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The Myth of Performance Appraisals

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PURPOSE AND ORGANIZATION

Research Setting

I studied a regional headquarters of the engineering division of a large company, ZY&Y. The location employed approximately 1100 supervisory, technical, professional, and clerical personnel, providing equipment engineering services and sales support to communications customers in five midwestern states. The unit had a functionally structured hierarchy, exhibiting many features of Weber's bureaucratic model of administration. The details of the structure are amplified in Chapter 4.

Although the setting was a profit-oriented business, the researcher can argue that the evaluation problems, process, and consequences found here also apply to non-profit settings like schools, colleges, and social welfare agencies. The study is informed by data from these settings to enlighten the research process.

Research Problem

During the past five years, I worked as the management contact for all issues relating to our local union. During this assignment, I continued to hear complaints about the evaluation system used to rate the group represented by our union, i.e., the Engineering Associates (EA). Surprisingly, the criticisms came from both union representatives and the managers with the task of appraising the EAs. In fact, many managers griped about their own treatment in the evaluation process. The appraisal issues are so pervasive and persistent that they seemed a fitting topic for research. Thus the problem of this study was to describe and explain the construction and use of performance appraisals in the engineering unit of a large corporation. More specifically, I analyzed the evaluation process to determine:

> How an appraisal was produced? By Whom? Under what conditions? What impact did evaluations have for individuals and the organization? What did evaluations mean? What assumptions surrounded the evaluation process?

The research produced data which described and explained the structure, process, and belief system of evaluation at the organizational and workplace levels and explored alternative evaluation structures to change the balance of power between worker and manager.

<u>Dueling Perspectives</u>

Performance appraisals were studied from two distinct perspectives: (1) a management (administrative) and (2) a sociological viewpoint. Management, as a group of power producing actors within organizations, define appraisals as <u>tools</u> to measure, develop, motivate, promote, measure, place, train, discipline, terminate, or reward employees. Evaluations are means to manage the organization and make a profit for the company. Much of the mainstream management literature defines and accepts appraisals as a tool to provide fair rewards and to develop employees. (Gibb, 1985; Graves, 1982; Levine, 1986; Reed & Kroll, 1985). (The critical view, which concludes that appraisals are politically negotiated, subjective control devices, is not usually presented here (Fischer & Sirianni, 1984; Edwards, 1984)). Management articles aimed to improve, not question, the basis of the existing practices. Performance evaluations are accepted as normal, ordinary factors of organizational life. The focus of articles is to find a better, i.e., more rational way to produce evaluations -- conduct interviews, write-up appraisals, and measure performance. The underlying assumptions of what appraisals represent are not considered.

In contrast, sociologists see performance evaluations as products of social factors such as cooperation, negotiation, and conflict with layers of unexplained and implicit meanings. To sociologists, appraisals are cultural products that provide data to examine issues like power, inequality patterns, processes of labeling, legitimation, and decision-making; structures of opportunity and reward; construction of shared conceptions like efficiency or productivity, and conventions to produce a completed appraisal (Becker, 1986). A growing number of writers (Fischer & Sirianni, 1984; Goldman & Van Houten, 1977;

Hyman, 1975; Benson, 1977; Smircich, 1983) have criticized the traditional, predominant approach to studying organizations where problems are framed as disruptions in the rational, taken-for-granted features of organizations. The critical view rejects Weber's rational model and proposed examining the forces that produce organizational realities like goals, technology, appraisals, and structure instead of accepting them as givens. In the new view organizations are not merely tools for efficiency, but the setting and means for obtaining personal, group or class interests (Fischer & Sirianni, 1984).

Why a Problem? What's Wrong with Appraisals at ZY&Y?

The essence of the problem is that managers' conceptions of evaluations are instrumental, political, and narrow and contain taken-for-granted assumptions, hidden agendas, and unexplained meanings, creating problems which sociologists can explain through research and theory construction. Management values are geared toward achieving greater efficiency and profits, while there are contradictions between the intentions and consequences of appraisals, between what people did and what they said. These points are developed in Chapters 6 and 7. The problem for the researcher is to go beyond the common sense explanations and examine the process that produced conceptions like "efficiency" or "performance appraisal" and explain which definitions the organization is using. The following discussion is based on initial observations in the organization and highlight a number of significant issues and processes.

Objectivity -- Subjectivity

Organizational actors assume that appraisals match performance. If someone performed well, they expect to have a higher appraisal than an employee who achieved less. Appraisals are also viewed as fair and objective, measuring concrete, observable behavior (Scott & Dornbusch, 1967). Yet a major complaint from subordinates is that the majority of appraisals are subjective and judgmental based on hunches, and personal feelings rather than observable behavior, measured against a recognized and publicly accepted standards. Appraisal write-ups do not match performance levels that members expect, based on activities stressed by the department (production and quality).

System Limitations

Appraisals tend not to reflect legitimate performance levels because management review systems arbitrarily impose bureaucratic constraints on the number of people who can be placed in each performance category. Managers decide, for example, that only 20% of the universe, based on a rank order of performance, can be rated as "outstanding". The definition of performance then becomes a statistic, in this case, the top 20% of the rank order list. Appraisals are more than tools to evaluate workers, but also a means to locate people in a hierarchy of value to the organization (Feldberg, 1984; Mahoney, 1983).

Visibility

Evaluations tend to be inaccurate because not all behavior is seen or known by the supervisor. An employee may train new workers, facilitate information flow, and work toward meeting "team" goals, and yet receive only an average appraisal because the evaluator is not aware of all the person's activities. Contributions then exist only when they are recognized and noted. Kanter (1977) refers to a similar process when she explains organizational power -- to have power one has to do important tasks, but these activities must be visible to others in positions of authority.

Evaluation Criteria

Appraisals generate contradictions in rules and underlying values. Even though departments indicate through financial reports and results meetings that production and quality are key survival variables, appraisals are not based solely on these facts. When union reps "grieved" appraisals, managers stress the overall contribution of the employee (e.g., problem-solving, production, initiative, potential, etc.) to counter an argument that someone should be rated higher because he/she had high efficiency. At this point, efficiency becomes only one of many factors, while prior to this, production is the main driving value of the unit.

The Engineering Associate (EA) position uses some precise measures of performance, like efficiency, quality, and cost reduction savings, yet managers decide to offset these criteria with more subjective (i.e., less verifiable) variables, such as, relations with customers, problem-solving, initiative, and relative contribution to organizational results.

The appraisal decision can be explained by several arguments. Managers want to control evaluations and the resulting salary increases. It is like saying, "we shape the rules of the contest, so we can determine the rewards". Second, supervisors' contention and union representatives' comments support the argument that many uncontrollable facts like inadequate resources, difficulty of work, and demanding customers result in a distorted and unfair account of performance through the use of solely objective measures like efficiency and quality.

The Union reps frequently argue that appraisals are much too subjective and influenced by supervisor's prejudices and shifting values to be an accurate reflection of a worker's contribution. Managers acknowledge various appraisal shortcomings, but hold that it provides the best available basis for rewarding performance through a merit-based reward structure.

Hidden Beliefs

Appraisals have been a taken-for-granted aspect of most jobs and the process of their construction is lost in the everyday life of organizations. They reflect the culture and ideology of the organization without usually being the subject of inquiry (Trice & Beyer, 1984). Employees accept appraisal systems, with discrete levels of performance, which reflect stratification system (structured inequality) of the organization. In this light, appraisals can be seen as control systems in all types of organizations.

What's the Big Deal Over Appraisals?

Performance evaluations have been used widely in organizations to measure performance, grant salary increases, promote, demote, or terminate employees, and to generate data for career development.

Virtually all occupational categories of employees experience and are subject to appraisals. Some groups, like hourly workers, are more affected than others because they experience a constellation of factors known as "blue-collar stress" (Shostak, 1980), which has an immediate effect on their job security status. Workers in routinized jobs are blamed for low motivation instead of inadequate job knowledge when there are performance problems. In addition their efforts are devalued because the technology they use makes their job functions routine. Supervisors tend to use harsh, direct orders instead of an "asking" style associated with non-routine work (Kipnis, 1984). Professional employees also have negative reactions to evaluations because autonomy and esteem are threatened rather than enhanced by the review process.

Appraisals affect a number of reward aspects of organizational life. Annual salary increases are directly linked to one's appraisal -- a favorable review increases the chance of receiving a large increase, while low or poor performance ratings reduce or eliminate the opportunity to participate in the distribution of rewards.

Performance reviews also label the employee and establish an historical base, creating a reputational frame to decide lateral or upward movement into new jobs. Employees are classified as "strong" or "weak" in various job skills and this label remains with the person, making it difficult to alter future perception patterns. Individuals who do not conform to the set of organizational rules are seen as "deviant" as they vary from managers' norms and expectations (Becker, 1973).

Building on an interactionist approach (Scott and Lyman, 1968), I argue that employees can be seen as resorting to two types of accounts in reacting to appraisal discussions:

1. Excuses -- employees acknowledge that some behavior or results are undesirable but deny responsibility. The person may explain how various organizational factors -- lack of information, conflicting goals -- reduced their responsibility for various performance outcome, such as, sales volume or the timeliness of reports.

2. Justification -- the employee accepts responsibility for poor performance -- low productivity, inferior quality -- but denies that these behaviors should be seen as wrong or troublesome. They will claim that the department or customer was not harmed by their performance so no infraction occurred. The employee may go on to say that his/her actions -- taking risks, trying new techniques -- are in fact worthy of praise instead of blame.

Contributions to Theory and Methods

The study investigates a seemingly rational product -- performance evaluations -- through an examination of the non-rational features of organizations. This approach uses a perspective that combines three models: power/conflict, open systems (contingency-dependency) and social construction. Each of these offers explanations that are more congruent with the reality of organizational life as experienced by actors at various levels in the hierarchy. The research shows the richer, more insightful power of the three models when compared to the efficacy of rational or "management" theory, the historically dominant organizational model which presented performance appraisals as a tool to make both the individual and organizational more effective. Chapter 8 concludes with an extended discussion of the application and integration of the above three theories.

The research method studies the appraisal process as a "unit of activity" that is socially produced by degrees of cooperative behavior with resulting consequences for actors and organizations. The research design is a case study to develop a theory of evaluation to account for the pattern of appraisal placement found in the Engineering unit of a complex organization. The design further adopts theories from other fields of sociology for use in analyzing organizational settings. For example, Becker's (1973) work on the nature and construction of deviance -- those in power make rules and define who has broken them -- is applied to organizations to explain why some employees are not rated very high -- they did not follow the rules of the dominant coalition -- management. Another example is Brunvand's (1981) collection of urban folk legends which show that stories about unverified events act as a channel for beliefs and sources of social control. Organizational stories create and reinforce the rewarding of one type of behavior -- compliance -- and punish other activities (e.g., "cheating" on expense vouchers). Also included in Chapter 8 is insight from Scott's (1985) analysis of peasant resistance. This comparison is used because my research documented an on-going conflict between managers and subordinates which shared features with Scott's study of peasant resistance to landlords' unilateral decisions.

Finally, the research offers managers alternative procedures to the existing methods for conducting performance evaluations and interviews. These new approaches are based on data from participant observation and the experiences of the subjects. Exposing the hidden values and processes of evaluation can lead to suggestions for new appraisal methods to lessen the inequality of power between the supervisor and employee, between the rater and ratee.

Type of Study

The study uses a descriptive and exploratory research design, based in a field setting, to capture "the patterns of interaction in a particular context" (Golden, 1976). The strength of this approach is to chart the complex day-to-day behavior of actors in actual settings, which makes for a richer pool of data for interpretation and theory building. Even though the researcher is a participant in the setting, this approach provides the opportunity to explain the complex and ambiguous actions that define and constitute the evaluation process. Prior knowledge of the setting offers clues to guide the data collection, the explanations of organizational products (e.g., performance appraisals) and alternative evaluation approaches which the researcher developed as a result of the study.

Framework of Analysis

My research began with the goal of describing and explaining the structure of the Engineering unit, its dominant belief systems, and the process used to construct performance appraisals. Chapters 4, 5, 6, and 7 fulfill that purpose of the research. However, in the course of interviewing and analyzing, I formulated a new central conclusion about appraisals which incorporates the original objectives and functions as the main argument and framework for the dissertation.

My argument is that performance appraisals are a <u>myth</u> of organizational life, revealed through several key variables: the <u>structure</u> of the organization, including the culture of <u>control</u>, which provided the context for appraisals; the unit's values or <u>beliefs</u> which explain and organize appraisal behavior; and the <u>process</u> or activities managers use to produce appraisals. The key question of my dissertation is: <u>How do appraisals reflect organizational myths?</u> I have concluded the following points from my research:

* Appraisal placement does not match the "reported" contributions of employees. Inconsistencies exist between cell placement and verbalized judgments of performance -- those assigned low levels are often described as high performers. Employees expect larger rewards for their contribution; the "psychological contract" of the

utilitarian model (Etzioni, 1961; Schein, 1980) is not upheld by the Company.

* The managers' need for allocation of evaluation categories has priority over the talked-about need for accurately measuring contributions; bureaucratic methods, rather than performance, are used to slot or appraise employees. The culture places the managers' convenience in determining appraisals before the expressed concern for accuracy of cell assignment.

* Political and power issues rather than performance mediate or filter behavior into appraisal categories. This introduces the question: What do actors mean by <u>performance</u>? Cell placement reflects the interaction of other variables (e.g., allocation, conflict, power, bargaining, uncertainty), rather than just "behavior" or performance.

Each of the key variables mentioned above -- structure, control, beliefs, and process -- are examined in a separate chapter to illustrate important issues, what actors said, and what this means for the organization. Figure 1 illustrates the framework for analysis.

Figure 1

FRAMEWORK FOR ANALYSIS

STRUCTURE
CONTROL
CONTEXT

Uncertainty/Variation **Bureaucratic Methods** **Size**

Union-Management Conflict **Careers**

Context **Information/Knowledge**

VALUES and BELIEFS

Safety **Production, Quality, Achievement** **Equity**

Convenience **Fatalism** **Work Habits** **Time** **Myth**

Feedback **Qualities** **Rewards** **Limits**

PROCESS

Power **Political Tactics (Coalitions)** **Uncertainty**

Social Construction **Decision-Making** **Games (Cue)**

Conventions, Practices and Special Language

For example under **structure** (Chapter 4), I discuss uncertainty, size, careers patterns, union-management conflict, and general bureaucratic features. The chapter on the culture of **control** (5) grew out of an analysis begun in the previous chapter. The chapter on **beliefs** (6) discusses the dominant values impacting on the Engineering unit. These include equity (fairness), production (achievement), safety (security), and convenience. The **process** chapter (7) examines a number of issues: uncertainty, and use of power and political tactics; decision-making models; the social construction of appraisals and the use of appraisal conventions and language.

Chapter 8 includes a review of the theoretical issues so the findings can be applied to other organizational settings. These issues include: **decision-making** (Thompson, 1967; Cohen and March, 1972); power and control (Pfeffer, 1978; Kanter, 1977; Domhoff, 1979; Kipnis, 1984; Mechanic, 1962); **game**-like quality of appraisals (Pugh and Hickson, 1989; Buroway, 1979); **uncertainty** (Pfeffer, 1978; Scott, 1981; Cohen & March, 1972); **conflict** (Edwards, 1979; Fischer and Sirianni, 1984; Hill, 1981; Hyman, 1975); **social construction** (Becker, 1973, 1982, 1986; Goffman, 1959; Blau, 1967; Berger and Luckmann, 1967); **career structure** (Becker, 1956; Kanter, 1977; Brass, 1984); and **myths** (Meyer and Rowan, 1977; Brunvand, 1981; Dowling and Pfeffer, 1975; Ouchi and Wilkins, 1985; Scott and Lyman, 1968; Smircich, 1983; Trice and Beyer, 1984; Van Maanen, 1976). Each of the four main data analysis chapters (structure, control, beliefs, and process) contains an introduction to its key issues, actors' quotes, and charts to summarize findings.

CHAPTER 2

THEORETICAL PERSPECTIVES

Two broad areas of literature are reviewed: organization theory to explain power and control issues and cultural or social construction material to examine values and perspectives.

The purpose of this review is to show how previous studies on control and cultural topics raised new issues, defined problems, and acted as a stimulus and provided explanations for the study of performance evaluations. The literature offered a context for understanding the construction and use of evaluations as a social process and means of organizational control. Only a few of the many sources cited made a direct reference to a sociological study of performance appraisals. The literature review provided a link between studies on power, control, and cultural topics (like belief systems, perspectives, and social construction) and the issues of performance evaluations as a product of organizational life.

The material on power and control explored topics like rewards, control, critical research approaches, bureaucratic structure, type of organization and hierarchical positions as they related to describing and understanding evaluations.

The material on cultural topics discussed areas like development of the field and variables such as: myths, legends, beliefs, and comparable worth; the impact of perceptions, definitions of the situation/position; the use of rites, stories, assumptions; and organizational products such as appraisals as outcomes of cooperation.

The literature is organized along arbitrary dimensions of time: "classical" theories on organization from Weber, Marx and Michels precede a longer and more detailed section using "modern" theories from researchers like Edwards, Kanter, Becker, Goffman, Pfeffer, Scott, Deal and Kennedy, Smircich, Etzioni, and Fischer and Sirianni. A brief review of relevant segments of the classical theories is followed by Scott's 1981 historical integration of three theoretical time periods which incorporated many of the concepts found in the early works on organizations.

The third section described features of the Power Paradigm, including critiques of the rational model; sources of organizational power such as position, structure, and resource use; and the impact of reward and technology systems on evaluation practices.

The final section covered cultural dimensions affecting performance evaluations. This literature described recent developments in the field; the use of cultural variables from sociological and management perspectives such as stories, beliefs, rites, and language to explain appraisal practices; and social construction explanations from authors like Becker and Goffman.

A. Classical Perspectives

Marx

Marx wrote about the effect of capitalism on workers from the perspective of the material conditions that surrounded people where one's position in society is determined by his/her relation to the means of production. Someone either owned and controlled the mode of production or worked for and is controlled by the production system. He described two factors to explain his concept of society. The substructure represented the economic base or current mode of production in a society and consisted of two elements: the means and the relations of production. The "means" of production are the technology used to produce goods and services, for example, some societies hunted, others farmed or used machines to produce needed items. The second element is the "relations" of production -- the specific relations developed because of the particular technology utilized by a society. Relations are created between workers, workers and authority, and workers and owners (Giddens and Held, 1982).

The economic base influences the political organization, relations, family structure, and various ideologies or rationalizations for certain actions in society. Marx referred to these products as the superstructure. In one particularly fitting comment, he notes that the class which "controls the material forces of society also rules the intellectual force".

Marx saw class divisions based on man's relations to the mode of production. Those in control formed the ruling class and exploited the propertyless workers who have nothing but their labor to sell. One of the striking ways he described this exploitation is through his concepts of alienation and surplus value. The worker loses his ties to both the product and process of his labor because he has no control over these, forced into a position of remaining a wage laborer to maintain his existence. Work, in Marx's terms, "becomes another's activity." This form of labor produced by capitalism alienates man from nature, himself, and his very nature, which is to control his life. These conditions produce dominance by the owner and private property.

Surplus value is a concept used by Marx to account for the reproduction of the worker as worker and the owner as owner. As mentioned above, the worker's labor power is sold as a commodity to produce goods which have a certain value. In Marx's view the value of labor is set by the time needed to produce something and this is equal to the means of subsistence required to maintain the worker. But the owner saw that he would extract more than the value of the product

-- the cost of material and wages. Any extra value remaining became surplus value or profits for the owner to produce more capital. Thus, the worker is exploited because of his relation to the mode of production and the owner. Marx saw three classes in society based on the capitalist mode of production: wage laborer, capitalist, and landowner. He believed that each class received a specific type of revenue from a differentiated source. The worker received wages from selling his labor power; the capitalist obtained surplus value (profits) from his capital (machinery); and the landowner received rent from his property.

One of the important concepts Marx used to explain change, class struggle, and the transformation of capitalism into socialism is the notion of <u>contradictions</u> found in the capitalist economic system. He described a number of contradictions to explain change and predict the end of capitalism. Although capitalism is based on "private appropriation", it is the "most socialized form of order" found in society, because the structure of capitalism requires cooperation and dependence on one hand, as it attempts to steer itself, while dependent on the worker. The fluctuating nature of the capitalist economy results in large firms expanding during depressions at the expense of small firms. As capitalism expands, it produces more concentration, undermining individual business competition. Alongside these processes, we find workers developing an awareness of their position and of the disparity between the material conditions and existing unequal relations. The very nature of capitalism creates common interests for workers, transforming them into a class for themselves, thus intensifying class struggles, and hastening the end of capitalism (Fischer and Sirianni, 1984).

To briefly summarize Marx's view of inequality or who gets what and why, the main determinant is one's relation to the dominant mode of production. If one owns property and capital, he/she is on top in the capitalist structure. You control the means and relations of production and use the workers as a commodity bought by wages. Workers are in the bottom class with nothing to offer but their labor for a set wage, no longer controlling either the process or product of their work. Since the owners are the ruling class, their ideas are the dominant ones. This stratification system, created by capitalism, will be changed due to the internal contradictions of capitalism, producing greater worker solidarity and growing class struggle until capitalism is replaced by the classless society of socialism, placing the worker in power in a situation of collective ownership. He held that profits, created by surplus value, maintain the system until economic crisis strikes.

Marx's work is important to organizational theory because it provided many of the original arguments used by many post-Weberian writers (Edwards, 1979,1984; Rothschild-

Whitt, 1979; Fischer & Sirianni, 1984; Benson, 1977; Ouchi, 1982) to attack the ideal-type, bureaucratic-rational model that Weber developed. Organizations represent microcosms of the inequality found in society. The bureaucratic model describes and uses concepts like hierarchy, authority, and rules, while Marx's critical view provides the basis for exposing the inequality of most organizations and the reasons for differences in power. His ideas provide a framework to understand that evaluation, although presented as a reward and developmental tool, is a device to control workers and maintain inequality because it is a process of judgment welded by the powerful over the less powerful. The dominant means of production -- capitalism -- produced the values and relations among workers to accept the management device of evaluations to decide who is contributing the most to company goals (e.g., profit-making).

Weber

Weber's contribution to understanding organizations is usually associated with his work on bureaucracy, but I placed this work in the broader framework he used to describe stratification or inequality in society. His model included the features of class, status, and party, which represent or are products of the distribution of power in society. For Weber, "class is an objective feature of economic relations based on property relations" (Giddens and Held, 1982). He informs us that classes are groups of individuals who share similar life chances in work and other exchange relations. In his view people have skills that are treated like commodities and exchanged on the market. So competition in the market influences life chances -- access to and use of resources -- and favors owners over workers, who only have their labor to sell; although free in the legal sense, workers are forced to exchange skills in the market. As society requires more complex skills due to industrialization, one's life chances may improve if one possesses the required skills, or decline if these are missing.

Weber saw status as a set of circumstances or opportunities affecting someone because of a group's or community's "social estimation of honor". Status does not have to be linked with class and both those with or without property could belong to the same status group. Status was expressed in specific cultural "styles of life" expected of people in various positions and is usually based on education, heredity or occupational prestige. Under this variable, people are ranked according to honor or lifestyle. The leader of a community group might have prestige in his group, but little property or economic influence.

For Weber classes are stratified according to their relations to production and acquisition of goods, whereas status groups are ranked by their consumption of goods, seen in various lifestyles. Even though status appears to hold a powerful position in his model, the economic conditions, as with Marx, are the primary variables affecting life chances and status. Weber also recognized that technology and economic change threatened the status order and pushed the impact of class to the foreground. Kerbo (1983) pointed out that status is more important to the primitive, hunting and gathering societies who often honored the best hunter. As societies developed more complex modes of production, status took a back seat to economic conditions.

The third element in Weber's model and more relevant to the present study is party or power for action created by the association of individuals into political groups or organizations. Parties are only possible in groups with rational order and members ready to enforce it. These political associations can present class, status, or mixed types of interests. Parties reflect the stratification formats of the communities they exist in or the structure of domination in society. The important features of party are law, power, and organization or rational order. Besides political parties, these elements most effectively reside in the bureaucratic form of organization as a form of control. Weber's discussion of bureaucracy is linked to his views on capitalism. For him the most important feature of capitalism is "the rationalized nature of capitalist production," which focuses on setting goals and using technology to control nature to meet goals and solve problems.

Weber saw the growth of bureaucracy as a unavoidable aspect of the rationalized nature of capitalist society. He stressed that it is a means of domination and control which is almost impossible to stop. The structure of capitalism needed the bureaucratic form of organization to meet production goals and control workers. Weber saw the effects of bureaucratic form extending beyond industry into all types of organizations: schools, churches, banks, insurance companies. The result is the "expropriation of the worker" from his task -- he loses control over product and especially process.

Also, Kerbo noted above that, historically, Weber's three variables had varying significance during different periods. Class is mores important in the early stages of capitalism; status is mores evident in caste societies; and power is most important in modern societies in the form of bureaucracy. According to Weber, one has various opportunities or life chances because of any or all of the following: <u>class</u> -- based on skills and exchange in market for use by dominant means of production in society; <u>status</u> -- social honor due to occupation, education, or heredity which may conflict with market structure of class; and <u>party</u> -- the power generated by one's position in the dominant organizational form, bureaucracy, which maintains capitalism by controlling output and the worker.

The implications of Weber's model for understanding evaluations is that economic factors, status judgments, and forms of organization affect the power, stratification, and life chances of individuals. People are not expected to have equal amounts of these variables in Weber's model, thus some means to determine individual or group variations in contributions becomes critical and problematic for organizations.

Michels

Michels, a Weber contemporary, provided a number of key insights into the factors that produced oligarchy -- a form of management produced by large organizations. He grounded his argument in historical conditions that led poor, working-class people to form unions as a way to protect themselves from difficult working conditions. Union organizations helped workers, but due to size, cannot adequately represent workers' interests without some form of delegation. As the duties of leaders become more complicated and the need for special skills and knowledge increased, leaders became more professional, are less likely to come from the rank and file, and produced a separation between leaders and followers.

Michels contends that the very existence of large organizations produced oligarchy -- leadership by a few --

and less democracy, a principle that provided the basis for equal representation of the union members. Once professional leaders become established, the "conservative tendencies" of organizations keep them in place. Leaders represent a closed caste; make special arrangements which exclude the masses from their former condition of self-management; worry about being replaced; and develop strategies to keep new leaders out of office. Michels' main point about organizations is that they produced leaders to manage them and, in the process, leaders organize themselves and their own interests. The "masses" tolerate the arrangement and, being passive, allow the leaders' ideas to represent the concern of the workers. He argued that the main cause of oligarchy is the organization's need for leadership. The stages of the leadership process become progressively more rigid, so that which leaders who initially arose spontaneously, become professional and finally entrenched and irremovable.

In a study of ways in which unions can become more democratic, Nyden (1985) offered Michels' views as one explanation for the forces operating against democracy in organizations. Leaders used self-serving practices that are contrary to the political interests of members. The structure of the organization and passivity among the masses are two reasons for leadership of many by a few. Michels' work highlights various sociological factors like organizational size and the resulting specialization which also produces the need for special leader skills and knowledge. Michels also noted the means used by leaders to maintain their positions. This type of analysis gave researchers clues to look for the influence of structural conditions (size of unit) and arrangements to maintain practices, such as those used in performance evaluations. Some questions flow from his theory: How does size of the organization influence methods to appraise performance? Are there arrangements that maintain features of evaluations while concealing employees' true performance or produce results that are contrary to stated organizational goals?

B. Rational, Natural, and Open Models of Organizations

Historically, attempts to explain organizations as instruments for attaining goals (Scott, 1981) by means of formalized rules and were independent of the individual's personal attributes. The idea is to make action predictable through a visible structure that reduces tensions between roles, and allows for orderly succession to jobs.

The rational model is strongly identified with Weber's work on bureaucracy as an administrative model to control large and growing organizations. A number of features illustrate this model and signal it as an organizational form quite different from traditional types. The bureaucratic model has the following features: rules to regulate activity; specific job qualifications; a hierarchy containing levels of graded authority tied to position; decisions based on goals and written documents; separation of an official's private and office lives; specialized knowledge; formal decision-making rules determined by rank; wages based on rank and service; and the use of paid, full-time professionals who had technical competence to replace feudal and patrimonial privileges. Weber noted that bureaucracy is almost impossible to destroy because of its capacity to lock people into positions due to specialization of work, rules and regulations, and impersonality of the structure.

In addition to Weber's contribution, Scott includes under the rational-closed era Taylor's Scientific Management paradigm in which tasks are analyzed (measured and timed) to achieve the maximum amount of production, and people are motivated strictly by economic incentives. In the rational perspective the structural features are tools to realize ends and give a good deal of attention to specification of goals and formal rules. The structure symbolizes order, with an emphasis on control, featuring centralized decision-making, as the way to achieve goals. The rational model, however, ignores both the environment, stressed by Pfeffer's resource-dependency model (1978), and the actual behavior produced by the formal structure examined by the human relations paradigm.

The Human Relations model became popular following Mayo's research into the link between working conditions and productivity at Western Electric's Hawthorne Works during the 1920s and 1930s. What began as a "rational" study, produced the unanticipated finding that people do not act as rational economic actors, but are driven by feelings generated through work relations and settings. People behaved as members of social groups with informal (contrary to formal structure or rules) status hierarchies and leadership patterns (Scott, 1981). The organization is seen as a self-maintaining system which needed to satisfy both internal support goals, and output, rational goals. Under this model, Homans studied group process, while Likert examined leadership patterns. There is a emphasis on building a team to improve output and a movement to change the organization. A great deal of supervisory skills training is introduced to better understand the worker and reduce alienation. (Scott, 1981)

Hill (1981) felt that the Human Relations school is a reaction to the effects of technology on social relations. Conflict would disappear if people would feel a part of the company community. Factors like specialization and restricted interaction on the assembly line led to low morale (Chinoy, 1952). Studies by the Tavistock Institute about the effects of technology on social relations indicated that people became more productive if tasks are satisfying and less fragmented (Trist, 1976).

The Human Relations school is linked to the Durkheimian tradition with its concern for community and attempt to end the anomic work conditions created by technology. But instead of changing the work organization, Human Relations writers made efforts to create a value system which fostered a sense of community, including building teams through group incentive programs and establishing employee counseling departments. This model fits into a larger framework called the Open Systems perspective, where the organization interacts with the environment, monitors boundaries and imports resources from the environment (Scott, 1981). There is a close connection between the state of the environment and that of the organization. In fact Lawrence and Lorsch argue in their Contingency Theory Model (Daft, 1986) that the best way to organize departments depended on the environment. Because the environment varies so much, organizations develop departments with differentiated features, resulting in a greater effort to integrate the parts. A variation of the Open Systems framework, Population Ecology, explains the success or failure of organizations on how well they find a "niche" in the environment and meet a need through its present form (Daft, 1986; Scott, 1981).

This model offered a sharp contrast to the rational model because goals are generated by the environment and not by the organization's objectives and desires for efficiency. Decision-making is no longer as rational and quantified as previously thought. Decisions are now better explained -- they match organizational realities -- by the "garbage can model" where problems, solutions, and resources float freely within the organization. Some problems will eventually link with resources to solve them, but others never will be solved. Resources are wasted waiting for a special problem to benefit from them (Cohen & March, 1972). This concept questions the myth, generated by the rational model, that any problem is solvable given enough time and resources.

C. Power Paradigm

Critical View

From the mid-1970s to the present, researchers looked critically at the rational model. Their attacks pointed out what is missing in the rational perspective and what the power or "critical" approach offered as an alternative.

Benson's (1977) new approach to organizational analysis questioned the production of organizational "realities" like goals, technology, and structure instead of taking them for granted. Researchers are not to ignore the processes (e.g., conflict, negotiations) that produced variables like an organization chart. Benson also saw power as an essential issue which produced other organizational features. He agreed with Pfeffer that the structure is an expression of power, both inside and outside the organization. The rational model studied the orderly patterning of structural features like specialization, centralization, and formalization, as subject, while the power perspective viewed these same elements as a means of social control and not a neutral method for goal attainment as the rational model argued.

In rejecting the Weberian model, Goldman & Van Heuten (1977), described five deficiencies of the rational model addressed in the power paradigm. Studies discuss the <u>history</u> or the ways an organization has changed. Variables like <u>social class</u> (inequality) and <u>conflict</u> are not excluded. A <u>political-economy</u> perspective is used instead of emphasizing micro-analysis, which focused only on the work unit. Studies take a <u>working-class</u> instead of a capitalist perspective, and finally analysis is <u>dialectical</u>, revealing change through conflict and struggle.

Another recent attack on the current state of organizational theory (Fischer and Sirianni, 1984) offered the "critical" or power paradigm as a viable research alternative. Organizations are more than instruments for getting work done, but are means for seeking personal, group, or class interests. Managers set the conditions where production is controlled and distributed to determine what is made and who receives it to meet economic and social interests. According to the authors, Braverman argued that production wasn't arranged to achieve efficiency, but to help managers prevent workers from controlling their own work. Fischer and Sirianni contend that a number of themes divided the critical perspective from the rational theories. They opposed an elitist theory of organizations which defined managers as the most valuable members of the unit and devalued workers. Next they called attention to class conflict because the rational model assumed that corporations and workers shared similar interests which maintained the status quo. The third area involved the limited analysis the rational model afforded to power. Rarely is this topic seen as "domination or coercion", but that's what a hierarchy of positions, control by rules, and a monopoly of knowledge produced. Their fourth factor called for examining power, conflict, and control in their specific social, political, and historical contexts. In the rational models, organizations seemed to evolve by a gradual, natural process of technological and managerial forces, concealing the decisions of the dominant coalitions, generally the managers. The final area called for a new research methodology, using case studies, historical analysis, action research, and participant observation to move from the belief that there is one best structure or process for all organizations.

The comments of the above three groups illustrates the contributions of the power paradigm. Attention is focused on the social and historical context, the political-economy, class interests, and research methods, which are areas not taken seriously before. The power approach has opened up organizational research and questioned many taken-for-granted assumptions of the rational model.

The power paradigm complements the human relations school, but tends to greatly limit the rational model by pointing out major shortcomings. Power and human relations positions share a number of core values which allows them to support each other. In neither case are people seen as purely rational and autonomous, economic actors, but as influenced by internal and external forces. The human relations school accounted for members creating and then reacting to an informal system. Similarly environmental forces cause realignment of structure to match changes in dominant coalitions (Pfeffer, 1978). Also both models are concerned with survival: the human relations school reveals employees forming cliques and informal leaders, using work-saving methods to survive the formal, rational system; the power school demands knowledge of the environment (political-economy) to alter structures to adapt to change and survive. Both of these paradigms used a variety of research methods including case studies, document review, observation, and interviews. Mayo's Hawthorne Studies and Salancik and Pfeffer's (1974) study of resource allocation and power at a university used similar methods. Finally both perspectives, based on empirical data, seem to reflect organizational realities better than the rational model.

Structural Influences

Using rational approaches, structures are patterns of relations among positions, used to produce certain goals. For Pfeffer (1978), structure reflected the outcome of power struggles and conflict resolutions. Power comes from the formal authority of one's position; control over resources; access to key information; and the ability to cope with critical organizational needs and reduce uncertainty from environmental factors like competitors and government regulations. In explaining structures, Pfeffer argued that, unlike the rational model where structures and subunits are designed to meet certain goals, power struggles and conflict resolutions involving coalitions produce a particular structure. For him structure is clearly the result of a political process and not the result of a rational goal-setting process (Pfeffer, 1978). It shows the pattern of control over resources, authority, and decision-making.

