on the size use different ways to collect this data as can be seen in table 5. According to interviewees 1, 2, 3 and 7 (2012), their organisation uses employee satisfaction survey to find out about the employee's motivational triggers. Respondents 2, 6 and 7 (2012) said that their organisations use development and feedback sessions to discuss this topic. According to informants 4, 5, 6 and 8 (2012), they can see it from everyday's work whether the employee is motivated or not. Interviewees 3, 6 and 8 (2012) said that their organisation uses open door policy to become aware of employee's motivational triggers.

Competences

All of the eight hotels that have been interviewed have common methods to make sure that the job candidate or the employee has the right competences for the job as can be seen in table 6. All of the respondents said that they ensure the person's competences through a job interview which helps them to analyse the candidate's abilities and skills. All eight organisations also use a probationary day and a 4-month probationary period which helps the company to see whether the employee is suitable for the job and can perform the tasks well. (Interviewees 1-8. 2012). Informants 1, 2, 3, 5 and 7 (2012) said

that their organisation uses tests during or after the job interview e.g. Thomas International or Gallup Online depending on the job position or specialization. According to interviewees 3, 5 and 7 (2012), their organisation has a final test or interview in the end of the probationary period in order to ask how the employee feels about his or her abilities, how the worker feels about the job, colleagues and the work environment. According to interviewee 3 (2012), their organisation uses also a software programme Taleo which has standard expected competences and will automatically calculate the employee's competences.

Table 6. Results and conclusions about competences

	Results	Conclusion
Ensuring employee's competences	Job interview (8/8), tests e.g. Thomas International and Gallup Online (4/8), probationary day (8/8), probationary 4-month period (8/8), final test/interview (3/8).	Hotels have common ways to ensure one's competences. Tests depend on the job positions, usually for higher positions. Some hotels also have final tests or interviews to ask for employee's opinion about the job and his or her abilities.
Developing employee's competences	Trainings (8/8), external or internal competitions (4/8).	All hotels offer training but only some offer also external or internal competitions.

After an employee has been recruited, the organisation should offer different ways to develop the employee's competences, also if the employee has been working in the company for e.g. 15 years. According to the informants, all of the eight hotels use different trainings to develop their employees' competences (Interviewees 1-8. 2012). However, some hotels also use some other ways to manage their employees' competences. According to informants 2 and 4 (2012), their organisations organises internal sales competitions in the restaurant, reception and bar. Interviewees 6 and 7 (2012) said that their organisations encourage the employees to participate in external competitions e.g. in bartending and in cooking on the national and international level. As mentioned earlier, interviewee 3 (2012) said that their organisation offers cross training

and employee exchange programme to the workers in order to develop their competences.

There are three kinds of training that are job instruction, orientation and retraining. Job instruction is for the new employees who need to learn all the tasks and working equipment. Orientation is also for the new employees but is focused on the company overview and things like door systems, locker room, uniform and other. Retraining is focused on the employees who have worked in the company for a longer time and who either need more training because their performance is low or if there is new work equipment or new products. All the hotels that I interviewed have these kinds of training, only orientation is slightly different some hotels. (Interviewees 1-8. 2012.) According to interviewees 2-7 (2012), their organisations organise orientation for the new employees during the welcoming programme on the first day of work. Interviewee 8 (2012) said that their organisation organises official orientation only when there are more new employees and if there are less new employees, the supervisor will tell all the information to the new employee during the probationary period.

There are three training modes that are in-company on-the-job, in-company off-the-job and external off-the-job. All of the eight organisations use in-company on-the-job training mode which for them is the probationary period (Interviewees 1-8. 2012). Only few of the eight organisations use mentoring to train the employees (Interviewee 2-4. 2012). Based on the collected data, all of the eight organisations use in-company off-the-job i.e. internal training but it depends on the size of the hotel. If the hotel is very small, there are more external trainings and less internal ones. Then they rather use mentoring or only have the yearly general service trainings. Majority of the internal training that is used by the organisations are service and product training. (Interviewees 1-8. 2012.) All of the hotels have external off-the-job i.e. external training depending on the size of the hotel, on the budget and on the internal possibilities. Most of the external training is either language training or more specific like IT or bookkeeping training. (Interviewee 1-8. 2012.)

Table 7. Results and conclusions about training

	Results	Conclusion
Training kinds, modes and teaching methods	8/8 have all training kinds (job instruction, etc). 8/8 have all training modes (in-company on-the-job etc). 8/8 use different teaching methods, mostly role-play, teamwork, video training.	All hotels have all training kinds and modes, some in a different way which depends on the size of the hotel. For instance, smaller hotels do not offer so much internal training due to lack of room or qualified trainers. All hotels have different teaching methods, mostly practical methods.
Employee's feedback	Immediate feedback after training (2/8), development and feedback session (3/8), daily (1/8).	Not so many hotels ask for employees' feedback.

There are many different teaching methods to get the participants to be active during the training. According to interviewees 1, 2, 3, 7 and 8 (2012), their organisations use role-plays and videos as teaching methods during the training. Interviewees 2 and 8 (2012) said that their organisations also use teamwork as a teaching method. One organisation also tries to find out which teaching method suits to each employee by letting them complete an online test which shows if they learn better through visual, audio or esthetical teaching method (Interviewee 3. 2012). All of the eight organisations use different methods depending on the training and the use of the teaching methods varies all the time (Interviewees 1-8. 2012).

Every organisation defines their employees' need for training by aligning the training ways with the strategic objectives and the performance standards. However, in order to find out whether the employee is satisfied with the training or if the worker feels that he or she needs more training in one specific area, the organisation should ask for employees' feedback concerning training. According to interviewees 3, 6 and 8 (2012), they ask for their employee's feedback concerning the training and discuss their training needs during the development and feedback session. Interviewees 5 and 7 (2012)

said that they ask for employees' immediate feedback after the training in the training feedback form. Interviewee 8 (2012) said that in their organisation, the need for training and the satisfaction with the training can be seen from everyday's work. I also asked whether the interviewees were satisfied with the training the organisation offers and interviewee 5 (2012) said that the trainings could be held more often because the result of one training lasts for 4 months only.

Job itself

As I have mentioned earlier on page 23, Herzberg (1982, in Miller et al. 2002, 115) has called the factors related to the work environment 'hygiene factors'. By his theory, the factors such as the equipment, ergonomic workplace, temperature and other factors cannot motivate the employees but can only dissatisfy the staff. However, dissatisfaction with the 'hygiene factors' can create low productivity and high turnover. Thus, organisation should do everything that the cause for bad performance would not be because of the 'system' i.e. the organisation.

According to the respondents, the eight organisations do different things to create a good job as can be seen in table 8. According to interviewees 1-6 (2012), their organisation carries out risk analysis in order to provide a safe and healthy job. Respondents 2, 3 and 5 (2012) said that their organisation provides ergonomic furniture to the employees. Informants 3, 7 and 8 (2012) said that their organisation tries to predict employees' wishes by continuously checking if the working environment and work equipment are good. Interviewees 3, 4, 6, 7 and 8 (2012) said that in their organisation, employees have a 'voice' concerning different job related factors like uniforms or work equipment. According to interviewees 3 and 7 (2012), their hotel also makes sure that the eating room is comfortable and relaxing. According to informants 3, 4, 5 and 6 (2012), the hotel uses designer services to ensure that the interior is designed by a professional. According to interviewees 2, 4, 5, 6, 7 and 8 (2012), their organisation offers flexible working hours to employees. Interviewees 2 and 6 (2012) said that their organisation also offers change in job tasks and according to interviewees 3 and 8 (2012), their organisation compares the salaries with the rest of the market and pays accord-

ingly or have different pay levels in the organisation depending on the job position level.

