



University of Chester



**This work has been submitted to ChesterRep – the University of Chester's
online research repository**

<http://chesterrep.openrepository.com>

Author(s): Caroline Rowland

Title: Managing team performance: Saying and paying

Date: 2013

Originally published in: International Journal of Organizational Analysis

Example citation: Rowland, C. (2013). Managing team performance: Saying and paying. *International Journal of Organizational Analysis*, 21(1), 38-52. doi: <http://dx.doi.org/10.1108/19348831311322524>

Version of item: Author's post-print

Available at: <http://hdl.handle.net/10034/326051>

Abstract

Purpose – In a turbulent economic climate, characterised by pressures to improve productivity and reduce costs, performance management has a more central role in helping to ensure competitive advantage. A focus on teamwork has become an almost universal feature of performance management in modern organizations. It is essential that messages concerning teamwork and rewards are clear and seen to be fair if they are to bring about commitment to discretionary effort, which is increasingly a key feature in gaining competitive advantage. The purpose of this paper is to focus on whether employee perceptions of the fairness of performance management systems have an impact on the effectiveness of team performance and discretionary effort.

Design/methodology/approach – This paper uses the concepts of equity and motivation to explore the outcomes, procedures and implementation of teamwork in contemporary organizations. It draws on a range of theoretical frameworks from both philosophy and social science, examines current practices and experiences and considers future trends. Empirical research includes a ten-year study of practising managers and also ethnography, questionnaires and interviews in two large manufacturing and service organizations.

Findings – Investigations show that the espoused theory of organizations concerning the need for teamwork is often at odds with their theory in use. This frequently creates both actual and perceived injustice in organizations and a tension between managing performance and encouraging engagement, which is dependent on perceptions of fairness.

Practical implications – The paper shows that organizations are sending out mixed messages that are causing tensions which may affect productivity.

Originality/value – This research opens a debate that seeks to assess the contribution of teamwork to the achievement of an organization's goals and how this may be applied in the practice of performance management.

Keywords Employees attitudes, Performance management, Teams, Team working, Performance related pay, Fairness, Competitive advantage, Motivation

Paper type Research paper

Introduction

In a turbulent economic climate, characterised by pressures to improve productivity and reduce costs, performance management has a more central role in helping to ensure competitive advantage (CIPD, 2009). A focus on teamwork has become an almost universal feature of performance management in modern organizations. Organizations are saying that teamwork is an essential component in the achievement of organizational objectives. However, the emphasis of appraisal, development and pay continues to be on the individual (Armstrong and Baron, 2005). The challenge for organizations is to bring about commitment to discretionary effort, which is increasingly a key feature in gaining competitive advantage.

As organizations have developed more structured approaches to strategic management, there has been some movement towards the integration of these processes with the management of human resources. This has involved many organizations in the introduction of formal performance systems, frequently characterised by appraisals or performance reviews (Prowse and Prowse, 2009).

As the prevalence of performance appraisal has grown so has its influence in shaping employee perceptions of justice. Outcomes and processes which are perceived as unfair in an organization will result in a workforce whose contribution through enthusiasm and "going the extra mile" is not fully achieved (Suliman, 2007).

Equity theory and organizational justice are concerned with the fairness by which the benefits and burdens of an organization are allocated and the fairness of the process by which decisions are made (Adams, 1963; Greenberg, 1987; Folger and Blies,

1989; Beugre, 1998; Greenberg, 2006). Equity is a useful concept through which to examine the outcomes and processes of performance review and management. It is core to the psychological contract and to employee engagement and discretionary effort. It is also helpful if new developments in performance management can be examined through this lens.

Theoretical background

Equity and justice

Social scientists have explored concepts of fairness and justice since the beginning of the twentieth century, but it was not until the 1980s that the workplace became a focus for what has become known as organizational justice (Greenberg, 1987). Theorists have made a distinction between distributive justice – the fairness of outcomes-and procedural justice – the fairness of process to achieve these outcomes. More recently there has been a theoretical separation within procedural justice between how decisions are made and how they are implemented and communicated (Bies, 2001). Notions of distributive justice are present in political theory (Marx, 1969). However, the early focus of organizational justice was grounded in the contributions of Homans (1961) and Adams (1963), whose equity theory suggested that workers compare their own input/output ratios with that of others. A corollary of this was that both behaviours and attitudes changed where there were disparities as workers attempted to achieve equilibrium.

Models of fairness and justice in outcomes go back considerably further. Aristotle considered justice to be people receiving that which they deserved. Bentham (1789) considered the outcomes of utilitarianism/fairness to be happiness. Later commentators suggest linkages of happiness to both work and personal performance (Blanchflower and Oswald, 2011). Stakeholder theory considers the “sustaining corporation” making a positive contribution to human performance (Clifton and Amran, 2011). Utilitarianism cites the importance of healthy, respectful and supportive organizational culture and fair treatment, security and recognition (Ashkanasy, 2011).