Pfeffer (1978) also addressed the organization's requirement to manage interdependence -- the need for workers with different jobs to work together. For him structure -- the product of political contests -- managed interdependence through several means of organizational design.

1. Tasks and Role Specialization -- performing a narrow range of duties makes replacement easier and produces less power. Unique skills increases the power of a position.

2. Vertical Differentiation -- the number of levels or positions affects control because with fewer ranks, people have more control, where with more levels, control is lessened through information distortion.

3. Horizontal Differentiation -- this concerns the number of departments where diffusion creates less power.

4. Rules -- avoids conflict, builds patterns, makes actions legitimate and reflects past compromises.

5. Centralization -- refers to the degree that decision-making is concentrated in unit. In a centralized arrangement, problems are pushed up the organization to be handled by a higher rank.

6. Recruitment -- control attained by selecting people who share similar values (Rothschild-Whitt, 1979).

7. Socialization -- devices like training programs, and media are used to teach new employees the organization's values and expected ways of behaving. (Pascale, 1984)

Mills (1959) took a macro-level view of power when he defined the "Power Elite" as the top leaders from the corporate, military, and political spheres who interacted to maintain the status quo. One process he noted is the common nature of executive skills which allowed the elites to transfer between spheres. An admiral can also be a banker, linking two of the three elite groups.

Brass (1984) used a structural analysis to study the relation between position and influence. He defined power using earlier research: control of resources (Salancik &

Pfeffer, 1977); centrality -- access to resources; criticality -- being irreplaceable (Mechanic, 1962; Pfeffer, 1978), and found that criticality is strongly related to influence.

Kanter's (1977) study of the impact of structures on variables like attitude, mobility, and power illustrated some key features of organizations. An individual's power is a function of his/her position in the system, and the level of opportunity the positions commands. Those in opportunity positions with upward mobility are motivated to succeed, while those without opportunity withdraw and have lower aspirations. Her analysis confirmed that power rests on the ability to handle environmental domain problems, i.e., solve dependency problems and control relevant sources of uncertainty. Internally, power comes from doing something extraordinary, like taking a major marketing risk. Activities build power when they are visible and noticed by powerful people. Also the special, visible activity must be important or critical to the organization.

Inequality Factors

In describing his interactionist theory of deviance (also known as labeling theory) Becker (1973), commented on the effects of class differences. He contends that groups make rules which define situations, and determining what rules to enforce, what behavior is deviant, and who's labeled as an "outsider" are political decisions. Deviance is then the infraction of some rule created by a dominant group in society. He notes there are variances in the application of the rules along class, ethnic, occupational and cultural lines. Who defines the situation is a question of political and economic power. For example, adults make rules for children; men make them for women; whites for blacks; the middle class for the lower class; and managers for subordinates. Rule-making and application reflect power differences between groups and between individuals.

Kanter (1977) developed a structural explanation for the inequality women experience in her study. The small number of women in certain professional jobs produced a "token" status for women, causing them to be perceived mainly in their ascribed statuses of race, sex, and age. Since they are more visible due to small numbers, they held a larger share of attention during interactions. Differences are exaggerated and extremes emphasized. They are assimilated into the group through stereotypes, leading to further distortions. This visibility created a number of consequences. There are performance pressures due to less privacy, a belief that this particular woman represented all women, and undue attention to physical appearances instead of ability. Secondly, dominants exaggerated differences by teasing, making sexual innuendos, reacting to the content of jokes, and maintaining secrets about job performance to keep women isolated. Finally tokenism produced role entrapment, distorting features to fit generalizations. Women are given the wrong identities and treated like secretaries, dates, or wives. They are often trapped in roles that men, the dominant group, can respond to, such as mother, seductress, pet and iron maiden. Kanter also noted that secretaries derived their status from their bosses, who often interacted with them as though they are husband and wife. All of these factors placed women in less powerful positions, but more stressful circumstances.

Resource Allocation Impact

In 1974 Salancik and Pfeffer conducted a study to determine which factors explained the funding allocation for graduate fellowships at the University of Illinois. They wanted to know why some departments had more money to spend. In brief they found the department's ability to provide resources to the larger organization accounted for its power. The most highly correlated resource for power is the department's ability to allocate resources such as acquiring grants and contracts. Power is based on the group's ability to provide resources for the organization, which are critical, important, and scarce. Their research also found that the department is willing to use more power to obtain a scarce and critical resource. Since the group's power increased when it acquired resources, success led to even more power resource delivery. Finally power increased when departments coped with environmental problems like investigations into research proposals.

Rewards, Incentives, and Evaluations

A number of studies described how individual rewards are allocated in a bureaucratic setting (Edwards, 1984). Edwards argued that the organization rewarded workers who showed three types of compliance behaviors:

1. work rules orientation like concern with time, and attendance
2. habits of predictability and dependability like self-control
3. internalization of units goals and values, exhibiting leadership and commitment to culture

Compliance with these criteria is enforced through unequal distributions of rewards, because those who followed the rules are valuable. Edwards found that the incentive structure rewarded the above three control relevant factors and the traits fit different employee levels. Work at the lowest level (hourly) is controlled by explicit rules, while the middle group (white-collar clerical) is controlled by mutual expectations and self-control. The highest level (professionals, managers) is controlled by the lure of accepting the unit's values, "becoming one of them". Rewards are given to those who obeyed the rules.

Other researchers have commented on evaluations, including Rothschild-Whitt (1979) who argued that collectivist units offered a larger variety of rewards than bureaucratic organizations. There are flexible hours, personal use of company cars, and a chance to make decisions that affected them. Evaluations are influenced by supporting the value of community and rejecting the value of confrontation.

Clark and Wilson (1961) argued that organizations distributed incentives to induce members to contribute activity. Cooperation and conflict are explained as competition for autonomy and resources, and all units use incentives as exchanges for contributions. There are three types of incentives available, which vary and fit different types of organizations: material -- money (e.g., business), solitary -- status (e.g., service oriented -- colleges), and purposive -- producing a good (e.g., protest, civil rights).

Kipnis (1984) reported about the impact that routinizing technology has on managers' perceptions of workers. When technology routinized work, control of skilled activities and decision-making are transferred from people to machines. The worker loses bargaining power and skills, while managers control the work flow and become less dependent on the worker's skills. But an even larger consequence is that managers devalue the efforts of those doing routine jobs. Bosses directing these people saw them as less hard-working, loyal, and with less pride. They blamed ineffective performance on the worker's lack of motivation rather than a lack of ability. As the manager gains power, influence tactics shift from request to demands. Bosses of non-routine employees rated themselves as having more influence than supervisors of those with routine tasks. Also the effective worker in a non-routine job gets higher ratings than his routine job based worker. Success is credited to talent and skills more in non-routine settings. Kipnis argued that human adaptation to technology created new situations which shape social relations. Technology changed manager's perceptions about worker's contributions and in turn altered the manager-employee relationships.

Another example of how the power paradigm affects evaluations comes from Etzioni's (1961) work on the link between organizational type and method of employee involvement. Coercive units like prisons force inmates to remain through control of rewards and punishments (Goffman, 1961). Utilitarian types, such as corporations, use contract arrangements and normative units, like religious groups or political parties, use the person's identification with group's values. Each of these organizational types creates a unique set of manager-subordinate feelings. The coercive type produces reactions of dependence, anger, or loyalty; the utilitarian form engenders caution, concern with equity; and the normative type produces involvement, commitment, and dedication.

Scott and Dornbusch (1967) analyzed authority systems by evaluating actors' performance. Problems in the evaluation process make the authority system incompatible with actor's goal attainment, where evaluations are used to distribute unequal rewards. Performance is tied to the raters use of evaluations, and actors valued evaluations because they are linked to rewards.

Evaluators have 4 tasks and "rights" in the process:

1. allocate goals -- determine what should be done.
2. set criteria -- specify desired performance, and which standards to use.
3. sampling -- right to select segments of performance for evaluation.
4. appraising -- right to decide how performance can be judged from sample; apply criteria to reach evaluation.

The evaluation process supported the authority structure because authority (i.e., legitimated power) comes from the position of significant evaluators, whose actions, decisions, and judgments influence the distribution of rewards. They are "authorized" to make these decisions.

An earlier study of bureaucracy (Blau, 1967) provided a functional analysis of the impact of statistical records, as a evaluation device, on behavior and relationships. Blau reported that written performance reports had a number of consequences. On the positive side from management's perspective, he noted that reports control behavior and improve performances as workers receive feedback and then seek to improve to obtain rewards; and improved the boss-subordinate relationship due to the written, visible nature of performance which is measured against bureaucratic standards and not the personal opinions of various supervisors.

Blau noted a number of unexpected consequences from written records. Social relations between interviewers changed from cooperation to competition in making job placements, lowering productivity. The unit experienced "goal-displacement" where the means to improved performance (i.e., appraisals based on written records) became an end itself. Getting a good appraisal is more important than meeting the organization's goals of client placement. Emphasis is now on establishing a good set of performance records than in performing well. Blau found the behavior measured became the important behavior, so what is visible and easy to measure became what the agency treated as important behavior. Also interviewers did not like unrestricted observation of their work and they became afraid to try some techniques, which could aid placements, because they are afraid to fail and hurt their performance status. He also found that new supervisors are more lenient in applying standards because they hoped to establish a set of reciprocal, social obligations which could later effectively control workers. Blau's work illustrates the unexpected consequences of evaluation techniques and the methods workers used to handle this organizational force. He also demonstrated the importance of the variable of visibility, as others have (Kanter, 1977), in determining evaluation ratings.

Kanter's (1977) previously cited work on the impact of the numerical make-up of organizations on groups which are vastly under-represented -- "tokens" -- provided additional insight into the process of evaluations. She argued that the relative rarity of tokens is linked to various problems. Tokens got attention because they are noticed for being "different" from the dominants, resulting in polarization between tokens and dominants and the exaggeration of differences. It is more problematic for tokens to fit in because dominants employed stereotypes related to their social status. These perceptual factors caused a number of problems especially those related to performance pressures. Since their performances are more public, they had less privacy and mistakes became more widely known than those committed by dominants. Secondly, there is undue attention to their physical appearance (e.g., style of dress) rather than their ability. Tokens did not want to succeed too much because dominants looked bad. Faced with these conditions, tokens either try harder or limited their visibility, avoided events, kept a low profile, and avoided risks. The imbalance of numerical proportions in personnel configurations affected the appraisal outcomes for tokens. Their behavior is exaggerated, they are more visible, and as a result their performance is misjudged or they changed behavior patterns to cope with the situation, took a low profile, and received a poorer evaluation because they are not meeting the unit's standards. Kanter effectively argued that structure influenced the interactions of the organization's members, producing negative consequences for some members' performance evaluations.

Another attempt to explain evaluations (Caplow, 1964) compared different occupational groups on the basis of who evaluates, how evaluation occurs, and what is appraised. Caplow pointed out that evaluations are done primarily by peers (professionals), supervisors (bureaucratic organizations), and the public (bankers, political candidates). But he noted that in all jobs co-workers either directly evaluate or affect performance by imposing norms on acceptable performance, as in the Hawthorne Studies where the work group decided how much skill workers could demonstrate. He also noted that some work (professionals) is performed by those whose contributions are seen as not interchangeable, while others (machine operators) used routine skills and are highly interchangeable. In the latter group, factors such as seniority, union activity, personal relations, and education played a more significant role in evaluation. Caplow's main point is that in no situations are evaluations based on skill or performance alone. Factors such as peers, social relations, ancestry, appearance, and age affected the objective judgement of a person's work performance and subsequent appraisal.

D. Cultural Dimensions

Historical Development of the Field

Corporate culture is a relatively new term that may have been coined by Ouchi (1982) when he compared the Japanese and American cultures and offered his Theory Z as an alternative. A number of journal articles referred to this field as "Organizational Culture" which broadens its application to all types of organizations.

An especially helpful article by Ouchi and Wilkins (1985), provided a historical framework to understand the development, major themes, and research trends of the field. They saw organization culture as a continuation of the main line of organizational sociology which focused on the normative bases and shared understandings that regulate social life. Studies revealed the tension over work examined explicit, i.e., prone to measurement, variables versus studies concerned with implicit, i.e., interpretive phenomenon.

The field has its roots in anthropology following both the work of Radcliffe-Brown for his functionalist view and Geertz for his focus on language and symbols. The popular works (Ouchi, Deal and Kennedy) used the functionalist tradition, while Pondy, Smircich (1983), and Van Maanen (1976) are tied to the "semiotic" or language approach.

Ouchi and Wilkins felt that several streams of sociological work influenced organizational culture. Under the explicit vs implicit tension, a number of sociologists emphasized the everyday life aspect of organizations. Goffman felt there is more meaning here; Durkheim held that we know symbolic structure through myths and rituals; and Berger and Luckmann (1967) in describing the social construction of knowledge, supported the use of observational methods rather than statistics.

Studies of the 1950s and 1960s described the impact of informal relations on the formal structure. Although mainstream studies supported themes of rationality, symbolic interactionists focused on non-rational aspects. During the mid-1940s, Simon combined a belief in rationality with observations of "non-rationality" in a school system by stressing the limited information processing ability of people. For the next 20 years, from 1945-1965, the authors found the research continued to reveal tensions between both formal vs informal and explicit vs implicit issues. Case studies now took the researcher's point of view to explain how "irrational" behavior is rational. The beginnings of what would become organizational culture is forming in the non-rational, implied camp. The rational model is incapable of explaining all that occurred. During this period the growing use of computers and increasing popularity of multivariate analysis supported the view of organizations as rational. However, ethnographers and symbolic interactionists (Becker, Roy, Janowitz) produced some notable work in the sociology of occupations during the 1950s and 1960s.

A major break occurred when Cohen & March (1972) observed the resistance of school systems to bureaucratic interpretations, including the idea that Simon's "bounded rationality" concept didn't capture the low level of rational features of school systems. They referred to this condition as "organized anarchies", naming the decision-making process the "garbage can model".

Other studies followed (Meyer & Rowan, 1977) which described formal structure as nothing more than "myth and ceremony" detached from the real activities of actors. According to these researchers, organizations acted in conflict with the technical goals of efficiency. Various myths or unverified beliefs, reflecting environmental conditions, created organizational procedures and structures. This position is contrary to one that attributes causality to factors like the demands of the task, resulting in organizations that do not work like the blueprints used to design them. The authors argued that a number of conditions characterized large organizations: structure did not produce the desired activities; rules are often violated; inefficient methods continued to be used; and inspection and evaluation efforts are subverted.

Structures reflected myths, i.e., the understanding of social life, which identified social purposes as technical goals. Myths defined the appropriate functions, certified professionals, and established rules of practice. They made organizational programs, like appraisals, seem rational and necessary for efficiency goals. Structures are made to fit and accept the myths from the environment, and they explained work activities to internal and external actors, while myths revealed the shared understandings of the unit. Because organizations are closely linked the to environmental domains, they used external criteria of "worth" as a basis to determine the value of contributions to the production of the organization's goods and services.

Success depended on factors beyond efficiency and Meyer and Rowan argued that if organizations match their environment, they had legitimacy and are successful. Another factor is the use of rules to promote trust and confidence in output and to buffer organizations from inspection. Rules can be in conflict with each other and the goals of efficiency, but their value comes from the appearances they generated for internal actors and external constituents. The gain in positive image from using a consultant, for example, counted more toward success than any real measurable gain in efficiency that the consultant could produce.

The authors suggested that successful organizations handle conflicts by "decoupling" structure from activity where managers didn't see or make much of the performance of professionals. There is also less emphasis on the measurement of results and evaluation practices are more of a ceremony than a device to measure efficiency. Goals are achieved through informal activities, and the willingness of actors, trying to make things work out. These last points are similar to other arguments for the utility of cooperative actions in organizations (Becker, 1982,1986). Conflict between goals of efficiency and institutionalized myths are also resolved through building "confidence and good faith" among members. This is achieved through "ceremonial" management which used avoidance, discretion, and the overlooking of contradictions. Evaluation practices are minimized and inspection became a ceremony in order to protect the unit's ability to remain legitimate in terms of the environment's needs.

Meyer and Rowan concluded that the drive toward organizational survival produced decoupling, rituals of confidence, and avoidances of inspection. Organizational actions and programs (e.g., like evaluations) must support environmental myths. To help achieve this, departments remained loosely coupled.

Organizations are now seen as social phenomenon with its own features separate from the environment and desires of individual actors. Some researchers in schools of management moved away from statistics and sought new perspectives and techniques in studying community and occupational structures. According to Ouchi and Wilkins (1985), this break produced the study of organizational cultures around the 1970s. The study of informal organizations, initially a reaction to rationality, is transformed into the study of organizational culture.

Ouchi and Wilkins then addressed the contribution of social psychology to organizational culture. Studies in persuasion, the non-rational features of people, and the impact of stories in decision-making, supported the need for a new paradigm. The authors reviewed the current theory and research in organizational culture. The first body of theory is macro-analytic, which examined the functions of culture in maintaining the group. An example is the typology of rites used to fulfill social functions (Trice & Beyer, 1984). Researchers described the function of the pattern of beliefs, language and symbols in keeping order. The second body of theory, micro-analytic, saw culture as resident in each person and which is understood through sense-making processes. Under this more psychological approach, Schein (1984) viewed culture as the sum of what individuals have learned.

The final section described empirical studies of culture, using a variety of methods, including: survey research, participant observation, ethnomethodology and symbolic interaction. Holistic studies include Van Maanen's work in the socialization of police recruits; semiotic studies, focusing on language and symbolism, are represented by Barley's research of funeral directors efforts to make sense of their work; and quantitative studies, represented by Ouchi & Johnson's work which used questionnaires to describe the differences in the cultures of companies "A" and "Z".

Another attempt to define the theories of organizational culture is offered by Allaire and Firsirotu (1984) who argued that culture is a sociocultural and ideational system. The first system had four branches of emphasis which the authors linked to various organizational theories. In the functionalist branch, culture is a means for a person to cope with the unit's problems. In the Human Relations tradition, it is concerned with the fit between the organization's and member's needs.

The structural-functionalist branch provided an adaptive means for people to live a social life as an ordered community. Organizations are systems with goals and needs. The ecological branch saw culture as a system of socially transmitted behavior relating groups to their settings. Organizations took varied forms as they adapted to the environment and are selected in or out of existence by ecological circumstances. Here we find use of contingency and population ecology theories. The last branch is the historical where culture is produced by the time, circumstances and place of the unit's birth.

Stinchcombe's work on the permanent nature of some organizations fits here, as well as Pettigrew's (1979) description of the origin and development of an organization's culture due to the impact of its founder.

The notion of culture as a system of ideas also has four parts, and this set of theories locates culture in shared meanings, symbols, values and organizational knowledge. These variables are seen as separate from and not in agreement with the social system's structure.

The first branch is the cognitive, where culture is a system of knowledge, containing what one has to know and believe in to operate in an acceptable manner. Studies on organizational climate and learning are found here. The structuralist branch is the second part and held that organizational forms and processes are social manifestations of widespread and unconscious processes of the mind. Schein (1984) touched on this area when he wrote about the degrees of knowing a culture based on artifacts and assumptions. The third branch of ideational theories saw culture as a mutual-equivalence structure -- systems of cognitions (knowing) which allowed people with different orientations to organize and participate in the community. Weick's position that interrelated behavior produced collective structures to meet personal needs and Etzioni's (1961) identification of participant's commitments to the organization fit here.

The symbolic school is the final branch, taking an interpretive view of culture as a system of shared meanings and symbols, where humans act in "webs of significance" they created. Symbols are the raw material for interpreting the ordered system of meaning in interactions. This branch is further divided into three perspectives. The action perspective held that organizations are the result of a mix of variables including their birth, history, context, and technology. Pettigrew (1979), as mentioned before, contended that the organization's founder and its history created culture in the form of symbols, language, beliefs, and myths. The interpretive action perspective emphasized the unit's history, the dominant actor's definition of the situation, and sense-making activities. The last perspective is ethnomethodology where organizations had no external reality, but are "social creations emerging from actors making sense out of ongoing streams of actions". The focus is on how individual actors made sense out of events in the organizational setting.

An interesting note on the symbolic branch is that this dimension is "not necessarily coordinated, consonant, or synchronized with the formal structures, goals, or management processes" (Allaire & Firsirotu, 1984).

The authors found three contributing to culture:

1. Ambient society's values
2. Organization's history and leadership

3. Contingency factors like environment and technology.

The theories they reviewed focused on different parts of the social system. First, culture as a construct found in values, myths, and artifacts. Secondly, culture as a study of individual actors, defining situations and constructing reality, Finally, culture as a set of shared constructions about an organization and how to act in it.

Their view of the field pointed out an often ignored aspect: there may be a tension between the formal, structural part of a unit and its symbolic, cultured side. When markets or technology changed, the organization adapted by altering goals and structures, but these efforts are unsuccessful because the unit's cultural system (e.g., values, and myths) are not congruent with the revised social-structural system, producing coping problems. Trist's study of the social effects of changing coal-mining technology illustrated this point (Trist, 1976).

The conceptual framework presented contained 3 parts: the <u>sociocultural</u>, dealing with structure, policies, control and rewards; the <u>cultural</u>, covering the expressive and affective dimensions in shared symbols found in myths, values and artifacts (e.g., rites, stories); the <u>actors</u>, who experienced the organization and made sense of the events.

In their conclusions, Allaire and Firsirotu distilled the theoretical considerations into a few definitive concepts. Organizations are social creations and at the same time, creators of social meaning. The classical literature defined organizations as mainly sociocultural with the cultural part assumed to agree with the structure. In the final view, culture is a system of symbols, shaped by society, the organization's history, its leaders, and modified by actors making sense of events. This statement succinctly linked the elements of the authors' three part framework.

Cultural Variables

Corporate culture is useful in the study of organizations because it focused on factors usually overlooked, taken-for-granted, considered unimportant, or not seen as legitimate areas of research. The relatively new field looked at implied, interpretative, non-rational features like decision-making and found new explanations: assumptions and stories are used more than measurable, hard data. Through the concept of culture, the life of an organization became an appropriate research topic. This produced new data concerning symbols, rites, stories, and beliefs, and led to questioning the underlying assumptions of bureaucratic groups to uncover how processes really occurred, instead of taking events for granted. The field introduced new metaphors to replace those of the organization as merely a machine or organism, leading to deeper research insights into the meaning of myths, language, and stories. The field has also helped legitimate and validate symbolic interaction and ethnomethodology as research approaches. One of the most significant contributions is its ability to organize and integrate a variety of other paradigms, such as power, ecological, and human relations. These seemingly diverse schools appeared relatively comfortable under the organizational culture umbrella.

Sociological Perspectives

Smircich (1983) discussed how the concept of culture is significant for studying organizations, concluding that various concepts of culture carried different assumptions and produced diverse research agendas. She held that the use of metaphors -- seeing one variable in terms of another -- in researching organizations frame and separate experience. Organizations are described as : machines -- instruments for tasks; organisms -- life-like bodies struggling for survival in changing environments; theaters -- settings to perform roles and dramas, like union-management negotiations; and political arenas -- settings to pursue and display power (Pfeffer, 1978). Each approached offered a different way of knowing the organization.

She proposed 5 different "programs" of research to study organizational cultures. The first is comparative management where culture influenced beliefs in different countries. (Ouchi, 1982) The second program is corporate culture where the organization created a culture (i.e., rituals, beliefs), as a by-product, along with its formal goods and services (Deal & Kennedy, 1982). Culture is viewed as social glue that kept the parts together, in which myths, stories, and language expressed beliefs. Here we find the popular notion, and a value of management, that culture is a tool to manage and change the organization to achieve rational goals. The third program saw culture as a metaphor for seeing organizations, four of these comparisons are described above. The idea is to go beyond the traditional instrumental view and see organizations as systems of shared knowledge and beliefs. The task is to find rules, and research how members saw events. The symbolic perspective, the third part, depicted culture as a system of shared symbols and meanings where the task is to identify shared understandings that oriented social activity. The focus of research is on the way experience became meaningful. Manning's (1977) work on the world of police officers is offered as an example, and he showed how people interpreted their experiences and how this understanding is used to act. The structural and psychodynamic program is the final one in which culture is the expression of unconscious psychological processes, and organizational forms and practices are projections of unconscious processes. As noted earlier, Schein (1984) made a similar point in discussing levels of awareness in knowing culture. Smircich's point is that culture provided researchers with a device to frame the study of organizations differently from the machine and organism metaphors, focusing attention on subjective, interpretive aspects such as, language, and myths.

In related research Pettigrew (1979) examined how organizations created and used culture. He employed a historical approach and found that a strong founder created symbols, beliefs and rituals which changed during "social

As noted earlier, the concept of culture is applied to explain apparently irrational, unproductive behaviors. The authors described six rites used to research corporate culture.

1. Passage -- events that lead to change in role and status. The rite helps a person reestablish social relations. Army induction illustrates the stages of separation (haircuts), transition (new skills -- guns), and incorporation (awards). These activities socialize the recruit into new procedures and language (Goffman, 1961, 1959).

2. Degradation -- used to remove high status people by focusing attention on person, discrediting by use of so-called objective analysis, and public removal. This rite dissolves identities and power.

3. Enhancement -- builds status and motivates through recognition and awards.

4. Renewal -- energize existing social structure through meetings, team building, and QWL (Quality of Worklife) programs. It makes members feel something is being done about the problem, but in cases like QWL, more conflict is generated over union reactions (Rinehart, 1984; Parker & Hansen, 1983).

5. Conflict Reduction -- inequalities in authority and resources produce conflicts which can be disruptive. Bargaining and arbitration present demands used to disguise parties' real position. Fights and late sessions symbolizes resistance, but they actually reflect cooperation. Another rite is to form a committee or task force to hear problems. Use of agendas and minutes bring sense of order to proceedings.

6. Integration -- use of parties, picnics to lessen social distance, and professional conferences to support the myth that people are learning important concepts, provide opportunities for divergent groups to interact more.

Trice and Beyer thought rites led to a "web of meaning" about organizations because cultural variables are linked to other organizational variables. They had clear beginning and ending points and are observable, making them easy to study. Rites also aided the study of change because they worked to block change by preserving social life; remained operative where there is agreement on values; and expressed the beliefs of dominant elites. The authors made a clear and convincing case for using rites to study organizations.

As the discussion showed, researchers studied organizational culture from two main approaches: sociological which dealt with the purpose of structures and processes, and symbolic which focused on shared meanings and attempts to interpret the organization's activities. Methods tended to be qualitative (e.g., interviews, and observation). Some approaches saw culture as a tool to manage the unit as it dealt with the environment. Of all the contributions the field of organizational culture made, one stood out in sharp contrast to the rational model: the exposure of non-rational, implied, everyday life occurrences that proved interesting and brought the field of organizational studies to life.

Management Perspectives

A number of researchers produced works which received wide acclaim from business leaders. These studies usually did not meet the demands of more rigorous academic journals. They fall into the area of "pop" sociology because they treated current issues in a popular, easy-to-read style without technical jargon or a strong theoretical base.

Another feature distinguished them: they framed cultural concepts, rationally, as tools to manage the business, solve problems, and cope with the environment.

A number of recent books appealed to business leaders for their practical advice. Peters and Waterman (1982) described traits discovered when they compared successful to less successful U.S. companies. One of the factors responsible for successful companies is their unique set of cultural attributes which adapted values and practices of leaders whose role is to manage these values. The authors faulted rational models for using too much planning and too little action. People are influenced by stories, a cultural variable, more than empirical data. Leaders defined situations, explained and changed symbols, and gained employee commitment. Strong cultures are associated with successful companies where stories, slogans, and legends are employed to convey the organization's shared values, which then guided action in the unit. The organization is conceived of as "a body of meaning" that must be managed. Culture is seen as a management tool to regulate variables and provide meaning for core business purposes. These notions fit the functional approach of the sociocultural perspective, although this framework is not employed for business leaders who, surely after reading <u>In Search of Excellence</u>, are oriented toward practical action plans. Successful companies had clear values that are known to members through leaders and heroes. Corporate culture called for risk-taking and accepted some failure, thus promoting innovation and creativity.

Pascale (1984) wrote about the need to assimilate new employees into the organization's culture, describing steps of socialization as a "how to" guide. He felt the process produced cooperation and conformity, allowing the organization to work effectively. Some of these steps included:

1. Use of a rigorous selection process so candidates would know the unit's values.

2. Experiences to induce humility, question old values, and accept new norms.

3. Measure results and reward accordingly to promote the group's values.

4. Use of stories to teach code of conduct.

5. Role models to teach promising people successful behavior.

Pascale said that U.S. companies used formal controls to obtain order and culture to manage ambiguity, reduce anxiety, and guard against outside threats. A clear culture helped in the formation of rules and understanding, and career paths revealed what is important and required to succeed. Culture is again conceptualized as a tool to manage, and this time it is anxiety which had to be controlled. Its existence is assumed and its purpose is taken-for-granted. Although no broad framework is described, culture served a functional purpose.

In the past several years a number of Business Week articles dealt with corporate culture. In Byrne's (1985) article about the shift in management approaches at People Airlines by the top man, Burr, due to economic problems, there is only a brief reference to the "family culture" that People had before environmental conditions forced change. The culture at People used a participatory management style, employee-ownership, a flat structure, and job rotation, which all changed when traffic growth failed to keep up with Burr's projected growth in routes and schedules. Culture is presented as an invisible, taken-for-granted factor that is changed by the leader's reaction to the environment.

A second article, "Changing a Corporate Culture" (1984) dealt with Johnson and Johnson's move to more sophisticated technology markets and desire to change its management style and culture. The arrangement required more autonomy, willingness to make mistakes, and more cooperation between units. The company's tradition called for independence but now cooperation is needed. To change this, more employees are moved between companies (cooperation) and information is now exchanged. The article pointed out the need to change the culture when markets or products changed. In this case culture is viewed as a set of procedures for doing business. As discussed earlier, structures may change but cultural practices may not match, causing coping difficulties and the inability to support the system. The article is presented as a successful case of change, but no information on the cultural aspect is developed (Trist, 1976).

The final article described efforts by General Motor's Chairman, Roger Smith, to change GM's culture where there is a need to merge Hughes Aircraft with GM. Smith wanted to cut GM's hierarchy and push decision-making down, while using participatory management. There is a conflict between the two cultures because GM is not a dynamic or risk-oriented. Managers felt tension trying to cope with changes, again indicating that cultural values are not necessarily consonant with new structures. The Engineering group at my location is in a similar situation. There are a number of structural and hierarchical changes, but people still related to supervisors as though they occupied their former ranks. Also decision-making did not take place any lower in the group than before because the reward structure still valued success and not failure. Risk-taking is not rewarded and decisions are still pushed to the top. The article did not adequately explain the concept of corporate culture. It is a way of doing business, found in the reporting structure while culture represented a wider reality.

Deal and Kennedy (1982) wrote a popular, readable and useful book on Corporate Culture. They stressed the impact of strong cultures (i.e., values) on high performance, and the uses of heroes and rituals to pass on beliefs and build commitment. A clear indication that this book is intended to help management included the authors four reasons why it is important to understand culture:

1. It provided ways to <u>manage</u>
2. Systems of informal rules saved <u>time</u>
3. People understood the setting, felt better and <u>worked harder</u>
4. Culture provided standards, so people saw what skills are needed to <u>succeed</u>.

They also described four kinds of cultures which had no relevance to anything in the academic literature cited above. Their categories described "ideal" types of people and ways of coping that did not seem transferable to other organizations. Their groupings might work as a checklist of qualities to start a problem-solving discussion, but not for any serious organizational analysis. Managers had the responsibility of shaping culture, balancing conflicts, and teaching others about the uses of culture, which helped the organization respond to the environment.

<u>Shared Understandings</u>

Some perspectives took a cultural approach to explaining behavior such as problem-solving and decision-making (Becker, 1986). Becker's views on what culture is and how it worked can easily be applied to organizations and evaluations as a cultural product. For him, institutions and organizations are the product of people doing things together. Shared understanding allows the concerted activity needed to do various tasks, including evaluations. These understandings are socially constructed, based on the consensus among participants. Members of the unit agree on the "rules" of the game, and this knowledge becomes a resource to coordinate action. It guides members to do "things" in line with their understanding of shared ideas, which result from interaction, persist and are reproduced after interactions as participants constantly refer to what is known as they solve problems.

To work on organizational tasks, people must know procedures, and common ways to conceive of and respond to situations (Becker, 1986). This exact process can be applied to evaluations as a product. Managers know and use appraisal procedures from the past; they share a common body of knowledge regarding what is "good", "outstanding", or "poor" performance; and they use practices to obtain evaluation levels and communicate them to their subordinates. Becker also contributed to our understanding of evaluations as products of joint activity through his work on art worlds (Becker, 1982). He argued that art or, for my purposes, performance evaluations are the result of joint activity, involving the agreement of actors in a cooperative network. Art worlds or organizations use a division of labor involving the use of shared ideas, time, materials, conventions, and "rules of the game" to produce "art", or in my argument, performance appraisals.

A key to this construction process is the use of "conventions" -- norms, rules, or agreements on how to do things developed through interactions. These agreements guided actors (managers and subordinates) on how to produce an evaluation, its form (e.g., verbal or written with a number of variations), and the typical problems encountered. Conventions also placed constraints on evaluations and indicate when the process is over (Becker, 1982). Just as moviegoers know when a film is over by various visual cues, subordinates know when an appraisal interview terminated by the summary remarks and body movements of the supervisor.

Other aspects of culture involve language which is both a process within and a product of the culture which framed or constructed the world for the actors. Interactions produced and conveyed meanings of situations through the type of language used (Becker, 1982, 1986; Berger and Luckmann, 1967). Specialized types of talk -- <u>accounts</u> -- are ways to bridge the gap between expected and actual, unanticipated behavior (Scott & Lyman, 1968). <u>Justifications</u> are devices that described the act as less wrong than initial appearances, while <u>excuses</u> tried to convince the listener that the act is not completely the fault of the actor. Accounts depended on "background expectancies" or socially distributed knowledge for their acceptability. These shared expectations allowed the development of a "vocabulary of accounts" which became routine within cultures. For example, organizations developed accounts to explain why certain members advanced while others remained at the same level. These accounts included blaming others in the unit, denying that anyone is hurt by an evaluation, and appealing the "fatalistic" nature of the appraisal system.

Two other interesting aspects of accounts to control organizational settings are the status of the account-giver and the change in role identities caused by the process of producing accounts. Accounts worked if they are accepted but one's status mediated that acceptability. If one is in a superior position in the hierarchy, his/her account is less likely questioned by a subordinate, resulting in greater legitimacy for evaluation programs. Also for accounts to function, the actor is in some role recognized by each party. As the account process unfolded, the identities of actors are negotiated as they tried to maximize their gains and minimize their losses through the encounter. (Scott & Lyman, 1968) Accounts are used by both managers and workers to protect themselves -- save face -- and to maintain the system of shared expectations operating the organization.