Table 8. Results and conclusions about job itself

	Results	Conclusion
Ensuring good work environment	Risk analysis (5/8), ergonomic furniture (4/8), predicting wishes (4/8), 'voice' (4/8), comfortable eating/relax room (2/8). 4/8 use a designer for interior design.	Focus is mostly on the safety side and the side of offering e.g. relax lounge, healthy and various food is more in the shadow. The reason for not hiring a desginer can also be due to lack of financial resources.
Ensuring good job	Flexible working hours (6/8), change in job tasks (2/8), salary based on the market and internal levels (2/8). Horisontal change (6/8), vertical change (6/8), chefs have a 'voice' in creating a menu (3/8).	Most of the hotels ensure a good job by offering flexible working hours because they also expect the employees to be flexible. Smaller hotels have less opportunities to offer horisontal and vertical career change due to fewer jobs.
Employee's feedback	Satisfaction survey (4/8), open door policy (6/8), development and feedback session (2/8).	Companies have common ways to gather employee's feedback.

Concerning the Quality of Working Life approach (see page 30), interviewees 2-7 (2012) said that their organisations offer horizontal career change opportunity i.e. job rotation and also vertical career change opportunity i.e. job enrichment. However, job rotation is more difficult to organise in smaller hotels if there are no job vacancies and job enrichment can be organised only if the hotel is bigger and there are more growth and promotion opportunities (Interviewees 2-7. 2012). Unfortunately, only few hotels have a job enlargement possibility because many hotels have defined their job tasks so clearly that everything is standardized and cannot be changed (Interviewee 2, 6. 2012). According to interviewees 3, 6 and 7 (2012), their organisation also offers the head chef the opportunity to create the menus. According to interviewee 2 (2012), their hotel is the first one in Estonia that uses iPads for housekeeping in order to make the

communication between housekeeping and reception faster. This makes the process of 'Clean-Checked-Ready' faster and once the reception is aware that the room is ready to be used, they can sell the room immediately to new customers (Interviewee 2. 2012).

In order to become aware of the employees' needs and satisfaction with the job itself, hotels use different methods for this task. Interviewees 3-8 (2012) said that their organisation has an open door policy and employees can express their opinion whenever they like. Informants 2, 3, 4 and 7 (2012) said that their organisation carries out employee satisfaction survey in order to find out whether the employee is satisfied with the job related factors. According to respondents 7 and 8 (2012), their organisation discusses the feedback concerning the job itself during the development and feedback session.

4.1.2 Performance

Concerning the behavioural and outcome approach (see page 31), the hotels define performance with both of the approaches depending on the size of the hotel. A smaller hotel mostly uses behavioural approach assesses one's performance with a qualitative method because there are less employees and one's behaviour can be observed and handled more easily than in a bigger hotel. Nevertheless, the smaller hotel also uses outcome approach but on a smaller scale. A larger hotel uses the behavioural approach on a smaller scale and outcome approach on a bigger scale because there are so many employees that it is easier to handle one's performance with quantitative assessment methods. (Interviewees 1-8. 2012.) I asked the informants whether they understand the term 'performance. Interviewees 1, 2, 3, 7 and 8 (2012) understood the term 'performance' well. The rest of the interviewees did not understand the term so well or have not come across with this term during work yet (Interviewees 4-6. 2012).

Table 9. Results and conclusions about performance management

	Results	Conclusion
Understanding the concept	5/8: understand the term 'performance'. 3/8: don't understand exactly or have not	5/8: they deal more with the topic and they have been trained. 3/8 do not deal with

	heard of this term.	the topic so much and have not had training.
Software usage	1/8: software usage (Success Factor, Taleo). 7/8: no software usage.	7/8: used to handling PM manually or it is easy to do it manually in a small hotel. 1/8 uses software because of the big number of employees.

According to the respondents, only one hotel uses software to manage their employees' performance (Interviewees 1-8. 2012). According to interviewee 3 (2012), their organisation uses Taleo and Success Factor to manage the employee performance. Using a software programme to manage employee performance can really speed up the work, organise the data and be helpful in a bigger organisation with a lot of employees (Interviewee 3. 2012). Many of the hotels do not use software because it is not of such importance to some hotels and others do not see the significance in it because of the small size of the hotel since data and everything else can be handled manually (Interviewees 1-8. 2012).

4.1.3 Diagnosis and evaluation

Diagnosis i.e. observation analysis is mainly used in the smaller hotels with less employees. Smaller hotels generally have regular daily observation and they provide immediate feedback to employees. (Interviewees 4-6. 2012.) It is good to observe employees frequently so that they get used to it as a part of work but a hotel should understand that having constant surveillance on employees might give them the feeling of not being trusted, so the observation should be frequent but not constant (Cardy & Leonard 2011, 88). Bigger hotels that do not have the possibility to observe each employee daily and continuously have other methods such as observation for the waiters during the breakfast serving and check-up after room cleaning which is also applied in smaller hotels (Interviewees 2, 7 & 8. 2012). For recording data from the observation analysis, bigger hotels tend to use an explanation letter or a check list for housekeeping (Interviewees 2, 5 & 7. 2012). Smaller hotels mainly memorise the data which is easy if the feedback is given immediately (Interviewees 6 & 8. 2012).

Table 10. Results and conclusions about diagnosis and evaluation

	Results	Conclusions
Diagnosis	Regular daily observation (5/8), breakfast serving (2/8), housekeeping check (2/8).	Way of carrying out the observation depends on the size of the hotel and on the number of the employees. Regular daily observation is feasible in hotels with less employees.
Recording data from observation analysis	Memorising (3/8), rank list (2/8), explanation letter (1/8), none (3/8).	The less employees, the easier it is to memorise the data from the analysis.
Evaluation	Monthly customer feedback (8/8), 2/8 use Trip Advisor for the feedback; peer feedback (2/8), mystery shopping (2/8), sales numbers (6/8), Success Factor (1/8).	Most of the hotels use both assessing ways but smaller hotels tend to use qualitative way mostly and bigger hotels quantitative way mostly because bigger hotels have many employees to handle and cannot observe each employee.

Based on the interview data, evaluation i.e. performance appraisal is mainly used in bigger hotels. Nonetheless, all of the hotels despite the size of the organisation use customer feedback to measure employee's performance through which an employee can also get individual feedback. (Interviewees 1-8. 2012.) They analyse it once a month and according to interviewees 6 and 8 (2012), their organisation also uses Trip Advisor services to get their customer feedback. According to informants 7 and 8 (2012), their organisation uses peer feedback to gain feedback on a certain employee. Interviewees 2 and 3 (2012) said that their organisation also uses 'mystery shoppers' to get feedback about the employees' performance. Majority of the interviewees said that they evaluate employee's performance from the sales numbers (Interviewees 2-7. 2012). According to interviewee 3 (2012), their organisation uses a special software programme by Taleo or Success Factor that measures each employee's performance individually and automatically and the manager only has to fill in the information.

