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Approaches to performance appraisal in TQM-driven organizations: does control vs learning approach matter?

Abstract

While prior research studies provide insights into how Total Quality Management (TQM) and Performance Appraisal (PA) are incongruent, they rarely offer any compelling evidence that identifies the reasons behind the incongruence. We argue that the 'why' of TQM goals (i.e., control and learning) have consequences for the PA processes and purposes. Drawing from attribution theory and the duality inherent in TQM, our aim is to investigate how an organization's preferred approach to TQM could result in different PA processes and purposes particularly in relation to the manager's understanding, diagnosis and attributions of employee performance variation. To reach this purpose, a qualitative, inductively oriented investigation was conducted. Our findings suggest the disutility of a unilateral focus on either control or learning in terms of designing a PA system solely for the purpose of supporting one goal at the expense of the other. Rather, mutual understanding of the causes of performance variation and a recognition of shared responsibility for performance outcomes should become the core of the organisation's approach to TQM – if the PA system is to achieve the aim of continuous quality improvement and learning. We also present several working propositions that not only delineate how each goal of TQM could lead to different PA processes and purposes but also are of value to guide future research.

Keywords: total quality management, performance appraisal, control, learning, attribution theory, qualitative case study