Goffman (1959) contended that people are aware of the demands of the situation and attempt to manage how they presented themselves to favor their definition of the situation. Organizations are systems of constraint where actors manage or create their image to gain rewards in the system. Earlier Goffman (1952) explained the use of "face-saving" or defensive strategies that individuals used to protect themselves from a loss of status, value, or a change in their image. This action is often necessary when an employee received an unfavorable performance evaluation, or a downgrade into a lower level job. The affected individual could assume a new role such as a medical student becoming a dental student. The person could also tell off the boss or present the situation to the grievance committee. It is also possible to withdraw commitment to goals, conceal information, "play it safe", or keep "2 irons in the fire" to lessen the impact of the loss. Goffman noted that some individuals refused to be "cooled" and continued to complain, performed less of the job, and sought to establish their own status. Organizations exhibited a range of acceptable "cooling out" techniques, similar to those developed by individuals, based on shared understandings of organizational practices, a series of strategies to save face in situations of failure. (Scott & Lyman, 1968)

Turner (1960) noted that cultures stressed either "sponsored" (i.e., pre-selected, closed) or "contested" (i.e., open) mobility rules in selecting candidates for admissions to schools. I applied the concept to organizations and how actors are selected for participation in the distribution of rewards, including promotions. Evaluation conventions (e.g., forms, meeting, lists, cells, and appraisal write-ups) are used to select workers, especially in "contested" mobility structures.

The concept of "comparable worth" extended our understanding of the evaluation process by examining the relation between work or effort and income produced by that work. Mahoney (1983) looked at three schools of thought to develop the idea of comparable worth -- "a measure of individuals and work, a measure that in some way ought to dictate income". The first source is social philosophy which generated related concepts like "social comparison" and "distributive justice". Here people that are "equal in some critical sense ought to be treated equally", and earnings should equal contributions. The second background source is economics which defined comparable worth of people in terms of their value derived through marketplace exchanges. Buyers and sellers assessed the worth of exchanges, based on opportunity costs, and placed different values on the exchange. Mahoney noted disagreement in this theory, contending that the exchange process is not attainable because of political-economy barriers to "mobility, competition, and freedom of access and exchange".

certain groups like women and minorities may be denied entry to occupations, thus reducing competition in those jobs and increasing competition in other occupations. The third source to explain comparable worth came from administrative practices in organizations. Job evaluation techniques are the primary method to determine relative worth of different jobs within an organization. The job is studied to decide the relative worth of that position to the employer. The criteria are arbitrary and based on work inputs like needed skills, responsibility, and physical/mental demands. Work output is minimized in the analysis.

Mahoney argued that the subjective social norms of justice, taste, and preference appear in all attempts to define worth. In his attempt to explain the concept, he mentioned the process of social consensus, which is related to the shared understanding or social construction approaches in explaining behavior or the way activities acquired meaning. From a power perspective, it is critical to note that the worth of a class of jobs or workers is defined by those in power positions, such as personnel specialists or managers who request certain types of jobs for their organizations.

CHAPTER 3

THEORETICAL AND RESEARCH DESIGN

This chapter addresses the issue of how the research problem was approached and the perspective used to study the myth and construction of performance evaluation. Below I describe my theoretical position, beliefs, and methods employed to produce the best results considering questions such as the research problem, purpose, type of organizational unit under study, and specific setting. In other words, this chapter addresses how I saw the social world and planned to collect and analyze data from this world. My theoretical approach to performance evaluations encompasses complimentary features from the following sociological perspectives: power/critical, social construction, and open systems.

Power/Critical

This view, described at length in the preceding literature review chapter, rejects the rational model, which has dominated much of the mainstream management literature, and seeks to examine the social forces that produce organizational variables like goals, technology, structure, and appraisals instead of accepting them as givens (Benson, 1977).

In rejecting the Weberian model, Goldman & Van Heuten (1977), describe five deficiencies of the rational model which would be addressed in the power paradigm. Studies discussed the history or the ways an organization changed where variables like social class (e.g., inequality) and conflict are now included. A political-economy perspective is used in place of an emphasis on micro-analysis which focuses only on the work unit. Studies take a working-class instead of capitalist perspective, and analysis is dialectical, revealing change through conflict and struggle.

Another recent attack on the current state of organizational theory (Fischer and Sirianni, 1984) offered the "critical" or power paradigm as a viable research alternative. Organizations are viewed as more than instruments for getting work done and are means for seeking personal, group, or class interests. Managers set the conditions for the control and distribution of production to determine what is created and who receives it to meet economic and social interests. According to the authors, Braverman argued that production was not arranged to achieve efficiency, but to prevent subordinates from controlling their own work.

Fischer and Sirianni contend that a number of themes divide the <u>critical</u> perspective from the rational theories.

These authors oppose an _elitist_ theory of organizations which define managers as the most valuable members of the unit and devalue workers. Next, they call attention to _class conflict_ because the rational model assumes corporations and workers share similar interests which maintain the status quo. The third area involves the limited analysis the rational model affords to the concept of _power_. Rarely was this topic defined as "domination or coercion", but that is the result of a hierarchy of positions, control by rules, and a monopoly of knowledge. Their fourth factor calls for examining power, conflict, and control in their specific social, political and historical _contexts_. In the rational models, organizations seem to evolve by a gradual process of technological and managerial forces, concealing the decisions of the dominant coalitions. The final area calls for a _new_ research _methodology_, using case studies, historical analysis, action research, and participant observation to move from the belief that there is one best structure or process for all organizations.

Social Construction

This approach also includes and emphasizes concepts like definition of the situation, rule making, analysis of events and accounts, labeling, and cultural concepts such as shared meaning, and "patterns of cooperation, using shared knowledge of conventional means of doing things" (Becker, 1982). For Becker, institutions and organizations are the product of people doing things together. Shared understanding allows the concerted activity to do various tasks, including evaluations. These understandings are socially constructed, based on the consensus among participants. Members of the unit agree on the "rules" of the game. This knowledge then becomes a resource to coordinate action. It guides members to do "things" in line with their understanding of shared ideas, which result from interaction, persist and are remade after interactions, as participants constantly refer to what is known as they solve problems.

To work on organizational tasks, people have to know procedures and common ways to conceive of and respond to situations (Becker, 1986). This exact process is applied to evaluations as a product. Managers know and use appraisal procedures from the past; they share a common body of knowledge regarding what is "good", "outstanding", or "poor" performance; and they use practices to obtain evaluation levels and communicate them to their subordinates. It is essential to determine whose point of view defines the situation.

Pettigrew (1979) examined how organizations create and use culture. He employes an historical approach and found that a strong founder creates symbols, beliefs, and rituals which changed during "social dramas", points of leadership succession when new beliefs or power relations are introduced. His point is that symbols, rituals, and myths, which promote action, carry meaning, and establish and maintain what is legitimate, are socially constructed. The founder's vision, representing values, becomes the organization's culture.

Goffman (1959) contends that people are aware of the demands of the situation and manage how they present themselves to favor their definition of the situation. Organizations are systems of constraint where actors manage or create their image to gain rewards in the system. Earlier Goffman (1952) explained the use of "face-saving" or defensive strategies individuals use to protect themselves from a loss of status, value, or a change in their image. This action is often necessary when an employee receives an unfavorable performance evaluation or downgrade into a lower level job.

Open Systems

In this perspective (Scott, 1981), the organization interacts with the environment, monitors boundaries and imports resources from the environment. There is a close connection between the state of the environment and that of the organization. In fact, Lawrence and Lorsch argued in their Contingency Theory Model (Daft, 1986) that the best way to organize subunits depends on the environment. Because the environment varies so much, organizations develop departments with differentiated features, resulting in a larger effort to integrate the parts. The Population Ecology model, a variation of the Open Systems framework, explains the success or failure of organizations based on how well they find a niche in the environment and meet a need through its present form (Daft, 1986; Scott, 1981).

This paradigm offers a sharp contrast to the rational model because goals are generated by the environment and not by the organizations' objectives and desires for efficiency. Decision-making is no longer as rational and quantified as previously thought. This perspective, follows the theories of Meyer and Rowan (1977) and Pfeffer (1978) contending that events, resources, and social factors in the environment, influence and account for the structure and processes inside an organization. This relates to the Critical and Social Construction views because power is dependent on the organization's ability to meet critical contingencies (Scott, 1981) and formal structure results from the outcomes of various struggles among coalitions, seeking to influence the organization with their definitions of the situation (Pfeffer, 1978).

I have used the above theoretical positions and studied performance evaluations from the actor's perspective, using their various positions in the organization. The final section of Chapter 8 contains an expanded discussion of the combination of these paradigms.

Research Questions

This study describes and explains the construction and use of performance evaluations from the different hierarchical positions of the actors. Since my research does not explicitly test hypotheses, I have stated a number of research questions and related "hunches" that could answer each question. This acted as a guide to direct, but not constrain, the investigation.

I asked a series of questions (Appendix 1) which exposes the process that creates evaluations, how they acquire meaning, and how they are used within the organization. My inquiry is informed by participant observation and previous research, but I gathered data and constructed explanations from the experience and comments of the actors.

1. How do organizations' beliefs and values shape evaluation programs? What explains the use and acceptance of appraisals?

1a. Related Hypothesis: Belief and value systems (e.g., distributive justice, comparable worth, and equity theory), supporting dominant institutions, build and support evaluations structures within the organization. The goal is to examine myths, culture, perceptions, traditions, and language.

2. How do organizational types and control structures shape the nature of evaluation programs?

2a. Related Hypothesis: Control structures vary by type of organization and environment. Structures are developed to control workers, reduce uncertainty, and increase profits. The task is to examine dominant groups, the environment, evaluation and salary opportunity structures, information sources, hierarchical position, stratification and the impact of unions.

3. How do cultural variables affect and explain evaluation systems?

3a. Related Hypothesis: Organizations are more accurately described as open systems where daily negotiations and interpretation shape and control the behavior of members. The goal is to examine labeling, legitimation, media, norms, problem-solving, decision-making, socialization, participation, social construction of the situation, and shared understandings.

The questions ask how the organizations' beliefs, structures, and processes produce the appraisal system, with the latter two variables having an interactive effect on each other.

Variables/Concepts

A number of variables and terms used in the setting are studied to explain their construction, meaning, and use as products of social cooperation. These specialized terms include efficiency, quality, on-time delivery of "specs", appraisal form (APs), performance levels (cells), appraisal balancing point, cost reduction cases, union activity, and salary increases. These constructs are defined throughout the dissertation.

Research Design - Data Collection and Analysis

This research is a case study of the process of evaluation in a 600-plus member engineering organization of a large corporation. Since I was situated in the organization, I used a participant observation methodology to examine how activities within the setting became an "evaluation object". The unit of activity was the appraisal process, from setting and communicating standards, deciding relative performance ranks, to discussing performance with employees.

In addition to learning about the natural functioning of the Engineering Organization from daily participation, I interviewed 22 employees at various occupational levels (e.g., clerical, union-represented engineering associates, engineers, professionals, and managers). Comparisons between the different levels were examined to see if evaluation practices differed by occupational level. The interview questions (Appendix 1) served as a guide and were modified after the first 2 interviews because, for example, data on values have to be interpreted from comments and not asked directly.

Since I knew a large number of employees in the organization, I initially selected those who expressed an interest in my study and who are likely to provide good data based on our previous interaction. I protected the subjects' anonymity by using only first names and the first letter of the surname and by not identifying the interviewees at a later time.

The interviews were conducted on-site with notes written during each session without the use of a tape recorder. Later, the notes were transcribed and expanded into field notes, based on the probable categories of significant themes, problems, accounts (e.g., excuses and justifications), cooperative processes, beliefs, evaluation conventions, and special vocabularies of evaluations. At the end of the interviews, I asked the managers to identify subordinates who would be a good source of data for an appraisal biography (Appendix 2), which was distributed to a sample of 15 engineers and engineering associates identified through managers' referrals. This instrument asked the subject to write a personal history or biography of their evaluation experiences during the last 2-3 years in the engineering unit. This provided data from those unavailable for interviews and saved time. Content analysis techniques were used to look for common stories, problems, vocabularies, and explanations for events. The questions or categories are a generalized, open-ended version of the interview guide, geared to determining specific appraisal actions affecting employees. I also used the "snowball" technique, a non-random process, based on previous contacts, to identify new subjects for interviews and document collection.

The attached "observational guide" (Appendix 3) was used to supplement data from interviews and prior observation. The guide helped record themes, special language, stories, problems, possible meanings, and frequency of events during a specific time period. The major use of this tool was to form categories for analysis of the large of data and was not used to record events daily. However, I occasionally wrote notes about uncommon events.

Finally, available data such as company instructions, memos, bargaining minutes, and publications were analyzed for their meaning and impact on the evaluation process. In summary, the data collection design used observation, interviews, self-reports, and available data to provide multiple sources of qualitative information for analysis.

The qualitative data were further analyzed through the construction of categories which I saw in the interviews, supervisory meetings, bargaining sessions, surveys, informal conversations, and observations. For example, I constantly heard managers mention a number of common themes such as performance attributes, appraisal standards, rewards, variation, and individual change. These categories were constructed by listing comments and expressions actors used, sorting them alphabetically with word processing software, and then "looking" for recurrent and persistent themes. I also calculated three sets of Chi-square to evaluate and draw conclusions about appraisal category placement based on work group, service and gender. In Chapter 6, "Organizational Beliefs and Values", I include a series of tables which compare two groups' perceptions (managers and subordinates) of the relative importance of a number of behaviors on performance appraisal construction.

The thrust of the data analysis is to employ qualitative methods, supplemented by a minimum of descriptive statistics because this is the most appropriate way to examine a real, functioning organization. This perspective has allowed me to explain and interpret the history, structures, and processes active in the engineering organization by providing a "feel" for what it is like to "live" in this setting.

CHAPTER 4

THE CONTEXT OF THE ORGANIZATION

It is important to begin the data analysis Chapters (4,5,6, and 7) with a description of the context and history of the organization because this approach fits the newer "critical theory" perspective which several articles suggest in place of the dominant rational model (Benson, 1977; Fischer and Sirianni, 1984). I include historical and contextual material to offer a deeper explanation of how and why members act as they do. This also resists the tendency to accept for granted descriptions not grounded in recent organizational history. Without such information the reader will have an incomplete picture of the complex organization.

This chapter will describe the setting of the engineering unit to illustrate where the actors' beliefs and appraisal procedures are situated. A detailed description and analysis of beliefs follow in Chapter 6. I will discuss various situational aspects such as mission, occupational and opportunity structures, restructuring of 1986, and union-management relations; and I will provide a brief history of changes, including the formation of the union. A major theme of this section is the uncertainty the members encounter as they try to meet their goals (Thompson, 1967).

The appraisal system is another dimension of this uncertainty which the unit dealt with using a variety of bureaucratic methods to make the uncertain more rational and manageable.

Realignment -- 1984 to 1986

Z Y & Y experienced a major change in 1984 when a government lawsuit resulted in the break-up of its giant telecommunications system, which produced a number of significant and culture-centered changes within the "new" company. Job security was replaced by profitability; compensation plans are redesigned to match the market structure with greater emphasis on tying increases to profits. One major force in this new world came from the environmental domain and is specifically located in the competition (Thompson, 1967).

Divestiture pushed the company face-to-face with competition and the need to satisfy customers. Since the former clients are no longer bound to purchase solely from the company, it shifted from an "order-taking" style to one focused on the needs of the customer. In effect the unit moved from a relatively closed, rational unit to a rational, open organization (Scott, 1981; Thompson, 1967). A direct result of this shift has been the heightened importance of customer relations, noted in the evaluation procedures of management. This change greatly increased the impact of the environment in the form of competition, significantly amplifying the degree of uncertainty. Who is the customer? How should we relate to the customer? What are the dimensions of this new relationship? Along with greater uncertainty came the second variable Thompson talked about -- the increase of dependence on environmental resources. In this case the dependence took the form of making the customer the driving and defining force in structuring the unit's activities.

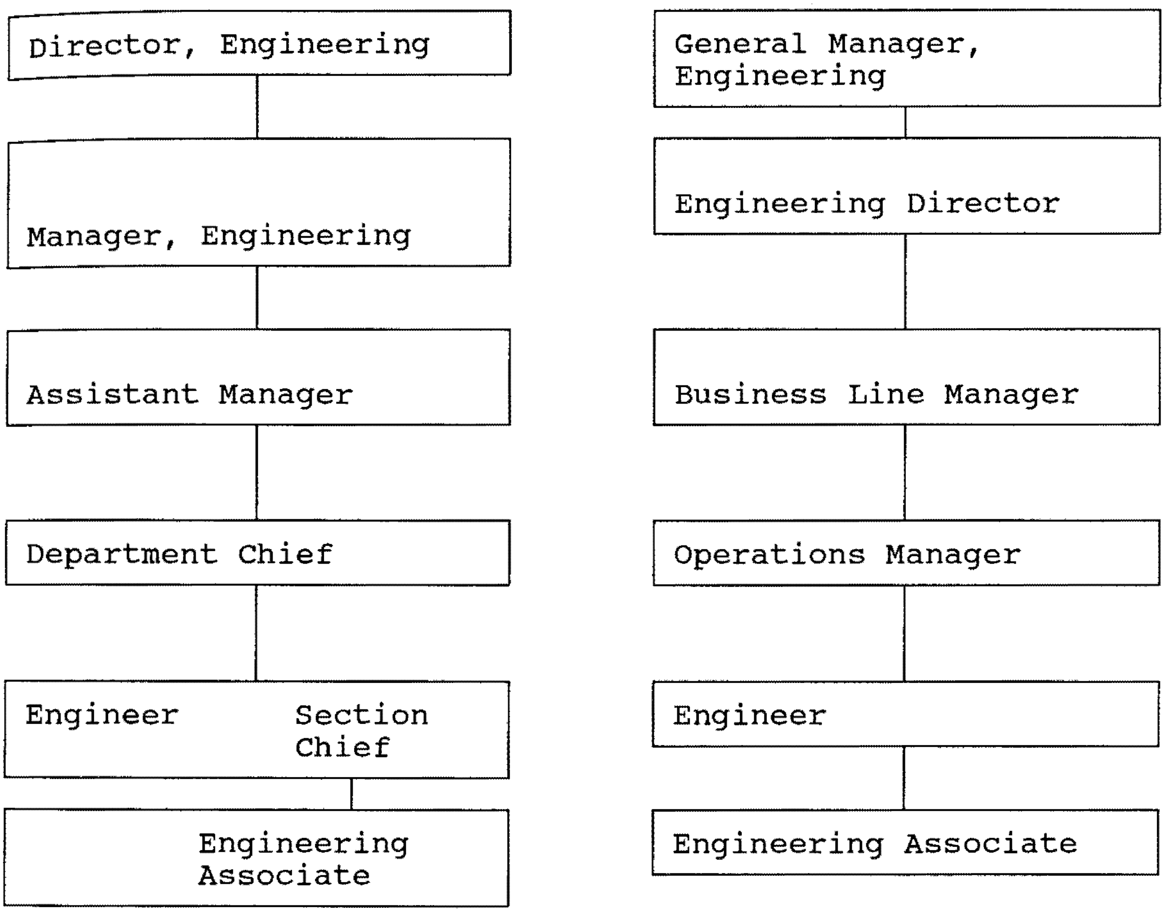
During 1986 changes in the management structure occurred throughout the Engineering division, realigning the field organizations. The purpose was to establish a standard structure in the four Engineering centers and to make it easier for the customer to deal with the organization. Prior to this time, EAs reported to a level called section chief, while engineers reported to a level above section chief, called department chief. As the first level of manager, section chiefs are considered the equivalent to engineers, although the latter had very few administrative duties, focusing mainly on the technical work. Figure 2 compares the pre-1986 and post-1986 reporting structures.

Figure 2

COMPARISON OF CHANGES IN ENGINEERING STRUCTURES

PRE-1986 STRUCTURE

POST-1986 STRUCTURE



The 1986 change was due, in part, to divestiture, with the resulting need to be more customer-focused. The "restructuring" sought to eliminate one layer of management to streamline the decision-making process and improve customer responsiveness. The Contingency Model developed by Lawrence and Lorsch (Daft, 1986) argued that the environment dictated the structure of internal departments if the unit are going to survive. As a result, the section chiefs' jobs were eliminated and converted to department-level assignments and renamed "operations managers". Engineers and EAs now reported to operations managers who previously were on par with engineers. As a result of the change however, the first line supervisor no longer had direct contact with EAs, who now received work from engineers but worked through engineers to arrive at an appraisal recommendation. This move was aimed at removing the assignment of technical work ("loading") from the manager and shifting it to the technical expert, who knew the difficulty of jobs so they could be more appropriately assigned. The manager is now supposed to concentrate on customer relations, financial controls, and other administrative tasks.

Pieces of a Puzzle -- The Arrangements to Do Work

The Engineering organization of the Z Y & Y company has approximately 600 employees working in four major job categories. The mission of the unit is to engineer the equipment needed to install, update, and maintain telecommunications offices in 5 midwestern states. The group provides services rather than products. The only physical outcomes of this activity are drawings, floor plans, lists of equipment specifications (specs), and written instructions.

Historically, the Engineering unit has been a rational, bureaucratic structure reflected in a number of key variables. It relied on written rules, procedures, and policies -- 21 binders containing company instructions -- which are continually interpreted by all actors. For example, there is a company policy on absences, listing approximately 25 different codes and reasons for absences. The instructions defined who are considered "immediate" family in case of death. In addition, there is a strong informal structure which communicated, processed data, and solved problems alongside the written guidelines. Here you would find examples about handling information in the form of rumors about promotions, downgrades, and benefits and pension changes.

The level of standardization is also relatively high, since the employees wanted the application of a common set of procedures across all departments. This is a strong norm of the unit, closely monitored by a white-collar union. Last year during the Christmas season, managers wanted to buy small gifts for their employees or take them to lunch. This was new since the company was a regulated monopoly until

1984 and such practices were never done, because they would not look good to customers and the public. Managers discussed what would be the appropriate thing to do. Some decided to act independently, causing others to worry about consistency and how they would look to their subordinates.

I attended a meeting where this question became the issue for 30 minutes. There is a tug-of-war between those who wanted to do what they felt is right and those who sought consistency; and it surfaced again when I conducted a one-day Labor Relations Seminar, and managers debated the pay treatment of EAs who travelled "on their time" for the company. The strong sense I had is that a standard policy is needed and would be seen as desirable by many managers because it would reduce uncertainty.

During this discussion a curious aspect of how <u>time</u> was defined in this unit surfaced. The expression "on their own time" points out a conception of time with rigid boundaries reflective of large organizations concerned with efficiency and production. Even though the organization recently introduced "flex-hours", a major concern is the 8-hour day, because people are very aware of when they started and stoped work. Managers told me they are impressed with employees who are late "but very willing to make up the time".

The unit was highly <u>specialized</u> due to the size of the organization and the technical nature of its work, where assignments varied by type of equipment installed and the complexity of the order. Engineers and EAs concentrated on a narrow range of assignments, developing their expertise and efficiency. Specialization could occur in the major functional business areas of Power, Switching, Transmission, and Software. Managers told me it is common for their technical people to work within one of the four areas for 15-25 years or what could be seen as an entire work "career." (This specialization factor will be more fully developed in a forthcoming section on occupational structure).

There are 4 levels of management in the hierarchy of authority. The first level is the section chief; the second is the operations manager (OM); the third is the business line manager (BLM); and the fourth level is the Engineering Director. During the last several years, upper management talked a good deal about pushing decision-making to lower levels, but most members are accustomed to directions coming from the top and are uncomfortable with decentralization. In an attempt to make this change in philosophy a reality, the company recently introduced an enhanced pension plan for managers, allowing more to retire sooner, thus easing the introduction of fewer management levels to empower employees and to save money and increase profits for stockholders.

In contrast to the myth of empowerment is a different reality. I attended a meeting where one topic was the creation of a flatter structure and its capacity to "push decision-making to lower levels". After some time, several managers said they needed to add or replace engineers who retired. Larry said: "Several months ago, I selected 2 EAs for sales jobs, but because of 'the (promotion) freeze', these people have not available. When will their papers be signed?" George, Director of Engineering said, "I'll do all I can to get those 30 requisitions approved. I know you need people to run your business." Regina, the former staffing manager, asked a pointed question: "George, why don't you delegate someone locally to be final approval on additions or hires?" George's response told me the new philosophy to push decisions to lower levels is not practiced yet: "We want to speed the paper work up, but we still need to follow the procedures in place and get Dave's [his supervisor] signature."

This issue of hiring approvals seemed like a clear situation where the organization having the need for people should decide what to do. But an apparent contradiction existed. Executives at a vice-president level must approve decisions too specific for their level of knowledge and pointed to the difficulty upper management, which imposed decentralized decision-making, had in allowing the field location to exercise more authority.

Although the organization used a complex technology, requiring specialized skills and a lengthy learning period

(Daft, 1986), the unit did not possess a high degree of professionalism as measured by formal education. In contrast, the Engineering unit defined someone as a professional because he/she held a job level which managers considered as "professional". Thus position, not education, defined one's classification.

The following table summarizes the general structural makeup of the unit.

Table 1

Summary of Structural Features of ZY&Y Engineering Unit

Organizational Form	Bureaucratic, Rational-Open
Standardization	High - many routine procedures
Specialization	High - many specialists
Hierarchy	Moderate - 4 levels
Complexity	High - tasks, departments varied
Professionalism	Low - experience, rather than formal education
Personnel Configuration	35 managers; 93 professional engineers; 7 administrative; 300 EAs; 165 clerical workers

Source of Categories: Daft, 1986

Who Does What Here?

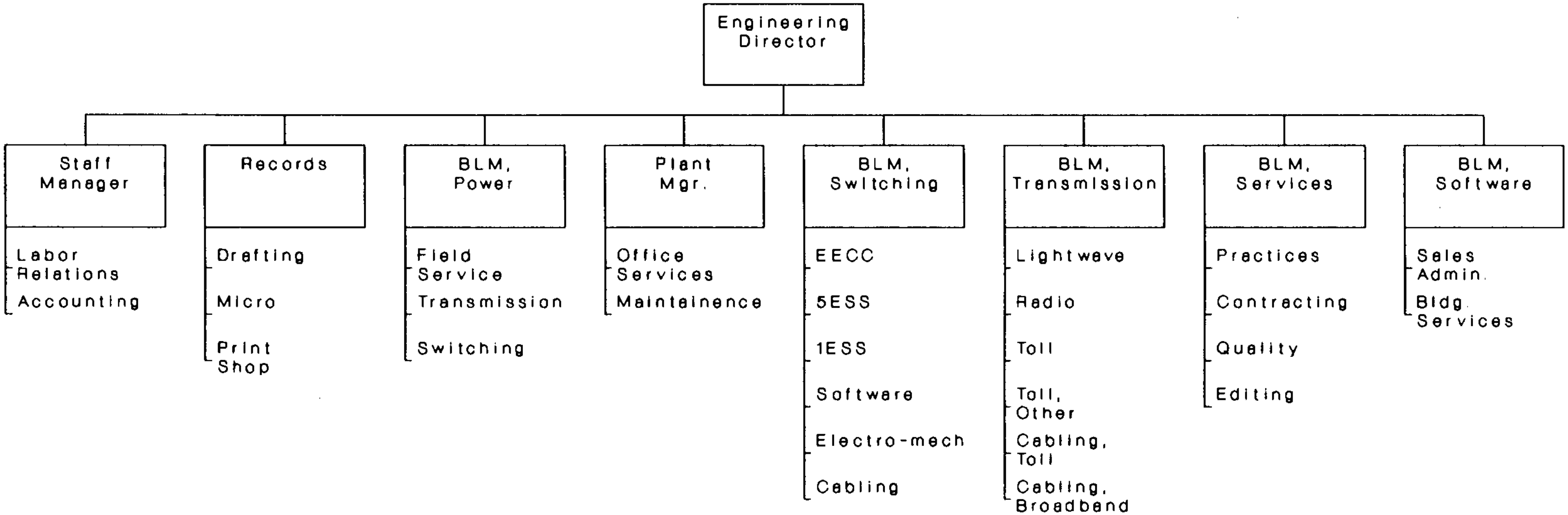
All managers formally evaluated the work and contributions of all members within the hierarchy. The Engineering Unit contained 3 main occupational groups: supervisory/management, technical-professionals, and salaried-graded or clerical support, now called occupational employees. Each of these groups supplied a unique resource to the overall mission of engineering, although a good deal of task overlap is evident, and likely the result of imperfect information flow, uncertainty, and changing conditions due to the (recently) open nature of this organization (Thompson, 1967).

The supervisory/management group contained 35 supervisors, within 4 levels of authority, and 7 management-administrative employees. The supervisors are split into 8 business lines (See figure 3 on following page) offering distinct services for both internal and external customers, also making it easier to measure profits. The supervisors managed the production, quality, and financial results of their departments which included assigning work, approving expenditures, planning and problem-solving, and evaluating the work efforts of subordinates.

The non-supervisory segment conducted studies, investigated problems, gathered data, and made recommendations to management. This group had no direct influence over appraisals and little decision-making

Figure 3

ZY&Y ENGINEERING ORGANIZATION



authority. Their main function is to support management and provide answers to reduce uncertainty.

The technical-professional group had 90 engineers and information systems employees and 300-plus engineering associates. The first group is defined as "professionals" because their jobs required more skill, application of knowledge, and independent problem solving. This group analyzed the technical aspect of customers' orders to design the equipment or software needed to upgrade, expand, or modify telephone offices.

The engineering associates (EAs) comprised over half of the total organization and completed the hardware specifications begun by the engineer in what is called "analyzation". This group is represented by a local of the International Federation of Professional and Technical Employees, a white-collar union selected to represent the EAs in a close 1966 election. The union presented numerous problems for management because of the fear of generating a grievance or being admonished for an unenlightened decision. Their existence contributed directly to the perception of uncertainty which existed throughout the organization. One manager was very direct about her assessment of the union's impact. "EA's (appraisals) are handled more carefully than engineers because of the grievance procedure." According to the method of numbering grievances, just over 1000 grievances were filed since 1966. The majority of these came in the early years and covered complaints from slippery floors (working conditions) to attendance records, and wages. During the last 5 years in which I myself have worked in labor relations, the grievances are focused on appraisals and other wage issues, like delivery of overtime pay. During 1988, 12 of the 15 grievances alleged improper appraisals. Occasionally, the Union charged that the company discriminated against its officers for their union activities, or that the company used improper methods to select candidates for promotions.

The Union acted as a "watchdog", patrolling the building for problems management should handle. A number of issues did not reach the formal grievance stage, but are handled informally through discussions between representatives and supervisors. Ed, the president, confirmed this when he told me, "You know we try to handle problems before we file a grievance. But we're not afraid to file either."

Ironically, filing grievances or conducting formal discussions as a representative or officer can have an impact on evaluations. Representatives and officers have greater visibility, more contact with management and greater opportunity for either positive or negative comments during appraisal sessions (Kanter, 1977; Pfeffer, 1978; Mechanic, 1962). It is illegal for the company to use union activities as a form of negative information in making appraisals, and managers told me they made conscious efforts to set aside incidents of tense grievance hearings when appraising. However, both positive and negative impressions are created from all kinds of contacts and these undoubtly do come into play. The Engineering Director used to tell me that the former union president "is a nice guy, but he's not sharp, not very effective". Although this EA was rated in the top third of the universe, no special efforts were made to "push" him higher. On the other hand, reps who have shown "leadership" skills, without being "too radical" became candidates for supervisor or engineer positions which managers felt needed more than technical competency. On the other hand, some kinds of exposure during union-management meetings could enhance, at least informally, someone's chance for a higher appraisal category or even a promotion. This exposure process worked as a <u>cooptation</u> device for managers to socialize representatives to understand the company's perspective on issues that the majority of EAs did not see. This informal exchange helped managers deal with the uncertainty created by the union because both parties looked beyond their initial role expectations. Managers used this situation to identify the "best" representatives for future opportunities. The union "reps" who are most respected by management are those who seemed reasonable, focused on major issues, and who "understood" the manager's position.

The last employee group consisted of approximately 165 clerical workers who provided a variety of support services, such as typing, filing, making copies, processing orders, sorting mail, and maintaining the plant facilities. The skill and compensation level of this group is lower than that of the two groups described above, but their services are essential and their influence is substantial, if often invisible, to the mission of the organization (Mechanic, 1962).

Chutes and Ladders, Escalators and Quicksand

The mobility patterns of careers from the 1950s until the 1980s formed a clear, consistent motif. Mostly men entered the organization after high school or military service and began work as a draftsman or clerk. "Good performance" (i.e., attitude, production, attendance) coupled with a growing demand for telephone office equipment created advancement opportunities in two distinct career paths: management and technical.

The following figure illustrates this division.

Figure 4

Management vs Technical Career Paths

Steps	**Management Path**	**Technical Path**
1	Draftsman or Clerk	Draftsman or Clerk
2	Group Leader	Spec Detailer
3	Section Chief	Engineering Associate
4	Department Chief	Engineer
5	Assistant Superintendent	Senior Engineer
6	Superintendent	Senior Staff Engineer

Management Path

The group leader was an assignment coordinator who allocated work, but did not evaluate peers. The section chief was the first level management with authority to appraise, reward, and discipline. The department chief was the second supervisory level with engineers and section chiefs reporting to it. The third level, called the assistant superintendent (now business line manager), has the bottom two ranks under its control. The fourth level is the superintendent now called an engineering director, a very powerful position for making local policy decisions.

Technical Path

The spec detailer was a higher level non-professional who wrote the simplest job requirements for the engineering associate job which is broader in scope, but still under the engineer, the primary position for solving technical equipment problems. The senior engineer is a position for the most competent and productive engineer. It requires technical skill and ability to guide other engineers without formally appraising them.

Some employees are promoted through the management career path. These openings are less plentiful and therefore more valuable in the eyes of the group. As a manager told me, "In the past, we had an advancement path which provided an incentive." Management jobs are judged to be more prestigious because there are far less chances to be a manager than an engineer, and employees felt "managers have it made." The organization had 300 plus EAs, 90 engineers, and 20 department chiefs. Secondly, one could advance in the technical world by increasing competence via experience or education. Though not an automatic route, obtaining an engineering degree facilitated promotion to the engineer level. However, promotion to the supervisory level required demonstration of leadership skills that did not automatically come from earning a management degree. Supervisors are selected by the judgment of other managers. Recently the Company began using the SPR (Supervisory Profile Record), a paper-and-pencil test to screen those interested in being a supervisor. If someone "failed" the SPR, a dispensation letter was used to approve his/her promotion to a supervisory position.

Most of the promotions occurred into higher levels of the technical career ladder, since the majority of opportunities existed there. Some individuals would move up to the engineer level, then branch off to the management path. Very few of these mid-1950s employees had formal educations beyond high school. Some acquired skills from either technical schools like DeVry Institute or from military experience.

The mobility patterns changed in the late 1970s due to social and legal pressures to employ more women, especially in the EA position. The company is a government contractor, and so subject to Affirmative Action requirements, programs, and reports, making the hiring process open to review and criticism. Instead of relying on the former source of employees, managers decided to hire a large number of women with non-technical college degrees and train them for the EA job. These employees are at a disadvantage when competing with experienced males for opportunities in the higher rated engineers' jobs. The vast majority of women earned liberal arts or education degrees, had been elementary school teachers, and lacked any technical work experience. They were hired, in part, because they had courses in math and science, a curriculum perceived by managers to prepare someone for the EA job. In later hiring decisions, managers told me, "I'd rather have someone with an associate's degree over a BS from DeVry, because they work out better. They are less likely to be disappointed in the work I can offer them." Other managers made similar comments, reinforcing my observation that educational requirements in the organization are often inflated to fit the perception that the current state of technology required an employee with more formal education.