Teamwork, motivation and reward

Much has been written about the importance of teams since the early 1980s. In many areas this research has focused on motivation and contributions to organizational success.

In the 1990s there was a shift away from behaviourism and expectancy theory coalescing around the three main areas of goal setting, social cognitive theories and organizational justice (Latham and Pinder, 2005).

The importance of management culture and explicit and implicit management values have been partially explored (Hofstede, 2001; Solatari, 2006) but little has been discussed regarding teams.

The appraisal, performance and reward of individuals has been well reported but those of teams has received less attention. Meyer (1994) indicated possible systems of appropriate rewards for teams; but there is a paucity concerning the linkages between team reward motivating performance despite the almost universal belief that teams are a crucial component in organizational effectiveness (Prowse and Prowse, 2009; Mullen, 2010; Clopton, 2011).

The importance of teams is reflected in the belief that they can achieve more than individuals and that this synergy is a pivotal part of gaining competitive edge (Clark, 2005).

Appraisal and performance management

Appraisal is usually part of a performance management system and can result in increased pay and other rewards such as promotion, career opportunities or actions to remedy disciplinary or capability issues, perhaps resulting in dismissal. Appraisal

systems can result in unfair or inequitable distributions of organizational rewards and punishments. If the outcomes of appraisal are considered unfair then it might explain the attitudinal and behavioural outcomes predicted by Adams (1963), including reduction of effort and a lack of engagement.

Since the late 1950s research into appraisal systems has shown repeatedly that schemes which link interviews with remuneration are at best unhelpful and at worst counter-productive (Maier, 1958; O'Neil, 1995; Oliver, 1996 and Prowse and Prowse, 2009). The same is true for schemes linked to teamwork (Geary, 1992; Mullen, 2010). No evidence currently exists from any controlled study in the UK or the USA to show that long-term improvements in the quality of performance result from appraisal-based extrinsic rewards. Nonetheless, providing information for remuneration purposes continued to be one of the major objectives of appraisal, along with objective setting and training needs analysis for employee development purposes (CIPD, 2009).

However, there are few reported instances of group or team appraisal. There is some evidence of the evolution of e-appraisal carried out in a small number of organizations and in some instances there is an element of self-appraisal (Payne et al., 2008).

There is clearly a link between the methods in use, the reasons why appraisal is employed and the underlying philosophies of performance management (Neeley, 1998; Bennett, 2006; Rowland and Hall, 2010). Recent shifts in both the articulated purposes of appraisal and the methods employed may signal a fundamental change in the underlying philosophies of human resource management. At face value the trend seems to support this interpretation. The values of utilitarian instrumentalism, exemplified by the Michigan school (Fombrun et al., 1984) appear to have given way to the Harvard approach of developmental humanism (Beer and Spector, 1985). Concepts of ideology, politics and power have been replaced by ideas of empowerment, commitment, culture and consensus. Yet there seems to be little congruence between the espoused theory of "people are our greatest asset" and theory in use.

It is clear that many organizations have taken a more strategic approach to human resource management and see performance management as fulfilling a key integrative role. However, the extent to which this strategic emphasis reflects a change in values remains largely unanswered and perceptions of fairness are not fully considered in a climate where discretionary effort is critical to success.

Research focus

The recent downturn in economic activity has placed a premium on effective performance and the harnessing of discretionary effort for competitive advantage. At the same time the connection between performance management, equity, teamwork and fairness has not been adequately explored. The focus of this research was on whether employee perceptions of the fairness of performance management systems have an impact on the effectiveness of team performance and discretionary effort:

- Do mixed messages regarding team and individual contribute to disparities in organizational rewards and burdens?
- Do employees perceive outcomes and procedures as fair?
- Do the espoused standpoints of organizations regarding teams fit with the theories in use as perceived by employees?
- Is there a tension between control and commitment influencing the effectiveness of performance management?

Methodology

A mixed methods approach was used with documentary analysis, formal and informal interviews, questionnaires and observation as primary tools. Literature reviews were carried out to establish comparable current research findings and theoretical frameworks. The research commenced with an exploratory phase using informal

interviews followed by content analysis to identify emerging trends and patterns.

The information came from three main samples:

- Sample one was a longitudinal study and comprised of over 100 managers engaged on management development programmes at two higher educational institutions over a period of ten years. The sample was also a convenience sample representing both the public and private sectors. There was a 100 per cent response rates from these participants due to personal and prolonged contact with each participant. All participants in this sample were interviewed informally and also completed a questionnaire.
- Samples two and three were taken simultaneously from two large service and manufacturing organizations and comprised of a purposive diagonal ethnographic survey of 40 employees followed by a postal questionnaire sent to all employees and completed by 495. Response rates were 30 per cent from Organization A and 16 per cent from Organization B. All participants were based in the UK and were in full time employment.

