Performance Management – Where Next?
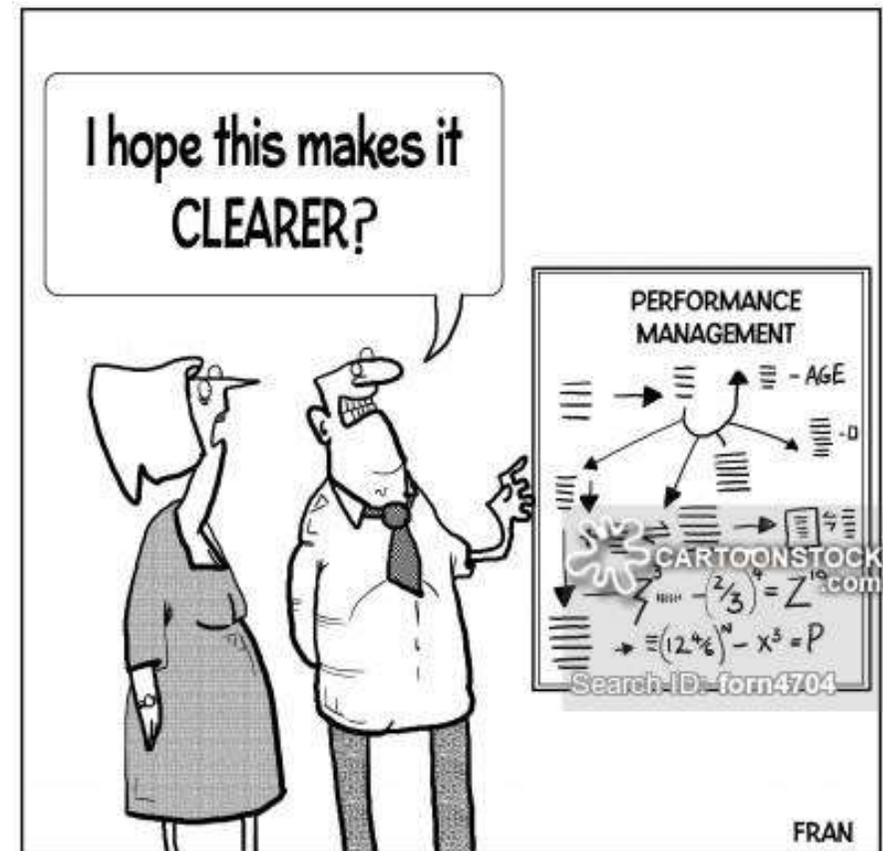
DR SAMANTHA EVANS

Why performance management?

❑Topical – CIPD Research Report: "Could do better? Assessing what works in performance management", December 2016

❑Important

❑New challenges e.g. ethics & sustainable performance

❑Problematic & challenging

❑Me!