4.1.4 Feedback

Concerning feedback, almost all of the hotels have a development and feedback session which usually takes place once in a year (Interviewees 1, 2 & 4-8. 2012). According to interviewees 3-8 (2012), their organisations give daily and immediate feedback. Six out of eight hotels also provide feedback during meetings. Usually, the companies have yearly general meetings with everyone, monthly department meetings and daily management meetings. Thus, the frequency of the feedback is daily, monthly and yearly. (Interviewees 2-4 & 6-8. 2012.)

Table 11. Results and conclusions about feedback

	Results	Conclusion
Ways of giving feedback	Yearly development and feedback session (7/8), regular daily feedback (7/8), meetings (6/8).	Hotels have common ways to give feedback to the employees.
Feedback topics	Customer feedback (7/8), work performance (5/8), sales (1/8), relationship with colleagues (1/8).	The feedback is mostly based on customer feedback and on work performance.

According to the informants, almost every organisation provides feedback on customer feedback (Interviewees 1-3 & 5-8. 2012). According to respondents 2, 5, 6, 7 and 8 (2012), the feedback that is given to the employee is based on the work performance. Interviewee 3 (2012) was the only one who said that their feedback is also based on the sales and profit. According to interviewee 1 (2012), they also discuss about getting along with colleagues during the feedback session. I also asked whether the informants would like to change the way they give feedback and interviewee 2 (2012) said that they should give more positive feedback to the employees.

4.1.5 Dealing with feedback and improving performance

As discussed previously, it is important to give frequent feedback because if the feedback is given rarely the employee is not used to getting any feedback, and he or she might only see the criticism and the negative feedback which might create negative

emotional reactions in employee that has to be dealt with by the supervisor (Cardy & Leonard 2011, 169). All of the respondents said that in this situation, they talk about it with the employee and they try to find a solution (Interviewees 1-8. 2012). According to informants 3, 5, 6, 7 and 8 (2012), their organisations also try to prevent these situations by giving constructive and balanced feedback. Moreover, interviewees 3 and 7 (2012) said that their managers are trained to give constructive and balanced feedback to employees.

Table 12. Results and conclusions about dealing with emotional reactions and improving performance

	Results	Conclusion
Dealing with employee's emotional reactions from the feedback	8/8 talk about it with the employee and try to find a solution - communication. 4/8 try to prevent this situation by giving constructive and balanced feedback.	All hotels communicate with the employee in order to find a solution. 2/8 train their managers to give good feedback.
Ways of improving performance	6/8 make a plan, define the next steps or give a deadline/timeframe to improve the performance. 2/8 did not give any answer.	Most of the hotels make a plan with the next steps and sometimes also give a deadline with a follow-up interview.

After giving feedback to the employees, the hotels should have a further process that helps to improve employee's performance. Most of the hotels make a plan with the next steps and sometimes also give a deadline to improve the performance with a follow-up interview. (Interviewees 2, 3 & 5-8. 2012.)

4.2   Suggestions for hotel businesses

Expectations

As Cardy and Leonard (2011, 11) state, "Core values can provide guideposts regarding what kind of decisions and actions should be taken in a business." If the hotel businesses value the employees or the customers, they should focus more on performance management to make sure that the employees give their best in the performance.

Moreover, customers' satisfaction is often affected by the hotel employees and this gives even a bigger reason to make sure that the employees' performance is on a high level.

Table 13. Suggestions about core values

	Results	Conclusion	Suggestion
Core values	Employees (3/8), customers (4/8), other.	Customer satisfaction is important to them.	These hotels should focus more on PM to ensure the best performance of employees and gain customer satisfaction.
Communicating core values	Employee handbook (5/8), welcoming programme (4/8), meetings (5/8), training (2/8), job interview (1/8).	Core values are often communicated after the employee has been hired not before.	Values have to be written down very clearly in order to avoid misunderstandings. Even better if values are communicated face-to-face during meetings or training.

Writing down the core values can help the employee remember the values more clearly but the values in a written form can also be misunderstood by the reader. According to interviewee 8 (2012), having a suggestions box through which the employees can tell their suggestions and expectations in a written form was not effective because the expectations could be misunderstood by the manager if it was not explained clearly. Thus, if the core values are not written very clearly in the employee handbook, the employee can misunderstand the values. Therefore, explaining the core values during meetings, welcoming programme or trainings is a better way to do it because in this way, the employee can ask for further explanation if needed.

Concerning the organisation's expectation for employees, commitment and inner motivation play certainly an important role in good employee's performance. These are the factors that drive employees to perform their tasks well. However, these can only be achieved after the both party's expectations are met and by motivating employees with different methods. Moreover, hotels can expect commitment and motivation

from the employees when the job is interesting and motivating for them i.e. the organisation has ensured a good working environment and a good job.

Table 14. Suggestions about expectations

	Results	Conclusion	Suggestion
Company's expectations	Commitment (5/8), motivation (6/8), professionalism (4/8).	Organisations do not expect good performance but the factors that cause good performance – motivation, commitment.	Hotels can expect commitment and motivation when the job is interesting, motivating and the other motivation methods are used.
Communicating company's expectations	Job advertisement (4/8), job interview (5/8), meetings (5/8), employee handbook (3/8), welcoming programme and development and feedback session (1/8).	Most of the communication about the expectations is in the beginning of the recruitment process and later during meetings.	All hotels should communicate the expectations already during the recruitment process in order to see if both, employer and employee can meet each other's expectations.
Employees communicating their expectations	Job interview (3/8), employee satisfaction survey (5/8), development and feedback session (4/8), open door policy (4/8), suggestions box (1/8).	Companies mostly ask for employee's expectation after the recruiting process. The way of communicating depends on the size of the hotel, e.g. bigger hotels with many employees send out surveys.	Bigger hotels should also have open door policy.

According to interviewee 8 (2012), the organisation always discusses the expectations with the job candidate and also listens to his or her expectations in order to see whether both parties can meet each other's expectations and if the recruitment process should continue. All of the hotels should follow this example because in this way, the organisation and the job candidate can both see whether they could meet each other's expectations. In case the job candidate is recruited and one of the two parties, organi-

sation or new employee, sees that the other's expectations cannot be met, the organisation will lose money, effort and time by recruiting the wrong person for the job. As mentioned earlier, interviewee 8 (2012) brought out the weakness in having a suggestions box, While bearing this example in mind, in addition to writing down the expectations into the employee handbook, the organisation should also talk about the mutual expectations face-to-face in order to hear what expectations the employee has and in order to ensure that the employee understood the expectations clearly.

As discussed earlier under subchapter 4.1.1 Expectations, interviewee 8 (2012) brought an example why discussing each other's expectations during the job interview is beneficial. Therefore, all of the hotels should apply this way of communicating the expectations. Furthermore, as the interviewee 8 (2012) brought an example about how ineffective the suggestions box can be, it would be better to ask for employees' expectations through face-to-face method e.g. during development and feedback session not in a written form like suggestions box or a survey. However, it should be considered that there should be a daily opportunity for the employee to express his or her thoughts like with an open door policy.

Motivation

Some hotels can afford expensive motivation methods but when a hotel does not have the financial possibility to offer motivation methods that needs a lot of financial resources, there are other non-expensive ways to motivate employees. One method is to organise positive feedback competitions by giving one point for every positive feedback and whoever collects the most points, is the winner and gets a little surprise. Another method is to give daily positive reinforcement which should be applied in every hotel. More about the importance of positive reinforcement can be read in chapter 2.4.1 under subchapter of Motivation on page 24. Another affordable motivation method is using honour badges with different levels (5, 10, 15 years) to respect the employees who have worked at the company for a long time.