All participants in sample one (100 persons), and all those from samples two and three who had taken part in the ethnographic survey (40 persons) completed a semi-structured account of how appraisals, performance management and reward systems operated in their organizations. They were also asked to give their own perceptions of the effectiveness and appropriateness of any of the systems and outcomes they had experienced. Content analysis then took place and identified themes. These were used to design questionnaires with categories that could be interrogated by a mixture of quantitative and qualitative means. The emphasis of the questionnaires was to test the tools, systems, procedures and outcomes of appraisal and the participant's perception of linkages to individual performance, team performance, motivation and organizational effectiveness.

Significance testing was undertaken by means of χ^2 (Bhattacharyya and Johnson, 1997). The purpose of this was to examine whether there were any significant differences between responses from different organizations, sectors, occupations, length of service and gender.

Findings

Ethnographic survey findings

Several themes emerged from the ethnographic survey that were common to both organizations. The common themes were a distrust of appraisal and performance-related pay (PRP) and a belief that there was an inequity of treatment between high and low producers centring on arbitrary standards of discipline. A large proportion of those interviewed were cynical about appraisal and although they believed that in an ideal world it could be a useful and positive experience, in reality it was often "just going through the motions" and was not carried out in a fair and systematic way. Most participants were strongly against being rated for PRP even some that received it. In one case, a manager responsible for administering the PRP systems said:

[. . .] it is unrealistic and complicated [. . .] we must spend many hundreds of man hours performing paper exercises which have very little impact on the performance of people, thus the business.

During the ethnographic survey many participants spoke about the importance of team work. These values were observed to be strongest amongst managers and workers directly involved on the shop floor. Nevertheless, these beliefs were also expressed by senior managers and administrators:

In my area we are highly reliant on teamwork. I have little or no control over spares from Stansted or Copenhagen. This is a common hold up, on a typical day this happens at least

twice. I am not over fond of P.R.P., I don't think it would work (Participant 6, Organization B, Ethnographic Survey).

Management values and systems at both organizations encouraged teamwork by speaking positively about the need to work together and the organization of work. However, both workers and managers were often dismissed this as being disingenuous:

If you speak the truth you are perceived as being a non-team player – it seems to be mainly a production thing. People are frightened to speak the truth. Real teamwork is not just talking about teams (Participant 1, Organization A, Ethnographic Survey).

Union views

Both organizations in the survey had strong union memberships representing over 75 per cent of the workforce. Union officers from both organizations were interviewed using the same semi-structured format experienced by other participants.

Interviews with the unions at both organizations revealed very strong inculcated beliefs in equity, collectivism and teamwork. All union representatives believed that performance management should be team centred rather than focused on the individual. However, payment for team results was also seen as divisive and would result in isolation of winners and losers leading to de-motivation. These findings reinforce the views of Porter and Lawler (1968) and Deery et al. (1999). They speak of deeply entrenched beliefs in the importance of equity and pluralism that would make changes based on individual reward very difficult to implement. Typical employee comments at the host companies concerning individual and team based payments were “PRP [. . .] it didn't work, too divisive” and “team PRP – it would be a nightmare, too many elements out of your control”.

This divisive aspect of performance management seems to confirm Grint (1993) who sees a major problem of appraisal schemes often being their aim to limit the collective aspects of work and individualise the employment relationship.

Interviews with union officers at both organizations found there was a belief that there were hidden agendas for performance systems other than rewarding contribution. Evidence and anecdotes were given of the use of yearly reviews and being used for redundancy choices or as tools for disciplinary action. PRP was seen as wide open to systematic abuse with constant references to favouritism, subjectivity and politics. It was seen as counter to the central values of trade unionism represented as pluralism and equity. Quotes were made such as “We are against PRP,” “We refute the principle and we would not co-operate,” “We tried it once; it didn't work – too divisive.”

Management views

Interviews with senior managers showed a variety of beliefs. Some were in favour of individual measurement and rewards, some were for team measurements and rewards and some were for all in the organization sharing the same reward in the form of gain sharing. As a rough guide those who tended to favour individual and team rewards tended to be managers from a human resource background and those who favoured the gain share approach were from an operations background. This reflects similar findings from Armstrong and Baron (1998) who observe that human resource practitioners may often have different perceptions than operations managers. These findings do indicate an interesting divide worthy of further investigation.

Interviews with managing directors at both organizations found a similar prevailing theme. This was a desire for rewarding contribution. Both recognised the need for a general framework and the need for equity. There was recognition that the large number of variables would prove difficult in the design and implementation of such a system. Both managing directors favour a less complicated bonus or gain system. Individual performance pay was discussed but was not pushed as being highly beneficial. Change and good performance management systems were seen by both

managing directors as being crucial and were high priorities.