Our session

❑ Performance management research – a quick academic history

❑ Your turn – current practices

❑ Theory & current research

❑ Your turn – using theory to inform practice

❑ Concluding comments

Performance management:
what does it do?
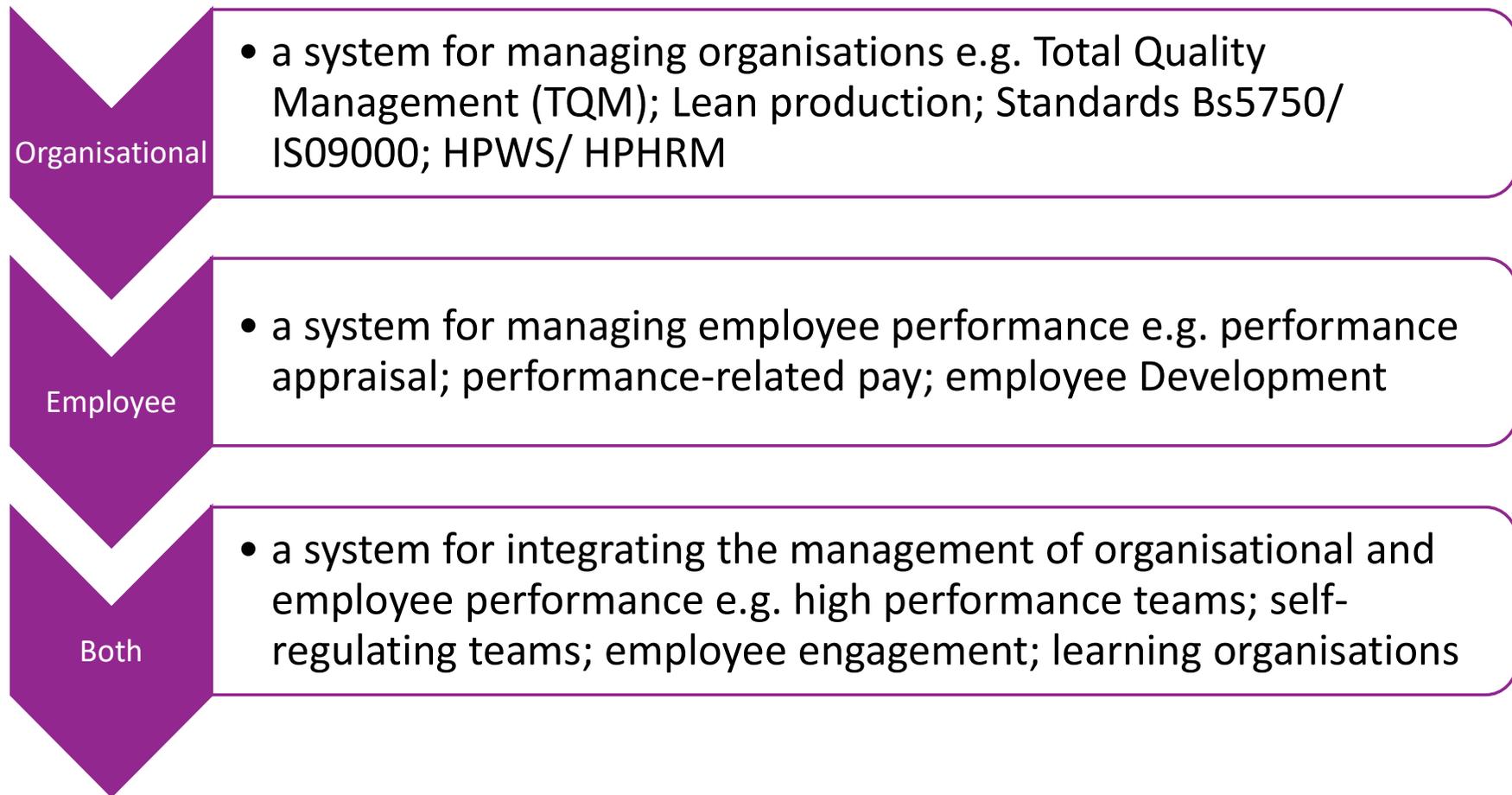## (or rather……what is it supposed to do?)

1. Improve performance

2. Establish objectives

3. Hold people to account

(Hutchinson, 2013)

Performance management: what is it?

Organisational
- a system for managing organisations e.g. Total Quality Management (TQM); Lean production; Standards Bs5750/ ISO9000; HPWS/ HPHRM

Employee
- a system for managing employee performance e.g. performance appraisal; performance-related pay; employee Development

Both
- a system for integrating the management of organisational and employee performance e.g. high performance teams; self-regulating teams; employee engagement; learning organisations

The academic literature:
a historical context of the (Bititci et al, 2012)

Productivity management
- Industrial Age - mass manufacturing & specialisation of labour

Budgetary control
- Emphasis on financial indicators of performance - 1950s

Integrated Performance indicators
- e.g. balanced score card (Kaplan & Norton, 1992, 1996a, 2001)

Strategic alignment
- With organisational strategy & goals
- With human-resource based performance management systems

Performance management: more recent research

- ❑The challenge of service & knowledge driven economies (Ostrom *et al.* 2010)

- ❑ The context of public sector (Craig et al, 2014); organisational boundaries (Kroes and Ghosh, 2010); SMEs (Herbane 2010)

- ❑Increased focus on sustainability (Lubin and Esty 2010;Martin et al, 2016)

- ❑The issue of performance measurement e.g. learning versus control (Davenport *et al.* 2010) & calls to abandon performance measurement (Johnson and Broms 2000)

- ❑Pressure to demonstrate a HRM – performance link (Thompson, 2011)

- ❑ HRM accused of becoming "a servant to short-term performance goals & the mantra of shareholder logic" (Marchington, 2015)

What's my contribution?

Samantha Evans - Outlook ✕ | Management Learning-2 ✕ | how to take a screensho ✕ | Mail - Samantha Evans - ✕

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Article

Agency theory and performance appraisal: How bad theory damages learning and contributes to bad management practice

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Samantha Evans
University of Kent, UK

Dennis Tourish
Royal Holloway, University of London, UK

Abstract
Performance appraisal interviews remain central to how employees are scrutinised, rewarded and sometimes penalised by managers. But they are also often castigated as ineffective, or even harmful, to both individuals and organisations. Exploring this paradox, we highlight the influence of agency theory on the (mal)practice of performance appraisal. The performative nature of human resource management increasingly reflects an economic approach within which its practices are aligned with agency theory. Such theory assumes that actors are motivated mainly or only by economic self-interest. Close surveillance is required to eliminate the risk of shirking and other deviant behaviours. It is a pessimistic mind-set about people that undermines the supportive, co-operative and developmental rhetoric with which appraisal interviews are usually accompanied. Consequently, managers often practice appraisal interviews while holding onto two contradictory mind-sets, a state of Orwellian Doublethink that damages individual learning and organisational performance. We encourage researchers to adopt a more radical critique of appraisal practices that foregrounds issues of power, control and conflicted interests between actors beyond the analyses offered to date.