This influx of educated employees marked a shift in emphasis on factors that counted for movement -- formal education began to be more important than work experience. Upper management felt that these more highly educated employees could better serve the company as technology advanced and as customer relations became more important to the business, which is now more effected by competition. I believe this new direction is influenced very little by the change in and attention given to affirmative action laws. Managers, encouraged to hire minorities, began to change their attitudes toward women and minorities because the external situation changed and then their perceptions followed. The company saw these educated employees more positively because, even if they couldn't learn the EA job, they created an internal labor pool from which managers could select professionals and other managers. An educated employee is a more flexible employee. A large number of the women hired were former educators, and managers detected they had communications skills superior to those with only high school educations. Some of the more educated individuals, therefore, went into jobs in training, sales, purchasing, and personnel.

Two more recent factors also influenced the current opportunity structure in Engineering. A growing emphasis on meeting <u>customer's</u> needs and advancing <u>technology</u> placed a greater emphasis on formal education. The EA position, which once accepted former draftsmen, now required at least a two-year associate degree in a technical specialty. Managers decided this position now required more formal education because both customers and competitors are more sophisticated in their demands for a large variety of services. It is more difficult to promote a good EA to engineer for at least two reasons: first, there are approximately 3 EA jobs for each engineer position, so opportunities are limited. Many EAs believe they would eventually be promoted, but one manager had an observation which fit the organization. "The EA job is a career [terminal] job, not a training post for a higher level, but new people think writing "specs" is a stepping stone, and they get disappointed." Secondly, the candidate must have at least a 2-year technical degree. John, a manager, told me that a high performing EA was passed over for promotion, because although Jim is only 5 courses short of a degree in business with a number of courses in technical areas, he did not have an associate's degree in engineering and is not considered "qualified". In order to be hired as an engineer, one had to have the appropriate engineering or computer science degree. Although managers recognized that experience often produced better performers than just a degree, graduates are favored because of the belief that their formal exposure to concepts enable them to handle a variety of jobs with less learning time, i.e., these employees are more valuable. Workers could no longer enter at the lowest non-technical levels and expect advancement to engineer or even senior engineer without the appropriate formal education.

It Looked Good on Paper!

This change caused a number of problems. At the outset, the organization experienced a good deal of uncertainty. EAs who previously reported to and were appraised by section chiefs now "reported" to engineers. They are formally evaluated by Operations Managers (OMs) who received performance input from the engineers, in the form of observation of work habits, use of job knowledge, and problem-solving. The engineer's job, which is almost exclusively technical in nature, now assumed an administrative side marked by scheduling work, recording attendance of EAs, and offering input on performance. Some engineers adapted well to this change while others resisted the shift to more administrative tasks.

Although the section chiefs appear to have gained the most (e.g., higher authority level and expanded salary ranges) they often found themselves in familiar situations once handled by their supervisor, who still controlled their area of responsibility. Five supervisors said they lost ground in the restructuring because many current OMs moved up to their level, while they remained in place.

How Do We Play This Game?

The operations managers did not feel the business line managers provided enough structure or guidance for decisions. During one meeting of OMs, called to define the new roles of engineers and OMs, managers expressed confusion over the very purpose of the meeting we were attending. Tom, an experienced 2nd level manager, expressed a feeling, supported by others present. "Why are we wasting our time discussing what our jobs should be. Our bosses (BLMs) should tell us what they want, and the jobs our engineers should be doing. They don't know or won't tell us, so I guess that's why we're here." These remarks also reveal an old norm of the unit: people react negatively to failure, resulting in a low risk posture by most employees. People are afraid to fail, so a cautious approach pervaded the workplace. The managers at this meeting may have been reluctant to define the manager-engineer interface and propose changes because of possible criticisms from their bosses.

The OMs were learning their new roles as they worked through assignments. One OM told me that customers familiar with his supervisor, Ken, contacted that person, who then talked to John's engineer, instead of getting John involved, making him feel like "a second-class citizen." John also told me the new second level managers are not "acting like department chiefs. We don't make decisions like we should, and we still rely on our bosses to give us direction. We're acting like a bunch of section chiefs."

The members of the organization reported feeling confused and uncertain about many events, especially appraisals, direction of the company and their own departments, their job functions, and multiple, competing goals. This uncertainty is related to group power struggles, poor communications stratagems, employee apathy, and demands from competition. The following chapters explore the impact of this variable on organizational life and evaluations in particular.

CHAPTER 5

THE CULTURE OF CONTROL

When addressing the problem of uncertainty in organizations, one can argue that control issues were an attempt to deal with and make activities more rational. Thompson (1967) said, "uncertainty is a fundamental problem and coping is the essence of the administrative process." But "complete certainty is a figment of one's imagination", and control structures were partial solutions to handling behavior and attempting to make it more "organized" or rational. Two important questions are: "where do we find uncertainty?"; and "who controls this uncertainty?" A preliminary response, which will be developed in this chapter, is that uncertainty pervades the entire appraisal process because standards shift and remain unclear. Meanwhile managers cannot know all the actions of subordinates so evaluations become abstractions of impressions. Three parties -- managers, union representatives, and subordinates -- sought to control the uncertainty generated by appraising performance.

supervisors are expected to be the primary control agents, but union reps mediate the process by asking questions and filing grievances, while subordinates manage their behavior (Goffman, 1959), to create an impression which the manager will see as positive in making an appraisal judgment.

This chapter will discuss the types of behavior controlled, the methods used, and the impact of these structures. The focus of these issues will center around the evaluation system of the research setting. Appraisals are just one fiber of the web of control used by the organization to achieve its goals (Blau, 1967; Edwards, 1984).

What is Controlled?

The organization attempts to control, or "to manage" a wide range of actions related to evaluation. Recently, a manager told me about his discomfort over a meeting he attended last year to appraise EAs. These sessions were always tense but John's specific problem dealt with a method of determining cell positions, proposed by another manager, Doris. John said, "We had an agreement on how many 'moves' each supervisor would get, but when Doris defined the cell structure (outside the actual session), the agreements changed." John felt his employees would lose ground, and getting no strong support from other supervisors who (according to John) "accept a certain procedure if it favors their own situation," he went to tell some BLMs (level above him) about the "unfair" changes. John took a risk in seeing Bud, because "not only did I tell him what happened, I strongly disagreed with him about the impact, and we got into a shouting match. I hope this incident won't hurt me." The management appraisals were completed at this point, but salary increases were being decided. This incident shows the concern employees, even managers, have about how they act because all types of behavior becomes part of the evaluation process. In this context I saw that all behavior was "evaluated" against the company values of production, loyalty, and attendance. In reflection, these values were not usually talked about directly, but interpreted from conversations with other employees to find out "what counts around here." Twenty years ago I thought all behavior was evaluated and this idea has been reinforced by informal conversations about the impressions supervisors have about employees. Reno informed me: "I evaluate everything I see." Managers in the organization are especially concerned about controlling the following specific "areas", which will be further elaborated below: work habits, production, quality, attendance, financial factors, decision-making, rewards, and personnel placement.

Work Habits

The key areas that management seeks to control begin with "work habits" -- the patterned way employees approach their job, routinely perform their tasks, use time, and generally present themselves. This factor is really a time usage variable, because good habits were described as productive, while poor habits waste time. For example, one manager said: "The EA with a good attitude is sought out, volunteers, has better work habits, chats less about pay stubs and retirement." A secretary, describing what managers want in an employee commented, "They (supervisors) also consider that you produce no complaints, do what you're told, and make no waves."

One of the most interesting perspectives came from a manager of a department working on older technology. He told me, "I use the concept of 'easy to manage' as a way to rate people. The opposite were those who fall asleep during meetings and make negative comments. I ask myself, 'can I comfortably assign work or do I anticipate problems?" Work habits define the employee's orientation to work.

<u>Productivity</u>

Closely related to the above factor is productivity, which refers to the number of "specs" delivered (i. e., the detailed listing of materials to produce an equipment change or addition to a telephone office), cost reduction cases, or customers contacted. The EAs were defined as "direct" employees, which means their time and efforts were billed directly to the customer. More hours translate into greater revenue. In the engineering unit, jobs were "scored" or allocated so many hours for completion, based on complexity and size of the order. EAs who completed the job in less time than allowed by "score", had a higher production level. The manager of a service department offered these observations on productivity: "What's important is getting the job done and serving the customer. I notice who does more, who asks for work."

Quality

Quality was discussed in meetings and as it relates to customers. Recently a quality council, composed of managers, was formed to solve problems identified by all employees. The company introduced the concept of performing all tasks "with an eye toward quality", which also includes redesigning a procedure to eliminate unnecessary steps. This renewed emphasis was, according to official literature, intended "to make Z Y & Y more responsive to competition and customer's needs." The engineering group also used a system of "checkers", who were EAs sampling the work of peers and assigning demerits. Recently the emphasis has shifted from issuing negative comments to a more corrective approach of explaining how the cited errors can be avoided. In the past the checker would award demerits, but now, the EA would receive a written or verbal notice, pointing out the error and its importance to the job. The checker position was usually given to an experienced EA who has broad knowledge of the department's functions. In at least one incident reported to me, the checker was in a powerful position, which allowed him to "put other EAs through their paces," producing feelings of resentment. Bob, a short-service EA, told me, "Jim (the checker) has a lot knowledge about all the systems we work on, but when you make a mistake, this guy really acts like a jerk."

Roll Call

Attendance was a behavior which management gave a lot of attention to, but very little has resulted from the investment. There was an elaborate system of absence codes for a wide range of activities, including quarantine, matching the extensive company policy on absence control involving progressive consequences for increased time-off. One problem was that supervisors were inconsistent in applying the rules, which were open to interpretation and supervisory discretion, depending on such factors as employee's reputation, past performance, and type of absence requested. The policy received more lip-service than it had bite. There used to be a popular saying about the company's attitude toward attendance: "the important thing is to show up, because once you're at work, it doesn't matter what you do."

Purse Strings

Managers control financial results through a computer tracking system (M-11 report), which compares projected budget figures against actual expenses and profits. George, who provided accounting support for the organization, told me a number of times about the attention managers give to the M-11. "Each month I remind each OM to input their production hours, so we can get credit. The 20 managers affected by this "road map", seemed to give it a life of its own. George had constantly to meet with them to explain how their group was performing concerning costs and profits. These "results" were reviewed by upper management, who made very little of the large computer runs, as long as the organization continued to make a profit.

Expense accounts were controlled by a system of hierarchical approval limits in which an employee could rent cars, purchase meals or software, but had to have these expenditures approved by a higher level supervisor. The company went to a procedure several years ago in which managers and professionals were issued corporate American Express cards mainly for business trips. Normally, you completed your trip and then prepared an "expense report form", which had to be approved by your immediate supervisor, or higher level depending on the amount charged. The supervisor reviewed the listed items for appropriateness by current standards and signed the form. Occasionally, a manager would challenge the amount or type of expenditure. John questioned several EAs who "vouchered the total mileage from home to O'Hare, when they were only supposed to voucher the distance in excess of their daily commute. I made them change the voucher before I'd approve it." Prior to reaching this decision, John told me he talked to several other supervisors to "get a reading" on how they had or would have handled the problem.

The system of hierarchical authority with its approval levels limited the spending and decision-making habits of employees. An example of the accountability rule prohibited managers from approving their own expense vouchers, even though they could "sign for" the same amount if it were a subordinate's expenses they were approving. I coordinated a meeting for four people at the Airport Hilton, and since the Engineering Director was present, the relatively small bill of $350 could not be approved by my immediate supervisor but was sent to Maryland where the Director's supervisor had to "sign for" the expense items. The unfortunate consequence was a delay in paying the hotel. What was not openly discussed in this practice was the lack of trust implied in the unit, and the need for authority -- legitimated power (Weber) -- to intervene in the fabric of daily organizational life.

Decision-Making

Management also monitored decision-making though a number of procedures. Decisions were the most elusive product of this organization because of the high degree of uncertainty, the Union, and the predominantly informal style of the division's managers. Decisions were affected by a lack of knowledge about the consequences of actions, reactions from the Union leadership, and a reliance on a verbal tradition to recall past actions due to an inadequate method to research past practices.

These conditions were especially noticeable in the appraisal system and resulted in a highly politicalized system which used judgments, and commonly shared concepts of performance, which were not formally articulated, to reach evaluation decisions. Two managers reflected on this situation. Arlin: "The appraisal process is okay, the problem is putting people into cells. There is no step by step procedure for assigning cells." Bud, who supervised Arlin, elaborated on his subordinate's view: "We try to group similar performance. We didn't use a fixed model of performance to determine cell placement, but we looked at what was accomplished."

I observed that supervisory decisions in the Engineering organization were largely made on the basis of judgment, guesses, and experience (Peters and Waterman, 1982). Managers did not use these words, but talked about using hunches and successful practices when conditions were uncertain. The hierarchical structure provides overall control because the common practice is to push difficult decisions to a higher level in the organization. Members of the unit then operate as though each higher level had more credibility (Becker, 1970) and was in a better position to make decisions -- choosing between alternative causes of actions with uncertain consequences. The company was now trying to downsize and restructure itself to save money and speed up decision-making.

Other factors which controlled decision-making were the on-going assessment managers made of their own authority to actually decide the issues, and the decision-maker's fear of seeming reluctant to fulfill his/her duties rather than to sidestep the task by "pushing" it up the line. Managers had only been at their new, higher levels for a few years and most were not comfortable with the new level of authority. Bob, a services manager, told me, "Most of the OMs still act like section chiefs (former lower level occupied by supervisors). We haven't learned to make decisions like our bosses used to. In fact many of the OMs lack the 'class or decorum' of the old department chief level. We have people who seem to just be able to fight in the trenches." These comments also illustrate a division of labor between management levels. Each level felt it had a main focus of authority and responsibility tied to their rank and related compensation level. Referring to the evaluation process for illustration of this division, one manager said simply, "OMs rank people, but the BLMs actually draw the lines" (to determine cell assignment).

Very often managers took a passive stance, hoping someone else would assume responsibility for the problem. A fear of failure was another force mediating against active decision-making: people were afraid of failure and public embarrassment that could accompany it (Trice and Beyer, 1984). Managers sought alliances to confirm their perceptions, alleviate concerns, and gather strength for various actions. This pattern (analyzed in Chapter 7) was especially visible in the EA appraisal process because of the dependence on perceptions of performance rather than on the measurement of actions that were more objective and discernible, such as the production of manufactured components rather than service to customers.

Rewards

Managers also attempted to control rewards through salary increases and cell movement. The subjects always cited financial rewards as the main kind of incentive to do a good job. Managers restricted the distribution of increases through the appraisal program, which directly tied performance level to salary level because they felt the "better" workers should earn a higher salary (Kerbo, 1983; Feldberg, 1984; Mahoney, 1983).

The organization also had a number of rewards for attendance, even though this was expected behavior. The clerical employees were eligible for a $25 gift certificate for each 6 months of perfect attendance. Management employees received a certificate and might be taken to lunch by their supervisors. The message that "organizational attendance is important" is taught in American high schools and carries over to the workplace. Secondary schools receive funding based on attendance and have employees dedicated to monitoring, tracking, and verifying student's whereabouts through an elaborate set of procedures (according to my wife who works at a local high school). Employees in the research setting were told to call their supervisors when they were to be absent. This information was recorded on time sheets and stored for at least 3 years. These data were input to a program which provided a monthly listing of attendance, including total days of pay and no pay.

Personnel Placement

The organization's placement system also controlled movement of people. Information on openings became widely available, but specific policies restricted employee movement. For example, if an employee wanted to "bid" on a certain management level job, he or she needed the supervisor's approval. Wishing to avoid confrontation, most managers approved the forms and placed the decision-making burden on the department with the opening. One manager remarked, "I don't want to hurt the EA by past recorded remarks. The problem could be temporary." A staff manager agreed: "Managers want to avoid confrontations." Also, the engineering organization had a policy that restricted lateral movement if the unit needed people. The corporation launched a Career Development Program which established more flexible guidelines for movement and definite time periods during which an employee might be denied lateral movement.

Transfer policies were overly restrictive. A dissatisfied EA, who was a problem for management because of his outspoken nature and sharp criticism of appraisals, wanted to move laterally to a job outside the Engineering group, but management refused his request because the department still needed EAs. This resulted in an unhappy employee and more problems for his supervisor.

The system of listing "job qualifications" for openings also narrowed opportunities for people because artificial requirements might be included to raise the status and level of the job. Educational level worked in a similar way to impose barriers to entering the job when, in practice, these specialized skills were often not required as bona fide job qualifications. However, the imposition of inflated requirements guided the movement of personnel. This was similar to Spring's argument (1976) that the educational process uses testing and grouping work as a "social sorting machine" to determine individual potential and increase the efficiency of industrial society by proper selection and channeling of manpower resources." Also schools operate in a way that resembles the work situation, so it functions as a training ground in work habits, methods and attitudes. Managers listed qualifications that screen out most candidates, leading employees to ask: "Is the job wired?" Managers wanted to retain control. Job qualifications operated as a justification for more education, and the tuition assistance plan reinforced this process by paying only for courses that were "job-related". This belief supported Spring's argument that education was used to select candidates for increased efficiency, a position developed in Chapter 6.

The point of the above discussion is that the dominant position of managers was to control the personnel movement of the vast majority of their employees. The main rationalization for this stance was the right of management to "run the business", described and conceived as similar to a living organism with various needs, some more important than other needs. When managers talked this way they were actually referring to the wishes of individual supervisors who had a range of influence in the group due to current problems, reputation, and perceived knowledge and ability to work around an impasse (Pfeffer, 1978). Table 2 summarizes of behavior and methods to control the behavior in ZY&Y Corporation.

Table 2

List of Employee Behavior and Methods for Control in Engineering Unit, ZY&Y Corporation

Employee Behavior	Control Methods
Work Habits	Feedback from observation
Production	Reports
Quality of Service	Use of EAs as "checkers"
Attendance	Timesheets, general rules
Financial Results	"Road Map" report
Expense Accounts	Vouchers, approval levels
Decision-Making	Intuition
	Past Practices
	Hierarchical structure
	Assessment of Authority
	Fear of Failure
Rewards	Appraisals
Placement/Movement	Bidding System
	Job Requirement Policy

The above matrix of factors pose a curious situation because of possible interpretation. On one hand, managers actually considered the diverse variables as important outcomes, which attained this status because these factors were tangible, measurable, and visible (Blau, 1967).

secondly, managers have used these "behaviors" for a long time -- over 20 years -- so they became part of the unit's culture and tradition. Finally, because of visibility and tradition, the parties accepted the variables as understandable and useful in evaluating performance.

The application of the above methods also reflected an illusion, because, although talked about, these factors were not used as much as they appeared to be. They operate as a shared myth of what counted, but were ignored because managers formed an overall abstraction of performance due to the uncertainty of standards and knowledge of behavior. There was too much data, and too many employees for the system to work as these factors might indicate. However, the illusion of the application of these methods worked to control employees.

Factors Affecting Evaluations

A key and pervasive factor in the life of this organization was the need to control and manage behavior. This section will examine how the evaluation process controls subordinates which was important to managers for several reasons. First, control activities help to reduce uncertainty by actually solving problems or at least creating the illusion of being proactive. Second, control procedures define what is important in the organization and these help make sense of activities. Third, leaders derive power from their positions as control managers, enhancing their own influence by monitoring and controlling the behavior of subordinates. Thus, a wide variety of organizational variables were used to restrict employee behavior through the evaluation system. These factors included: job and opportunity structures, appraisal forms, beliefs about appraisals; group meetings; information; authority levels; the environment and the Union. The EAs knew how the appraisal/salary worked through their supervisors, but mainly via their peers. There was a widespread myth that actual performance counted, but in practice other social factors, such as, supervisory perception really accounted for one's appraisal. These popular beliefs kept most EAs working at their jobs (and will be examined in detail in Chapter 6).

<u>It's Not My Job</u>

Jobs differed in their degree of opportunity (Kanter, 1977), offering a greater chance for exposure and less pressure, so good results were easier to achieve. John, a manager and one of my key sources of information, told me how upset he was that Mike, an engineer, was rated above his four engineers. I told John I understood that Mike S. had a good reputation with a third level manager. John said, "Sure he's got a good reputation. But, that's because he's got a job which allows him to concentrate on one problem at a time. My people are getting calls from the field, helping

EAs, and doing special projects. Mike looks good because he does not have a demanding job, one that requires his time and attention in a variety of areas."

AP Form

Actors also feel that the record of performance -- the AP -- should be a tool to determine cell placement. A union officer, commenting on the sequence of appraisal events, told me, "The AP forms are completed after the rank order and cells are assigned. The form should be used by the boss as ammunition to get moves." Many realized that the AP was a formality, required to meet legal requirements, and carried little weight in producing cell movement. Kurt, a new manager, expressed it this way: "To the EA the form is a piece of paper that doesn't mean anything. The AP does not match the cell assigned. They aren't read and exist only as a formality." However, some EAs held that the document was valuable because it was written and represented a permanent record. The Union took this position and requested APs when a grievance was in process.

What's Important

The fear of obtaining a poor rating, with the consequence of no salary increase, kept most EAs performing to meet department standards. Behavior that was rewarded included: production, quality, good work habits, and timeliness. (Production referred to the number of jobs or specs the employee wrote within a specified time limit.) As

Reno told me, "Specs are due on Monday, so I know how my people do regarding 'on time delivery'." Quality concerns accurate and complete spec preparation. Eddy said, "The most important factors are production, quality, on-time delivery, and job knowledge." Kurt summed up the factor of work habits: "The EA with a good attitude is sought out, volunteers, has better work habits, chats less about pay stubs and retirement." Even though the possibility of termination was remote, the concept existed in the employee's mind, and functioned as a powerful force for adherence to management goals. Lou, a management staff employee, had a number of negative reactions to the appraisal system. He also reflected the ultimate fear: "Management could get rid of you if you're a troublemaker."

Group Meetings

Another control technique used in evaluations was a series of group meetings where supervisors discussed candidates and used "multiple supervisory judgments" to produce a rank order list. A supervisor in Personnel explained how this worked.

"We try to discuss performance, but bosses have their own idea on what defines performance. For example, some people have attendance problems, but were nominated for 'outstanding'. It's nice for the boss to give out an outstanding rating. But other supervisors in the meeting offer opposing data on a candidate, and the nominating boss changes his mind and withdraws the candidate."

A manager from another company reported the same "leveling effect" of the group meeting. "There was a person pushed for a top spot who had insulted people and was indignant. Negative feedback brought this guy down. Group discussions were used to 'take away bias'." This technique rationalized the legitimacy of a subjective process and was often cited by the bargaining agent to defend his position during grievance hearings. Interestingly, the technique diffused the blame and responsibility for a poor rating by giving the appearance that the appraisal was the result of the group process, when in fact the largest weight and initial recommendation rested with the employee's immediate supervisor.

Information

Information was a valued commodity which was guarded and censored to retain its exclusiveness and secretiveness. Managers controlled the creation and distribution of information on policies, appraisals, raises, and promotions. "The AP form is often done after the rank order and cell assignment are finished." Another manager said, "The forms are used carefully to meet the cell position assigned to the person. We don't want to hang later. We are careful to imply nothing." Another manager, John J., supported this feeling. "Some AP's are written to justify appraisals."

There was constant discussion about what was appropriate to tell people, and in what format. In one curious contradiction about the use of data, the Union distributed and discussed performance and salary data, while the Company considered this to be private information and worthy of protection. Managers concealed this data to spare the employees embarrassment and his/her own need to justify the unequal distribution of raises. The Union exposed the salary details to challenge management's decisions, to reinforce their belief in equality, and to create the illusion that their own continued existence was vital to the workers.

An example of these opposing views was the distribution of the rank order list, containing names of 300-plus EAs from top performers to lowest performer. For years the company had successfully resisted the Union's attempts to obtain a copy of this list. The company's practice was to give each EA's appraisal level and new salary, but not the relative position of everyone in a rank order. Sharing this data with the Union had several implications. First, representatives could encourage grievances by showing some EAs how they "made out" compared to their peers. This also revealed the underlying competition between workers and between supervisors who tried to get the most for their group. Third, the list exposed the collective judgments of managers to criticism, whereas these perceptions of relative performance had only been known to managers in the past. During an arbitration case several years ago, the Union "demanded" rank-order data for the previous 5 years. Our attorney advised us to provide this information. After this occasion, the Union officers asked for the rank-order data, citing our recent submittal in an arbitration case. Our attorney again told me, "The Company may not like it, but the Union has a right to the rank order data, just to see if they should file a grievance. I'm surprised you got away so long without having to give them the rank list."

When our managers heard that the Union received this information, they were upset. John said, "It isn't good the Union has this information. It's going to cause trouble. They're going to file more grievance now, just because they think some EA should be above another EA, even in the same performance cell." I explained the lawyer's reasons. John's response was typical of others I heard: "I don't care what Jim (the attorney) said. If the Union has the list, they're going to show everyone, which will create grievances we and not Jim will have to answer." The managers sought to regulate private data to control the unrest of the EAs, while the Union wanted to reveal management's decisions to public review.

Grapevine

The informal communications network controlled management decisions which subordinates questioned. Members constantly discussed what the organization was doing and why. Recently much talk centered on the unit's plans to reorganize departments and rotate supervisors. Once specifics of the plan were known, upper management began to deny the finality of the plans, instead contending that "we are just in the discussion stage." When upper level managers heard about employees' reactions to rumors, they tempered their plans and discussions on supervisory changes.

Position and Influence

One's position was also a factor in organizational control. As Mechanic (1962) has pointed out, even lower-level participants -- secretaries, staff people -- had a good deal of power in the organization. Those taking an active role in discussing the daily problems and issues of a unit have greater control than others situated in less communications-linked positions. Judy, a secretary, noted that it was also "important to make the boss happy, don't wear jeans, and have good attendance. Your rating is based on whether they like you. They also consider that you don't complain, do what you're told, and make no waves." Bob, a manager of staff employees, offered this about his group. "I notice who asks for more work. When people are even, we look at attendance or a person's willingness to do extra."

Both these employees pointed out another feature of the control question. Employees did not take a passive role in relation to their appraisals. They attempted to manage the impression they produce for their bosses (Goffman, 1959). Individuals who maintained a low, work-focused profile, knew less, and actually controlled fewer decisions or introduced fewer ideas into the group. Managers who were action-oriented, verbal and visible, exerted a greater influence on decisions by the sheer volume of their efforts.

Impact of Environment

The organization moved into a competitive environment after the parent company split up in 1984. This has produced a new approach to responding to the environment and meeting customer's needs. Prior to 1980, the corporation did not have a traditional marketing group, but relied on engineers to explain and sell products as a part of their jobs. Since divestiture pushed the company into the open market, the organization has made the customer the primary focus. The environmental domain of competition has directly shaped the internal structure, values, and processes of the engineering unit (Scott, 1981). Traditional notions of efficiency and quality -- managers deciding what the customer needs -- has been replaced with a customer-driven workplace. What the customer wants is the quality standard now. This shift caused supervisors to stress customer relations, selling, problem-solving, and teamwork over individual productivity and strict adherence to a "9 to 5" schedule. Managers become confused on what was important, and uncertainty increased. It was necessary to redesign appraisal forms for engineers and EAs. While managers sought greater objectivity and improved measurement tools, they found themselves in a workplace immersed in subjective, shifting performance standards.

Linked to the above environmental changes, I found a renewed interest in protecting proprietary information, and one tangible outcome was the "Code of Conduct" and "Conflict of Interest Questionnaire." These documents require employees to declare any economic interests in companies doing business with the corporation, and to review a set of company sanctioned practices (use of company property; honesty and integrity; and other rules of conduct) to guide employee behavior. These rules serve as guides to behavior and occasionally work as moral checkpoints when employees transgress the norms. These procedures, for example, describe the correct way "to voucher" or account for expenses on a business trip. Knowledge of the rules through discussion, videotapes, booklets and memos constitute a strong device to regulate employee actions.

Union Presence

The local union was one of the most powerful control factors influencing the engineering organization's decision-making, information flow, and benefits. The company could not unilaterally change working conditions, wages, or hours without "negotiating". This legal provision to bargain filtered management's decisions and created boundaries to limit the company's control when assigning EAs to training classes, overtime, travel time, job duties, etc. Managers questioned their ideas against the contract provisions, past practices, and company policy. During bargaining in 1988, the company introduced a new salary administration plan which would have granted supervisors greater discretion in awarding merit increases. The Union officers laughed when they realized the proposal would increase the use of supervisory judgment, rather than limit it. Ken, a member of the Union bargaining team expressed his feelings this way: "We have complained about the problems in the current, so called 'merit' plan for years, and now you want us to accept a plan that gives supervisors more discretion? We want just the opposite. We want to take salary decisions away from our bosses, and make these increases automatic. You guys don't listen to us."

Information distributed to employees was often divided into "management" and "non-management" or "represented" categories. I've seen that data, which at first appeared unlikely to produce a reaction from the Union leaders, were later defined by managers as inappropriate for the Union, whose presence restricted the unquestioned flow of information. In some ways this information was involved in a turf battle between the parties. Managers contended that they would decide what data were appropriate and when they should be sent. The Union officers argued that their members deserved special consideration because they had rights under the contract. Often the discussion was frustrating for local managers because they did not have control of information content or distribution which became an issue between the parties. Because the Union existed, managers discussed, evaluated, and predicted how the Union would react. Supervisors constantly asked, "Do we just distribute this announcement (e.g., Saving Plan changes) or must we bargain, discuss, and entertain ideas from the Union?" One of the main conflict points between the two parties concerned the Union's demands for a variety of data, such as timesheets, APs, salary, and memos. Managers constantly constrained their actions according to a prediction as to how the Union could react. This situation was more evidence of the uncertainty in this organization created, in this instance, by the presence of a union and managers' fear of making mistakes in this relationship.

Impact of Control Structures

Balancing Work and Rewards

Elaborate control mechanisms affected the engineering unit in several ways. First the motivation level to perform well was lessened as employees experienced limited opportunity for rewards due to system limitations and restrictions (Kanter, 1977). The engineering unit was essentially a utilitarian organization (Etizoni, 1961; Thompson, 1967) which "bought" involvement through rewards, which when limited, caused employees to "withdraw" their labor enough to balance the work-reward equation. Employees recognized the nature of this relationship and the importance of rewards under the current system.

Bill: "I need rewards to motivate my people. They meet all the goals, but I still can't move them." John: "We need to have some form of reward available." Regina: "No one pays much attention to appraisals because they aren't an accurate reflection of performance. People look at money, not appraisals." Two non-supervisors saw rewards this way. Chris: "Appraisals are a carrot to make us try harder." Ed: "One of the biggest complaints of the EA is that effort doesn't match the cell. They say, 'Why work hard if nothing (movement) happens? Others will be ahead of me no matter what I do'."

Legitimated Inequality

The elaborate control structures also reflected a stratification system which revealed structured and legitimated inequality. Kerbo (1983) provides a model of stratification adaptable to the research setting. His model examines several features of stratification systems: the degree a system is open or closed; the method of placement; how the inequality is legitimated; the form of inequality (e.g., status, economic, group power); and the degree of inequality.

The <u>type</u> of inequality at ZY&Y was marked by differentiated access to resources and opportunity within the organizations. EAs were limited in upward appraisal movement because their system required all the performance bands to balance to cell 5, in a plan where cell 1 was top performance and cell 8 was low good performance.

Table 3 shows the appraisal cell structure.

Table 3

EA Appraisal Cell Structure

Cell Position	**Appraisal Status**	**Target Pay Percent**
1	High	118.6
2	High	115
3	High	110
4	Middle	105
5	Middle	100
6	Middle	95
7	Low	90
8	Low	85
9	Unsatisfactory	80

These three columns have specific meaning for members who talk about their relative performance by referring to a specific cell number, e. g., 5. Although not always directly expressed, each cell symbolizes a status in the reward system from high to low. No one has been rated unsatisfactory for at least the last five years. This means an EA rated in cell 8 was considered "satisfactory," although this specific term was not part of the words formally used to describe performance. Everyone rated in cells 1 through 8 (the latter low satisfactory,) was eligible for salary increases and bonus payments. Finally, all the target pay percents had to average at 100% to provide adequate funds to cover increases in employees' experience from the past year.

Recently the subdivision of the unit known as "high tech" was allowed to balance at more than cell 5, effectively reducing the movement opportunities for other EAs. One appraisal norm of the organization was to divide rewards equally to "share the wealth." But allowing a part of the organization to balance over 100%, i.e., give their EAs better treatment, violated the past practices and was not easily accepted by the other managers. Upper management's justification was that this group had more complex work, requiring more employee development, for which these employees should be rewarded.

The degree of inequality was minimal on some levels, and moderate on others. EAs and managers shared the same benefit plan, with the exception of the Pension Plan. The management plan required longer tenure, but the payout was greater. A more noticeable difference centered on the salary plans. Management employees were eligible for 3 compensation awards each year: a Team Award -- given to all members who were rated at least satisfactory; an Individual Performance Award -- given to 50-60% of the workforce depending on achievement; and a merit increase which affected the employee's base rate.

The first two of these were in the form of lump sum checks which could vary each year. The non-management employees (EAs) were eligible for a lump sum award and a merit increase, but did not have an IPA (individual performance award) in their compensation plan. The management plan had the appearance of delivering more merit money because of the IPA provision. Another inequality dealt with the education required for certain jobs. Technical assignments demanded more specialized and formal educations, while management assignments had much more generalized requirements. Usually, salary differences were moderate, with a good deal of overlap between EAs, engineers, and lower to middle management people.

Status differences were more pronounced. EAs and engineers worked at desks arranged in rows in an undifferentiated setting. Managers had cubicles with more room and privacy. They also had far greater discretion in movement around the office and, though more responsible, were less accountable for their time, if not their results. Non-supervisors usually had to "request" permission to leave early or take time off, while managers had only to "inform" their supervisors about their intentions. There was a qualitative difference in the worklife experience of the management and non-management groups. Most managers, engineers, and even EAs perceived EAs to have less prestige than professional engineers or managers. At least 10 years ago a former General Manager told a group of EAs, "You are overpaid for what you do, and you don't need to attend corporate training sessions." When individuals had payroll or benefit problems, they spoke of themselves as "2nd class citizens who don't count for much." EAs also traveled much less frequently than did engineers or managers. This activity was viewed as a privilege because the employee was away from the job, unsupervised, and able to spend company funds to a limited degree. Managers wore ties and their ID passes contain the letter "L", signifying a supervisory rank and ability to "sign in" visitors. EAs generally dressed more informally -- what you might expect to see on a day off form "work" -- no ties, sport shirts, and ID tags with no special symbols.

This discussion noted that salary differences between actors were moderate, while status differences were more obtrusive. This has implications which resulted in uncertainty and social distance. Since salaries overlapped, members had similar economic power and felt financial impacts on the company, producing a heightened sense of community. However, the status features tended to drive a wedge between non-management (EAs) and management (engineers and supervisors). The EAs perceived they received less and held an "underclass" position in the organization even though salary distinctions were moderate.