Again, an interesting contrast to the approach taken by the managing director was apparent in the interviews with the human resource directors at both organizations. Both took a positive view towards PRP, in particular it was seen as a motivator and reward for contribution. Both HR directors believed that a large balance of the workers' wages should be based on individual contribution:

A significant portion of salary that is at risk based on individual performance (Organization A, HR Director).

I believe that all should have a significant proportion of their pay linked to their contribution to the Organization (Organization B, HR Director).

All managers in the study recognised the complexity and difficulties inherent in such systems but were convinced of their potential to increase productivity. This difference of emphasis on the benefits of PRP is consistent with the findings of Geary (1992), Armstrong and Baron (1998) and Kessler (2000). They draw conclusions concerning different perceptions between human resource practitioners and operations managers and also workers and middle managers concerning PRP.

Employee views

Observations, surveys and interviews confirmed that the majority of people felt that equity and change could only be ensured if teams were empowered and trusted the management. Meyer (1994) argues much the same, he sees the overriding purpose of performance management as being devised and used by teams to help the team to help improve performance rather than for the use of top managers to gauge progress.

Many of those interviewed at both organizations spoke of the difficulties of controlling external variables that teams depended on to achieve targets. These were things such as parts or services from within the organization, or from different bases and also parts from suppliers based in the UK or abroad.

An interesting belief prevalent in past surveys carried out by the author at other organizations and also occurring in both the Organization A and B ethnographic surveys and questionnaires concerns individual perceptions. This is the belief by individuals that PRP would work for them if fairly supervised but not for others. This belief was underpinned by the conviction that the individual's own performance was well above average and therefore he or she would benefit from PRP. However, for most other people it would not be of benefit because many of them were below average and some even needed disciplining. "If we had PRP I would be a very wealthy person indeed" (Organization A, respondent 483).

Share schemes were discussed and views were positive. These schemes had proved popular and workers had made money from them. Gain share was also discussed and again opinions were positive although somewhat lukewarm. There seemed to be a certain amount of cynicism reported back from union members concerning the small amounts set aside in the scheme resulting in very small pay outs.

Questionnaire findings

Data was interrogated to see if there were any groups that were unrepresented by the survey. No groups were unrepresented. The information was based on up-to-date personnel print outs from both organizations.

There was no statistical significance in expected frequency between organizations. These participants were found to be a representative sample consistent with the profiles supplied by both organizations in the form of personnel and departmental records. The findings of the questionnaire showed a marked consistency between

organizations and also consistency between gender, occupation and length of service in the majority of cases. This allowed for generalisability in many areas.

Respondents were asked to comment on anything not included in the questionnaire concerning teamwork, PRP or company culture that they felt was important.

Results

Almost 75 per cent of those who responded had experienced some form of performance management including formal appraisal at their present organization and many had also experienced appraisal in their previous organization.

The results from the questionnaires showed that there was no majority in either organization in favour of individual performance pay. Over 25 per cent in each organisation were strongly against it, and a further 20 per cent at Organization B and 26 per cent at A were against it. These results point to a strong culture of collectivism. This argument is further strengthened by identical questionnaire results showing the belief that PRP would be counter-productive. It would cause disagreements within teams (64 per cent of respondents from each organization) and it would cause disagreements between teams (58 per cent of respondents from each organization).

The results from questionnaires showed a majority in each organization being against PRP. Over 25 per cent of respondents from each organization were strongly against it. About 41 per cent of respondents from A and 59 per cent of respondents from B would like all workers to receive the same yearly performance pay based on the performance of the organization. This seems to be in line with the CIPD (2009) who concludes that profit sharing is a popular choice with workforces as it is perceived as giving all in the organization a chance to share in its success (Table I).

Longitudinal study sample

There was a constant and almost universal concern about “fairness” from all participants in both the study of two organizations and the longitudinal study. There was no shift in emphasis over a ten-year period up to and including 2009:

“It’s a joke, PRP does not work it prevents sharing”. “It is about your face fitting”. “We call ourselves teams but managers don’t walk the talk”. “What’s the point, we are making people redundant and it is not the poor performers who are going”.

Content analysis showed a marked emphasis on the tension between the espoused theory of fairness and teamwork and perceptions of inequality, subjectivity and inconsistency.

Summary of findings and discussion

Information was volunteered freely by all participants. Employees at all levels spoke openly at both informal and formal exchanges. There were no significant differences between responses from males and females, different age groups, length of service and area of work.

	Strongly agree	Agree	Disagree	Strongly disagree	Do not know
Would like to see individual PRP $\chi^2 = 2.204$ (no significance)	80	130	103	126	49
PRP would cause disagreements within teams	323				
PRP would cause disagreements between teams $\chi^2 = 3.765$ (no significance)					

Table I. Summary of PRP questionnaire responses

Notes: No significance found between organizations in terms of gender, age, occupation, length of

service or seniority; 495 respondents, response not mandatory

The issues that arose from the author's research at both organizations, the longitudinal study and the body of research and literature prior to this gave rise to some interesting discussion concerning PRP, team working and theory in use.