Table 15. Suggestions about motivation

	Results	Conclusion	Suggestion

Special motivation methods	Massage (1/8), employee exchange programme (1/8), relax lounge (1/8), healthy and various food (1/8), fitness club free usage (1/8).	Many hotels do not have the financial resources to afford special motivation methods.	There are also inexpensive methods like offering cross training, positive feedback competitions, daily recognition, honour badges. Offering massage to employees can be expensive but it can relax the staff. Workers can also relax better during breaks if there is a chill-out lounge at work.
Dealing with alienative attitude	5/8 talk with the employee to find a solution, the rest did not answer.	The way of dealing with alienative attitude is commonly the same.	The way of dealing with an alienative attitude is good.
Becoming aware of employee's motivational triggers	Satisfaction survey (4/8), development and feedback session (3/8), seen from everyday's work (4/8), open door policy (3/8).	The way of asking employee's motivational triggers depends on the size of the hotel.	The ways of asking employees' opinion are good.

In case the organisation has got some financial possibilities to invest into its employees, the company could make the eating room more comfortable, offer free massage during the free time or if it is a bigger organisation, even cross training could be offered. Cross training is when an employee can change his or her job with another employee from another department to see the relations between different departments and to experience another job within the company (Interviewee 3. 2012). If an organisation has even more financial resources, employee exchange programme could be offered. However, this can be only organised when the organisation is an international company. Employee exchange programme is when an employee works on the same job for the same company in another country for a certain period. This opportunity gives an employee intercultural experience, improves the employee's language skills and brings in new ideas from the other hotel. Hotels should always keep in mind that besides these ex-

pensive motivation methods there are also other ways to motivate the employees such as the 'behaviour modification' theory, 'theory Y and motivation' and Herzberg's theory about the 'maintenance factors' which can be all found on page 23 under Motivation subchapter.

According to Miller et al. (2002, 108), the supervisor should communicate with the employee about his or her personal needs or problems in order to have a good person-to-person relationship. Therefore, having a private conversation with an employee who is unmotivated to work in order to find a solution like the hotels do is the correct way to handle the situation. Every hotel should apply this way of handling this kind of a situation. The ways how the eight organisations become aware of employee's motivational triggers is good and there are no suggestions concerning this topic.

Competences

An organisation deals with competence management and organises tests for a job candidate in order to ensure they hire the right person for the job. If a hotel hires a wrong person, the negative effects can be even bigger in a smaller hotel because they have less staff and they are more dependent on each employee. Therefore, every hotel, especially a smaller hotel should organise tests for job candidates who apply for higher positions or more specialized jobs. Moreover, according to interviewees 3, 5 and 7 (2012), having a final test or interview in the end of the probationary period helps the organisation find out how the employee feels about his or her abilities, about the job, organisation and the colleagues. The final interview helps to decide whether the hired employee is still the right person for the job after the probationary period. Moreover, it helps to decide whether the employee needs more training.

Table 16. Suggestions about ensuring competences

	Results	Conclusion	Suggestions
Ensuring employee's competences	Job interview (8/8), tests e.g. Thomas International and Gallup Online (4/8), probationary day (8/8), probationary 4-month period (8/8), final test/interview (3/8).	Hotels have common ways to ensure one's competences. Tests depend on the job positions, usually for higher positions. Some hotels also have final tests or interviews to ask for employee's opinion about the job and his or her abilities.	Smaller hotels should also have tests for higher positions. All hotels should have final tests to also ask for the employee's opinion about the job and in case the worker lacks some competences or training.
Developing employee's competences	Trainings (8/8), external or internal competitions (4/8).	All hotels offer training but only some offer also external or internal competitions.	All of the hotels could offer more internal competitions e.g. with positive feedback.

According to interviewee 2 (2012), their hotel offers training in order to ensure that the employees are qualified and professionals in their field. Besides training, internal competitions can also be an effective method to develop employee's competences and motivate the staff. For instance, if an employee likes to compete and win, he or she will be motivated to put maximum effort into the task and therefore, his or her competences develop along the way. However, since all of the eight organisations use training as their main method to develop employee's competences and they have many different ways to train the employees, I focused on this competence management method more during my interviews. Miller et al. (2002, 221) suggest that using a 'buddy' system or mentoring during the job instruction is great way to teach the job tasks to the new employee. However, the downside of this teaching method is that the more experienced worker can teach his or her bad habits to the new employee. Miller et al. (2002, 230) suggest that it is good to use different teaching methods that vary every time because it keeps the participant awake and interested during the training.

Table 17. Suggestions about training

	Results	Conclusion	Suggestion
Training kinds, modes and teaching methods	8/8 have all training kinds (job instruction, etc). 8/8 have all training modes (in-company on-the-job etc). 8/8 use different teaching methods, mostly role-play, teamwork, video training.	All hotels have all training kinds and modes, some in a different way which depends on the size of the hotel. For instance, smaller hotels do not offer so much internal training due to lack of room or qualified trainers. All hotels have different teaching methods, mostly practical methods.	Good to use different teaching methods, it keeps the participant awake and interested.
Employee's feedback	Immediate feedback after training (2/8), development and feedback session (3/8), daily (1/8).	Not so many hotels ask for employees' feedback.	All of the hotels should ask for employees' feedback and more especially, for immediate feedback.

If a hotel asks for employee's feedback concerning the training, it should be remembered to also have an open door policy or to ask for the feedback immediately after the training because otherwise, the employee can forget his or her opinion by the time the development and feedback session is held. Moreover, all of the hotels should ask for the employees' feedback straight after the training in order to get accurate feedback. (Cardy & Leonard 2011, 145-146.) In addition, according to the interviewee 5 (2012), the result of one training lasts for 4 months only. Therefore, an organisation should definitely organise training more often than one or few times a year.

Job itself

According to informants 3 and 7 (2012), their organisation wants to ensure that the employees can fully relax during the breaks in the eating or relax room. Other hotels could also apply this method in order to avoid that the employees could become fatigued from work. Based on the data, only four out of eight hotels use designer ser-

vices. However, all of the hotels should use designer services when designing the hotel interior because the interior represents the image, brand, services and employees of the hotel. Concerning a good salary system, bigger hotels could apply different job levels in the organisation and pay according to the levels. In this way, employees feel that everyone gets fair salary and workers might even become motivated to work harder in order to get to a higher level.

Table 18. Suggestions about job itself

	Results	Conclusion	Suggestion
Ensuring good work environment	Risk analysis (5/8), ergonomic furniture (4/8), predicting wishes (4/8), 'voice' (4/8), comfortable eating/relax room (2/8). 4/8 use a designer for interior design.	Focus is mostly on the safety side and the side of offering e.g. relax lounge, healthy and various food is more in the shadow. The reason for not hiring a desginer can also be due to lack of financial resources.	All of the hotels should use designer services, a hotel and its interior represents its image, brand, services, employees and other factors.
Ensuring good job	Flexible working hours (6/8), change in job tasks (2/8), salary based on the market and internal levels (2/8). Horisontal change (6/8), vertical change (6/8), chefs have a 'voice' in creating a menu (3/8).	Most of the hotels ensure a good job by offering flexible working hours because they also expect the employees to be flexible. Smaller hotels have less opportunities to offer horisontal and vertical career change due to fewer jobs.	Bigger hotels should apply level-based salary. Offering job enlargement, rotation or enrichment depends on the size of the hotel.
Employee's feedback	Satisfaction survey (4/8), open door policy (6/8), development and feedback session (2/8).	Companies have common ways to gather employee's feedback.	Hotels should focus on face-to-face communication since through a survey, an answer from an employee might be misunderstood by the manager.