Methods of placement were affected by formal education, achievement (performance), and organizational circumstances. As pointed out earlier, an employee stood a better chance for promotion to a higher technical level if he/she had had formal education in a technical field. The organization favored individuals with education because this commodity was viewed as important for dealing with the customer. Past performance determined which candidates "merited" consideration for promotion, because the organization attempted to reward those who achieved results. This practice reflected the myth used to legitimate unequal rewards -- they were based on contributions. One manager, Arlin, told me: "I look at productivity -- the worth of the individual's work to the department's goals." Bud, Arlin's boss added, "What is most significant is giving a job to someone and it gets done." John and Ed, two production managers felt, "The most important factors are production, quality, on-time spec delivery, cost reduction cases, and job knowledge." Eddy went on to elaborate: "I focus my appraisals on what each EA contributes toward common goals. I see the total package of contributions in conjunction with experience and ability."

As Kanter (1977) noted, some units provide greater opportunities for development resulting in greater motivational levels for these employees. EAs who dealt with R & D had more chances to transfer there, because of their position. Another example covers EAs whose jobs were reclassified to management positions. Although the openings were posted for anyone to bid on, those already in the jobs had the best chances to be selected because they had the experience described on the job ad. This kind of situation rendered an apparently open system, in essence, closed.

The impact of the control system produced inefficiency, lower motivation, resistance to company policy, and -- most significantly -- it helped maintain the Union as a buffer against the manager's whims. A question follows this discussion -- If the system was so dysfunctional why did it continue to exist? Was management blind to the problems? Managers did see the dilemmas because they administered and lived with the results of the system. There were several reasons the system was reproduced. First, as Michels (1984) noted, members were apathetic and preferred to be led. No strong management coalition emerged to make changes and a lack of strong EAs kept the status quo. Second, the current procedures were known and predictable and helped deal with most of the organization's uncertainty. Although highly imperfect, the appraisal-reward system was a legitimated form of inequality which delivered satisfactory salary increases to most members. The feeling, "It could be better, but also worse," pervaded the organization.

The company was, in effect, losing productivity and profits from a faulty system it had developed to reward and motivate workers. In partial recognition of this contradiction and as a way to save money, the company gave smaller gross raises to employees' base salary and began using bonus awards linked to company-wide profits and performance. This shifted the compensation plan to one based on more equal treatment, since a large segment of the bonus payment went to all employees.

Why Does the Union Remain Strong?

Before I began formally collecting data, I heard stories that the Union was formed in 1966 in reaction to the harsh, insensitive treatment of EAs by the former manager of the engineering group. During the interviews, I asked several senior managers and a union officer about the genesis of the Union to verify these stories, but none of the three people offered any more details, just a confirmation of the rumors. The Union was voted in by a majority of 5 people, has sustained only 2 decertification elections, and continues today with over 65% of the EAs paying dues.

Managers' popular beliefs were that the EAs did not need a union and, in fact, did not gain anything from having one. This argument did not hold up on closer examination because the Union filed a 1980 lawsuit which resulted in time-and-a-half pay for working overtime. This was a 5-year suit, finally settled in the Union's favor. The Union also provided a legal means to present problems, file grievances, and demand arbitration. The Union had power in the sense it could make individual supervisors do things (e.g., bargain, offer benefits) that it would normally not do willingly.

An unexpected pattern of interaction occurred between the company and the Union. Managers used a wide variety of bureaucratic procedures (e.g., AP forms, time sheets, authority levels) to control members. These procedures required supervisory action and time to insure the rules were being kept. This surveillance then often replaced the substance of conflict (e.g., appraisals, promotions) and became one of the points of conflict between the parties. Issues arose more over the methods and actions of management rather than the substance of the issue (Hill, 1981). For example, the Union representatives accepted the company's right to appraise and grant salary increases, but continuously disagreed over how management determined appraisals and merit increases.

The Union representatives remained influential because they could demand data and keep management accountable for their actions. They provided a formal means to handle conflict peacefully and to insure that both parties were responsive to each other. It was interesting to experience the "institutionalization of conflict" (Hill, 1981) several years ago during an arbitration hearing at ZY&Y. The leaders were displeased because management developed a new way to group EAs by service band which was intended to deliver money more equitably. The Union leaders argued that EAs should be evaluated as a total universe and not as four separate groupings created when managers divided the EAs by service. Managers said this was a fairer way to pay newer employees who "funded" more money into the raise fund because their salaries were low, but who wound up receiving less money. The Union saw this as a method of favoring the young, more educated EAs at the expense of the older, more experienced employees. Here we see a conflict of values within the ranks of the Union. They called for equal treatment of all EAs but actually sought to protect the senior EAs. The Union debated bitterly before and during the grievance process. Emotions ran high and feelings and communications were greatly strained. Once the parties met in a neutral site, and the rituals of arbitration began, both sides were more controlled and rational with each other. The outcome was mediated by the presence of a third party, the arbitrator. The practices and formalities (e.g., questioning, cross-examination) made the union-management interaction more analytical and rational, and removed emotions from the hearing. The angry words were replaced by polite conversation to explain the system and how supervisors had mismanaged it.

Summary of Evaluation Control Methods and Their Impact

As this chapter has shown, a wide array of control "methods" were active in the Engineering unit, producing a number of consequences. Following is a brief summary of those evaluation related control factors and their impact.

Beliefs in equity strengthens the utilitarian view of organizations where employees expect rewards for their labor. This reduces employee commitment and maintains a distance between boss and subordinate. The nature of one's job affects his/her chance for visibility and movement. Some positions are less demanding thus freeing up time to "look good" in other projects. Appraisal forms reveal inconsistencies between managers but are a formal record which carries weight during grievances, so language conceals data rather than reveals it on the form. Tied to this is the employee's fear of receiving a poor rating which will limit raises. This perception generally results in compliance to work rules and company objective.

Managers use group meetings to reward subordinates, form coalitions, and maintain inequality. These gatherings focus on supervisory conflict rather than assessment of subordinates' performance. The continuing belief in formal authority levels blocks the employee from taking chances and trying new solutions because these needed to be approved by the boss. Independent thinking and creativity are destroyed. The use of job qualifications limits employee movement especially when the requirement has inflated educational demands to ease the selection of favorite-son candidates.

Managers act like guard dogs over the use of salary and personnel data which keeps them more powerful than subordinates who rely on the grapevine. However, this informal device slows some questionable management decisions by exposing negative reactions. Changes in the environment also tends to protect and restrict information flow, based on what the god-like customer now demands.

Finally, the presence of a union produces conflict, protects employees, helps maintain itself because of the tension it creates, and makes managers cautious about decisions they feel are completely in their domain of discretion.

CHAPTER 6

ORGANIZATIONAL BELIEFS AND VALUES

My experience in the organization shows that a variety of beliefs related to the evaluation system were taken-for-granted by the majority of actors. This chapter will expose these values and demonstrate their impact on the engineering organization and its appraisal system. This will be accomplished by discussing the values/beliefs of management, the Union officers, and other non-supervisory employees, using interviews, bargaining sessions, and general participant observation. As a point of reference, I define a value as some action, state of mind, or material object members of the organization see as important, desirous, or a good worthy of possessing.

Management Beliefs

These observations are described from most to least frequently discussed. All comments relating to beliefs are listed, then grouped into nine categories that reflect a common theme and include: What Counts; Let's Do This Fairly, But Easily; How the Pie is Divided; The Payoff; Something is

Wrong Here!; The Blueprint is Good; Sizing Up the Prospects; Judge Wapner May Need It; and Can They Become Butterflies?.

What Counts

These statements describe what "counts", i.e., what was seen as important, in assigning employees to performance bands, and constitute the largest frequency of responses from the interviews.

The largest grouping of performance attributes concern production and contain references to contributing to goals, completing tasks, using resources, and working consistently over a long period. Ed told me, "I focus my appraisals on what each EA contributes toward common goals. One year someone could produce $100 in sales and then $150 the next year, but a second EA who also once produced $100, now does $300." Arlin said, "I look at productivity -- the worth of the individual's work to the department's goals." Bob added, "What's important is getting the job done and serving the customer." A subcategory, hard work, also fits here even though it covers behavior that went beyond the norm of performance, or revealed some special effort. Bob said he "notices who asks for more work and completes it. When people are even, we look at a person's willingness to do extra, stay late." Kurt saw that "you must do something extra and have it noticed."

The next grouping centers on personal skills that managers saw as innate or in sociological terms, ascribed.

These highly valued attributes, included attitude, loyalty, commitment, judgment, imagination, ingenuity, and initiative. This belief established the basis for managers to use subjective factors (e.g., personality and attitude) as an acceptable way to evaluate workers. This was a convenient means to begin or conclude "confusing" appraisal decisions, i.e., those where little was known about the person's behavior. A number of managers expressed their views on this group of skills. Arlin: "Getting a raise or not doesn't change the work habits of most people." George, a staff specialist, said, "Bosses look at the kind of person you are, not really hard data." John J. noted that "flexibility is important to me." Kurt: "The EA with a good attitude is sought out." The staff manager added, "The most important behavior is someone going out of his way to do the job." Supervisors generally agreed upon a definition of these abstract concepts, but they admitted to using a good deal of personal judgment when rating people on these qualities.

This grouping also contained interpersonal behaviors such as cooperation, teamwork, and handling differences. Arlin told me, "A cooperative guy knows who's the boss and is good technically." Chris, a staff support specialist felt, "Results are important, but it helps to be cooperative and listen to what others say." Chuck noted, "In selecting EAs for moves we discuss going above and beyond, and quality of teamwork." John W. said, "Work habits, like following the rules, are important." These were valued because the work of the engineering unit required a high degree of interdependence, and the tasks and departmental objectives were highly specialized, so it was critical for members to rely on each other in order to accomplish tasks or solve problems.

I called the third grouping achieved or learned skills because they reflected valued qualities employees acquired through experience or training (e.g., job knowledge, technical and administrative skills, cost reduction ideas, safety, communications ability, and the capacity to apply what one knows). Managers had these comments to illustrate this skill. Bob: "I want my people to conduct themselves as professionals." John: "I look at the type of work they can do, like the number of systems they know, and the complexity of work they handle." Reno: "The top EA does the 'junk' -- probing tough jobs, and teaching others."

The fourth grouping focused on the concept of time. The way the employee used his time for production, and the timeliness of his/her work gained attention during evaluation. Another item under this subgrouping was the concept of seniority. Managers valued workers who had "more time" in the department or with the company. Ouchi's (1982) research about Japanese organizational structures supported the use of seniority as a tool to reinforce the corporate values. Longer service employees learned the culture and strengthened it through their routine behavior. This finding fit the Japanese situation with its monolithic culture and deemphasis on annual evaluations, but revealed the myth that actual performance accounts for an appraisal level. Seniority was not equivalent to job performance and reflected that "time on the job", in practice, counted for more than one's achievements. Bill was direct in his view of tenure. "I use tenure as a basis of appraisals. I'd place a 4-year person above a 1-year guy. I give preference to the one who's been producing longer." Chuck shed light on a problem related to seniority. "It's difficult to move a young EA coming on strong because other managers won't accept taking a new EA over a senior EA. Mature EAs were held back in the past due to a shrinking universe, so they deserve to move now." Kurt supported this position. "The more consistent EA would get moved, because he's performed over a longer period."

Most members believed that people should move up in performance cells over time, with a shared expectation that length of service should equate to a higher appraisal band. Kurt had an insight into the situation. "EAs feel they should keep moving up, that they're entitled to a higher cell, and those who move up aren't motivated because they feel entitled to the move." Bob observed, "People feel that if they're doing the job or some extras, they should move up. People reject the system -- it takes too much time to move and when it finally comes, people are negative." Members expressed dissatisfaction when shorter service people ranked higher than the more senior individuals. Upper management verbally supported the idea that performance should not be tied to seniority, but to the individual's actual behavior. During level 3 grievance hearings, the bargaining agent argued that "time at the desk doesn't equate to a cell position. We still believe that performance, regardless of service, is what matters." As indicated above, the myth continued because the practice of managers was to give credit to an employee's seniority to the extent that, in the case of "equal" performance, the more senior worker got the higher cell position.

I classified the above statements into four types of performance attributes because of the type of behavior described. The purpose is to show and summarize the types of behavior managers judged important in the engineering unit. The theoretical basis for this classification came from Scott and Dornbusch (1967) who analyzed authority systems by evaluating actors' performances. Assessments were used to distribute unequal rewards, and evaluators had four tasks in the process:

1. define goals -- decide what each person should do
2. set criteria -- specify desired performance and the standards to use

3. sampling -- select segments of performance for evaluation
4. appraising -- judge performance from the sample, and apply criteria to reach evaluation decision.

Scott and Dornbusch concluded the evaluation process supported the authority structure because authority came from the position of significant evaluators whose actions, decisions, and judgments influenced the distribution of rewards. Since the managers were the "raters" in the organization, an understanding of the goals and criteria of performance they defined as significant was enlightening for the research.

All the performance attributes shared a common theme: managers valued qualities that improved the department's goals of greater production and profitability. These features were very rational, or results-oriented with little disagreement among managers on the importance of these performance attributes, although individual "bosses" might stress cooperation over quality or inventiveness. These comments defined that "work" in this organization meant to be productive, do an accurate job, have a good attitude, be cooperative, apply technical knowledge, put in one's time, and do something extra to "stand out." The results were taken-for-granted but revealed again the distinction between organizational and individual goals. Managers valued, measured, and rewarded those whom they saw as contributing to their department goals (Scott and Dornbusch, 1967). Individuals enhanced their chance of succeeding in the system if they learned the rules of the game (Pugh and Hickson, 1989; Burawoy, 1979), "played ball" with management, and hoped their efforts were recognized as supportive of the results-achievement game. The majority of actors concentrated on doing their jobs and presenting the behaviors they thought were valued, recognizing however, that perceptions of their efforts didn't match the rewards they received. The Union president told me, "One of the biggest complaints of EAs is that effort doesn't match the cell. They feel why work hard if nothing happens. Others will be ahead of me no matter what I do." This group either gave up chasing the reward carrot, or developed skills to manage their performance to beat the system. A staff specialist pointed out a problem. "They (boss) can't always see you (e.g., how you work, what problems you overcame), so you have to 'play politics' and tell your boss what you're doing. It's important to keep the boss up to date on your work -- it doesn't allow them to ask any questions." Again it was apparent that appraisals were "window dressing", hiding the reality that evaluations did not reflect performance, but variables like personality, seniority, and the influence and judgment of managers.

Let's Do This Fairly, But Easily

The following section reflects management's overall perspective on how appraisals were handled in the organization. The comments with the highest frequency showed that managers believed appraisals should be fair and reflect equity: employees should be rewarded differentially, matching their contributions, which should come before rewards. However, this belief was a myth because equity was an illusion, a goal, which managers talked about, desired but never reached. This wish for fairness remained strong in the face of employees' dissatisfaction because it was a way this system of inequality was legitimated (Kerbo, 1983). If workers lost this belief, the imperfections and unfairness of the system would emerge above the lake's surface, like the elusive Loch Ness Monster! In an equality-based system, everyone performing at some minimal level was rewarded (Kerbo, 1983). Also the equity concept clearly recognized that management assigned a different "value" to each employee, a process contrary to the Union's willingness to accept the same general reward for all members. The equity value again emerged when managers stated that a merit system provided needed incentives, while an automatic progression plan would only hurt performance.

Interestingly, the second most frequent set of comments showed that management "did not want to hurt" employees. Bob informed me that "we try not to hurt anyone, so we keep the positions the same. To move someone up, you must drop someone." The former staff manager said, "Managers did not want to drop their person because of the negative impact on salary." This meant that once a raise was granted or a higher performance band assigned, supervisors were reluctant to take these back. Their comments conceded they felt the employee no longer deserved the prior status, but the manager did not want to lower the rating and confront the person and explain what happened. According to Regina, "Managers want to avoid confrontation." In addition some supervisors didn't see much value in confronting employees. Bill: "I've told EAs about negative things, like tardiness, and there still wasn't a change." Kurt supported this position. "EAs are told the same thing each year and there's no change in behavior." This practice of not hurting workers had several consequences. First, employees missed feedback which could help improve performance and develop skills. So a desire to avoid hurting subordinates now actually "hurts" them throughout their careers. Second, managers contributed to the legend of evaluations by retaining workers at levels which didn't reflect the subordinates' most recent achievements. Appraisals affirmed a history of performance rather than current status. This further questioned the value and purpose of this yearly "report card" in the eyes of everyone affected.

Another perspective widely shared by managers favored an appraisal system which was <u>convenient</u> to administer. Supervisors found the whole notion of appraising others distasteful and saw it as "the time of year during which we earn a year's salary." Ed B. told me, "At the review meetings, OMs get worn out and give up on pushing their candidates. There's a feeling to just put the EAs somewhere." Another manager, Eddy said, "Some supervisors find it difficult to write so they used the phrase 'met expectations', instead of being specific." Gen, who supervised clerical employees, said: "Appraisals are dreaded by everyone. They interrupt the daily routine of work and social relations." John W., a keen observer of the organization, told me: "Managers accept a certain procedure if it favors their situation, like the methods to place EAs into cells." Managers found the appraisal process distasteful because it produced a fight for a limited number of "better" ranks, and supervisors argued with each other to move their candidates. Gen told me, "It's a dog fight -- it depends on how you made your case. You feel like a lawyer because you must prove your case to get your candidate a top spot." John informed me that, "There's fighting for 'my guy is better' position. We are rewarding on opinions and perceptions, not performance."

This system was guided by the value of convenience and focused primarily on <u>completing</u> the appraisal process, rather than producing a list which accurately reflected a correlation between performance and appraisal band placement. Bud, a third level manager (BLM), expressed it this way: "In the past, our goal was to balance at 100% more than focus on real performance differences." This is further evidence that appraisals are "window dressing" for what really happened in the unit. Organizational needs for efficiency elevated convenience, i.e., completing employees' appraisals, over working on "accurate" evaluations where there were better matches between achievements and appraisal classification.

The value of convenience was also evident in the use of the <u>100% balance point</u> for appraisals, which produced an <u>allocation system</u> rather than an evaluation system. Since not all people can move to the cells their supervisors nominated them for, the organization used the "100% rule" to fund the plan with salary increase money, and to establish a target value (100%) as the average for all appraisals in order to legitimate a system that failed to recognize all deserving employees. It was convenient to cite the limits of the system, rather than to tell the individual that he/she did not deserve to move up a cell. Mike, a relatively new manager, justified the failure of his employees to advance when he told an EA, "I know you're a good performer and I tried to get a cell move for you, but I was limited by the system we use." Jim, a veteran manager, criticized Mike:

"Don't blame lack of movement on the system, say other supervisors convinced you that their people were more deserving."

Based on my contact with all levels of employees, the negative reaction to the appraisal system was linked to lack of recognition and increased when the person felt he/she deserved a reward. EAs who were negative had these comments: "It stinks. As a member of the support group, it's harder to compete against the line, i.e., the production group responsible for writing "specs." Another said he couldn't understand the process, had "no sponsor", and felt appraisals were "distortions." A third EA said, "There are a lot of unhappy people. Apparently, loyalty and hard work don't count for much." Another EA mirrored comments made by managers. "The system works on allocation, not skill or achievement. I'm not higher because there's no room for movement." Engineers had similar reactions. One said, "The process is poor. It operates on politics and 'brown-nosing'. I was told by a boss that nobody gets an outstanding (rating), then found out some did." Another engineer felt he didn't advance because, "I didn't play politics or socialize." However, when an individual was rated well, things looked different: "The system works fine for me. I'm at the top and have been treated positively."

One wonders, "How can such an appraisal plan continue when there are such negative reactions?" Let me offer some explanations. Employees complained because they weren't rewarded to the level they thought fit their performance. However, almost all employees did receive rewards each year. You could say things are fine, but they just could be better. These limited rewards and the possibility that conditions would improve legitimated the system enough to maintain it. Also the majority of subjects told me they were powerless to change the system because managers controlled. It was enlightening to see that, when issues were perceived to be outside one's domain of influence, they proved to be beyond one's power. This has elements of the self-fulfilling prophecy (Merton, 1968).

Supervisors repeatedly commented that they used and accepted a variety of appraisal methods, taking a "do it my way" stance. They supported this position by noting the uniqueness of each job and stressing their individual right to exercise discretion. Bob: "We face a difficulty because there are many different kinds of work in engineering and it's hard to merge the performance lists." Ed B.: "Work varies so much, managers have to interpret what produced the results." Reno: "Numbers like efficiency and quality ratios don't mean much because departments vary so much." Eddy: "Groups vary too much by experience and work to treat them as a single unit." John W.: "There's wide variation in what's considered good performance. Some stress numbers, others personalities. Each manager uses his/her own standards."

Closely tied to this position was the stated belief in the use of manager's perceptions, judgment, and input from engineers, which was a relatively recent source of appraisal data. Arlin: "Since the engineers assign work to the EAs, I developed a questionnaire for them to fill out on their EAs. The basis of this was perception, not 'statistics'." Eddy: "I conducted 3 development reviews during the year in which I get input from my engineers. I used sheets for the review which have categories like problem-solving, and productivity. Each item can be rated as 'below' or 'above' expectations. I then write a paragraph on what needs to change. This was done with engineers and EA present." The key point was that managers accepted multiple appraisal factors and rejected the use of a formal set of guidelines, rendering the entire system even more situational. Throughout all my interviews and observation of meetings, only one manager -- Bill -- said he either wanted to or in fact did use a written set of performance norms. All others wanted to control the appraisals of their people. John J. put it this way: "I want to be able to appraise, rank, and reward my people according to the conditions facing my department."

How the Pie Is Divided

Insights about what managers valued occurred when I examined their beliefs about how appraisals should be accomplished. The responses clustered into several categories, but the most frequent one showed that supervisors approached the process seeking a fair allocation of the limited moves. Recognizing that not all deserving employees can advance, the managers adapted a system of upward moves based on size of the sub-branch, number of new, non-rated employees, and the unit's current balancing point relative to the 100% target. This practice invalidated the claim of equity and reinforced the myth of appraisals, reflecting a whole set of variables beside performance which accounted for an evaluation. This argument will be expanded in Chapter 7.

An example will illustrate this procedure, based on the numerical restrictions defined by management, to average all appraisals to 100%. A large subbranch was allowed more moves because it contained more employees. The two largest branches had 130 and 100 EAs, respectively. Managers argued that group B (100 EAs) should be allocated 30% of any available moves because they had 30% of the total universe. New EAs traditionally began their appraisal career in cells 8 or 7 with expectations to move at least, toward cell 5, the "mid-point." These lower positions, with values below 100%, allowed more senior employees to be in higher cells and still maintained a balance of 100%. The more new EAs in a department, the more veteran EAs who were placed higher. Related to that circumstance was the requirement, cited earlier, for the appraisals of all EAs to balance at 100%. Departments below 100 had more opportunity to fill positions to come up to 100, while groups above 100, were questioned for placing even more EAs in higher cells, forcing the overall average to exceed 100%.

The fallacy of this plan was that performance did not count as much as seniority or prior movement, allowing for more opportunities. The parties continued to have the false impression that achievement counted when, in practice, a number of "system" factors (e.g. openings, seniority) determined placement. Again, the myth that evaluations reflected contributions was exposed. The words of individual managers illustrate these points. Arlin: "We feel we should share these moves. We determine how many we can move and then allocate." John: "It's a numbers game. Only so many people can be in the top categories." Ed: "Some departments stay higher over time. I got most moves by promoting and hiring." Bill: "We work with the idea of sharing moves -- all departments get a fair share of moves. The allocation of moves was based on the department's balancing percentage, and the number of people in the department." Reno: "The BLMs take turns putting EAs into top positions." This practice illustrates again that the current relative performance system was based more on the number of possible actually available rather than the merit of the individual's performance. Management recognized that system limitations -- need to balance at 100%- "cut back" people nominated for upward movement. This situation created an interesting contradiction. An appraisal system, intended to reward performance, was modified to accommodate movement limits, reduced chances, and thus increased the likelihood that employees would lose faith in the plan, that legitimacy would be reduced and so cause the plan to "break down." The myth was never fully embraced probably because its exposure would be too devastating for the actors to handle. The lie of equity was too large to accept.

However, in contrast to the belief and practice of fairness in allocation, managers thought they could compare people and determine each one's relative performance as expressed in the rank order list, used to determine cell placement and ultimately the number of moves allowed. The relative system supported the competitive nature of the work relationships, where "cooperation gets lip-service." It was a long standing practice for managers to preach teamwork and cooperation, while granting individual salary increases and promotions. As one manager, Ed, explained it to me: "Appraisals exist, like in football or baseball, to produce a starting line-up. You always need competition to get results." Under this competitive system -- employees vying for a limited number of upward moves -- appraisal practices focused on selected, visible aspects of performance (e.g., production, quality, timeliness) while ignoring teamwork, positive relations, and problem-solving.

Managers also believed that appraisals and associated rewards were needed to motivate subordinates. This is a common, taken-for-granted value in utilitarian organizations described by Etzioni (1961), or in inducement-contribution settings (Thompson, 1967). People must be involved and committed to the unit's goals and activities through a tangible reward. A common expression was, "Do you think I'd show up for work if they didn't pay me?" This belief fit the equity concept and resulted in the general acceptance and justification of unequal salaries, based on varying contributions.

Managers were also appraised, so they generally "played the game" to protect or enhance their rewards. Crozier (Pugh and Hickson, 1989) noted the games actors played to increase their power. His research showed that bureaucratic units were sites for a series of games between groups of actors: boss-subordinate, peers, men-women, and young-old. He argued that at the "heart of the games was the goal to maximize one's gains (e.g. power, influence, rewards), while lessening these factors in others." For him "knowledge was a key variable, and so was reducing uncertainty, which leads to power." This was not a static situation because the "advantages change sides during the game." A number of years ago, I asked Dennis, a manager, why he was successful, based on his above-average ratings and salary treatment. He said, "I play the game. I give them what they want, and tell them what they want to hear." As I said above, most managers played the game Dennis described, and thus the organization had a compliance orientation, rather than a risk-taking stance (Edwards, 1984).

Managers believed that discussion and feedback were useful to improve behavior. Interestingly, supervisors admitted some people did not change after repeated feedback on shortcomings in the setting of a merit-based system that should pay differently for compliance behavior. This was a sign the system's legitimacy was eroding. As Bill, manager of a software group, said: "I've told EAs about negative things, like tardiness, and there wasn't a change."

Supervisors also accepted multiple judgments as a way to allocate moves and check individual perceptions. According to John W., "The multiple manager meetings offer checks and balances on some cases. Extreme upward moves are restricted." There was support for consensus on the appraisal decisions. If candidates passed this test of fire, they were judged worthy of higher cell placement. Managers recognized that appraisals were largely based on perceptions and were not produced by a "pure math calculation." Group meetings justified candidate selection and tested and validated the values and judgment of all supervisors.

Finally, another set of conflicting beliefs about the link between salary and appraisals existed in the engineering organization. Some managers argued that appraisals should be done independently of their potential impact on salary. This would decrease, the perceived impact of salary on appraisals, but also weaken the motivational "whip" of salary. If someone were highly paid, managers did not want to drop the person's appraisal. Since performance evaluation drove salary level -- the equity concept -- knowledge of salary was a factor raters always considered. However, supervisors told me they calculated the effect of appraisals on salary and based some of their decisions on who benefited most and who would be hurt least. According to Chuck, "We try to be fair and look at the impact of raises. If advancing someone (a cell) will not get them more money, that EA may be dropped or not advanced as much." Kurt was more specific on the impact of salary. "Once we put some engineers in a higher cell because we were told more money was available." This practice again pointed out that the system was driven by a bureaucratic system's need to balance and allocate moves, rather than managers' desire to assign people to bands based on their performance during the period. The value of organizational convenience or <u>task orientation</u> controlled the system, and it was management's way to distribute a limited set of resources (e.g., cell moves and resulting salary increases). Employees were passive recipients, often viewed as a commodity with varying, unequal value, based on their contribution to the engineering unit's goals.

The Payoff

It was clear that cell position and salary were the two key correlated rewards. The main factor was cell placement which in turn determined the salary for each person. Managers said their subordinates felt that cell advancement was expected and something they were "entitled" to receive. This belief placed enormous pressure on a system that used a fixed balancing point and limited allocation of moves. Individuals viewed the current system as, in my terms, a long duration "cueing" process which started an EA at the bottom (cell 8 or 7) and moved him/her toward the middle (5,6) or even to the top (1,2) over time. Both supervisors and EAs valued seniority, loyalty, consistent performance, and playing the game as factors that helped EAs maintain their relative position in the cue or allocation system, which was passed off as a "merit-performance" plan. Again contributions took a back seat to other factors (e.g., waiting your turn for promotion), strengthening the myth of appraisals as reflections of personal contributions.

Supervisors said appropriate individual rewards included movement, money, recognition, and personal growth.

Across-the-board increases were viewed negatively because they were granted "to everyone regardless of performance," failing to differentiate rewards. Once again it became clear that rewards were intended to reflect differential performance and had to be earned by the individual employee's actions. Compliance with the group's rules (e.g., work habits, timeliness) were rewarded (Edwards, 1984), and most managers thought their subordinates remained in the organization because they were satisfied with the salary, benefits, and working conditions, compared to their efforts. Chuck saw it this way: "EAs may not like appraisals, but they are content, have a good boss, work overtime, and like their benefits." There was a satisfactory utilitarian arrangement when resignation rate was used as a indicator of dissatisfaction, because fewer than 5 of 300 EAs voluntarily left the organization each year.

Something Is Wrong Here

Managers expressed a number of value contradictions. A dominant theme was the incongruity between an EA's cell location and the behavior perceived by managers. There were highly rated employees who should have been lower, and others situated in the bottom third (cells, 8,7,6) who "belonged" in the middle or top positions. Managers had a number of comments about this issue. Bill: "Appraisals don't mean anything. They don't reflect the cell one is put in." Ed: "I believe my own appraisals are accurate, but the overall system doesn't match performance and placement." John J. had even more specific comments: "I don't believe appraisals for myself or my EAs. I can compare 3 EAs in one sub-branch and conclude they all don't belong in the same performance band."

Supervisors also commented that the AP form, employed to record job objectives and accomplishments, contained language which "trapped" the supervisor into taking a position that could be challenged through the grievance procedure. Because of this fear, the form <u>concealed</u> information instead of revealing specific feedback. John's reaction to the appraisal form was typical: "I put little on the AP form because the EA and Union use it against us. The statements were general and consistent to fit the overall appraisal. I cover myself against challenges. The form only forces managers to write something and to talk to his EAs." This contradiction was one of several associated with the appraisal process, which purported to develop employees but actually withheld information, causing dissatisfaction instead of enhancing motivation.

Upper management advocated communication, while most supervisors tried mainly to <u>avoid confrontation</u>. However, at least two managers said they gave feedback to employees. Kurt: "I let my EAs see their score on production and quality, so they can track themselves." John pointed out a similar practice. "I use a book of results available for all EAs to see. They get feedback and correct themselves." When supervisors did not completely avoid these face-to-face meetings, they sought ways, through the use of forms, to routinize the job of interviewing 25 EAs and to avoid unpleasantness. A number of non-supervisory employees reacted to the use of appraisal forms. Lou: "I don't think the MAP [Management Appraisal Plan] form was used at all. My boss filled it out and gave to me to sign. He just hands me the MAP; there is no discussion." Chris: "We use a 1-page form, containing different performance levels. The boss reviews the form and we're expected to sign it. It's basically a 'telling' session." Judy, a secretary, pointed out her perception of the private misuse of forms: "My boss xeroxed an appraisal form for 2 employees who performed differently. He used the form during the interview, allows you to review it, but it doesn't matter what's said because the level is already decided and it won't change."

Managers also mentioned forms. Regina: "There is a poor use of forms; they are not always filled out. Employees are not given a chance to discuss objectives, but told to sign. Bosses want to avoid confrontation and ambiguous situations. They want one set of standards for all engineers, because it takes too much time to tailor forms to individual situations." Reno: "The AP is a tool which prompts verbal comments not on the form. It is easier not to talk or confront EAs, so we like to avoid the situation." Chuck: "I use a questionnaire I developed with my engineers, to write the AP. Sometimes I discuss a problem rather than write them on AP. I don't want to hurt the EA by past 'recorded' remarks. The problem could just be temporary." Ed: "I use a 8-item developmental review paragraph, instead of a check list. The AP had constraints and some supervisors find it difficult to write, so they used the phrase, 'met expectations'. They might ship significant items." These comments disclosed another side of appraisals not normally discussed -- they were situations of conflict and uncertainty between boss and subordinate which the supervisor controlled through uses of selected language on AP forms. The interview was not a neutral, routine conversation between the parties, but a setting for the evaluator to define the situation and control the subordinate.

A few supervisors said it was not possible to distinguish and rank 300-plus EAs, while some felt that such a task was realistic and valid. Chuck told me: "A small group is easy to compare. There are a lot of fallacies with 300-plus EAs. I don't see how we could accurately rank that many people." John J.: "The large size of departments (30 employees) puts constraints on doing appraisals." Two managers contended starting salaries were too high, resulting in no chance of an increase during the next few salary reviews. This again indicated that current salary was an important factor in determining an EA's appraisal position, placing 'performance' -- a mythical cliche held by many to count toward placement -- into a secondary role. Upper management had to justify its policies, so commonly managers defended the process even while admitting its many problems. I attended numerous grievance hearings where the bargaining agent described the use of multiple supervisory judgments: "We get all the supervisors in a locked room and they argue for who had the top person. I know this isn't perfect, but we believe a merit system is the best way to handle the type of work you do."

Closely tied to this rational position was the belief that <u>training</u> could fix problems. Several years ago a third level manager had me conduct a one-day workshop on appraising employees and conducting interviews. I presented a number of concepts, stressed the need for documentation, and the value of preparation. Most supervisors listened and participated, but toward the end of one session, Ed B. said, "I understand the need to do things in a careful way, using definite performance norms, but I'm going to continue doing appraisals like I have for years." These managers received the information, but were fixed in their techniques and weren't going to try another approach. This was just one example of management's belief, that given enough resources, any problem could be solved (Cohen & March, 1972; Daft, 1986). Training supervisors might develop their individual skills, but a seminar did virtually nothing to influence the system of interaction in the organization. Sets of beliefs, procedures, and norms exerted a powerful, if often invisible, effect on the decisions managers made.

Managers operated in a system that rewarded production, quality, cooperation, and achievement. "Making waves", trying something new, taking risks, and acting independently were not perceived as wise actions. Supervisors called me to check on contract language to make sure they "aren't violating the agreement and are consistent with other managers." The current reward structure recognized compliance; actors were aware of this as "one of the rules" and played along quite satisfactorily. These forces were talked about, but remained informal, subtle factors and did not appear in manager's departmental goals. As John told me: "Financial goals define department goals because my appraisal is tied to those results."

The Blueprint Is Good

Managers also viewed parts of the appraisal system from a functional perspective, claiming the AP form identified departmental goals. Some used the form to communicate goals at the start of each year. John J.: "I tell my people what they'll be measured on. I use the AP to describe their functions, and compare them to the department average." Bob: "I use the AP/MAP forms to explain responsibilities and get the person's agreement." Kurt's comments provided a good example of AP usage linked to department goals: "I use the AP form and 'tailor' it to each job. I set up department goals which were generic. Each EA contributes toward that goal." Arlin said, "Department goals are tied to a questionnaire I developed to rate EAs, which helped me fill out the AP form." It functioned as both a control and developmental tool on and for employees.

In the end, supervisors thought they used the proper techniques and so had the right to evaluate performance and place employees into unequal categories. This was a strongly held belief which I had never heard questioned, even by the Union president, who usually challenged individual perceptions and judgments but not the company's right to appraise.