Two interesting things from the researcher's viewpoint were:

- (1) The similarity in beliefs from a diagonal slice of the workforce taken from Organizations A and B and participants in the longitudinal study who were all managers.
- (2) The preference of HR professionals for individual performance rewards as opposed to the preference of operations managers and workers for team based reward schemes.

There was a convincing raft of evidence from all sample groups based on anecdotes, chats, ethnographic surveys, formal interviews and questionnaires to make the following observations: findings reflect a cultural web where values of steady state strategy, teamwork and pride of membership are highly regarded. Teams and the belief in their importance play a major part in the cultural assumptions, values and heroes making up the cultural web at every organization (Hofstede, 2001; Johnson et al., 2005).

Anecdotes and statements from both questionnaires and interviews constantly refer to entrenched beliefs on the shop floor concerning hard work, a job well done, knowledge, quality and discipline. Pluralism and teamwork were also highly esteemed.

The belief that everyone should work hard was well represented and as such represents the normative nature of the established culture. Managers and workers at both organizations spoke freely about different standards of performance management and many expressed anger and frustration concerning discipline:

At this time I do not believe there is a proper and accurate way to measure staff individual or team performance.

Union officials stressed the difficulties of measuring activities and placing similar value on different activities. Statistics were often seen as open to manipulation and distrusted. Rewards for individuals were seen as counter to the union's belief in equity and objectivity.

Equity was a central issue in all research findings. It was mentioned by almost every participant and was of equal concern for managers and employees alike. Perceptions of inequalities arose in many areas but most concerns occurred in the areas of discipline, payment and trust. Anecdotes, observations, interviews and questionnaires constantly referred to the need for team work, fairness, unfair treatment, inequity; and most involved strong emotions concerned with self-worth. Anecdotes of workers taking action to balance the perceived inequity were also related (Adams, 1963; Porter and Lawler, 1968) There was widespread evidence of pervasive cultural beliefs holding equity as a lynchpin of working life. "I would like openness and honesty." The belief that everyone should work hard represented the normative culture of participants. Both managers and workers spoke at length about different standards of performance management and many expressed anger and frustration concerning the procedural and distributive justice of discipline in their workplace. "Nothing happens here if people aren't pulling their weight." Trust was a concern for many participants and there were many complaints about managers and their different agendas. Some managers also spoke about the need to build and establish trust.

Equity and trust were found to be highly valued but it was debatable if they existed other than as espoused theory at organizational level. It had been expected that the notion of equity would be an important aspect of this research but the overwhelming

pre-occupation of the majority of participants provided a rich source for future research and discussion.

Observations, surveys and interviews confirmed that the majority of people felt that equity and change could only be ensured if teams were empowered and trusted the management (Meyer, 1994; Brown, 1995). There was a widespread distrust of both appraisal and PRP.

Performance management systems were viewed as bureaucratic, costly and often a waste of time. PRP was seen as being too dependent on variables outside the individual's control. This was seen as unfair by many who were unclear as to how it could consciously increase organizational performance.

The concept of PRP remained popular with human resource directors and personnel practitioners despite the reservations of managing directors, the deep misgivings of many operations/line managers, the resistance by the majority of workers and the total opposition of the unions. Experiments with PRP at both organizations and further enlargements of such systems still remain a distinct possibility, despite the negative experiences in the past. There was an interesting and widespread belief by most individuals that PRP would work for high producers like themselves but not for the vast majority of others who were either not competent or not motivated. The possible move to person based pay rather than job based pay did not reflect the espoused belief systems of both organizations, or those of participants in the longitudinal study. These belief systems value team working, quality and achieving value for stakeholders and it is the enactment of these beliefs that motivate workers (Brown, 1995; Latham and Pinder, 2005). There was common belief of workers that more money did not result in their doing a better job. This was opposed by the belief of some managers and both senior human resource executives that money would motivate workers to perform better once they realised they had been rewarded for their contribution.

Managing directors at both organizations struggled with the conundrum of which comes first, paying for performance or performing for pay. There seemed to be no preferred strategy. This situation was also reflected in the research with managers at other organizations participating in the longitudinal study. Human resource directors were working towards the future adoption of HRM mechanisms of PRP for both teams and individuals. However, this strategy may not solve management problems but could in many ways generate new ones (Kerr, 1975; Geary, 1992).

Hofstede's (2001) research into culture concludes that institutions may often write down their missions or values but other value systems may also exist in the organization. These assumptions underlying the explicit "official" values of the institution are evident in the day-to-day conversations of people. They may also be so taken for granted that they can only be observed in what people actually do. The author's free access to both host organizations and the relationship of mutual trust enabled these findings to be further tested. Over a period of several years the author observed interesting differences between the explicit management/ institution values and the implicit but equally influencing values of the workforce and unions.