Offering job enlargement, rotation or enrichment depends on the size of the hotel. These methods can be applied easier in a bigger hotel where there are more growth opportunities. However, these methods are more difficult to apply in a smaller hotel due to fewer jobs and less growth opportunities. (Interviewees 1-8. 2012.) Using iPads in the housekeeping is an innovative method to speed up the communication between two departments but it is also risky because the equipment costs a lot and the employees might have difficulties to learn the new tool. However, it is a great way to motivate the workers because it makes the job more interesting and the employee can learn something new again. (Interviewee 2. 2012.)

As the interviewee 8 (2012) brought an example of an ineffective suggestions box usage, the same misunderstanding could happen with a satisfaction survey. In order to avoid misunderstandings, face-to-face communication e.g. open door policy or development and feedback session could be used instead because in this way, the employee can explain better what he or she wants to say.

Performance

According to interviewee 3 (2012), the respondent was aware of the term 'performance' and understood the concept well because the organisation provided training about this topic. Before any organisation starts managing its performance, the managers and the employees should understand the concept of performance management. Therefore, all organisations could offer training about performance management.

Table 19. Suggestions about performance management

	Results	**Conclusion**	**Suggestion**
Understanding the concept	5/8: understand the term 'performance'. 3/8: don't understand exactly or have not heard of this term.	5/8: they deal more with the topic and they have been trained. 3/8 do not deal with the topic so much and have not had training.	Training about PM which would help to understand the topic and the process of PM.
Software usage	1/8: software usage	7/8: used to handling PM	Smaller hotels:

	(Success Factor, Taleo). 7/8: no software usage.	manually or it is easy to do it manually in a small hotel. 1/8 uses software because of the big number of employees.	continue dealing with PM manually. Bigger hotels: apply a software.

Bigger hotels that have hundreds of employees should definitely use a software programme to make the performance management process more structured, faster, clearer and organised. In this way it is easier to keep track of all of the employees' performance. However, smaller hotels should continue managing the performance manually because it can save money and time since otherwise, the managers should be trained to use it and they might need a lot of time to learn the programme.

Diagnosis and evaluation

It is understandable that a larger hotel with hundreds of employees cannot observe each employee continuously. For this opportunity the hotel should hire a performance manager who observes employees frequently with the 'observation cube' tool (see page 33) deals with performance management in general. Concerning the way of recording the data from the observation analysis, it would be still better if the supervisor would use a diary for recording the data as an addition to memorising it because in this way, the supervisor can also discuss about the improvement in one particular task during the development and feedback session since memory of details changes within time (Cardy & Leonard 2011, 88).

Table 20. Suggestions about diagnosis and evaluation

	Results	Conclusions	Suggestion
Diagnosis	Regular daily observation (5/8), breakfast serving (2/8), housekeeping check (2/8).	Way of carrying out the observation depends on the size of the hotel and on the number of the employees. Regular daily observation is feasible in hotels with less employees.	Carrying out a regular daily observation analysis in a big hotel is only possible when there would be an employee assigned for observation analysis and PM in general.

Recording data from observation analysis	Memorising (3/8), rank list (2/8), explanation letter (1/8), none (3/8).	The less employees, the easier it is to memorise the data from the analysis.	Supervisor should use a diary to record the data in addition to other ways in case the supervisor wants to bring up an improvement in a certain task during the development and feedback session.
Evaluation	Monthly customer feedback (8/8), 2/8 use Trip Advisor for the feedback; peer feedback (2/8), mystery shopping (2/8), sales numbers (6/8), Success Factor (1/8).	Most of the hotels use both assessing ways but smaller hotels tend to use qualitative way mostly and bigger hotels quantitative way mostly because bigger hotels have many employees to handle and cannot observe each employee.	Mystery shoppers' feedback is more reliable because they are professionals and have neutral position and the feedback is more detailed than customer's and colleagues' feedback.

Concerning the evaluation methods, all hotels should use 'mystery shoppers' to get feedback about employee's performance because their feedback is more reliable and detailed than customers' and colleagues' feedback. It is more reliable and detailed because 'mystery shoppers' take this very seriously and in detail because it is their job. Moreover, a customer or a colleague might hold a grudge against a specific employee. In addition, according to interviewee 4 (2012), they observe the sales numbers generally but cannot estimate an individual performance for each employee. However, they should work out a system how they could observe each employee's individual sales numbers.

Feedback

According to Cardy & Leonard (2011, 145-146), feedback should be given immediately in order to remain its accuracy and therefore, it is good to provide daily and immediate feedback to employees. However, it must be remembered that negative feedback

should be given in the end of the work day. Otherwise, the negative feedback might ruin one's work day or make the employee have a negative attitude towards customers (Interviewee 8. 2012). The frequency of the feedback is daily, monthly and yearly which is good because the more regular it is, the more normal it is for the employee (Cardy & Leonard 2011, 145-146). This also applies for development and feedback session which should be organised more often than only once in a year in order to get the employees used to getting feedback. In addition to frequency, the timeliness of the feedback is important which means the feedback has to be given immediately so that it would be accurate.

Table 21. Suggestions about feedback

	Results	Conclusion	Suggestion
Ways of giving feedback	Yearly development and feedback session (7/8), regular daily feedback (7/8), meetings (6/8).	Hotels have common ways to give feedback to the employees.	Development and feedback session should be more often than once a year.
Feedback topics	Customer feedback (7/8), work performance (5/8), sales (1/8), relationship with colleagues (1/8).	The feedback is mostly based on customer feedback and on work performance.	The feedback is based on good things because the feedback should always focus on the performance not on the performer.

Respondents of my interviews said that the feedback is mostly based on customer feedback, performance, relationships with colleagues and customer service which means the feedback focus is on the performance not on the performer like it should be (Cardy & Leonard 2011, 142-144). However, one of the respondents said that there could be more positive feedback given to the employees which is extremely important because negative feedback without any positive feedback can create a negative attitude towards the supervisor, company and customers but positive feedback motivates the employees to work even harder (Miller et al. 2002, 116).

Dealing with feedback and improving performance

Concerning the topic of dealing with employee's emotional reactions, it is good that all of the eight managers have a discussion with the employees and try to find a solution. When it comes to preventing the situation, all of the hotels should try to prevent this kind of a situation. There are several ways to prevent this situation. If negative feedback is given immediately during a work day, an employee might get a negative attitude and a bad mood which can affect the friendliness towards hotel customers (Interviewee 8. 2012). Thus, the immediate negative feedback should be given in the end of the work day and feedback should be given frequently as a normal thing in order to prevent the emotional reactions (Cardy & Leonard 2011, 169). More about the ways of preventing employee's emotional reactions from the feedback can be read on page 37. As the interviewees said, some of the organisations also train their managers to give constructive and balanced feedback. However, all of the organisations should apply the same prevention method and train their supervisors to give feedback.

