

**RETAIL EMPLOYEES' PERFORMANCE EXPECTATIONS AND
PERCEPTIONS:
GAPS BETWEEN EMPLOYEES' AND SUPERVISORS' EVALUATIONS**

Angeline Tay
Faculty of Business and Accountancy
University of Malaya
Kuala Lumpur, Malaysia
Email: angetay@um.edu.my

Ong Lin Dar
Faculty of Business and Accountancy
University of Malaya
Kuala Lumpur, Malaysia

ABSTRACT

This study examines the extent to which perceptual gaps exist between retail employees' self-reported performance quality and productivity expectations and their perceptions. It also compares employees' expectations and their immediate supervisors' perceptions of employee performance. We adopted the expectation disconfirmation theory from the services marketing and consumer behaviour studies to extend human resource management literature on the perceptions of employee performance. Results from a dyad study of 292 employees and 106 supervisors from a large international retailer in Malaysia revealed that there were negative mean score gaps between employees' self-reported performance perceptions (P) and their expectations (E). Comparatively, the employees had expected to perform better than they, or even their immediate supervisors perceived they had achieved. While the mean scores for employees' and their supervisors' perceptions of employees' performances were almost similar, there were gaps between both of their perceptions and employees' self-reported performance expectations. This preliminary research empirically highlights the E - P performance gaps of retail employees. Retailers would benefit if they could proactively identify and thereby take constructive and practical measures to narrow the perceptual gaps and drive employees to deliver better service quality.

Keywords: Employee performance; Performance self-reports; Retailing; Supervisor-ratings

INTRODUCTION

Globally, retailers are experiencing rising costs and competition, as well as shareholders' demands for higher dividends – they are under constant pressure to cope with smaller margins and a vulnerable market (McLean, 2006). The recent economic meltdown has driven consumers to buy wisely and to cut back on purchasing excessively. Therefore, to sustain their businesses, retailers like other organisations, need to constantly identify innovative ways to lower their operation costs, and/or offer value-added services through their internal resources.

One method that retailers could remain competitive and sustainable is to engage their human capital to deliver quality products and services. The way forward is to improve the productivity and quality of employees' performance (LeBonte, 2003). As services are intangible, and they are produced and consumed at the same time, service employees must be motivated to commit themselves to go that extra mile to delight their customers. The performance of service employees should therefore be carefully managed and evaluated to ensure that they perform well.

Recent empirical studies suggest that, the source or who evaluates the performance of employees, are related to employees' performance commitment (Siders, George, & Dharwadkar, 2001; Tay & Lees, *forthcoming*). Although a 360 degrees evaluation of employees' performance (by supervisors, peers, subordinates, and employees) is encouraged, in practice, their actual performances (P) are often evaluated by their immediate superiors during the annual or biannual performance appraisal evaluation sessions. This is unfortunate because such evaluation outcomes usually become inputs for administrative rather than for developmental purposes. They are used for pay revisions or promotions instead of for enhancing the potential performance capabilities of employees by addressing their weaknesses and needs.

BRIEF LITERATURE REVIEW

Early authors and professionals in services management were more concerned in optimising the economic benefits of organisations through customers' repeat purchases, satisfaction, and loyalty. Such findings are well documented in the services marketing, retailing, and consumer behaviour journals. Although some authors (e.g., Heskett, Sasser, & Schlesinger, 1997, 2003; Parasuraman, Zeithaml, & Berry, 1994; Schneider & Bowen, 1993) have reported positive relationships between service employees' performance and customers' perceptions of service quality, comparatively, there are fewer reports on service employees' attitudes and work behaviours in management journals. Therefore, research on how to manage service organisations and their employees deserve more attention to enable practitioners to enhance employees' potential and commitment to perform.