Conclusions

Performance management systems based on individual rewards are not congruent with established cultures of teamwork and the move to autonomous self-managed teams.

They are commonly perceived as being divisive and contrary to team productivity.

Although literature confirms the place of equity theory in motivational studies it does not emphasise the crucial role it seems to play in the arena of performance management and measurement (Latham and Pinder, 2005). It is postulated that this importance may well be seen in organizations and cultures other than those in this study.

The move by many organizations to management systems, which espouse teamwork

and a shared mission, lies uneasily with an approach to performance management which is reliant on individual appraisals and PRP. Many of these same organizations believe that PRP is congruent with a unitarist value system. However, it is ironic that the application of PRP undermines unitarism by introducing a culture of individualism and plurality of interest.

A fundamental issue that has yet to be resolved lies at the heart of the performance management debate. This is team versus individual contribution. One side believes that emphasis on the individual stretches targets and increases personal productivity for those who have significant discretion over their own output. The other side believes that individual targets are counter-productive because they create individual competition at the expense of the collaboration so crucial to team success.

To achieve positive outcomes organizations need to be clear about why teamwork is espoused, is in place and how it fits with strategy, culture and philosophy.

This research builds on previous research in the following respects:

- It places teamwork and performance within a framework of organizational justice; perceptions of fairness are important in harnessing goodwill (Greenberg, 2006).
- It confirms findings that performance management reinforces power relationships and is often perceived as being open to abuse (Geary, 1992; Greenberg, 2006).
- Dissatisfaction with processes and the resulting distributive justice had a negative impact on employee perceptions of fairness and could act as a barrier to organizational effectiveness (Holbeche, 2001; Cook and Crossman, 2004).
- Performance management often ignores systems factors (Deming, 1986; Soltani et al., 2006; Clopton, 2011), particularly relationships in teams and between teams; and can work against the establishment of a quality culture. It often seeks to act as an agent to bolster managerial power rather than to enhance quality.
- This research supports the case put forward by others that effective performance will not be obtained unless all dimensions of organizational justice are satisfied within the performance management system and that there is a strong argument for all stakeholders views to be incorporated in the system (Cook and Crossman, 2004; Suliman, 2007; Simmons, 2008; Brebels et al., 2011).
- There is a significant disparity between espoused theories and theories in use (Townley, 1993; Suliman, 2007). Unitarist assumptions of a commonality of interests are a much repeated management message in selling teamwork. However, the theory in use, which may be inferred from the actions of many managers, is that performance management acts to reinforce management hegemony through political processes. In denying a plurality of interests it serves primarily as a covert compliance system. This has generated much cynicism in workforces.

These conclusions add some weight to the research findings that confirm that most appraisal and performance systems do not work well and can be divisive (Armstrong and Baron, 1998; Kaplan and Norton, 2007; Holloway, 2009).

The move by many organizations to management systems, which espouse teamwork and a shared mission, lies uneasily with an approach to performance management, which is reliant on individual appraisals. It is also ironic that many of these same organizations believe that PRP is congruent with a unitarist value system.

For decades adherents of the human relations movement have argued that organizations, with their emphasis on control systems, discourage the full participation of their members. This may well be detrimental to performance and could affect competitive advantage (Deming, 1986; Wiese and Buckley, 1998; Simmons, 2008). Organizational

experience is often demotivating rather than empowering. A growing emphasis on knowledge management has encouraged organizations to believe in the rhetoric "People are our greatest asset." Only by creating a culture in which people can fulfil their potential can organizations survive, compete and grow in today's global environment. Yet, few organizations have thought this through to the extent that the development of teams and individuals is a key component of corporate strategy, embedded in all aspects of the organization. The idea that individuals need to be controlled persists. If a control philosophy permeates notions of empowerment, development and continuous improvement, paradoxically it will dilute both control and motivation.

Contribution

This research clearly indicates that both managers and employees see a potential for teamwork, which is rarely achieved in practice. This is almost universally seen as desirable and perceived as an effective method in gaining commitment. If, at the same time, management say they value teamwork but appear to be rewarding individuals then commitment degenerates into resigned compliance with widespread resentment and perceptions of inequity. This research also confirms the findings of others most significantly in terms of reinforcing perceptions of mistrust, inequity and managerialism. Happiness and stakeholder interests are not addressed and stakeholders are often left feeling aggrieved.

Organizations are purposive entities. They have goals and need to measure the achievement of those goals. But, by sending out mixed messages the cynicism engendered by the performance management system and process may hamper development. Creating an environment where individuals can grow and develop as part of a team may be an appropriate competitive strategy. If, at the same time, performance review is focused on individual contribution then commitment to teamwork may be prevented. This research also confirms the findings of others most significantly in terms of reinforcing perceptions of dishonesty, mistrust, inequity and managerialism; both employees and managers are often left feeling dissatisfied.