Table 22. Suggestions about dealing with feedback and improving performance

	Results	Conclusion	Suggestion
Dealing with employee's emotional reactions from the feedback	8/8 talk about it with the employee and try to find a solution - communication. 4/8 try to prevent this situation by giving constructive and balanced feedback.	All hotels communicate with the employee in order to find a solution. 2/8 train their managers to give good feedback.	Communication is good. However, the other half (4/8) of the hotels should also train the supervisors to give feedback.
Ways of improving performance	6/8 make a plan, define the next steps or give a deadline/timeframe to improve the performance. 2/8 did not give any answer.	Most of the hotels make a plan with the next steps and sometimes also give a deadline with a follow-up interview.	Plan with the next steps makes it clear to the employee and the supervisor what needs to be done. Giving a deadline is good but can be stressful for an employee.

Concerning the further process of improving performance after giving feedback, the rest of the hotels should also make a plan with defined next steps because in this way it

is clearer for the employee and for the supervisor what the next steps are and what needs to be done. However, giving a deadline is good because it is clear goal for the employee but it can also be stressful for the worker, especially when he or she has to learn a computer programme.

4.3   An improved model of employee performance management process

Carrying out interviews with hotel managers for my research was very beneficial because I could see how the performance management process is done in real life which gave me some ideas how to improve my model and I also got some suggestions from the managers. In this subchapter, I will talk about the improvements I have made to the model (see figure 7 below) and provide a comprehensive explanation on the modifications.
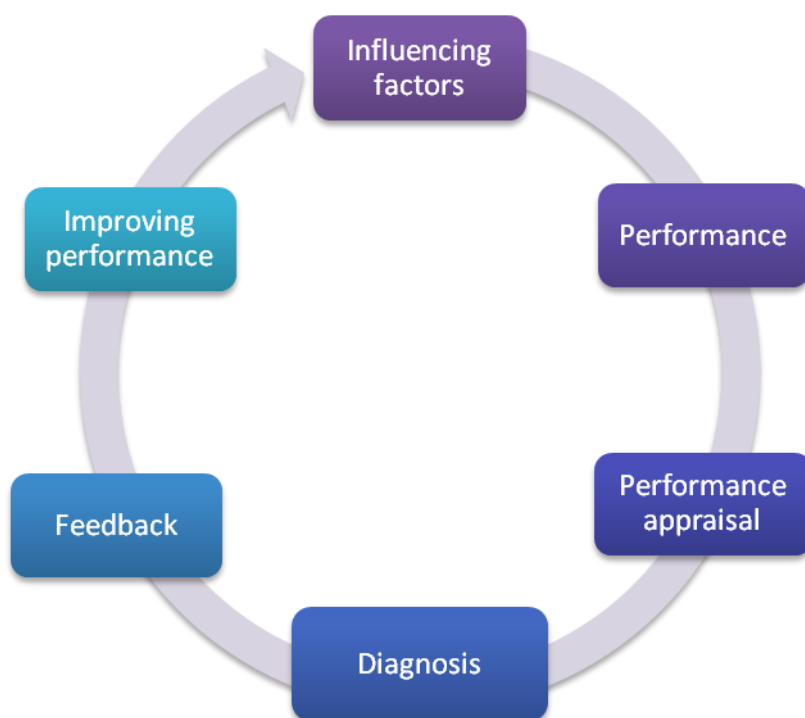
Figure 7. Employee's performance management process model

First of all, I noticed during my interviews that my model was not suitable for all hotels. The model had to be changed according to the size of the hotel. The phase of 'diagnosis' was split into two phases: diagnosis and observation. Thus, I changed the steps 'evaluation' and 'observation' into 'performance appraisal' because evaluation is mainly applied in bigger hotels and observation is mostly used in smaller hotels. How-

ever, even if larger hotel uses mostly quantitative assessment, the company also uses observation on small scale and the small hotel also uses appraisal on small scale. Therefore, the step has to contain both of the activities, evaluation and observation.

Secondly, I have moved the step of 'diagnosis' after 'performance appraisal' because diagnosing and analysing the cause of the performance or the performance results can only be made after the appraisal or observation. Thirdly, some of the respondents of the interviews suggested me to move the step 'dealing with feedback' under the step 'feedback' to which I agreed because the topic of dealing with emotional reactions belongs under the 'feedback' step not separately.

After making these modifications I feel confident that my model has been improved and can be applied now to all hotel businesses regardless the size of the hotel. If it is a smaller organisation, they know that they can focus on the observation on a bigger scale and on the evaluation on a smaller scale. On the contrary, a bigger hotel can be sure to have their focus on evaluation with a bigger weight and on observation with a smaller weight. A hotel business that wants to start managing its employees' performance can definitely use my model as a structured framework of performance management process.

Finally, I will explain the reason for this specific graphic style. Firstly, I chose the continuous circle because it represents a continuous cycle of stages. Moreover, the graphic emphasises the connection between all phases and the stages have been separated with different yet similar colours. The reason for this is that the stages in my model appear in an order and because the process is never-ending – once the process is done, it start again. Moreover, there is a thin separation line between the stages but they are still different. In addition, all the stages are connected to each other and next phase cannot be done without completing the previous one.

5 Discussion

The objective of this study was to build a model of employee's performance management process which would be a useful tool for hotel businesses and to give suggestions to eight hotels in Tallinn that they could manage their performance better. The model was designed based on the literature review and improved based on the collected data from the interviews with eight hotels in Tallinn. Moreover, the interviews gave the author a good insight into the situation of performance management process in these eight hotel businesses.

Research findings showed that performance management is used in all eight hotels but some hotels focus more managing their employees' performance than other hotels which depends on the size and star rating of the hotel. Moreover, the usage of performance management is different in every hotel. Hotels that have a lot of employees or have a very good star-rating are using performance management on a deeper level and in a more structured way. Structured and organised performance management is essential to handle a big number of employees and furthermore, hotels with high star-rating have more standards and regulations to follow in order to earn these stars.

Bigger or with higher star-rating hotels focus on performance management more and have many methods and standards for managing their employees' performance. They take care of the influencing factors by trying to meet employees' expectations, motivating employees with methods like discounts for hotel services, salary bonuses, recognition and one hotel also offers cross training, employee exchange programme and other great motivation methods. The organisations ensure the competences of an employee and develop worker's competences by offering various trainings and the organisations also ensure that the job related factors are satisfying e.g. by offering vertical and horizontal career change opportunity.

Concerning the rest of the process of performance management, one bigger organisation uses a software programme to manage the performance in a more organised and faster way which is beneficial when the organisation has a lot of employees. Bigger ho-

tels tend to assess employee performance by using more quantitative ways like customer feedback and sales numbers but they do use observation analysis in case of housekeeping. Hotels with more employees tend to give feedback through yearly development and feedback session, meetings and whenever it is possible, also daily and immediately. In case an employee has emotional reactions from the feedback, bigger organisations communicate with the worker and try to find a solution. Concerning the performance improvement, bigger organisations make a plan with next steps and sometimes give a deadline with a follow-up interview.

Hotels that have lower star-rating or less employees are also using performance management in their hotels but in a less structured way and with less focus on it. According to the collected data, smaller hotels have less vertical and horizontal career change opportunities because they have fewer jobs and fewer vacancies. Smaller hotels tend to assess employees' performance mostly in a qualitative way by carrying out observation analysis. However, smaller organisations also assess performance with customer feedback, peer feedback and sales numbers. Smaller hotels' managers also use meetings and development and feedback sessions to give feedback but mostly, they give daily and immediate feedback. Concerning the topics of dealing with feedback and performance improvement, smaller organisations use the same method like bigger organisations.