<u>Sizing Up the Prospects</u>

The managers held contrasting views about whether they could realistically <u>measure</u> the contributions of members. Some treated production and quality as real and thought it was possible to have an objective view of performance and results. Supervisors also saw the form as reflecting valid, real facts-of-performance with efficiency or cost-reduction data as tangible products of the organization. Kurt pointed this out: "I tried to show differences on APs by using adjectives showing degrees of the same quality." Some managers used the AP as an absolute, end-product appraisal, while others merely used it as a relative guide to determining band designations. Bob: "I use the AP for discussion, but I can't measure like 'the line' which has production and quality numbers. I can't even use the number of cost reduction cases because they vary in degree of difficulty." These comments show that evaluations were interpreted and used differently by various raters, making them non-standard. The real evaluations happened on a less rational and more personal basis than some members were willing to admit, offering more evidence that appraisals were "window dressing" for what really took place.

I attended several results meetings where graphs showed weekly production results for various departments. The feel of the discussion was that the charts captured the "reality" of the production process, i.e., it could be quantified, as if EAs worked on punch presses. A number of managers made statements indicating their acceptance of "objective" factors and the appraisal process. John: "We sometimes use last year's rank as a criterion. The EA who was higher keeps that position." Kurt: "You look at past appraisals because you don't turn the pile upside down." Ed B.: "The most important factors are production, quality, on-time performance, and job knowledge." Arlin: "I look at productivity -- the worth of the individual's work to the department's goals." The strong reliance on old data hurt EAs who had supervisors negligent about keeping good production and quality records. The use of talked-about observations carried less weight because managers could say anything about their candidates. Documented data were more significant because they were substantiated. The rank-order list appeared as a valid reflection of performance differences. Others said the system and its product -- a rank order list -- were bogus and did not reflect true relative performance because, if for no other reason, it was impossible for every supervisor to know the performance of 300-plus EAs and then weigh the relative contribution of each member to produce a valid list. Bob: "My people want to know how someone outside of our group could evaluate them." Ed B.: "Multiple supervisory judgments don't work because we don't know all EAs well enough. You can only know your own group." Regina: "If a person is not seen by other managers, he has little chance of getting higher appraisals." Reno: "Performance is whatever we see."

Almost all supervisors admitted the system relied heavily on individual, subjective, i.e., non-verifiable, data to make evaluation decisions. Ed B.: "Cell definitions vary each year because of the people reviewed and the work conditions. Movement is relative to what others did that year. The definitions of what behavior fits each cell depends on the OM's perceptions." Reno: "We can justify any action we take for moving people." Arlin: "Because we don't provide statistics, you cannot prove who's the top EA." Chuck was very clear on where he stood: "The current system is inaccurate and the final product is shit, it's worthless." John W.: "I use hard data as much as possible, because the process is so subjective. We look beyond efficiency and attendance to see what numbers mean."

These comments focused on a key problem area: how can managers argue over performances when the factors used (e.g., quality, customer service, production) were based on non-verifiable items? I address this question fully in the next chapter on the appraisal process, but let me offer a hypothesis: managers, surrounded by uncertainty (e.g., shifting objectives and supervisory perceptions), employed political tactics, such as coalition formation and ad hoc rules to select candidates for rank order position and cell placement. Each supervisor saw the world differently and could not convince others that his candidate was better because most EAs were perceived differently. Each manager justified performances in terms of departmental or environmental conditions, which varied by department. Subjectivity was a key factor in this appraisal system. How did one measure subjective factors? Measurement became the heart of the frustrating debate.

Judge Wapner May Need It

Supervisors also viewed two products of the system in a legal perspective. The AP form filled a need to document performances in case an issue arose due to a grievance, EO charge, or law suit. Recall, the AP was written in a general way to avoid overstating an EA's performance and this was likely to be useless in a legal arena. It was written for one purpose which did not make it suitable for a lawyer's review (Garfinkel, 1967). The forms contained general descriptions and conclusions about achievements which always left the documents open to interpretation by either side in the debate. The Union representatives looked for words they said showed bad judgment or favoritism by comparing the forms of several employees. They then contrasted the contents with memos or other witnesses who refuted the AP form. When discrepancies were found, the Union case became more credible before an arbitrator. In most cases the form was not significant enough to make a case, thus providing more evidence that appraisals and its products (e.g. lists, AP forms) were charades of what really happened during evaluations. Kurt: "I noticed I began using the same words on APs, which read the same even though the EAs described were in cells 3 to 6. The form did not match the cell assigned. They aren't read and exist as a formality." However, supervisors believed appraisals provided evidence for future personnel decisions. A company lawyer told me the firm was in a more defensible position if managers gave the employee clear, direct feedback on his or her performance. This way the individual could not contest a lack of awareness about the problem. Management clearly saw appraisals as a tool for their protection. The reluctance to describe and confront problems came back to haunt management if a problem employee filed a charge, because the record was often too general to show where the individual ranked. As Reno said, "The forms are used carefully to meet the cell position assigned to the person. We don't want to hang later. We are careful to imply nothing."

Can They Become Butterflies?

Managers held contradictory beliefs about change. Some thought performance change was possible through feedback and discussions. Kurt: "I let my EAs see their score on production and quality, so they can track themselves."

During a one-day training program conducted by a company representative, the importance of feedback for developmental and evaluation purposes was stressed. As I thought about the concept of "employee development", it attempted to make the person productive in terms of company goals and to generate "correct", or as Edwards (1984) described it, "compliance" behavior. The speaker attributed poor performance "to not knowing what was expected." This view diminished the impact of the reward system with varying opportunity situations (Kanter, 1977; Thompson, 1967). Employees did not change or perform better because the organization had inadequate or unfair rewards, according to the perceptions of those affected.

During the session, a good deal of time was spent on the technique known as "The one minute manager." But I began to wonder, if these techniques worked, wouldn't everyone be rated the same and at the top? Employees would "get the message", continue good behavior, and cease "bad" behavior. But this didn't happen. This approach represented the rational, dominant management position, which legitimated the supervisory status. However, other supervisors reported that repeated talks over as much as five years had not altered performance. Bill: "I've told EAs about negative things, like tardiness, and their still wasn't a change." Kurt: "EAs are told the same thing each year and there's no change in behavior." Also supervisors noticed that some subordinates continued to "work hard" even when conditions for motivation deteriorated, such as a loss of status through a downgrade, or a lack of a salary increase. These managers thought the individual had an innate quality that remained constant in the face of shifting situations.

Union Beliefs

During annual union-management bargaining, and at many grievance hearings, the Union officers attacked the appraisal system. The officers contended that managers abused the plan by playing favorites, ignoring contributions, and employing poor administrative techniques.

The representatives never used the expression "sham" or "myth", but their beliefs in essence defined the evaluation system as an illusion of what really occurred in the organization.

<u>We'll Tell You What's Wrong</u>

The officers expressed a variety of concerns, the largest concentration of which dealt with what was <u>lacking</u> from the Union's perspective. The first area of beliefs related to the <u>rewards</u> associated with the current system. The officers thought that key factors like experience, productivity, and training others should be, but were not in practice, rewarded. In fact incentives were missing, and "favorites" got raises, while productivity did not result in a merit increase. The heart of the concern was that performance, commonly thought to affect evaluations, did not relate to appraisal bands. Recently, during a company training session, a female EA told me how angry she was "over working hard, doing a wide variety of assignments, and not being moved a cell" during the recent evaluation review. Her efforts were recognized, but did not translate to upward cell movement, confirming the Union's on-going complaint.

The bargaining minutes also revealed a number of concerns. Appraisal factors -- what counts -- were <u>seen differently</u> by supervisors and were not specific. The Union president, told me, "The process is inconsistent in use of guidelines. The performance factors described in the contract are inconsistently applied. Managers place different importance on factors and these can vary each year. One time quality is stressed, the next time it could be efficiency or production." The bargaining team expressed a need for precise descriptions of performance bands and target pay points. This problem came from two sources of concern. By having specific pay points, the officers could monitor the treatment of their members for fairness, and they could reduce the discretion of supervisors to pay EAs at a range of pay points within a performance cell. For example, the range for cell 5 was 98% to 102% with 100% as the mid-point or target pay point. When the officers bargained to use only 1 point within the band -- 100% point -- it eliminated the possibility that some boss could change this amount. Managers argued that they could distinguish higher and lower performance within a band and reward accordingly.

The Union supported precise descriptions of performance, based on specific actions, because these formal standards would more strictly challenge the judgment of managers. The Union could question the managers on the data or observations used against the words of band descriptions to arrive at cell placement. Managers resisted this because they wanted to control who was assigned to each cell. Also, specific performance descriptions made it more difficult to explain why an EA was not in a particular cell. The Union wanted to reduce management discretion and have a more predictable process. During bargaining, several years ago, Ken told the management bargaining team, "You offer us a plan with more management discretion. We want a progression plan, so we don't have to worry about bosses playing favorites."

The Union officers also said the appraisals were not taken seriously by EAs, that the higher rated ones did not get the proper raises, and that the system was rigged and unfair, meaning the wrong people were rewarded for the wrong reasons. The Union and individual EAs preferred a system based on seniority or some other form of automatic progression which would treat the majority of EAs the same, mitigating the effects of supervisory bias. Linked to this position, the officers said the system produced too many incorrect rank placements, unfair ratings, and rejections by EAs. The president said: "Cells are not a true picture of performance. There's real disparity from the middle (cells) down. One of the biggest complaints of EAs is that effort doesn't match the cell (they are placed in)."

The Union valued a concrete, measurable system, rather than one based on a great deal of management judgment. According to Thompson (1967), they preferred a "computational" rather than a "judgmental" approach to appraisals because it reduced supervisor's judgments and made the entire process visible and easier to monitor. The

Union thought that production, quality, and cost reduction statistics were not used much any more, and as a result, management applied the concept of "multiple supervisory judgments" as a defense for the lack of good records, and the presence of poor statistics. The officers saw through this position and argued bitterly that it was a sham. Again the Union president, told me: "Managers differ in how they use material to support evaluations. One may use large amounts of documents on quality and efficiency while others use only observations and mental notes. Supervisors place different importance on factors and these vary each year."

<u>Situational Factors</u>

The Union argued that a number of factors, unrelated to the actual job, resulted in cell placement. These variables were classified as social because they included a number of situational factors.

The first concerned <u>personal factors</u> in which individuals were in a "popularity contest" where appearance carried more value than performance because being liked filtered out performance problems. As Judy noted, "My boss doesn't like fat people or those who wear jeans to work."

More <u>senior</u> EAs who demonstrated consistent and loyal behavior often remained at higher levels no longer warranted by current performance. What was curious about this position was that the officers favored "fairness" over merely seniority, a stance unexpected for most unions. In addition the grievance committee also argued against "young, DeVry educated people the company favors when it comes to cell assignment." Equity was important and believing in it legitimated some management appraisal decisions.

The halo effect of past performance locked people into either high or low positions, no longer justified by performance. Lou said, "They (managers) don't look at your ability, especially if you're older." Representatives heavily involved in union activities could be unfairly restrained from upward movement. Ken argued: "I was held back because I was outspoken about the appraisal system."

The Union leaders also thought evaluation factors varied and were seen differently by the boss and the worker. This supposedly led to misguided employee efforts and lack of supervisory recognition because the parties sought different goals. This area also tied into the debate between concrete, measurable appraisal factors and management perception and judgment.

Finally, the Union believed the evaluation decision-making process was political, noting that group meetings often changed the initial recommendation of the immediate supervisor. The president informed me: "Bosses with less experience come out with lower EA appraisals. It makes a big difference if your boss has influence and goes to bat for you."

<u>The Boss as Quarterback</u>

The Union officers often stated that immediate supervisors played a large role in determining cell position. When EAs failed to advance, the Union's concerns covered three categories. Managers <u>lacked knowledge</u> about how the appraisal plan worked. Ken: "Supervisors don't know what's happening in the system and don't know how to use and don't understand the AP system." Knowing the rules of the game, made for greater success in a plan with limited and unequal rewards (Pugh and Hickson, 1989). Second, supervisors <u>made errors</u> in determining cell position. Dave: "Some bosses do not use performance factors and don't do a good job with the AP form and system."

The first two problems could be circumvented, but a lack of influence was fatal for gaining rewards. Ed: "New or weak supervisors are at a disadvantage because they lack influence, support, and experience to get their 'share' of rewards." The Union's beliefs indicated that managers held a key role in obtaining cell movement for their employees through adequate knowledge and <u>influence</u>, again pointing to the charade of appraisals. Performance was mediated by the manager's position and "doing a good job" was often not enough to gain movement. Managers resisted this belief because the responsibility for rewards shifted from the individual to the supervisor. Managers sought control but not in such a high risk situation as that created by evaluation techniques.

It's A Mystery

The Union leadership and eight representatives were not involved in directly creating appraisals, but acquired a good deal of information by asking questions and filing grievances. They thought the process was filled with confusion when efficiencies were calculated and in determining who actually appraised EAs. They did not like what they saw as "forced distribution" of employees, and they thought deciding cell placement before the APs were completed, was the wrong sequence. Appraisal forms, they argued, should be completed, then meetings held and cells assigned. Ed, the president, informed me: "AP forms are completed after the rank order and cells are assigned. The form should be used by the boss as ammunition to get moves."

To the EAs, it was illogical to assign cells and then prepare write-ups to justify positions. For management this was a convenient, rational sequence. Once cells were assigned and the universe balanced, APs were written to match the individual's placement. Some managers admitted this. Bill: "I don't appraise EAs. I write the AP to fit the cell placement." John J.: "Some APs are written to justify appraisals. It becomes a selling job." Writing appraisal forms first created problems when the language was too positive or negative for the person's cell assignment.

The Union then questioned the purpose, fairness, and value of the document. As Garfinkel (1967) discussed, managers wrote forms for <u>their</u> rational purposes which did not fit the information needs of employees or representatives. This kind of discrepancy fueled the illusion that appraisals reflected workers' achievements.

The Union president recognized that movement within the universe (e.g., attrition and hiring) opened chances for positive cell changes. This belief reinforced the evaluation system as an <u>allocation</u> system, and not a merit/achievement based plan, although many employees still held to the myth of the importance of performance. When employees grieved their appraisal cell, the arguments stressed the overlooked achievements of the EA. Several years ago, the grievance director, Terry, presented an appraisal grievance for Bill, who was rated near the top third of all EAs. Terry said, "I don't feel the manager gave Bill credit for his training efforts or his overall helpfulness. You can't just look at spec production." During several recent bargaining sessions the team continued to voice dissatisfaction. Ken: "There are too many misrankings. The plan is too rigid, and errors are not fixed even when they are obvious." Ken's reference to "rigid" concerned the slow movement allowed in the plan. Employees with either very good or poor performance were unlikely to move much during the annual review. The norms of movement called for gradual upward steps even though as individual had superior achievements. This again pointed to the insignificant role actual achievement played in cell movement. If this were truly an equity-based plan, behavior should have been most important for placement. The equity of the appraisal plan was a myth.

Progression Concept

The Union bargaining team repeatedly argued for a an automatic wage progression system to replace the judgment based, merit system, expressing their concern for equality, rather than management's desire for equity. This area remained a fundamental disagreement between the parties. If management eliminated the merit plan, they would in effect terminate the appraisal process as practiced in the engineering unit for over 25 years. The Union leaders thought management had control in this area and wanted to retain it, thereby restricting movement and merit increases. Managers feared that an automatic progression format would destroy or weaken the employees' motivation to work, ignoring other factors (e.g., work itself, advancement, recognition) that moved people to achieve organizational and personal goals (Herzberg, 1959). As I mentioned earlier in this chapter, Union officers repeatedly argued to reduce manager's discretion in assigning appraisals and granting increases. They did not trust or agree with managers' perceptions and wanted to reduce the uncertainty of a system which relied so heavily on judgmental decision-making (Thompson, 1967).

Non-Supervisory Employee's Views

Disappointment in General

Twenty-three technical-professional, non-supervisory employees out of 40 responded to my brief, open-ended questionnaire (Appendix 2) about the impact of appraisals. The predominant finding was their belief that the system failed to reward for achievements and left many employees unhappy. The reasons included difficulty in comparing unlike groups; use of a political allocation system, not one based on achievement, i.e., extensive use of politics and "brown-nosing"; lack of a sponsor; short service; no room for movement; and limited technical knowledge. These comments highlighted the mythical nature of evaluations, but did not explain why practices continued when they were not directly legitimated. I have contended the system has been reproduced because subordinates are relatively satisfied by the overall reward arrangement and do not believe they have any power to change the plan created by managers since their previous complaints have never altered practices.

Roadblocks to Success

Employees offered a number of interesting viewpoints about what they believed was important for movement, but lacking in their performance profile. They said their appraisal <u>position</u> prevented further movement: they were at the top and could not move higher in the current job category. This statement disclosed the restrictions of an allocation-driven plan situated in a bureaucratic organization. Opportunities varied by position of the employee and declined because there were less openings at the top. Another barrier was the <u>allocation</u> limits imposed by managers to produce a bell-shaped distribution. Other similar comments touched on the lack of open positions, and a shrinking universe which made movement even more restricted because of the 100% balancing point. The plan simply placed a limit on the number of employees who held top ratings.

<u>Type of work</u> and perceived value of work were noted as other reasons why advancement was blocked. Employees recognized that some job assignments were seen as more important and difficult by management and therefore deserved a larger share of limited rewards. These "higher" valued jobs were referred to as "spec" writing and dealing with customers, involving 90% of the EAs. The "lower" valued jobs were "service and support" which handled cost-reduction case work (e.g., write-ups, investigation of ideas), cost-estimating, and quality-control assignments. <u>Short service</u> was another reason for limited movement: people did not expect to be rated at the top if they had short service. A

secretary said: "If you're new, you can't expect to be outstanding right away."

Some cited lack of a <u>sponsor</u> and being of the wrong <u>gender</u> (male) and <u>color</u> (white) as impediments to movement. According to the company affirmative action plan, managers made efforts to hire or promote qualified individuals into jobs that were underutilized compared to the degree the protected group existed in the labor pool of the geographic area. The company was not under a court-ordered quota system, which would mean that a specified number of future opportunities must go to members of protected groups. The comment by employees about the impact of gender and race reflected a popular <u>myth</u> for lack of movement, and a curious one for at least two reasons. The highest rated woman was in cell 3 (1 was top, 8 was bottom) and the highest rated minority person was in cell 2. If the statements about the "advantages" of being a woman or minority were true, you would expect greater representation of these classes in the higher appraisal categories, but this was not the case. Secondly, when managers discussed performance with me, they focused on the specific behavior of the person, not his/her race or gender. When managers made such a reference, it was incidental, and a way to supply demographic data to identify the person. For example, when John W. discussed some of his EAs who deserved to advance, he mentioned Hermina, a female minority, but John never spoke of her ethnic background or her gender. He simply said, "Hermina is one of my EAs who should be higher. She's constantly working and producing. What a workhorse"! The supervisors noticed and tended to discuss performances before demographic variables.

The discussion of the previous section highlighted the variables of current appraisal, type of work, seniority, sponsorship, and race and gender as factors affecting appraisals. These perceptions were shared by all the principal actors, i.e., managers, union officers, and subordinates, yet all parties continued to accept the appraisal plan. Why? The myth of the value of good performance remained strong because it provided a way to accept and live with a system containing unequal rewards in the face of subjective evaluations. Managers needed this myth to maintain the power and control of their roles; the Union's existence was sustained by all the problems generated by the system; and subordinates found hope for rewards and reasons to continue participation. Without this myth, the entire control-reward system would collapse!

Use of AP Forms

Employees said the appraisal forms were negative in effect and contained distortions. The APs were "used by management to justify salary levels, were repeated for each employee, and were made to fit the final appraisal." Some reported that supervisors completed the form and merely had employees sign it with little or no discussion. One of the continuing complaints was that managers filled in the AP forms after the cell positions were decided and so fit them to the rating. Employees believed that the AP should be used to decide an employee's position, but that this was not the actual practice. Rather, APs were finalized after appraisal levels were decided and the rank order was completed. Chuck, a manager, confirmed this sequence: "The AP form is often done after the rank order and cell assignment are finished." The order of appraisal production was a puzzling sequence. The parties were aware of this pattern, adding another example of the "window dressing" nature of the evaluation system. Setting aside an argument for a "correct" sequence for managers to produce an evaluation, the subordinate fully expected the boss to complete the form before deciding an appraisal. The parties openly admitted this order was not used, adding to the myth of appraisals and the continual questioning of what counted in the organization. It was as though employees wanted to understand the rules of the game, so they could have a fair chance at the rewards.

What's Important

I had a sample of employees rank 15 qualities according to the value they felt supervisors placed on these variables in rating performance. A lower mean rank value reflected greater perceived evaluation impact, while a larger number indicated less perceived value to managers in assessing people. Table 4 presents a listing from most important attribute to least important of qualities which employees perceive managers use in ranking them.

Table 4

Employee Perception (N = 15) of Value Managers Place on Employee Behavior

Factor	Mean Value	Rank
Production and Quality	5.39	1
Job Knowledge	6.26	2
Attitude	6.52	3
Cooperation with Mgt.	7.25	4
Complexity of Work	7.61	5
Flexibility	7.65	6
Attendance	7.78	7
Follows Rules	8.35	8
Problem-solving skills	8.39	9
Social Relations with Managers	8.61	10
Self-Confidence	9.13	11
Seniority on job	9.13	11
Communication skills	9.35	13
Customer Relations	9.96	14
Attractive appearance	11.10	15

The mean scores ranged from a low of 5.39 for production and quality to a high of 11.1 for attractive appearance. 23 of 30 employees responded to the questionnaire.

Table 5 reflects the frequency with which certain factors were cited as having a high impact (rank 1, 2, or 3) and a low impact (rank 16,15,14).

Table 5

Employee Perceptions of High and Low Impact Behaviors

High Impact	**Frequency Ranked 1, 2, or 3**
Production and Quality	14
Social Relations	8
Attitude	6
Complexity of Work	5
Job Knowledge	5
Problem-solving	5
Low Impact	**Frequency Ranked 16,15, or 14**
Social Relations	9
Appearance	9
Customer Relations	6
Communication Skills	5

One could hypothesize that the above perceptions resulted from the appraisal history of the respondents. Those with good ratings thought that "production and quality" were important, while those at the lower end of the scale supported the use of social relations and appearance. Although production was cited as important to managers, respondents know, in practice, social factors mediate the final appraisal. Clearly, employees believed managers assigned the greatest importance to an individual's production and quality, values consistent with managers' views discussed earlier. Job knowledge and attitude followed and fell within the high impact factors, and employees believed that managers valued a productive and knowledgeable worker with a positive attitude.

Qualities ranked at the bottom were "customer relations", which was surprising considering all the attention this factor has received in company publications and training courses, and "attractive appearance." This response was probably due to the emerging status and non-specific nature of customer relations. Employees did not know what this variable meant because of its recent emergence as significant. Prior to divestiture, the first priority was production and quality and most members were socialized under these old values and did not see the importance of customers. Secondly, production was still seen and rewarded as more important than customer relations, which received lip-service in the new engineering organization.

Informally, male employees told "stories" that some women were promoted due to physical attractiveness and use of sexual favors. These stories persisted in the face of demonstrated managerial skills or appropriate educational background. However, women did not occupy a number of positions disproportionate to their representation in the labor market. Women were found in staff manager jobs, and of the 34 manager positions, 6 were held by women. All these assignments were in the bottom 2 of 4 management levels. The accounts were unfounded, and even if true, not very favorable to women who filled just over 17% of the decision-making positions. The stories probably started and persisted as a way to explain the speaker's failure to progress in the organization. It may be a face-saving device (Goffman, 1952) to justify the storyteller's persistent, unenhanced status as a non-supervisory employee. I was always amazed at the anecdotes circulating in the unit. Besides the allegedly undeserved success of women, topics included office romances, illness and other personal problems (e.g., divorce and drinking problems), defects in moral character, value as an employee, and degree of financial resources. The storytellers stimulated the group and clarified issues (Deal and Kennedy, 1982), but some managers saw this behavior as a waste of time and evidence of poor "work habits!" Consistently, the low impact factors included social relations with supervisor, appearance, customer relations, and communications skills. According to these figures, employees thought managers devalued personal relations, physical appearance, dealing with customers, and communicating.

These conclusions were not consistent with beliefs expressed via stories from some employees who said that "golfing or bowling with the boss will gain you a higher appraisal." It was interesting to see that actors thought production, knowledge, and attitude were more important than appearance and social relations. This position helped explain the frustration and disappointment of those in a system that did not adequately reward the expected, commonly held-to-be-important behaviors, but used an allocation system based on manager's needs, political methods, and <u>cueing</u> for movement. These comments were consistent evidence that the appraisal system had a mythical nature where beliefs did not match practices.

<u>Other Factors</u>

Non-management employees reported other factors, which I had not included, as most significant for appraisal status. A persistent theme here was the negative impact on movement, compared to what worked for placement. This led me to conclude that the practices created "losers" who produced the following accounts to justify their unsatisfactory status (Scott and Lyman, 1968; Goffman, 1952).

Many long-service employees thought their greater age favored younger employees for promotion, while others believed that supervisors looked at an EA's current level before evaluating performances. There was a great inertia against advancing people a level because there were so few moves to spread throughout a large universe. Linked to this, EAs believed that the quantity of available slots affected their chance for upward movement.

Finally, employees, hinting at the presence of an organizational paranoia, thought that seeking transfers through the bidding system indicated they were not interested in the job, and did not deserve to advance. This factor was interesting because it exposed a belief in loyalty not expressed too frequently. Divestiture caused a breakdown in old values like loyalty and security, which the company supported through consistent promotions, salary increases, and "lifelong" employment. The norms changed and productivity, profits, and customers became the primary goals of the company, leaving employees afraid to show any sign of "jumping ship."

Supervisory Views of Evaluation Factors

After the previous group of engineers and EAs ranked evaluation factors, I reasoned it would be useful also to collect managers' perceptions about the same factors. In another section to follow, responses of these two groups will be compared.

Table 6 lists attributes from most to least important, according to supervisors who evaluated within the organization. A discussion of these data follow the tables.

Table 6

Manager Perception of Weight Managers (N = 25) Place on Employee Behavior

Factor	Mean Value	Rank
Production and Quality	3.38	1
Job Knowledge	3.77	2
Complexity of work	4.08	3
Flexibility	4.35	4
Problem-solving skills	5.31	5
Attitude	5.38	6
Customer Relations	6.38	7
Communications Skills	6.58	8
Self-Confidence	9.00	9
Attendance	9.46	10
Follows Rules	11.10	11
Cooperation with Mgt.	11.60	12
Seniority on job	13.00	13
Attractive appearance	13.90	14
Social Relations with Managers	14.60	15

The mean scores ranged from a low of 3.38 for "production and quality" to a high of 14.6 for "social relations with managers." (The lower means = higher rankings). 25 of 28 managers given questionnaires, responded.

The following table reflects the frequency certain factors were cited as having a high impact (rank of 1, 2, or 3) and a low impact (rank of 16, 15, or 14).

Table 7

Comparison of High and Low Impact Behaviors

High Impact	**Frequency Ranked 1, 2, 3**
Production and Quality	14
Job Knowledge	14
Complexity of Work	13
Flexibility	12
Attitude	10
Problem-Solving	8
Low Impact	**Frequency Ranked 16, 15, 14**
Social Relations	23
Appearance	16
Seniority	14
Cooperates with Management	3
Follows Rules	3
Attendance	1

Managers placed the greatest importance on task completion factors: production and quality; job knowledge; complexity of work; flexibility; and problem-solving skills.

Not surprisingly, these same factors fell into the high impact category, with "production and quality" and "job knowledge" at the top of the list. These factors were achievement directed, something the employee "earned" and was rewarded for accordingly.

Factors rated at the <u>bottom</u> of the list referred to <u>non-task</u> or context factors and included social relations with managers, employee appearance, seniority, cooperation with management, and following rules. This was again consistent with the low impact variables, where social relations with managers and attractive appearance were cited most often as having little impact on performance evaluation.

There were a number of points worth noting about the low impact group factors. Supervisors were often criticized for "playing favorites" with employees with whom they golfed or bowled. One manager said supervisors had little choice but to rank a factor like social relations low or else they would confirm a number of negative comments from employees! Another 3rd level supervisor, "jokingly" commented that, "Charlie would be a good candidate for the staff manager's job because he golfed with me." These comments, those from grievances, and from informal discussion with employees disclosed that social relations with managers actually had far greater impact on performance appraisals than managers openly confirmed. They believed in fairness and rewards for production, but they knew the system used subjective factors, including social relations and liking the employee, to determine the individual's appraisal. As performance differences between candidates became less distinguishable, there was a greater use of subjective factors, such as those reported in the low impact area. These variables were quite powerful when the appraisal process moved from objective, concrete factors (e.g., production and quality) to uncertainty, lack of performance knowledge, and into the area when political variables like friendships, repayment of favors, and coalition formation came into play. There was a difference between what I observed and heard during informal conversations with managers and what they reported was important in judging performance.

Other Factors

Managers added a number of other factors, not listed among the choices I provided, as significant in determining evaluations. In contrast to the additional factors from non-supervisors, managers' comments were positive, i.e., they enhanced chances of upward movement, rather than prevented employees from progressing. The difference announced the diverse orientations the two groups took. Non-supervisors were less powerful and more dependent on their bosses for career success, while managers, although not happy with their appraisals, thought they had more control of the work situation.

Managers thought that EAs who trained others and shared solutions contributed to the success of the entire department. Linked to this was teamwork where the employee had "organizational integrity" and built group cohesiveness. Also cited was cooperation to share workloads and job information. Another dimension was relationships, a highly subjective item which assessed how well the employee worked with peers and customers. Supervisors favored those who were self-directed and easy to manage, touching subtly on the importance of control. A third factor dealt with how the EA used time, matching interview data which cited good work habits as desirable.

The next variable, professional manner, was a curious item because the EA universe is never referred to as a "professional" grouping, due to less technical nature of their job, lack of an engineering degree, and existence of a union. With this as background, supervisors wanted workers who acted maturely, required little supervision, and "conducted themselves as professionals." This was in the sense of appearance and attitude, not the classical notion of professional, which deals with a specialized body of knowledge, acquired through formal education and examination by a licensing group (Larson, 1977). After reviewing these factors, it became quite clear that all were subjective in nature, difficult to contest, open to debate, and very useful for managers to control the work and appraisal situation.

Summary of Shared Engineering Organizational Beliefs

The data revealed many values, some of which were founded in actors' experiences and were not mythical. However, a number of beliefs persisted in the face of contradictory organizational practices. There were three main categories of beliefs that operated in the culture of the Engineering organization: achievement, fairness, and avoidance.

Achievement

Members believed that accomplishing organizational goals was the common method to attain success, giving everyone a chance to advance in appraisal level, salary, and hierarchical position. They saw the opportunity structure as open to all who achieved. This was similar to the explanation Turner (1960) used when he discussed the difference in ideal-type perspectives taken by British and American schools toward allowing students to compete for college entrance. The British model is "sponsored", identifying those most likely to succeed, and admitting those "selected" students. The American model is "contested", allowing more students to enter the race and then eliminate themselves because of performance. The second approach is class-centered, competitively fair, and declares the American dream of success through hard work. The "contested" perspective explains the persistent belief that the evaluation system is fair, recognizes performance, and rewards employees.

This myth was contradicted at YZ&Z by those who thought they, despite having achieved all that was asked of them, had not advanced. Traditionally only 10% of the EAs advanced a cell each year, assuming that new members entered the unit. The allocation method more accurately described the practices of this organization, and not recognition of achievement. This discrepancy between the belief in achievement and the attainment of success after contributing represented the core contradiction of the appraisal plan. The company's reward system promised graduated levels of incentives for contributions but continuously fell short of that goal in the eyes of managers and subordinates. The system did not deliver expected rewards because of limitations in funds and company-defined restrictions in the number of top appraisal positions. The existence of limited rewards created a competitive climate among actors where teamwork was given lip-service, but rewards were based on individual variables such as supervisory influence, seniority, nature of assignment, and appraisal history of employee. The myth of equity dominated the belief system and proved frustrating to all participants. Opportunity to advance depended on non-production qualities like influence of one's manager and structure of individual assignments, and was differentially distributed.

Fairness

The actors said that good work, achievement, and effort should be rewarded with money and promotions. This was based on the powerful value of equity or distributive justice which held that rewards should follow and be based on the individual's contributions (Kerbo, 1983; Mahoney, 1983). All parties supported this unattainable organizational belief. Managers tried to promote their "best people"; the Union grieved an employee's appraisal when he/she thought individual efforts were not recognized; and individuals consistently assessed the status of their "psychological contract" (Schein, 1980) with the department and then adjusted their personal efforts, i.e., contributions, to match their perceived rewards. The data indicated that most employees were not satisfied with the level of fairness or rewards. Lou, a staff specialist, said: "Employees know appraisals are "BS." You get the same old story -- 'I tried to move you, but I couldn't.' Once I was told I had excessive long distance calls. My boss said the top group could only have 10-15% in it, and there was no room for me." Gen, a supervisor of clerical employees said: "Employees feel the system is biased with little chance to advance." Judy, a secretary: "You can have a high rating for years without any impact. Appraisals did not mean much because there's no money tied to them." Bill: "Appraisals create very negative morale problems. Only 2 or 3 out of 30 people can move." Reno: "People don't feel they're rated right."

Employees sought fairness in a system driven by this belief because the approach reflected a fair chance at obtaining a reward. This was similar to people waiting patiently in line to buy football tickets. This might not be enjoyable, but it was orderly and progress to the "window" could be estimated with some accuracy. What disrupted the sense of fairness was faster than expected movement and "jumping" beyond others in line. This was like the anger and frustration caused by "line crashers" at the box office. Workers did not mind the wait, as long as progress was fair and based on achievements. However, quite often this very fairness was missing.

Avoidance -- No Pain or Loss

A powerful and persistent belief and practice was avoiding confrontations and feedback. This was seen in the practice of not taking away past salary increases, even though an employee's performance level had dropped. Approximately 10 of 300 EAs dropped a level each year, yet no one "lost" money, but merely did not receive a raise. Bob, a service manager, said: "We try not to hurt anyone, so we keep the positions the same." Regina, a staff manager, told me: "Managers don't want to drop a person because of the negative impact on salary. They want to avoid confrontation." In times of layoffs or downgrades, those affected by the downgrades had their salary protected for 1 year and then reduced over a 3-month period. In the last 4 years, only 3 new EAs out of approximately 125 hired were "relieved" for performance or attendance deficiencies. This was one value actually consistent with organizational practices.

The implication of this non-punitive norm may have been dysfunctional for both subordinate and company. The worker was unhurt financially in the short term, but was deprived of data which might improve rewards during a career. The company, by paying a salary not commensurate with its reward structure, furthered the claim that appraisals were shams. This practice also decreased the likelihood that production, quality, and customer satisfaction indices would improve by avoiding discussions to "turn around" the worker. The practice of problem avoidance contradicted the company's goal of production and service, but it made the workers more controllable by not irritating them with feedback.

Comparison of Evaluation Factors from 2 Perspectives

Table 8 lists the factors based on the mean value of the two groups, and the rank order of each factor, referred to earlier in tables 4 and 6, providing a view of the relative, perceived importance of each factor.