Measurement and PRP of individuals is of dubious relevance in team working environments. Judgements, about how individuals contribute to teams, are perhaps best made by teams themselves. If teamwork is to contribute to the achievement of an organization's goals, then the organization needs to be clear how this fits with strategy, culture and philosophy. Performance systems and procedures say much about organizational value systems and how these relate to societal values. This research shows that it is helpful to examine teamwork and reward through the lens of concepts of fairness and wider frameworks of employee perception and motivation, which have not previously been considered. To achieve competitive advantage through teamwork and discretionary effort organizations need to not only say they value teams but have to pay attention to be seen as practising what they preach.

References

- Adams, J.S. (1963), "Towards an understanding of inequity", *Journal of Abnormal and Social Psychology*, Vol. 67, pp. 422-436.
- Armstrong, M. and Baron, A. (1998), *Performance Management: The New Realities*, Chartered Institute of Personnel and Development, London.
- Armstrong, M. and Baron, A. (2005), *Managing Performance: Performance Management in Action*, Chartered Institute of Personnel and Development, London.
- Ashkanasy, N. (2011), "International happiness; a multilevel perspective", *Academy of Management Perspectives*, February, pp. 23-29.
- Beer, M. and Spector, B. (Eds) (1985), *Readings in Human Resource Management*, The Free Press, New York, NY.
- Bennett, B. (2006), "Personal development plans: evidence from research on their use",

- Development and Learning in Organizations*, Vol. 20 No. 6, pp. 13-15.
- Bentham, J. (1789), *An Introduction to The Principles of Morals and Legislation*, 1996 ed., edited by Burns, J.H. and Hart, H.L.A., Clarendon Press, Oxford.
- Beugre, C.D. (1998), *Managing Fairness in Organisations*, Greenwood Publishing Group, Westport, CT.
- Bhattacharyya, G.K. and Johnson, R.A. (1997), *Statistical Concepts and Measures*, Wiley, New York, NY.
- Bies, R.J. (2001), "Interactional (in)justice: the sacred and profane", in Greenberg, J. and Cropanzano, R. (Eds), *Advances in Organizational Justice*, Stanford Press, Stanford, CA, pp. 89-118.
- Blanchflower, D.G. and Oswald, A.J. (2011), "International happiness: a new view on the measure of performance", *Academy of Management Perspectives*, February, pp. 6-22.
- Brebels, L., De Cremer, D., Van Dijke, M. and Van Hiel, A. (2011), "Fairness as social responsibility: a moral self-regulation account of procedural justice enactment", *British Journal of Management*, Vol. 22, pp. S47-S58.
- Brown, D. (1995), "Team based reward plans", *Team Performance Management International Journal*, Vol. 1 No. 1, pp. 23-31.
- CIPD (2009), "Performance management in action: current trends and practice", Hot Topics Report, 5040, Chartered Institute of Personnel and Development, London, November.
- Clark, R.E. (2005), "5 research – tested team motivation strategies", *Performance Improvement*, Vol. 44 No. 1, pp. 13-16.
- Clifton, D. and Amran, A. (2011), "The stakeholder approach; a sustainable perspective", *Journal of Business Ethics*, Vol. 98, pp. 121-136.
- Clopton, A.W. (2011), "Social capital and team performance", *Team Performance Management*, Vol. 17 Nos 7/8, pp. 369-381.
- Cook, J. and Crossman, A. (2004), "Satisfaction with performance appraisal systems", *Journal of Managerial Psychology*, Vol. 19 No. 5, pp. 526-541.
- Deery, S., Erwin, P. and Iverson, R. (1999), "The importance of union culture on performance", *British Journal of Industrial Relations*, Vol. 37 No. 4, pp. 533-558.
- Deming, W.E. (1986), *Out of the Crisis: Quality, Productivity and The Competitive Position*, Cambridge University Press, Cambridge.
- Folger, R. and Blies, R.J. (1989), "Managerial responsibilities and procedural justice", *Employee Responsibilities & Rights Journal*, Vol. 2, pp. 79-90.
- Fombrun, C., Tichy, N. and Devanna, M.A. (1984), *Strategic Human Resource Management*, Wiley, New York, NY.
- Geary, J.F. (1992), "Pay, control and commitment: linking appraisal and reward", *Human Resource Management Journal*, Vol. 2 No. 4, pp. 36-53.
- Greenberg, J. (1987), "A taxonomy of organizational justice theories", *Academy of Management Review*, Vol. 12, pp. 9-22.
- Greenberg, J. (2006), "Losing sleep over organizational injustice: attenuating insomniac reactions to underpayment inequity with supervisory training in international justice", *Journal of Applied Psychology*, Vol. 9 No. 1, pp. 58-69.
- Grint, K. (1993), "What's wrong with performance appraisal? A critique and a suggestion", *Human Resource Management Journal*, Vol. 3 No. 3, pp. 61-77.
- Hofstede, G. (2001), *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations Across Nations*, Sage, London.
- Holbeche, L. (2001), *Aligning Human Resources and Business Strategy*, Butterworth-Heinemann, Oxford.
- Holloway, J. (2009), "Performance management from multiple perspectives; taking stock", *International Journal of Productivity and Performance Management*, Vol. 58 No. 4, pp. 391-399.
- Homans, G.C. (1961), *Social Behaviour: Its Elementary Forms*, Harcourt, Brace and World, New York, NY.