The author gave many suggestions to the hotel businesses regarding their performance management e.g. concerning their motivation or feedback collection methods, appraisal ways and other. However, the suggestions were very detailed and there was a big amount of them. Therefore, the suggestions cannot be summed up in one paragraph. The summed up suggestions can be seen in attachment 2. The outcome of the study was a developed and improved model of employee performance management process. The interviews showed that theory and practice are two different things. The author learned that in real life, the process in a small and a big hotel is different and therefore, the author had to make some modifications so that the model could be used by every organisation. The biggest finding of the research was that the way of appraisal in hotels depends on the size of the organisation. If it is a smaller hotel, the assessment method is mainly qualitative and if it is a bigger hotel, the way of assessing one's per-

formance is mostly quantitative. The biggest improvement in the developed model was to put observation analysis and evaluation under one phase of performance appraisal.

Concerning the validity of the research, there has been a very careful selection of the hotels in order to interview the hotels that are familiar with the topic and can provide accurate answers. The interviews have been carried out with human resources managers or supervisors who are specialists in the field and can provide accurate answers without consulting anyone else in the organisation. Furthermore, the interview questions were sent to the respondents via email before the actual interviews to give the respondent enough time to prepare for the interview and to provide accurate answers. The interview questions and the interviews were carried out in Estonian in order to avoid the risk that the respondent would misunderstand the questions. Finally, all of the interviews were recorded with a voice recorder in order to listen to the exact answers after carrying out the interviews in order to avoid losing any information.

Concerning the reliability of the research, the interview questions that meant the same were formulated differently in case the respondent's answer was too short or did not contain enough information. In addition to these questions, there were also some sub questions that were asked from the less talkative respondents in order to gain more information. These extra questions were not asked from talkative respondents in order to avoid repetitiveness. Furthermore, when the interviewee was confused what to answer to the question, the interviewer provided few examples of the answers so that the informant could understand the nature of the question.

The research not only taught a great deal about developing a model based on different theories but also taught about the historical development of performance management. Moreover, the research taught how to carry out face-to-face interviews, how to analyse the collected data, how to present the results and how to make own conclusions based on the data. The thesis research was very interesting throughout the process and it was especially exciting to carry out interviews with the hotels and see the theory in practice. The research was definitely very practical because the author has developed a model that can be used by any hotel business regardless the size of an organisation.

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Attachments

Attachment 1. Interview for the companies

Thesis Interview Questions

General

1. Name, profession, years of experience?

2. What is your hotel's competitive advantage on the market?

Performance

3. How would you define performance?

4. How do you generally manage the performance in your business? Do you use a special software programme?

Expectations and Motivation

5. What are the core values of your company?

6. What are your company's expectations for your employees?

   - *On the organisational level?*

   - *On the team level?*

   - *On the individual level?*

7. How do you communicate your core values with your employees?

8. How do you communicate your expectations with your employees?

9. How do your employees communicate their expectations with you? What do you do to find out about your employees' expectations?

10. How do you motivate your employees?

    - *What do you think would be the best way to motivate the employees if you would have all the resources including the money and the time?*

11. How do you know whether your employees are motivated or not?

    - *What do you do to become aware of the triggers of your employee's motivation?*

    - *What do you do if your employee's motivational trigger is internal and his or her motivational level is very low?*

Competences

12. How do you make sure that the employee has the right competences for the job?

13. How do you develop your employees' competences?

    – *What do you do to find out about employee's individual need for training?*

Job itself

14. How do you create a good working environment for your employees?

    – *What do you do to know whether the employee is satisfied?*

15. How do you create a good job for your employees?

    – *What do you do to know whether the employee is satisfied?*

16. How do you maintain the job interesting and challenging for an employee?

Observation analysis of the performance

17. How do you assess one's performance? Do you use a quantitative method, qualitative method or both?

18. How do you carry out the observation analysis?

    – *How do you record the data from the observation analysis?*

Performance evaluation

19. How do you measure employee's performance?

Feedback

20. How do you give feedback to your employees?

    – *On what kind of topics is the feedback based on?*

    – *How often do you give feedback to your workers?*

    – *How do you think it should be done?*

Dealing with feedback

21. How do you deal with the emotional reactions your employees might have after receiving the feedback?

Improving performance

22. How do you improve the future performance? How do you deal with the results and come up with a solution?

How would you improve my model? Do you have any suggestions?

Attachment 2. Table of results

	Results	**Conclusion**	**Suggestions**
Expectations	Values: employees (3/8), customers (4/8), other. Expectations for staff: commitment (3/8), motivation (5/8), other. Communication: job advertisement (3/8), job interview (5/8), employee handbook (3/8), meetings (4/8). Employees communicating their expectations: employee satisfaction survey (5/8), development and feedback session (4/8), open door policy (4/8).	Half of the hotels value employees and customers which refers that customer satisfaction is important to them. Hotels expect commitment and motivation from employees not only good sales numbers. Communication starts already in the beginning of the recruiting process. The way employees communicate their expectations depends on the size of the hotel, e.g. smaller hotels have open door policy and bigger hotels use employee satisfaction survey.	These hotels should focus more on PM to ensure the best performance of employees and gain customer satisfaction. Hotels can expect commitment and motivation when the job is interesting, motivating and the other motivation methods are used. All hotels should communicate the expectations already during the recruitment process in order to see if both, employer and employee can meet each other's expectations. Bigger hotels should also have open door policy.
Motivation	External motivation methods: discount for hotel services (5/8), fitness club free usage (1/8), massage (1/8), relax lounge (1/8), healthy and various food (1/8), discounts with hotel business partners (4/8); performance bonuses, bonuses for birthdays, jubilaries, wedding etc. (6/8). Internal motivation methods: recognition e.g. employee of the year (7/8), training (8/8), daily recognition (2/8), corporate events (summer camp, new year's party, team-building events) (8/8), cross training (1/8), honour badges (1/8), employee exchange programme (1/8), positive feedback competition (1/8). 2/8 lack few standard motivation	Hotels use different external and internal motivation methods but every hotel has some motivation methods in use. Standard methods are offering discount for hotel services, discounts with hotel business partners, bonuses for employee special occasions, training, corporate events and recognition through 'employee of the year'. Many hotels do not have the financial resources to afford special motivation methods (massage, employee exchange programme etc). Two hotels do not have few standard motivation methods like other hotels which created dissatisfaction among workers. Hotels use different ways to become aware of employees' motivational triggers e.g. bigger hotels use satisfaction survey, smaller hotels use open door	When a hotel can not afford expensive motivation methods, other methods can be applied like Herzberg's maintenance factors' theory, behaviour modification approach or McGregor's theory Y and motivation. All bigger hotels could offer cross training. All hotels could make positive feedback competitions since it is affordable yet simple to organise. All hotels should apply daily recognition as a motivation method. Using honour badges is affordable and simple yet meaningful. Offering massage to employees can be expensive but it can relax the staff. Workers can also relax better during breaks if there is a chill-out lounge at work. Hotels should apply all standard motivation methods