Table 8

Rank Order of Behaviors Valued by Workers vs Managers in YZ&Z Corporation

Factor	EA/Engr (N = 15)	Managers (N = 25)	Rank Difference
Production	1	1	0
Job Knowledge	2	2	0
Complexity	5	3	2
Attitude	3	6	3
Flexibility	6	4	2
Problem-Solving	9	5	4
Cooperation	4	12	8
Attendance	7	10	3
Follows Rules	8	11	3
Self-Confidence	11	9	2
Communication	13	8	5
Customer Relations	14	7	7
Seniority	11	13	2
Social Relations	10	15	5
Appearance	15	14	1

(1) Managers and non-supervisors perceived a number of variables the same way -- some of high and some of low impact. The low impact factors were seniority, appearance, and self-confidence. Complexity of work was rated moderately significant, and the high impact factors were job knowledge, production or quality, and flexibility. These variables

differed in rank positions by 0 - 2 ranks. (2) Another cluster of factors showed <u>differences</u> of 3 - 8 ranks: communications skills, customer relations, problem-solving skills, social relations, attendance, follow rules, cooperation, and attitude. On the surface the members reported a good deal of agreement on what was important for evaluation. To some extent this showed the high degree of shared understanding of the organization's success values. The communications devices (e.g., grapevine, meetings, appraisal sessions, grievance meetings, bargaining sessions, and publications) socialized the members to know what the company officially <u>said</u> was important -- job knowledge, production/quality, and flexibility. Seniority and appearance received lower marks. However, as discussed above, non-production, i.e., non-achievement, factors like acceptability of person and boss' influence were more significant in determining evaluations than the talked-about variables like achievements. The production factors were objective in nature and verifiable, offering little room for supervisory judgment. Without this discretion, managers would lose control over subordinates and the labor process, a situation completely untenable to them. So although the parties talked about achieving results as the means to rewards, managers actually used judgments of multiple variables (e.g., seniority, past appraisal, allocation limits) to determine the most deserving EAs for upward cell movement. The managers retained control by talking one way but acting on contributions and rewards in another way. This was further evidence about the fabricated nature of the entire evaluation process.

Finally, an interesting phenomenon occurred when ranks between the two research groups (EA/ENGR, and Managers) were compared. The subordinate group in the Engineering unit (EA/ENGR) differed the most from the perception of their supervisors. Between managers and their subordinates, only two factors (job knowledge and production) had the same rank position. It was clear that the subordinate sample of EAs and engineers understood the impact of some of the evaluation factors differently than did the Manager group. This was surprising and puzzling because the EA/ENGR and Manager groups resided in the same organizational setting.

Why did the rank discrepancies occur in the above patterns? I suggest two explanations that cannot be validated from the survey data, but provided a rationale. First, a number of the respondents in the EA/ENGR sample saw themselves in conflict with supervisors over work procedures and did not share a common "management" definition of the situation. Secondly, the Manager group may have responded in terms of some ideal or "right way" of weighing appraisal factors, which caused them to differ from their subordinates who answered from a desire to expose what was wrong with the system, emphasizing more of what should be present, rather than merely rating a group of neutral factors. Other written remarks on the survey returned by the EA/ENGR sample indicated that a majority of the respondents were displeased with the system, mainly because it did not recognize "good" work with cell advancement or other promotions.

The power relations between managers and subordinates created conflict and divergent interests. Employees sought security and a small measure of autonomy, while managers wanted to control the work environment so they could deliver production and profits to the company. The parties saw the "world" differently because they stood on different plateaux.

CHAPTER 7

THE SOCIAL PRODUCTION OF APPRAISALS

The previous chapters have analyzed the setting of the organization, the control strategies, and the belief systems of the actors. This chapter examines the individual and group actions managers took to produce appraisal decisions and the products of those actions such as AP forms, documents, and a "rank-order" list. The analysis will answer the question, "How are performance appraisals produced?"

The Big Picture

To understand the overall evaluation process and the discussion which follows, I will describe the phases of the general appraisal process as they involve managers. In the first phase, the immediate supervisor assesses employees' performance, through feedback from engineers who assign work. The supervisor judges the employee's worth, comparing performances against departmental goals and situational variables like unplanned workload and unforeseen problems, such as the introduction of a new service. Managers apply their interpretation of shared performance objectives; rank their employees from "best" or most productive to "last" or "poorest;" integrate information about current cell position and time as an EA, and finally judge performance to produce their departmental list.

In the <u>second</u> phase, all the supervisors under a Business Line Manager (BLM) meet to "combine or blend" their individual lists into a "subbranch" rank-order. The size of these combined lists range from 16 to 135 EAs. Managers told me, "there is usually agreement because we know most of the EAs discussed." However, past performance and reputation often haunt an EA during this phase. John W. (a manager) told me about Al, a union officer who worked for him about 6 years ago. "Al was smart, but he spent too much time on the phone running his extermination business. I had to keep an eye on him, because he never seemed to push to get work out." Because of a reorganization, Al was transferred to another supervisor who, according to John, "took a liking to Al, and was fooled by him." Louise began to rely on Al for training new EAs and for coordinating assignments. During subbranch meetings, John argued that he had EAs who deserved to move ahead of Al. John, however (according to Louise), seemed to "get his way" for a number of years because of his long tenure, knowledge of the engineering unit, and argumentative skills. But Louise kept pushing Al -- she ranked him as the number 1 EA in her departmental listing -- and finally was able to move him into cell 2 over John's objection. I believe her success in moving Al up was due to several factors: her department moved to a subbranch separate from John's; his arguments began to lose weight since he had less direct contact with Al; and John's comments sounded like "a personality conflict", dating to 1986 when John wrote several memos about Al for alleged incidents of harassment.

I label the <u>third</u> phase, "the group meetings", because all managers meet to decide a final rank-order list. This is the most difficult and tense period because managers compare and select EAs for cell placement from work groups outside their area.

<u>Phase 1 -- First Level Manager</u>

Supervisors observe behavior and received performance input from their engineers on EAs. Reno: "I look at what the EA does for me. Performance is based on whatever we see. Sometimes a picture book is used because EAs are not known by name. If EA does something special, it gets communicated, so he may go up." Arlin: "The basis of evaluation is perception, not statistics. With this method you can't prove who's the top EA when you get into group meetings because we don't provide statistics." Chuck: "I use the observation of work habits, punctuality, 'BS-ing', and who's on phone too much." Ed B.: "I don't keep efficiency records anymore because I rely on engineers who have direct contact with EAs." Armed with these data managers make judgments on the contributions of each individual against departmental goals. Gen made an insightful comment: "We use objective standards, like production and quality, but I interpret the application of the criteria." Judy: "My boss makes a judgment about my work, so it's not objective. He doesn't count the letters I type." Reno: "We can justify any action we take for moving people." Arlin: "We have no formal way of judging. Even when we assign weights, it still reflects my perception of the situation." Bob: "Evaluations reflect a person's opinion and who says they're right because personalities come into play. I don't even use numbers of cost reduction cases because they vary in degree of difficulty." Eddy: "When my engineers and I tried to rate EAs, we had a number of ties, so we used 'tests of significant differences'. We look at spec delivery, training, and how the person is used as a resource."

Employees are ranked from top performer to bottom performer, based on a judgment of contributions. Managers also make an estimate of the appropriate band. This decision is based on the current appraisal cell, a judgment of what band the current behavior fits, and an assessment of which employees deserve to move the most. Eddy: "The managers know the current cell, so in working on new appraisals, we project new levels. Cell definitions vary each year because of the people reviewed and the work conditions. Movement is relative to what other EAs did that year." Two supervisors commented on the impact of appraisal history. John W: "We sometimes use last year's rank as a criterion. The EA who was higher keeps that position." Kurt supported this view: "You look at past appraisals because you don't turn the pile upside down." Bill: "We back into appraisal. We use history of person, seniority, performance, and job circumstances. In a more mature department (more service), there's less movement." In essence, supervisors produce a placement "wish list" for their EAs, based on individual interpretations that were informally shared by all supervisors. They had acquired these performance definitions from talking to their peers and bosses. Bob told me: "I have discussions with my BLM before the group meeting. I learned about the procedure when I asked by boss to tell me how things worked."

The immediate supervisor who should know his/her employees well, used observation and informal standards to make the initial evaluation decision. Thus, the element of illusion entered the process at the beginning, pointing to the mythical side of appraisals which many believe result from accurate assessments of objective data, i.e., accomplishments.

Phase 2 -- Department Manager Review

After each supervisor appraises, rank orders, and assigns a proposed cell for EAs, all the supervisors in a subbranch meet with their manager to produce a composite rank-order, trying to balance all appraisals at 100%. Bud: "In the past our goal was to balance at 100% more than focus on real performance differences. We try to group similar performers. We don't use a fixed model of performance to determine placements, but we look at what was accomplished. We focused on those we knew. We didn't vote much."

Each cell level is worth a specific percent of a standard rate of pay. For example, the top number 1 cell has a value of 118.6%. Cell 2 equals 115%, cell 3 equals 110%, and so on through cell 8, which is valued at 85%. This group of managers uses a common technique to equally allocate the number of possible upward moves among the 5 or 6 operations managers, allowing each supervisor to reward his/her own people, based on his/her judgment. Arlin: "We determine how many we can move and then allocate." John J.: "Before the group meeting, we were told how many upward moves were possible." Bill: "In our subbranch meeting the supervisors put their moves in a priority listing. The allocation of moves is based on the department's balancing percent and the number of people in the department." There are never enough slots available to satisfy all the wishes of supervisors, leading to a number of rules and procedures to distribute limited rewards.

<u>Final Phase -- Business Line Manager Review</u>

In the past, the former 3rd management level met to combine their subbranch lists to produce one rank-order list, which was then divided into 8 groups or "cells" of performance. The method of "forming cells" was accomplished by drawing lines through the total list so that all the assigned bands averaged to 100%. This process was imperfect and created artificial distinctions between individuals, based solely on the need to balance appraisal. Chuck mentioned: "I had a case where a BLM drew a line between 2 of my EAs who were tied because of balancing constraints. One moved up, and one stayed at the same level and so was angry. The next year I was able to move the second person up because he performed well and was seen as a victim of the system by the other managers." Again it is evident that the evaluation process is a sham because contributions are devalued and replaced by the managers' need to balance a set of appraisals rather than determine achievements.

These managers calculate how many EAs can be located in each cell in order to reach the 100% point. They discuss candidates when a few people are vying for the one spot that will place them in a higher cell. Most 3rd level managers do not know the work of EAs and have to rely on the input of the 2nd level.

Bud, a Business Line Manager (3rd level), told me the usual practice at these meetings is to share the opportunities for promotion, i.e., the number of available moves. The BLMs believe that the candidates are so similar and their performance is generally so unknown to these managers that the most reasonable approach is to share moves, which are often carried over from the previous year.

As a result of the procedures, some managers do not end up with an equal distribution of moves because of past "debts." During the 1989 EA review, subbranch managers (BLMs) agreed to balance each of their groups at 100% as a way to bring those groups above 100% "into line", or to have them make progress toward the 100% goal, producing a wide variation in appraisal activities. Large subbranches which brought in new EAs had room to advance more people and still balance, while smaller groups had no opportunity to move EAs because their appraisals already averaged to 100%. However, in one case things worked out differently. Phil, a BLM with 16 EAs and no apparent chance to move his people, made a deal with Bud, who had over 135 EAs, to "borrow" 2 of Bud's many moves, so Phil could advance 2 "very deserving" employees.

For the most part, the 3rd level acted as tie-breakers or overseers of the process. Occasionally they had first hand knowledge of performance, which allowed them to take a stronger position in placement decisions. This again demonstrates the impact and significance of visibility within the organization.

Rules and Allocation Practices

Managers use a number of general, often unspoken rules and some specific practices. They think their best performers should be rewarded ahead of employees who are merely good performers. The problems arise when individual managers disagree on who deserves the top positions which are worth more money.

The group meetings allow managers to present their candidates for top positions, listen to others, and reach consensus on their overall rank-order list. Supervisors agree they will not get all they want, but that all should get something. Discussion of candidates, including personal observations and challenges to suggested moves, is common at all meetings. A number of managers recognized and commented on the importance of talk or the supervisor's presentation style in creating a cell move for an employee. Bob: "Some supervisors raise their voices and push their candidates ahead." Kurt: "The supervisor who speaks better, and sells their person who is known (to other managers), gets cell movement." Eddy: "Since we can't prove performance, we have to present the EA, using the boss's skill and eloquence." Ed: "Managers with the best vocabulary get their people moved, and these may not be those who did the best job." The Union leaders recognized that the smooth talkers move their people ahead. Through this bargaining, or "give-and-take" process, coalitions based on long-term working social relations and shared perspectives are formed which move some EAs, while others, possibly equally deserving, remain at their current levels. These comments indicate the illusion of equity surrounding the production and administration of appraisals. They generally do not reflect contributions but the influence of other non-performance variables (e.g., manager's influence and presentation skills).

<u>Decision-Making Conventions During Group Meetings</u>

Specific techniques (see Appendix 5) include voting by secret ballot, use of seniority, and flipping a coin. Arlin: "I know I want to move someone if they're good for years, but haven't moved." Bill: "I use tenure as a basis of appraisals. I'd place a 4-year person above a 1-year guy. I give preference to the one who's been producing longer." There were few specific rules, such as rejecting double moves and allowing the incumbent to retain his/her position before a "newcomer." Bill went on to say: "When we decide on unknown EAs, we look at last year's rating to break ties." Kurt: "You look at past appraisals because you don't turn the pile upside down. History dictates cell movements." Regina: "Managers accept incumbency as a reason to keep someone in level over a newcomer." Rules are carried over from year to year and applied when needed. Modification of rules are very common and emerge when old rules no longer unravel roadblocks during the rank ordering process. Ed: "We developed rules at the group meeting, but they don't work on newer EAs, so we changed the rules (to fit the situation)." Kurt cited a specific case where rules were modified. "Rules changed as we went along. When we got stuck -- i.e., the rules didn't work -- we'd try a new rule. Once we put some engineers in a higher cell because we were told more money was available."

Managers also talk about other specific techniques they use during group meetings to complete the rank-order process. <u>Voting</u> is a popular approach. Bob: "After a 45 minute discussion, we turned to voting as a way out, a way to move on." Chuck continued this feeling: "Sometimes we use voting just to get the session done." John J.: "When we were at a deadlock, we voted." Regina: "Voting is tried, but is unsuccessful because of division along party (BLM) lines." Eddy: "There is voting by party lines. Those who are undecided just flip a coin when it's time to vote."

Additional criteria emerged if, for example, 3 EAs have similar performance records, undifferentiated by the presentations of their managers. More specific criteria like <u>attendance</u> or number of cost reduction cases or total dollars saved will be suggested. Bob: "When people are even, we look at attendance or a person's willingness to do extra." Chuck added: "In selecting EAs for moves we discuss 'going above and beyond', letters about the person, and quality of teamwork." As mentioned before, time on the job is a factor. Kurt: "The more consistent EA would get moved, because he's performed over a longer period." Regina: "Seniority is a factor. You must put in your time."

Managers whose EAs had such qualities support the new rule, while others counter with a factor like the amount of volunteering demonstrated by their candidate. One way out of this dilemma was offered by Eddy who described how he applied "a test of significant differences" to judge which person was "better" than another. This involved discussing and agreeing on factors such as training which add significantly to department results or customer satisfaction. These arguments tend to be circular since no single factor is acceptable to all managers because the interaction reflects a win-lose pattern.

Eventually some managers <u>wear down</u> after long meetings and concede on variables that do not favor their employees. Supervisors also engage in types of behavior during meetings that can be classified as "bargaining", compromise, or "give and take" because, as Chuck put it simply, "You can't always have the moves you want." The following behavior represented this approach. Ed: "At the meeting managers get worn out and give in on pushing their people. There's a feeling to just put the EA somewhere." Regina: "People are slotted because of their boss's personality. The one who sticks to his ground gets a move for his EAs."

A number of <u>political</u> tactics are used. Chuck: "Part of the meeting activity is reading other managers for what they're trying to do." Ed: "I don't like the current system of managers <u>talking people into positions</u> where they don't belong." Gen saw an adversarial relationship: "It's a dog fight -- (placement) depends on how you make your case. You feel like a lawyer because you must prove your case to get your candidate a top spot." John J.: "EAs are ranked depending on the selling job of their boss. This requires honesty, which I don't find. There's a 'buddy system' used in voting which is not honest." John W.: "During group meetings, managers don't listen to each other's arguments. They come up with reasons to shoot down the points made." Reno: "All managers under a BLM merge by a 'give and take' process. We say things we can't prove. We trade a cell 1 person for a cell 3 (move)."

Managers also noted the <u>uncertainty</u> and lack of structure surrounding these group meetings. Kurt: "The group meeting has no structure. You start by looking at last year's placement. When it comes to deciding a level, it's like 'darts in the wind' because so many factors come into play: bargaining between supervisors; how well the EA is known; the status of the EA group -- whether it is growing or declining; and the money available (for raises)." Regina: "There is little discussion about stated job performance, because there is no agreement on criteria used. What defines the cell are the people in it, not a specified (formal) criteria by band." Reno: "We don't have a regimented system; there are no uniform rules." Again the source of these rules was experience, trial and error, bargaining, and convenience -- the need to produce a rank-order list within a certain time period. A number of supervisors said that, after awhile, "getting the list done" became the primary objective, replacing the original goal of accurately assessing contributions (Blau, 1967). Because the task of appraising performance is so subjective and the setting of the group meeting is often so confrontational, the convenience factor becomes very powerful in pushing for a decision on appraisals. Managers wanted to produce some form of an appraisal list and remove themselves from the tense situation produced by the group setting.

Group meetings also purge or <u>check individual biases</u> and perceptions against norms of production, customer service, and manageability. Gen: "Group meetings 'iron out' the different emphasis (of managers). No one with an attendance problem is likely to get an outstanding rating." Just as supervisors believed in rewarding the largest contributors, they also supported <u>allocating moves</u> to "share the wealth." Arlin: "We feel we should share these moves. The system depends on trust among managers." John J.: "It's a numbers game. Only so many people can be in the top categories." Kurt: "People have to wait their turn. Many may deserve a move, but only 2, for example, get it." Bill: "We work with the idea of sharing moves -- all departments get a fair share of moves." However, comments from managers and union officers along with data on distribution of moves indicated that allocation is not completely equal for all business lines. This varied because some groups are considered more valuable (e.g., High Tech group) than others (e.g., Services group) and because supervisors had unequal ability to influence the allocation of moves. During the 1988 rate review for EAs, the Union filed a grievance on the "unfair distribution of cell moves", because they were concentrated in departments with experienced, "influential supervisors", according to the Union president. The grievance committee prepared a cross-tabulation of moves by departments which supported their argument that rewards were not evenly distributed.

However, after the 1989 review, I calculated the following Chi-square (Table 9) to determine if there were a statistically significant relationship between appraisal categories (high, middle, and low), and BLM or subbranch groups. The Chi-square (X^2) value was 9.353, df = 12, and $p_{.50}$ = 11.34. The differences between observed and expected were not large enough to conclude that the results were due to random error. I found that cell placements were not related to the department or subbranch in which one worked. This strengthened managers' arguments that they sought equity and in fact allocated moves evenly.

Table 9

1989 Appraisal Distribution of
Cell Placement by Subbranch (BLM)

Subbranch	High	Middle	Low	NA	Total
Cells	1,2	3,4,5	6,7,8		
1N0	16	46	35	0	97
2V0	15	61	58	3	137
580	1	10	6	0	17
6L0	5	27	18	0	50
8B0	1	5	11	0	17
TOTALS	38	149	128	3	318

Two additional Chi-square calculations, however, supported the argument that cell position was related to service as a EA, a factor managers admitted to, and to gender, a variable I did not ask direct questions about, nor an area that managers talked about. Table 10 tested for a relation between cell position and length of service.

Table 10

1989 Appraisal Distribution of
Cell Position by Service

Service	High	Middle	Low	NA	Total
0-3	0	2	48	2	52
4-7	0	17	25	1	43
8-10	0	26	17	0	43
11+	38	105	37	0	180
TOTALS	38	150	127	3	318

$X^2 = 134.16$, df = 9, and $p_{.001} = 27.88$. There was a relationship between service and cell placement -- the more senior EAs occupied the high cells (1 and 2), while the shorter service EAs held the lower cell positions (8, 7, and 6). The observed differences were significant.

The second analysis (Table 11) tested for a relation between cell position and gender of EA.

Table 11

1989 Appraisal Distribution
of Cell Position by Gender

Gender	High	Middle	Low	NA	Total
Male	38	136	100	3	227
Female	0	14	27	0	41
TOTALS	38	150	127	3	318

$X^2 = 15.528$, df = 3, and $p_{.001} = 13.82$. There was a relationship between gender and cell placement -- men occupied the higher cells (1 and 2) in a significantly different, i.e., higher, manner than women.

Overall, managers share moves, use interpretation, observe and judge behavior, measure contributions, employ multiple judgments, publicly discuss candidates, consider past performance, and produce a list of relative performance which they accept, at least partly.

The following table summarizes conventions (Appendix 5) used by managers during group appraisal meetings.

Table 12

Summary of Group Decision-Making Conventions Used by Managers of ZY&Y

Method	Situation Used	Outcome
* Voting	* Break performance ties	* Placement, but inaccurate according to actors
* Seniority	" " " "	" " " "
* Flip a Coin	" " " "	" " " "
* Present qualities - attendance - cost reduction	* Limited Slots	* Mistrust, poor listening, check of biases
* Picture Book	* Don't recognize EAs	* "Old" data selected
* Form Coalitions	* Uncertainty, lack of rules	* Create decision without agreement
* "Give and Take" - allocate - bargaining	* Limited rewards (moves)	* Satisfy, not maximize goals regarding cell placement
* "Give In"	* Long, tension filled sessions	* Most deserving EA may not receive reward
* Make New Rules	* Ineffective or lack of rules	* Cells assigned, supervisory mistrust

<u>AP Form -- The Record of Performance</u>

During the first quarter of each year, managers complete part A of an AP form (Appendix 4) which describe the <u>job tour</u> and lists departmental goals. Some supervisors carefully review this information, but most did not because the <u>language was general</u> and could fit almost any EA tour. After the discussion the employee and supervisor sign the form. When the year was over, supervisors complete Part B of the AP which describes the EA's performance. Of course many situations and priorities change since Part A has been completed. The manager recalled the circumstances through notes, production reports, memos, recollection of observations, or feedback from others. Chuck, Arlin, and Eddy work in the same subbranch and told me they developed a questionnaire to use with their engineers in order to evaluate EAs. This is an effort to make the appraisal process more structured and grounded in shared understandings of performance levels.

The AP form was described by managers as <u>a ritual</u>, existing primarily for appearances. According to Kurt: "The AP does not match the cell assigned. They aren't read and exist as a formality." It is not used to produce or determine a performance band, but as a record of performance that provides <u>legal documentation</u> and feedback to individuals. Bud, a 3rd level manager, saw it this way: "The AP form is not a selling tool, but a tool of discussion."

Arlin added: "A good AP write-up may not be linked to a higher cell." The AP is rarely used to "present" candidates for placement, but as a device to offer feedback, facilitate discussion, help an employee develop skills, and to justify cell location, which was determined prior to and independently from this document. Chuck: "The form is often done after the rank-order and cell assignments are finished. EAs were mostly negative about the APs. One employee reported: "Management can use them how they wish." Another said his contained "negative comments only." A third said, "The AP was made to fit my rating." The implication of these practices is to render the form important as an evaluation tool since it is a clear fabrication and symbolizes the sham of performance appraisals. Managers thought that employees, knowing the impact of the AP, generally ignored its contents, often declining a discussion and instead choosing to merely sign the form on Part C, which lists the performance level for a specific year.

Supervisors use language they describe as general, cautious, and safe to avoid having to defend the lack of a higher rating to employees or to the Union. Reno: "EAs compare their APs and find the same words used in most cases. Managers do this to protect themselves." John W: "I put little information on the form because EAs and union reps use it against us. The statements are general. I cover myself against challenges." This creates an interesting dysfunction and contradiction: the AP, intended to facilitate communication, feedback, and employee development, actually inhibits and conceals information as managers protect their judgments through the use of non-specific, generalized language. Some raters used a set of terms and expressions which they apply to all EAs whom they appraised. Kurt: "I noticed I began using the same words on APs, which read the same even though EAs described were placed in different cells." Chuck: "An on-going concern of mine is 'am I using adjectives consistently?' I don't want to use words that sound alike." Inability to make finer distinctions for fear of grievances prevents supervisors from offering more specific, written comments. Bill: "I can't be too critical in what I write because the Union can take you to task. I try to be uniform in APs since people will compare them." After this Bill told me he relies on informal, verbal comments to correct problems because he is less restricted when talking rather than committing his position to paper. Some managers did verbally give more direct, specific comments that were later defended as misquotes or interpretative differences.

Two Views of APs

Garfinkel (1967) raised a number of valuable questions which can be used to analyze organizational records such as AP forms which managers had to complete for every EA. These must be kept for 3 years, shared with the employee, and remain available to the Union officers when processing a grievance.

The first question was, What's on the AP"? The form (Appendix 4) contains the following <u>information</u>: the employee's name, title, supervisor's name, and department number; a section for the boss to describe the principal job responsibility; an area to list the major assignments of "unusual importance to the organization"; a space for supervisors and EA to sign, indicating the job expectations were discussed but not necessarily agreed on. On page 3 the supervisor "describes how well the principal purpose of the job tour has been accomplished, documenting any significant deviations in performance." In part 2 of this page, the manager is told to "document specific accomplishments for each major objective." Page 4 begins with a request to "briefly list other significant accomplishments not covered above." The employee had a space to sign indicating "he/she had an opportunity to discuss results prior to organizational appraisal sessions. It does not indicate agreement." The final section of page 4 contains the employee's cell placement, appraisal period, supervisors' approvals, and EA's signature, acknowledging the employee has had a chance to discuss his/her appraisal, but not necessarily to agree with cell placement.

What <u>problems are there in using information</u> on the AP?" Most of the information appears as written narratives rather than descriptive scales, making the document subject to more interpretation. Also comparisons between EAs are difficult because the form reflects the individual style of the supervisor. Some managers write forms that show measurable performance differences. Chuck: "A consistent concern of mine is 'am I using adjectives consistently? I don't want to use words that sound alike."

The comparison problem really concerns the employee and the Union reps when they review APs for possible inconsistencies. Ken, an active rep, complained to me about the time involved for him to study, analyze, and make sense of the forms. Routinely, the APs create few problems for managers because they have little need to compare their words after the documents are written. They become uncomfortable during grievance or arbitration hearings, however, when they have publicly to defend and justify what they write.

What <u>information was unavailable</u> from the record? Employee receive a general sense of their performance against departmental goals, but no idea how they compare with other EAs. This is curious because the managers rank employees to determine cell placement. Employees see their cell positions, but do not know where they rank in the band. The form does not systematically contain an explanation about the person's developmental needs. Some supervisors commented about that deficiency. Regina: "Since appraisals are always tied to money, the objective of development is last." Reno had similar thoughts: "At first EAs accept the development theme, but then they get mad."

The organization has a number of "good" reasons for creating "bad" records. As managers repeatedly told me, they were very guarded in what they wrote. Reno: "AP forms are used carefully to meet the cell position assigned to the person. We don't want to hang later. We are careful to imply nothing. Words don't match performance." Supervisors created the AP to meet company policy requirements and not as a document convenient for union scrutiny. Managers had to complete the form, not provide a format for broad comparisons among employees. Their tactic is also to have the forms completed as quickly and conveniently as possible because of the number involved. Kurt: "It's ridiculous to rate 30 EAs I don't directly observe, let alone write 30 APs. Do you know how long that takes?" Some managers routinize the task. Eddy: "Some managers find it difficult to write so they use phrases like "met expectations", instead of making specific comments." Judy: "My boss xeroxed an appraisal form for two employees who performed differently." The records were "bad" from the perspective of those trying to analyze data, but "good" for supervisors who must complete the form within a period of time.

"Is there <u>uniformity</u> in the APs"? Managers act uniformly in their cautious, non-committed style of completing the form to protect themselves from being "trapped" later by questions. The contents are not uniform, on the other hand, when assignments and accomplishments are compared, because individual managers describe assignments from various perspectives due to different departmental goals.

"What are the '<u>prevailing rules</u>' of practice?" Managers write the forms <u>after</u> the EAs are assessed, ranked, and assigned to cells, so their descriptions of accomplishments can thus match the cell selections. If supervisors complete the entire form prior to the group meetings which produced cell placement, they will risk writing documents at variance from their appraisal band. EAs can be described in glowing, positive terms, and yet their cell positions may be low (8,7) and inconsistent with the verbal descriptions, inviting challenges from employees, who then ask, "Why is there such a discrepancy between your words and my cell position"?

<u>Performance Evaluation Models</u>

During the research process, I saw that an interesting comparison could be made between popular appraisal models commonly held by the managers and intended to guide their behavior and the actual practice found in the Engineering organization. I located two common evaluation models being used in the research setting (Scott and Dornbusch, 1967; Skenes, 1989) that reflect the "management" evaluation concept and were so similar I combined them into one paradigm illustrated as the "formal model" below. Following this description of evaluation theory, I analyze the practice of evaluation models in the engineering organization.

Formal Model -- What is Supposed to Happen

In the first step, managers set performance goals. The rational objectives of the work group determine the important activities. For example, the department decides it has to produce 50 specs per week to make a 10% profit. The next step requires establishing performance standards. Managers clearly define and communicate expected behavior for job performance. Managers then collect and record performance data through observation and feedback from other raters. Raters assess behavior by comparing employee's behavior to the performance standards, noting situational factors, to determine an evaluation. Supervisors compare the evaluations of employees and assign individuals to a variety of performance levels, reflecting a diversity of contributions and achievements. After appraisal forms are completed and levels assigned, the supervisor provides feedback for development and salary administration purposes. The discussion is to be positive with career planning as one focus. Managers learn this idealized approach through company training courses, professional and company publications, and informal discussions among their peers.

<u>Informal Model -- What Actually Happens</u>

Instead of selling goals to EAs, managers <u>tell</u> the employee what upper management wants. John described the process: "I review each EA's responsibility with them. Financial goals define department goals. I tell my people what the goals are, but don't get real buy in, just acceptance."

The <u>norms</u> of performance are implied, varied, and <u>subjective</u>. Managers had a number of comments to illustrate this situation. Eddy: "Cell definitions vary each year because of the people reviewed and the work conditions. These definitions depend on the OM's perceptions." Bob: "I use subjective factors." Chuck: "It's hard to know the situation surrounding each spec, so hard data alone is almost useless." Ed. B.: "Now the criteria are subjective; they used to be objective -- you know, figures to back up hunches."

To produce data on appraisals, managers rely on a variety of information sources: observation, feedback from peers, mental and written notes, and impressions. Supervisors and employees had a number of views. Chris said: "One problem is they (bosses) can't always see you, so you have to tell the boss what you're doing." Chuck: "75% of my opinion is based on what engineers tell me." Ed B.: "I don't keep efficiency records because I rely on engineers who have direct contact with EAs."

Supervisors admitted to and support the use of individual methods to evaluate performance. Ed B.: "Work varies so managers have to interpret what produced the results." John W: "Each manager uses his or her own standards. There's wide variation in what's considered good performance. Some stress numbers (efficiency, on-time delivery), others, personalities." Reno: "Evaluation methods vary according to the values of the boss -- what's important to him. I hate to be had, so I check honesty of people."

The appraisal process is marked by imperfect knowledge and supervisory interpretation, so political tactics permeate the group decision-making process. Ed B.: "At the meetings, managers get worn out and give in on pushing their candidate." Bud: "We try to group similar performance. We didn't use a fixed model of performance to determine placement, but we looked at what was accomplished." Eddy: "We try to anticipate what others (managers) will do. The group meetings turn into complete shit because managers do not know other EAs. In the present system, managers talk people into positions they don't belong in." Bob: "Some OMs raise their voices and push their candidates ahead. After a 45 minute discussion, we turned to voting as a way out to move on." Kurt: "Managers who speak better, and sell their person who is known by others, gets cell movement for their candidate."

Managers reported that this phase contains a variety of behaviors. Some just announce appraisals, while others discuss the AP form with EAs, who also display a range of actions from just signing without discussion to skipping the interview completely. Chris: "The appraisal session is a telling session because evaluation (the level) has been done and approved." Kurt: "Giving out cell moves is like throwing bones to a dog. People want to know why they didn't move up or why they dropped. Some don't even read the forms, just sign them because no money is involved." Bill: "Appraisals don't mean anything. They do not reflect the cell one is put in. Some EAs said, 'just let me sign the form'. Others just want to know their cell." One EA reported, "The boss writes everything and you sign"; while another said his boss "completed the form and discussed it." An engineer who thought he hadn't advanced higher because he "didn't play politics or socialize", said he "read and signed the form even though I disagreed that it contained all the facts the appraisal was based on." Regina: "People look at money, not appraisals (level or write-up)." Karen: "Some refuse to sign the form, maybe 20 out of 400. People want to get feedback so they can react to comments."

Figure 5 on the next page illustrates and summarizes the broad process of appraisal construction actually used in the Engineering organization. Three general phases produce appraisals. A group of <u>contextual</u> factors (e.g., task variation, size of universe, informal standards, and existence of union) produce a good deal of uncertainty about performance criteria. This is further complicated because individual supervisors have unequal influence and knowledge about workers' contributions. This uncertainty leads to the use of a political process (e.g., coalition building, voting, long meetings, and unequal influence of supervisors) to actually assign EAs to performance cells. This model contradicts the commonly held myth that individual effort and achievement are recognized and used to assign subordinates to appraisal cells.

Figure 5

Model of Appraisal Production Actually Used in ZY&Y

Factors Internal to Unit

* Tasks Vary in Complexity
* Large Size of Appraisal Universe
* Informal Evaluation Standards
* Presence of Union

Uncertainty

* Performance Criteria Vary
* Managers' Influence is Unequally Distributed

Political Process

* Coalitions are Formed Along Department Lines
* Managers Vote to Break Ties
* Long Meetings Wear Out Managers
* Power of Managers' is Unequal

Assignment of Appraisal Cells

Additional analysis indicates that the political process consists of a number of separate variables which impact both the actual behavior and individual judgments of managers. Because of this process, an individual's evaluation placement can be described as a dependent variable, affected by a number of other factors. The specific independent variables involved in this political process include the following:

1. **Number of Available Openings** -- advancement of employees to higher bands depends on the number of available positions. If the universe of employees has become stagnant due to a business slowdown, there will be less movement of employees.

2. **Interpretation of Contributions** -- employees' efforts are measured against the perspectives of a large variety of raters who see the organizational world differently.

3. **Uncertainty** -- raters can't always know what to do to capture a valid picture of performance. Since managers have an unequal knowledge of employee's behavior, it is impossible for all supervisors to be judging the same behavior.

4. **Political Tactics** -- uncertainty over procedures and lack of agreement "factor" the use of negotiations, voting along party lines and "give-and-take" behavior in order to structure the group meetings to favor a limited set of candidates (Pfeffer, 1978).

5. **Supervisor's Influence** -- each manager provides the initial input about each employee and then bargains, using varying degrees of ability to influence peers. Those with greater verbal skills obtain a larger share of rewards for their employees.