Keywords
Agency theory, motivation, performance appraisal, power, control

Your turn!

1. What are the performance management practices within your own organisations?
2. What are the key challenges inherent to your performance management practices?
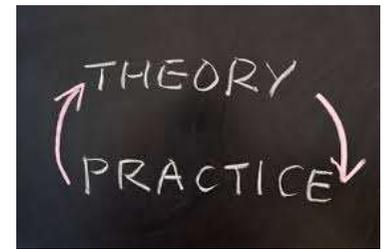
The theory underpinning practice

WHY IT SHOULD WORK

- Goal setting theory (Locke and Latham, 1990)

- Expectancy theory (Vroom, 1964)

- Equity theory (Adams, 1965); Social comparison theory (Festinger, 1954)

- Agency theory (Jensen & Meckling, 1976)

- AMO Model (Boxall & Purcell, 2003)

WHY IT DOESN'T ALWAYS WORK

- Goal setting theory (Locke and Latham, 1990)

- Expectancy theory (Vroom, 1964)

- Equity theory (Adams, 1965); Social comparison theory (Festinger, 1954)

- Agency theory (Jensen & Meckling, 1976)

- AMO Model (Boxall & Purcell, 2003)

- Stewardship theory (Roberson et al, 2007)

The academic research:
the design of performance management systems

❑Little evidence of the link between performance management systems and increased performance (DeNisi and Smith, 2014)

❑A continued focus on results orientation (Monks et al, 2012) & short term measures (Antonsen, 2014)

❑The challenge of translating employee motivation & engagement into performance (Boxall & Purcell, 2003; (Jensen & Meckling, 1976; Vroom, 1964)

EMPLOYEE PERFORMANCE
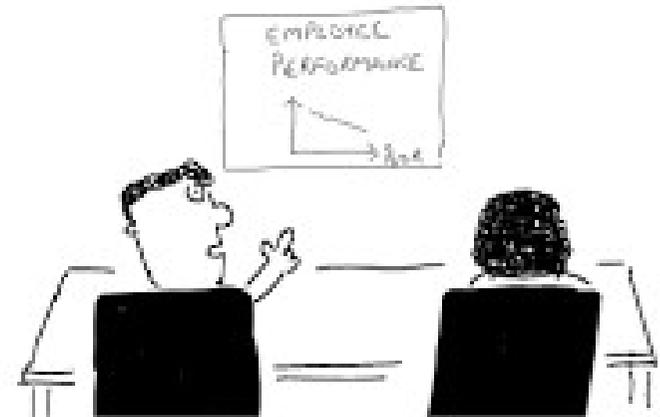
...I have been using the same graph for last 5 years irrespective of how they perform...

Brainstuck.com

The academic research: barriers to effectiveness

❑The gap between intended & implemented performance management (Camps & Luna-Arocas, 2012)

❑The role of line managers (Evans, 2015)

❑Resources needed to support performance management systems (Evans, 2016)

The academic research: contextual challenges

❑The increasing diversity of workforces and workplaces (Wilson, 2010)

❑The role of power differentials (Evans and Tourish, 2016)

Your turn!

1. How can you use the theory and current research findings to inform practice within your organisation?
2. How would you change your organisation's current practice?

What next?

❑Managers continue to be encouraged to keep hoping that things will improve & to look for more fixes e.g. CIPD 'Could Do Better?' Report

❑Some changes are evident in the corporate world e.g. Accenture; Adobe; Microsoft, GE, Netflix (Burkus, 2016)

❑Moves towards informal & ongoing discussions & less forced rankings (Kinley, 2016)

❑Is it true that the ultimate success of organizations lies in "leveraging the human ability to take initiative, to cooperate, to learn" (Ghoshal, 2006:42)?

❑Therefore, rather than looking to keep 'fixing' performance management should we look to devise systems & processes that are based on trust to reduce any power differentials (Evans & Tourish, 2016)?

Fundamentally………

"As the world around us changes so should our theories and our practices."
(Evans and Tourish, 2016: 16)

THANK YOU!

ANY QUESTIONS?
S.J.Evans@kent.ac.uk

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