	methods which makes employees unhappy. Asking employees: satisfaction survey (4/8), development and feedback session (3/8), seen from everyday's work (4/8), open door policy (3/8). Alienative attitude: private conversation with the worker, try to find a solution (5/8).	policy depending which method is more convenient and effective. 5/8 talk with the employee to find a solution if the employee is unmotivated, the rest did not answer.	in order not to create dissatisfaction among workers. The ways of asking employees' opinion are good. The way of dealing with an alienative attitude is good.
Competences	Ensuring competences: job interview (8/8), tests e.g. Thomas International and Gallup Online (4/8), probationary day (8/8), probationary 4-month period (8/8), final test/interview (3/8). Developing competences: trainings (8/8), external or internal competitions (4/8). 8/8 have all training kinds (job instruction, etc). 8/8 have all training modes (in-company on-the-job etc). 8/8 use different teaching methods, mostly role-play, teamwork, video training. Employee's feedback: immediate feedback after training (2/8), development and feedback session (3/8), daily (1/8). 1/8 wishes for more training than once a year.	All hotels have job interviews, probationary days and probationary periods. Though, probationary period is mandatory by law. Tests depend on the job positions, usually for higher positions. Some hotels also have final tests or interviews to ask for employee's opinion about the job and his or her abilities. All hotels offer training but only some offer also external or internal competitions. All hotels have all training kinds and modes, some in a different way which depends on the size of the hotel. For instance, smaller hotels do not offer so much internal training due to lack of room or qualified trainers. All hotels have different teaching methods, mostly practical methods. Not so many hotels ask for employees' feedback. One hotel manager wishes more training than once a year because the result of training lasts only for 4 months.	Smaller hotels should also have tests for higher positions because the effect of losing a worker is a lot bigger when his or her competences were not right for the job. All hotels should have final tests to also ask for the employee's opinion about the job and in case the worker lacks some competences or training. All of the hotels could offer more internal competitions e.g. with positive feedback. Good to use different teaching methods, it keeps the participant awake and interested. All of the hotels should ask for employees' feedback and more especially, for immediate feedback. More training than once a year.
Job itself	Ensuring a good working environment: risk analysis (5/8), ergonomic furniture (4/8), predicting wishes (4/8), 'voice' (4/8), comfortable eating/relax room (2/8). 4/8 use a designer for interior design.	Hotels have different ways to ensure a good working environment for employees but it seems that they focus mostly on the safety side and the side of offering e.g. relax lounge, healthy and various food is more in the shadow. Half of the hotels use a	More hotels should consider making the eating room as a relaxing place to take a break at. All of the hotels should use designer services, a hotel and its interior represents its image, brand, services, employees and other factors. Hotels should

	Ensuring a good job: flexible working hours (6/8), change in job tasks (2/8), salary based on the market and internal levels (2/8). Employee's feedback: satisfaction survey (4/8), open door policy (6/8), development and feedback session (2/8). Maintaining job interesting: horisontal change (6/8), vertical change (6/8), chefs have a 'voice' in creating a menu (3/8).	designer and these hotels have a higher star-rating. The reason for not hiring a desginer can also be due to lack of financial resources. Most of the hotels ensure a good job by offering flexible working hours because they also expect the employees to be flexible. Employee's feedback is commonly gathered through satisfaction survey, open door policy or development and feedback session. Most of the hotels offer horisontal and vertical career change to the employees to maintain the job interesting and keep the employees motivated. However, smaller hotels also have less opportunities due to fewer jobs.	focus on face-to-face communication since through a survey, an answer from an employee might be misunderstood by the manager. Bigger hotels should apply level-based salary. Offering job enlargement, rotation or enrichment depends on the size of the hotel.
Performance	5/8: understand the term 'performance'. 3/8: don't understand exactly or have not heard of this term. 1/8: software usage (Success Factor, Taleo). 7/8: no software usage.	5/8: they deal more with the topic and they have been trained. 3/8 do not deal with the topic so much and have not had training. Three hotels still use PM on a basic level. 7/8: used to handling PM manually or it is easy to do it manually in a small hotel. 1/8 uses software because of the big number of employees.	3/8: training about PM which would help to understand the topic and the process of PM. Smaller hotels: continue dealing with PM manually. Bigger hotels: apply a software.
Diagnosis	2/8 use only quantitative way, 6/8 use both ways. Ways of carrying out observation: regular daily observation (5/8), breakfast serving (2/8), housekeeping check (2/8). Recording: memorising (3/8), rank list (2/8), explanation letter (1/8), none (3/8).	Most of the hotels use both assessing ways but smaller hotels tend to use qualitative way mostly and bigger hotels quantitative way mostly because bigger hotels have many employees to handle and cannot observe each employee. Way of carrying out the observation depends on the size of the hotel and on the number of the employees. Regular daily observation is feasible in hotels with less employees. Moreover, the less employees, the easier it is to memorise the data from the analysis.	Assessing way depends on the size of the hotel and the number of employees. Carrying out a regular daily observation analysis in a big hotel is only possible when there would be an employee assigned for observation analysis and PM in general. Supervisor should use a diary to record the data in addition to other ways in case the supervisor wants to bring up an improvement in a certain task during the development and feedback session.

			Memorising the data is not enough for a longer time.
Evaluation	Ways of appraisal: monthly customer feedback (8/8), 2/8 use Trip Advisor for the feedback; peer feedback (2/8), mystery shopping (2/8), sales numbers (6/8), Success Factor (1/8). Frequency: daily (2/8), monthly (8/8), yearly (1/8).	Most of the hotels use monthly customer feedback and sales number to measure the performance, some hotels also use peer feedback and mystery shoppers. One hotel uses a software programme to measure individual employee's performance. All of the hotels carry out performance appraisal frequently.	Hotels could use more mystery shoppers, the feedback is more reliable (because they do it as their job and take it seriously and in detail) and detailed than customer's and colleagues' feedback. A customer or a colleague might hold a grudge against a specific employee. Sales numbers could be observed more individually not only generally.
Feedback	Giving feedback: development and feedback session (7/8), regular daily feedback (7/8), meetings (6/8). Based on: customer feedback (7/8), work performance (5/8), sales (1/8), relationship with colleagues (1/8). Frequency: daily (7/8), monthly (6/8), yearly (5/8).	Most common ways to give feedback are yearly development and feedback session, regular daily feedback and through meetings. The feedback is mostly based on customer feedback and on work performance. The frequency is daily, monthly and yearly.	Development and feedback session should be more often than once a year. The feedback is based on good things because the feedback should always focus on the performance not on the performer. Frequency is good.
Dealing with feedback	8/8 talk about it with the employee and try to find a solution - communication. 4/8 try to prevent this situation by giving constructive and balanced feedback.	All hotels communicate with the employee in order to find a solution. Half of the hotels also try to prevent the situation by giving constructive and balanced (negative and positive) feedback. 2/8 train their managers to give good feedback.	Communication is good. However, the other half (4/8) of the hotels should also try to prevent the situation by training the supervisors to give feedback.
Improving performance	6/8 make a plan, define the next steps or give a deadline/timeframe to improve the performance. 2/8 did not give any answer.	Most of the hotels make a plan with the next steps and sometimes also give a deadline with a follow-up interview.	All of the hotels should make a plan with the next steps, it makes it clear to the employee and the supervisor what needs to be done. Giving a deadline is good (goal) but can be stressful for an employee.
Suggestions to my model	1. 'Dealing with feedback' under 'Feedback'. 2. Appraisal is different in small and big hotels +	The step 'Dealing with feedback' under 'Feedback' step because it is part of it. Performance appraisal (observation and	-

	'Diagnosis'/Observation analysis and 'Evaluation' into one phase 3. 'Diagnosis' phase after 'Performance appraisal'	evaluation) in one phase, the way of appraisal (qualitative/quantitative) depends on the size of the hotel and on the number of employees. 'Diagnosis' phase after 'Performance appraisal' phase because the cause for the performance can be diagnosed after measuring the performance.	