- Johnson, G., Scholes, K. and Whittington, R. (2005), *Exploring Corporate Strategy*, Prentice-Hall, Edinburgh.
- Kaplan, R.S. and Norton, D. (2007), "Using the balanced score card as a strategic management system", *Harvard Business Review, Managing for the Long Term*, July/August, pp. 1-14.
- Kerr, S. (1975), "On the folly of rewarding A, while hoping for B", *Academy of Management Journal*, Vol. 18, pp. 769-783.
- Kessler, I. (2000), "Living with the enemy: performance related pay", *Oxford Magazine*, Forth Week Hilary Term.
- Latham, G. and Pinder, C. (2005), "Work motivation theory & research at the dawn of the twenty-first century", *Annual Review of Psychology*, Vol. 56, pp. 485-516.
- Maier, N.R.F. (1958), *The Appraisal Interview*, Wiley, New York, NY.
- Marx, K. (1969), "The eighteenth Brumaire of Louis Bonaparte", in Engels, F., Marx, K. and Feur, L.S. (Eds), *Basic Writings on Politics and Philosophy*, Doubleday, New York, NY.
- Meyer, C. (1994), "How the right measures help teams excel", *Harvard Business Review*, Vol. 43, pp. 123-129.
- Mullen, E. (2010), "Fairness and groups", *Research on Managing Groups and Teams*, Vol. 13, pp. xiii-xxvi.
- Neeley, A. (1998), *Measuring Business Performance*, Economist Books/Profile, London.
- Oliver, J. (1996), "Cash on delivery", *Management Today*, August, pp. 52-55.
- O'Neil, G.L. (1995), "Linking pay to performance: conflicting views and conflicting evidence", *Asia Pacific Journal of Human Relations*, Vol. 33 No. 2, pp. 20-35.
- Payne, S.C., Horner, M.T., Boswell, W.R., Schroeder, A.N. and Stine-Cheyne, K.J. (2008), "Comparison of online and traditional performance appraisal systems", *Journal of Managerial Psychology*, Vol. 24 No. 6, pp. 526-544.
- Porter, L.W. and Lawler, E.E. (1968), *Managerial Attitudes and Performance*, Irwin, Homewood, IL.
- Prowse, P. and Prowse, J. (2009), "The dilemma of performance appraisal", *Measuring Business Excellence*, Vol. 13 No. 4, pp. 69-77.
- Rowland, C. and Hall, R. (2010), "Teaching managers: learning, research and workplace practice", *Journal of Management Development*, Vol. 29 No. 9, pp. 828-839.
- Simmons, J. (2008), "Employee significance within stakeholder-accountable performance management systems", *The TQM Journal*, Vol. 20 No. 5, pp. 463-475.
- Soltani, E., van de Meer, R., Williams, T.M. and Lai, P. (2006), "The compatibility of performance appraisal with TQM principles – evidence from current practice", *International Journal of Operations & Production Management*, Vol. 26 No. 1, pp. 92-112.
- Suliman, A.M.T. (2007), "Links between justice, satisfaction and performance in the workplace", *Journal of Management Development*, Vol. 26 No. 4, pp. 294-311.
- Townley, B. (1993), "Performance appraisal and the emergence of management", *Journal of Management Studies*, Vol. 30 No. 2, pp. 221-243.
- Wiese, D.S. and Buckley, M.R. (1998), "The evolution of the performance appraisal process", *Journal of Management History*, Vol. 4 No. 3, pp. 233-249.

Further reading

- Hofstede, G. (1980), "Motivation, leadership and organisation; do american theories apply abroad?", *Organisational Dynamics*, Summer, pp. 42-63.

About the author

Caroline Rowland is Professor of Leadership & Management and Sub Dean at the Faculty of Business Enterprise and Lifelong Learning, University of Chester. Her qualifications include an MBA from Henley Management College and a PhD from the University of Manchester. Her interests and research are in the areas of performance management and also in organisational culture. She has acted as adviser and consultant to the aerospace industry and to many schools and higher educational establishments. She is presently on the advisory board of the Essex and Drake Consultancy group based in Silicon Valley. Caroline Rowland can be contacted at: c.rowland@chester.ac.uk