Past marketing, retailing, and consumer behaviour literatures reports on the gaps that exist between external customers' expectations and perceptions of service quality utilised SERVQUAL measures (Parasuraman et al., 1994) or their adaptations. Heskett et al. (1997, 2003), as well as Schneider and Bowen (1993) provide practical examples on how service employees could contribute more towards organisational effectiveness. The

former focuses on their profit- and value-chain models and the latter highlights the relationships of positive work climate, environment, culture, and employee performance. However, to the best of our knowledge, there were no previous attempts that had examined the potential gaps between the performance expectations and perceptions of internal customers in service organisations.

RESEARCH GAP

This preliminary study contributes to human resource and retailing literature by reporting the views of internal customers such as the retail employees' and their supervisors' expectations and perceptions of the performance of employees. Our aim is to motivate management to compare their employees' self-reported and supervisors' perceptions (P) of employee performance vis-à-vis employees' performance expectations (E). By identifying the potential discrepancies between and within the cognitive judgements of these two groups of survey participants, management could take appropriate corrective and developmental measures to narrow the expectation-perception (E-P) gaps. In the long run, this would help to address any misperception between the two parties, and create a better sense of work fairness for organisational effectiveness.

RESEARCH QUESTIONS

1. To what extent do employees' expectations of their own performance quality and productivity differ from their perceptions? ($E_e - P_e$)
2. To what extent do employees' expectations of their own performance quality and productivity differ from their supervisors' perceptions? ($E_e - P_s$)
3. To what extent do employees' and supervisors' perceptions of employees' performance quality and productivity differ? ($P_e - P_s$)

RESEARCH METHODS

We obtained data from a primary survey of 292 service employees (mostly frontline staff) and 106 supervisors from 6 retail outlets of a large international retailer in Malaysia. The first author personally administered and collected the questionnaires onsite. We used Singh's (2000) performance quality (PERFQ) and performance productivity (PERFP) scales to measure employees' performance expectations and perceptions. We will discuss the descriptive research findings such as the demographic characteristics of the research participants, and mean scores of the employees' self-reported expectations and perceptions, and their immediate supervisors' ratings, as well as their (E-P) mean score differences or gaps.

RESEARCH FINDINGS, DISCUSSION, IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

These will be presented and discussed at the conference.

CONCLUSION

To remain competitive in the service industry, retailers need to focus on improving the productivity and quality of their employees (McLean, 2006). Employees are critical drivers for businesses to succeed and managers should focus on how to create a work environment that could help employees achieve their performance expectations. After all, meeting employees' needs would be synonymous to meeting the needs of their customers (Klose & Finkle, 1995).

References

- Heskett, J. L., Sasser, W. E., & Schlesinger, L. A. (1997). *The service profit-chain*. New York: The Free Press.
- Heskett, J. L., Sasser, W. E., & Schlesinger, L. A. (2003). *The value profit-chain: Treat employees like customers and customers like employees*. New York: The Free Press.
- Klose, A., & Finkle, T. (1995). Service quality and the congruency of employee perceptions and customer expectations: The case of an electric utility, *Psychology & Marketing*, 12(7), 637-646.
- LeBonte, T. (2003). Building a new performance vision for results. *Industrial and Commercial Training*, 35 (1), 33-37.
- McLean, M. (2006). Evaluating the importance and performance of the human resources function: An examination of a medium sized Scottish retailer. *Journal of Retailing and Consumer Services*, 13, 143-156.
- Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1994). Reassessment of expectations as a comparison standard in measuring service quality: Implications for further research. *Journal of Marketing*, 58 (1), 111-124.
- Schneider, B., & Bowen, D. E. (1993). The service organization: Human resources management is crucial. *Organizational Dynamics*, 21(4), 39-52.
- Siders, M. A., George, G., & Dharwadkar, R. (2001). The relationship of internal and external commitment foci to objective job performance measures. *Academy of Management Journal*, 44(3), 570-579.
- Tay, A. & Lees, C. (*forthcoming*). Does high involvement HRM affect employee performance through commitment to specific domains: A multifoci and multilevel model.