6. **Goal Displacement** -- the primary goal of evaluation -- assessing performance -- becomes secondary to producing a rank-order list, which then represents an account of performance for that year. Accuracy -- the correlation of performance and cell placement -- is distorted as the primary task of the group sessions becomes to complete a rank-order list (Blau, 1967).

7. **Favoritism** -- social factors, such as the ease of managing people, their willingness to work, and attitude filter manager's subjective judgments of the individual's behavior. Someone who is "liked" is generally perceived to be a better employee.

8. **Job Structure** -- the nature and demands of job assignments vary creating the opportunity for some employees to have more time or resources to perform more successfully (Kanter, 1977).

Table 13 summarizes the political nature of appraisal construction.

Table 13

Political Process Model of Appraisal Construction

Independent Variables	**Features**
Number of Openings	Few -- Many
Interpret Contributions	Agreement -- Disagreement of shared understanding
Degree of Uncertainty	Great - Small Knowledge of Work
Political Tactics	High -- Small use
Boss' Influence/Knowledge	Influential -- Ineffective
Goal Displacement	Convenience: Easy - Difficult Time Use: Much - Little
Favoritism	Like -- Dislike Employee
Job Structure	High -- Low Opportunity
Variable Mediated	Work Behavior, Habits, Production
Dependent Variable	Appraisal Band Placement (Cell) and AP form

Conditions Affecting Appraisal Construction

The evaluation process of this organization is marked by several subtle variables which give it a special appearance. These variables also affect the group decision-making process. The nature of relations within the system can be described as contractual (Etzioni, 1961), producing a set of work performances based on expectations of rewards. Employees are involved in the unit because they are paid to be involved. Work relationships are marked by constant examinations and negotiations over the terms of the "contract." The rewards are mainly financial (e.g., raises, promotions) and secondarily status symbols (e.g., awards, plaques).

The opportunity structure changed as noted earlier, and now increased restrictions on one's chance for promotion from EA to engineer without adequate formal education. The EA assignment was described by some managers as a "career" assignment, meaning that people expected to spend their entire company life in the EA slot. The process is also heavily influenced by halo effects from previous years which tie in nicely to the "cueing" system of appraisals. The previously used labels keep employees in certain performance tracks, allowing them movement toward the top levels over time. Many are disappointed because they never move up or movement is very slow -- sometimes a single cell advance took 10 years. Bob: "Those stuck in the same band for 10 years don't believe or accept the system. They feel if they're doing the job, they should move up. The system takes too much time to move (employees)."

Evaluations represent a summary of a sample of a whole year's performances, based on the employee's degree of visibility and skill in managing his or her own impression on raters. This imperfect sample is used and becomes an official part of the employee's record producing a sense of unfairness or lack of recognition. When managers write summaries, they create performance abstractions which are incomplete pictures of behavior, but taken as valid and become part of the historical record of the EA, used during next year's evaluation process. Here they will affect the new abstraction, producing a somewhat closed and distorted loop of observation, feedback, and appraisal placement. This process also detaches, strains, and separates the relationship between a number of groups: boss and subordinate because communications are guarded and manipulative; bosses and their peers because it requires trust to conduct performance-based evaluations, and manipulation to gain in a politically-based, allocation system; and groups of subordinates who compare themselves to others and feel they deserve to be rated higher than those they saw as less productive, knowledgeable, or senior than themselves. The process is embedded in the use of verbal, informal communication rather than formal, accurate feedback because managers fear reprisals or grievances from taking strong, firm positions on a subordinates' performance.

System Limitations

The appraisal system contains a number of factors which limit movement within the appraisal plan. The current EA plan has 9 distinct cells, each with a percentage value ranging from 80% (cell 9) to 118.6% (cell 1). The salary administration portion of the plan "funded" the salary increase needs by providing enough money to grant raises, if the entire universe has appraisal percentages which balance at 100% The system thus is a "relative" appraisal approach, comparing EAs against each other, rather than strictly evaluating the employee's performance against a set of individual standards. This produces a highly <u>competitive</u> structure in which someone gains a cell when new members are added or someone else moves downward. Although participants expected to move from lower to higher cells over time, there are relatively few upward moves, due to the forced requirement to balance appraisals at 100%. During the 1988 rate review, about 340 EAs were appraised and only 38 had upward cell movement, while 6 individuals dropped one cell. Over time all the actors accepted these artificial limits as a legitimate part of the plan. The small number of movement chances helped the mass of employees accept their lack of advancement which became reserved for a select few. The majority of workers were actually protected because it was not the end-of-the-world to maintain one's status quo, and the company provided job security and good benefits to most employees which compensated for the lack of rapid movement.

Another less obvious system limitation concerned the <u>time spent</u> annually to do the appraisal. Although managers are familiar with the process, they find themselves negotiating over who should claim the limited seats open for movement. Although the consequences of placement are significant (e.g., salary increases, grievances), managers are traditionally required to complete the task in about one week, condensing the time to do a more adequate job into a short time period. This produces a more politicized product, open to grievances and dissatisfaction and mistrust among managers. Long sessions "wear down" managers, and they "gave in and stopped arguing for their candidates." The time constraints have dual consequences. They help managers make difficult decisions about distributing limited rewards by drawing tight deadlines. But the constraint also is dysfunctional because it distorts the analysis needed to evaluate the contributions of employees. Instead, context factors like time limits help produce appraisals rather than in-depth reviews of actual performance.

The formal <u>criteria</u> to judge performance of EAs have not changed since the first contract in 1967. These factors include "performance, ability, potentiality, level of knowledge, judgment, ingenuity, initiative, experience, and current salary." These elements are not formally defined in the contract and remain vague and open to interpretation and application according to manager's perceptions.

The system is marked by a great deal of <u>variation</u> in standards, work assignments, and supervisory perception, resulting in high levels of uncertainty. The goals of the unit vary each year depending on the demands of customers. These shifts send mixed messages to employees about the value of their efforts. The uncertainty has implications for both supervisors and subordinates. Managers use the dynamic, complex situations to keep employees off balance and controllable. Workers, wanting to succeed in the organization, continued their efforts, hoping to present the right or needed behavior at the moment, insuring their value to the department. Though uncertainty appears dysfunctional at first glance, it also provides managers a tool to keep workers in check.

The large <u>size</u> of the organization with, more than 600 employees and 300-plus EAs, fosters inaccuracies in judging the relative worth of individuals. The system calls for placing all the EAs in a rank-order from number 1 to the last EA, but no manager has information on all employees, so varying degrees of inaccuracy creep into the system. Supervisors have from 15 to 30 employees to appraise, so they develop additional techniques to manage the evaluation task. Some managers may "copy" the same performance goals for all their employees, even though they differ, just as a convenient way to handle the same task for 30 employees. Consequently, the formal aspect of the appraisal is fulfilled, while the stated purpose of differentiating performance for rewards may become lost.

Knowledge of performance is incomplete and unequally distributed among managers, who reported their task is easier for the professional engineer group because that group contains only about 90 people and their behavior is more widely known, due in part to their more dominant position in the occupational structure. The use and distribution of appraisal data are critical issues for the evaluation system. As mentioned above, information on performance is unequally distributed in the organization: not all raters (e.g., supervisors, and engineers) share the same data or interpretation of situations. EAs perform and manage their visibility differently, which becomes a factor in their cell placement in contradiction to the official organizational practice of judging work performance. This is another indication that appraisals are illusions of actual contributions.

The presence of a labor union influences the appraisal system in several ways. The Union is a legally sanctioned body which is granted a number of rights by labor law. The first and most encompassing right is the company's obligation to bargain over changes in "wages, hours, and working conditions," before implementing change.

A great deal of uncertainty in decision-making resulted from the need of the company to bargain. Management may wish to introduce a more "efficient" appraisal or salary administration system, but must convince the Union of its benefits from their perspective. The company's bargaining team (of which I have been a member for 4 years) tries to predict the impact and acceptability of proposals, although never certain of the Union's reaction. The Union and company in this setting have struggled for years over the best way to appraise EAs, with the company retaining the right to appraise and grant salary increases based on a number of merit factors. However, the Union attempted annually to alter the administration of salaries.

Looks Are Deceiving

The appraisal system is, on the surface, a merit-based equity system, providing unequal rewards due to each employee's contribution to production, quality, customer service, etc. The Union has sought an equality system, so all members share the same rewards. The plan has had a game-like quality because rewards are unequal and limited, and the employees seek ways to gain the most from the organization. Behavior is often aimed at improving how one is perceived, i.e., as more or less powerful, rather than at accomplishing the department's goals.

A climate of futility engulfs the actors because neither good nor poor performance is logically rewarded. Individuals who believe they perform well, and have that feeling validated by their immediate supervisors, may not be rewarded according to their expectations. Other EAs who perform poorly are not negatively affected either. They do not have money taken from them even if they fall into a lower performance band. It is also rare for a long-term employee to be terminated for poor performance. The organization lived with its problems. Forces keeping this constant are a growing, profitable work unit which has not faced serious pressure to reduce non-productive employees.

This discussion provides another dimension of contradictions (contained in the Marxist notion) where the company thinks it must perform certain actions (e.g., provide unequal rewards, give feedback) to help production among workers; but, at the same time, these devices undermine the credibility of the organization since these tools are not used fairly and consistently among all workers. In addition, the application of appraisal techniques produce effects contrary to those intended by managers. Employees compare their rewards and feedback, find them inconsistent with their perceptions of personal contributions, causing subordinates to reduce efforts instead of increasing motivation to accomplish organizational goals.

Table 14 summarizes the situational variables reviewed in the preceding section.

Table 14

Summary Overview of Context Factors in Evaluations, ZY&Y Engineering Unit

Factor	Consequence
Uncertainty, lack of knowledge	Political Tactics (e.g., voting)
Opportunity Structure	Use of more Formal Education
Halo Effects	Slow Movement; establish a "cue" pattern
Summary, abstraction of behavior	Distortion; detaches, strains relationship
Limitations - 100% balance	Allocation of moves before performance review
Little time to complete evaluation process	Errors; increased use of political tactics
Vague performance criteria	Large use of interpretation, judgment
Variation in assignments, standards	Uncertainty, greater use of perceptions
Size and Knowledge factors	Seek shortcuts; data lacking or weak
Union Presence	Constrains actions; Forced to bargain Demand information
Value Contradictions	Equity vs Equality; Performance not recognized

Decision-Making Models

A key goal of this research project was to explain the construction of appraisals as products of managers making decisions, using shared understandings of performance standards and behavior. A model of organizational decision-making (Table 15) proposed by Thompson (1967), frames an explanation which fits the research setting. Thompson argued that the types of decision strategies managers used are dependent on 2 situational variables: goal agreement -- the extent members of the dominant coalition agreed on the problem or situation (e.g., increase profits, appraise fairly); and certainty of method -- the degree the coalition agrees on accomplishing the goal or solving the problem (e.g., consolidate departments, use peer evaluations).

Table 15

Thompson's Decision-Making Models

Goal Agreement	Certainty of Method	Strategy
High	High	Computational (Rational)
Low	High	Compromise (Political Bargaining)
High	Low	Judgmental (Insight)
Low	Low	Inspirational (Leader)

Each of these four strategies was used at some point to explain decision-making in the ZY&Y engineering unit with emphasis on appraisal decisions.

Computational

There was high agreement on both what should be accomplished and how this should happen. For example, supervisors agreed employees should be paid accurately and in a timely manner, and they held that completing weekly time-tickets was the best way to do this. The appropriate leadership style was to "compute" or develop a routine procedure to collect, verify, submit, and store the timesheets.

Political Compromise

Here we found low agreement by managers on the problem or goal, but high certainty on the available solution techniques. Managers were not certain if they should stress high productivity (e.g., more "specs") or high quality (e.g., specs with few errors). They however agreed that classroom training would solve the problem. Thompson suggested that managers in this situation adopted a compromise or bargaining strategy to gain consensus for identifying the problem.

Last year during protracted discussions at staff meetings, the six BLMs reached an impasse on how to appraise EAs to improve the "battle ground" climate of previous group meetings. The subbranch managers did not know if they wanted fair treatment (e.g., 100% appraisal balance) within each BLM group, or whether they wanted to reward members for the complexity of work and relative contributions of each subbranch. The decision was complicated by past injustices and the need for fairness now. Larry: "Years ago we accepted that the High Tech group would balance over 100% because they were formed by pulling the best EAs from other groups, but now we should seek fair treatment for everyone. If we don't limit the upward moves, High Tech will get even more out of line, i.e., appraised average over 100%." Ed J.: "The good, deserving people just don't work in High Tech. We have a number of good people in Power also."

Ken, the High Tech manager, was the target of these gentle attacks, but he kept resisting these rational arguments. "If you limit my moves, I won't be able to reward EAs who really contributed last year." The curious element of this conversation was that 7 of 8 BLMs agreed and yet they couldn't quite get Ken to concede his point or accept their perspectives. Ken agreed in principle that "all EAs should have a fair chance at receiving cell movements", but he was slow to accept that his subordinates (OMs) would have fewer cell moves. Eventually the coalition of 7 "convinced" Ken that equal treatment should come before his equity claim that he had more deserving EAs.

Judgmental

When managers agreed that appraisals were a means to develop employees and compensate them fairly, but did not concur on how to achieve these appraisals, the judgmental model was used. Many of the comments in the previous sections indicate managers wanted to treat people fairly -- rewards should match individual contributions -- but they had a low degree of certainty about how to achieve this equity situation because there were so many ways to evaluate (e.g., observation, feedback, voting, work habits, job knowledge, various supervisory perspectives, and amount of seniority). Faced with this uncertainty -- "we can't prove performance" -- supervisors made judgments using their professional experience in comparing performance against shared expectations. This was the dominant decision-making mode of the managers.

Inspirational

Thompson described the use of this style when there was low agreement on what must be done and a low level of certainty on how to accomplish the goals. In this high uncertainty situation the manager made an "inspired" choice based on his/her own personal experience and insight. This approach could be further described as one based on hunches or intuition. This method was also cited by Peters and Waterman (1982) as the decision-making style of members in organizations with strong, clear, and articulated cultures when faced with uncertainty and incomplete information.

Managers in the research setting also faced conditions of low goal agreement and confusion over ways to proceed to solve problems. The very conditions related to appraising EAs were often unclear and complex. Supervisors used to ask me what the appraisal time period covered -- they were not sure because it shifted during several previous reviews. There was a random quality to observations. Managers discussed issues in hallways, and at desks of other managers in whom they confided. The need for meetings to discuss appraisals spread informally, and ad hoc groups formed to solve issues related to rating EAs, comparing performance across department lines and deciding how fairly the most deserving employees were treated.

Thompson's models address a number of key issues about managers and organizational circumstances which operated in the engineering organization. The essential process of this group's life is decision-making to cope with uncertainty produced by incomplete knowledge about situations, including performance, or limited capacity to process information. Decision-making conditions really deal with processing and assessing data. Parallel to Thompson's work, one can identify the decision-making modes reported by Daft (1986). In lieu of computational, there is the rational approach which mechanically identifies and solves problems. The Carnegie model, developed at Carnegie - Mellon University, is another term for bargaining or coalition formation, to identify and select the problem. Daft uses trial and error in place of judgmental to illustrate using many small decisions, checking results, and then trying new ways to eventually solve a problem when managers were unclear about which method would work. Finally, the inspirational strategy can be compared to the garbage can model described by March, Cohen, and Olsen (Daft, 1986). There is great uncertainty and a random quality to problems and solutions. Decisions are a result of the interplay between problems, solutions, actors, and choices, and often occurs "through resolution, oversight, and the flight" of problems (Pugh & Hickson, 1989).

CHAPTER 8

CONCLUSION AND SUMMARY

This study gave me an intensive, detailed look at an organization and a chance to describe the context of, the beliefs underlying, and the process itself of performance evaluations. This chapter summarizes my insights through the following sections: Features of Appraisals, What Do Appraisals Mean?, Contradictions, With These Problems, Who Wants Evaluations?, General Applications -- What Learn About Organizations.

Features of Appraisals

On Credit

One of the most captivating aspects of evaluations is its similarity to a credit-investment exchange drawn from the financial world. The company's appraisal system treated the subordinate like an investor who risks his/her labor capital (e.g., ideas, productive activity, customer service, problem solving-skills, etc.) instead of money throughout the year in hope of receiving a return (i.e., a raise or promotion) in the future. Key features of both the appraisal cycle and investment activity involve risks and uncertainty. The worker believes that "correct" behavior throughout the year, although never guaranteed, will lead to satisfactory rewards. As a result the employee works "on credit", engaging in activities (e.g. staying late, volunteering for committee work) that he/she expects to "pay off" in the future, annual review.

Managers bear little risk in this cycle and there is no FDIC insurance to secure the subordinate's investments, which may be assessed differently than the subordinate views them. The worker has few alternatives in this exchange and must hope that his/her efforts will be appropriately recognized by managers. Lack of recognition or feedback, even negative, heightens the employee's investment risk. He/she extends performance "credit" during the year, building reward expectations that may not materialize. Managers are like friends without lunch money who take a "catch-you-later" attitude to paying back on "loans", i.e., worker skills and efforts. Since the appraisal system lacks more immediate rewards, a year-long credit extension exists. This is another version of the carrot-on-a-stick cliche: employees keep chasing and reaching for rewards, which, although close, remain just outside their reach.

This credit arrangement completely favors the company's interest. A worker is never sure his/her performance will be rewarded, but continues to behave as though the investment will pay off. Really, what choice does the employee have? He/she could demand more timely rewards and performance reviews to monitor the status of the credit-reward exchange, but holds back comments, sensing little power. A key insight about the appraisal process is that, while the actors believe that performance (reflecting a "computational" decision) really counts for placement, in practice the more significant variables are the political forces, in the form of "judgmental" decisions, which come into play to determine an individual's cell level (Thompson, 1967).

Controlling Workers

The appraisal system remains a tool to control the work and indirectly the behavior of employees. Although the term is not applied to appraisals, there is a similarity between appraisals at work and grade reports in school. Both devices allege to reflect the achievements of the individual through a written report, but in fact both devices also reflect the compliance (Edwards, 1984), timeliness, work habits, interpretation, attendance, and social skills of actors. The report card controls behavior and acts as a reminder of the subordinate's position -- he/she has limited input which is given after the appraisal is completed, not allowing for changes.

Because appraisals aid the control process, workers use energy to create a more favorable impression (Goffman, 1959) of themselves. Besides the expected cooperation and hard work, some actors use obedience, i.e., following rules to gain power and seize a measure of control (Hamilton & Biggart, 1985). Appraisals reflect the power relationships between managers and worker because both parties struggle to do things by their own agendas -- company needs vs worker interests. The manager uses the threat of an unsatisfactory appraisal to withhold general increases and the worker tries to conduct him/herself in the most favorable light to produce a good report card so he/she will receive the incentives.

Myths -- Things Are Not As They Appear

Appraisals represent organizational myths -- beliefs that do not operate in actual practice. Many members still believe that hard work will produce high levels of reward, while at the same time accepting the political nature of organizations with its favoritism and bias. The myth persists despite situations where most employees experience discrepancies between performance delivered and annual rewards, i.e., increased compensation and promotions. The evaluation procedure, however, seems to invalidate the expectations of the "psychological contract" (Schein, 1983) existing in the organization's culture. That is, employees believe that good work will be adequately rewarded, but in actuality the majority of subjects expressed dissatisfaction with the match between their efforts and the company's ability to provide rewards. Simply stated, managers cannot meet their end of the contract -- productive efforts are not always recognized because they use a system of relative performance in a situation with limited resources. The potential for compensation is always there, but employees feel their efforts are simply not rewarded. Employees fulfill their ends of the bargain -- the contract -- but feel the company does not meet its part of the deal. After a while, employees make assessments of how much effort they should give to match what they are receiving. This "checking" behavior is quite common in utilitarian organizations described by Etzioni (1961) in his work on the kinds of involvement used by different types of formal organizations.

I can offer two reasons why workers, despite dissatisfaction, persist in this myth. First, individuals generally hold assumptions that one's rewards should match one's contributions (Kerbo, 1983). Workers are achievement-driven, living in a political-economy that honors and rewards success in which one measure is the level of one's financial compensation. Money is the essential commodity in this social world and those who strive for productivity should be rewarded. An overriding belief in equity binds workers to the myth of appraisals -- where performance will be fairly and objectively measured, resulting in appropriate returns. This belief maintains the credit-investment trap discussed above.

Second, if workers were not to cling to the myth that rewards match performance, they would lose their reason to continue in the work situation. Employees need to retain as much autonomy and control as possible to manage the work situation. Without this sense of control over one's ability to achieve rewards, the employee would jeopardize the psychological contract (Schein, 1983) created earlier. The experience of members in this organization attests to the continuing strength of the appraisal myth, which managers use to motivate workers to produce, follow rules, and to continue investing their efforts for a future, uncertain attainment of rewards.

Window Dressing

Formal evaluations also turned out to be a sham in which managers ask for production and quality and promise rewards (e.g., salary increases and promotions), but generally fail to deliver or uphold their end of the bargain. Further, appraisals provide "window dressing" for what really occurs. The causal observer would see a program to annually review an employee's performance and discuss his/her developmental needs. The job requirements and achievements are recorded in some version of an appraisal form. As described above, the "store window" looks inviting, a setting likely to offer challenging work and growth experiences. However, once past the facade of appraisals, one sees a number of <u>discrepancies</u> between the talk of managers and their practices. First, many employees do not have a clear idea of what their jobs demand -- some managers do not formally discuss expectations but take-for-granted that workers know what the job demands. Second, no interim review occurs because conducting one requires time and effort which managers believe they need to devote to production aspects of their jobs. They also do not like to confront employees and make judgments about their behaviors. Appraisals appear to be reward and development tools for employees but they actually are devices which induce defensive behavior. In light of this confrontation problem, appraisals are actually used to appease workers and conceal the uncertainties in the task of evaluation by using broad, general language constructs which provide no development plan because specifics are missing. Appraisals are also <u>cover-ups</u> and fraudulent because managers mysteriously reach a decision on an employee's work and then ex post facto construct the form to coincide with the performance band to which the subordinate has already been assigned. The form is really the <u>window dressing</u>, giving the appearance that the evaluation was based on this document after some sequence of objective measurements and steps were taken.

<u>Who Knows What?</u>

A large amount of <u>uncertainty</u> surrounds the evaluation process. No one in the exchange knows for certain what behavior is important at a specific time because of a number of competing variables. What are the job standards? What is the company stressing now? What conditions did the person work under? Who is the supervisor? How much influence does he/she have with his/her peers? I was surprised to see the extent evaluation <u>standards shifted</u> among supervisors, departments, and time periods. Production remained the driving concern, but the evaluation norms were so numerous and open to interpretation by individual managers that both parties were confused. The engineering organization is very complex, resulting in the use of a plan which lacks clear direction. The most formal aspect of the EA plan is the AP (Appraisal Program) form. In practice, the system is actually informal, where performance is frequently "talked about" and thus open to interpretation of shifting standards. Evaluation decisions rely on the <u>shared verbal understandings</u> of the behavior that defines each of 8 performance cells. At times the criteria are so undefined and subjective that its products -- AP form, and rank order list -- seem unreal and meaningless because the sources used to produce it are so untenable.

Supervisors do not use a written set of descriptions to classify performance into bands. They repeatedly reject the notion of having a fixed, written set of descriptions. After some reflection, it became clear that the bands used for assigning evaluations to EA represented a cultural product fashioned by the organization's members -- a relative, flexible set of norms that are commonly, although not completely, shared by managers. These common, informal understandings were produced by sharing experiences, difficulties, and decision-making, especially in the group meetings where multiple judgments are discussed and a rank order list is fabricated after a good deal of negotiation.

The AP form represents a collection of judgments, depicting higher levels of abstraction. Managers observe behavior and make judgments about the value of that performance. These initial appraisals form the basis for discussions which are farther removed from the actual behavior. The account on the AP form is taken as the employee's indisputable performance, or what really happened, rather than an impressionistic, interpreted abstraction. This is similar to the process, described by Tuchman (1978), which substitutes the account-of-what-happened for the original event. Along similar lines, the form is the focus of uncertainties about performance. Managers are unsure of their observations and the application of performance criteria, so it follows that formalizing these perceptions actually produces a collection of uncertainties or unverifiable judgments.

A major problem for managers was the impossible task they faced in knowing and appraising 300+ EAs who work under unique conditions but must be compared to each other. The debate raged over whether appraisals were objective, i.e. fair or subjective, i.e., biased. My conclusion is that a claim of objectivity is naive, mythical and a belief which reinforces the actors' idea that diligent effort will be seen, recorded, and rewarded. Instead I found evaluations were the interpreted perceptions, judgments, and biases of actors in superior positions. This argument was fully developed in Chapter 7, "The Social Production of Appraisals." Managers, even when they invoke the argument of multiple supervisory judgments, cannot know all dimensions of an employee's performance that are necessary to do a complete appraisal. Even with abundant information and the ability to process it, managers filter the data through factors like experiences, perceptions, and biases to arrive at an "evaluation-in-process", i.e., a pliable judgment which is subjective, and really not verifiable, rather than an objective appraisal which can be measured. To use a research metaphor, I found appraisals were of a "qualitative" rather than a "quantitative" nature.

A major reason for assessment difficulties was the <u>size</u> of the evaluation universe -- over 300 workers -- making knowledge of their achievements impossible to determine. An unexpected revelation was the widespread use of something known as a "picture book" -- a collection of photos of all members in the engineering organization which is produced every 5 to 7 years. The book is used to link names with faces so managers can evaluate the employees. This practice demonstrates the unequal distribution of knowledge managers possess about EAs and the impossibility of rating 300-plus employees in the same job category. Another surprise was the connection between the past year's cell position and the next year's placement. Uncertain where to begin the process, managers use performance history and current cell to determine where the individual belongs now. The fallacy of this procedure should be evident: if the system were filled with errors in the past, any current rating, dependent on the former cell, would be also inaccurate and simply compound previous inequities.

Managers did not observe all performances, did not use uniform methods to record what they saw, and relied on the reports of engineers to help account for judgments. In the face of this knowledge-poor environment, managers used techniques (e.g., coin-flipping, voting and verbal presentation) to appraise employees which may not be consistent with the observations and judgments of other managers. During the group meetings two curious activities tended to occur. When more "hard" data are available, they will be used to decide cell placement. When less quantitative data are evident, the raters will use more subjective items like impressions, compounding the uncertainty that already exists. One would expect that, when only subjective variables are applied, the group would push for more tangible variables like attendance. The managers become caught in a cycle of increasing subjectivity, although on the surface management thinks it is conducting the appraisal process as "objectively", using measurable data, as possible. Both managers and subordinates probably would prefer a computational approach to reaching evaluation decisions (Thompson, 1967) if such were available because this would minimize use of subjective criteria, which Caplow (1964) has argued has been unavoidable in appraisals.

Let the Games Begin!

Appraisals also display the features of a competitive games. The entire performance-evaluation cycle shows members defining, interpreting, and reacting to work situations to increase their gains and minimize their losses. This is like betting on a horse race -- you have a limited amount of money or labor (e.g., ideas, energy, time) to speculate (invest) on one of many unknowns (e.g., horses or performance choices), hoping to win (raises, promotions). The organization had limited resources for members and some distribution methods had to be set-up to handle the available rewards. Managers and subordinates in fact often cooperated to the benefit of each party (Buroway, 1979), but there was always an exchange process where each side, i.e., manager and subordinate, tried to gain rewards and eliminate losses. Frequently, the process operated as a non-zero sum game where everyone could win. Managers wanted production, while subordinates seek recognition and compensation. On the negative side, managers want to end down-time and inconvenient appraisal methods, while the workers tend to avoid complex and difficult assignments whose rewards were uncertain, not timely, and inconsistent. Linked to this process is the strong belief, especially among subordinates, that they are <u>entitled</u> to advance in the system. Managers talk about the desirability and benefits of a merit plan, but in practice they recognize the value of using seniority or experience. I conceptualized this as a <u>cueing system</u> where actors take their place in line and move along each year, as other actors leave the "line". An additional consequence of entitlement is that average performance is rewarded, not fitting the perceived value of those contributions.

The actors are driven by actions and decisions which are <u>convenient</u>, pleasant, or non-confrontational. This is evident in the attention given to producing a rank order list, rather than assessing actual performance, which becomes a secondary issue, overridden by the task of producing a piece of paper containing relative performance ranks. Ironically, most of the discussion in the organization centers on the need to identify and reward individual performance, while the key activity and problem are to produce a rank order list. These activities take on the quality of games in which competing groups of actors try to maximize their gains in the manner of Crozier's findings (Pugh and Hickson, 1989).

The game-like quality of appraisals also shows the existence and consequences of competition, a taken-for-granted component of most games. The idea of competition is either assumed or rarely verbalized, but its value provides the basis of the appraisal plan. Placing employees into bands of relative performance rests on the idea of pitting individuals against one another for limited rewards in the form of cell advancement, salary increases, and promotions. This driving zero-sum process contrasts with the much verbalized concept of teamwork or collaboration, which receives a lot of lip-service, while the plan in actuality continues to predominantly reward individual effort.

The unequal distribution of rewards establishes a win-lose interaction and ground rules. Since the number of top spots are limited by company definition, some employees will win while others will lose in the evaluation game (Crozier, 1964; Pugh and Hickson, 1989). The actors engage in a wide set of techniques (e.g., "brown-nosing", volunteering, transferring to powerful managers and highly visible departments) to win the game or remain ahead.

Making the Right Choice

Decision-making styles were exposed during the games. Appraisal decisions were political because of the high degree of uncertainty in the organization. The conditions of uncertainty described above led to the use of political tactics to decide appraisal levels. Much of the process is rooted in coalition building, negotiation, subjectivity, and give-and-take behavior. These activities were too widespread to be classified as an aberration of the normally orderly sequence of decision-making steps. Group meetings to discuss appraisals are just one example of the indirect, informal, and unscripted way the Engineering organization produces appraisal bands. Evaluations reflect the political nature (i.e., on-going power struggles) of organizations in a concentrated time period, using a wide range of commonly shared procedures and conventions described in Chapter 7.

Another discovery was that managers used verbal presentation of candidates during group meetings rather than utilizing the written AP forms or other such supporting documents. There may be several reasons for this preference. First, it is more convenient and faster for managers to talk about their candidates than to write about them. Second, supervisors adjust their strategies for advancing people when they see how the meeting is proceeding. Verbal exchange is a more adaptive and flexible approach than committing one's position to a written form.

Third, most of the supervisors use an aggressive style, creating a setting with a poor listening climate. Some even admitted that "we are not listening carefully to the merits of other's candidates, but are concentrating on what we will present about our employee." Some managers are not too adept at written skills but have developed confrontational verbal skills which they rely on during group consensus meetings. As additional evidence of managers' problems with formal, written skills, recall the difficulty they reported about writing AP forms to reflect differing performance levels. Supervisors had to depend on non-specific words to diminish the chance of grievances. Even with this caution, some forms contained the same words, while employees were situated in different performance bands. Managers present and push employees they want to reward, and since no one can prove whose performance is best (because standards shift or don't exist and decisions are based on managers' interpretation), supervisors use voting, coin-flipping, and calling-in favors.

As the meetings stretch over several days, and more impasses are reached, fatigue sets in and a number of supervisors concede in trying to move their own candidates and thus allow other managers to gain moves so that the group meeting process can end. This is further evidence of a politically driven allocation process which places the managers' needs to create a rank order ahead of their stated goal of evaluating the relative contributions of their employees from "top" to "bottom".

The decision-making strategy desired and the one actually used differed significantly. Managers and subordinates preferred what Thompson (1967) called a "computational" approach which depends on high levels of agreement on performance standards and methods to complete evaluations. The problem remains because there is no agreement on standards or review methods and the differences are rooted in power struggles and political differences. Because of these factors, managers have to use bargaining techniques to trade the rewards of some employees for the moves they really want, i.e., their highest priority employees, by sacrificing deserving but not high priority candidates. This last group of decisions involves management judgment which makes the voter uncomfortable over his/her decisions and leaves the majority of employees dissatisfied because the evaluation does not match the worker's view of his or her contributions. This might be referred to as "distorted evaluation perception", an organizational malaise produced by parties seeking gains in a political system of limited resources.

There are different activities involved in evaluating performance of individual employees and the tasks needed to assign people to performance bands. Managers individually did not have a problem appraising their workers. The real problem came when all the supervisors got together to compare their EAs. Disagreements surfaced over who had done a better job compared to a larger group of EAs. The real problems surfaced when managers had to select good candidates for a limited number of upward moves. Conceptually, the first stage of activity is judging performance against departmental goals to reach a conclusion about someone's contribution for the year.

The second stage shifts the focus to selecting the most deserving employees from a large pool of candidates, through the use of negotiation, coalition formation, and presentation skills. The first stage is mainly an individual effort by the manager, while the second phase involves a group experience, requiring the presentation of many individual, diverse and private perceptions to a group intent on personal agendas. Decisions that a supervisor reaches individually "may not hold up" when presented to the group. Managers feel a loss of power and trust during these group, consensus-seeking meetings.

A summary statement on the informal model of the appraisal process developed will help place a number of the factors in a clearer perspective to offer a theory of evaluation, begun in the last section above. In simple terms there are four parts to the evaluation system of the Engineering organization.

How Are Appraisal Decisions Made?

I. The first stage is assembling all the data on behavior that constitute the employee's performance, including meeting departmental production goals; cost reduction; and problem solving. This aspect constitutes the data to be judged, measured, or evaluated.

II. The second phase consists of the manager's individual assessments of the individual's work, production, social skills, and all work-related behavior. This process may be aided by organizational products like company guidelines, training courses, or even appraisal forms (APs), but a key feature is the individual manager's judgment of behavior, based on shared values, which he/she interprets and applies.

III. The third phase, the political process, is crucial in the production of appraisal positions and consists of a number of separate variables which influence both the actual behavior and individual judgments of managers. Performance can actually improve in terms of goal achievement, for example, but individuals may nonetheless not advance due to political factors. An individual's evaluation placement can then be conceptualized as a dependent variable, affected by a number of other items. The specific independent variables involved in this political process are detailed in Chapter 7 and include the following: number of available openings, interpretation of contributions, uncertainty, political tactics, supervisor's influence, goal displacement, favoritism, and job structure.

IV. The outcome of these factors produces the final phase of the evaluation process -- the placement into a band which reflects a collection of those defined by management to exhibit similar performance. Cell placement is the bottom-line, the most significant and tangible measure of attainment in the appraisal process. Regardless of the verbal or written feedback given to employees, the key factor is the evaluation category to which the employee is assigned. This cell reflects a position in one category of the stratification scheme and determines the employee's chance for and size of a salary increase. Almost any comment or action other than a cell move tells the individual that he/she or their manager was not good enough to obtain a reward for them.

Class Differences -- A Contrast of Interests

One of the most arcane aspects of evaluation programs is the way they represent social class differences, reflecting a political judgment by a member of the administrative (capitalist) class concerning the work of the operative (worker) class (Kerbo, 1983). The administrative group sets the agenda, makes and enforces rules, evaluates performances, and decides salary increases. The worker group implements objectives, interprets rules, performs, and receives feedback. The first group is interested in obtaining productivity and making profits, while the second group seeks to maximize their economic condition so they can "make a living" and raise a family. For the latter, work is a means to an end -- economic survival. The administrative class views work as an end itself and the worker as a tool to achieve goals. Appraisals mark and record these differences and collection of judgments, separating the administrative and worker classes. It should be noted generally that, in Western capitalist organizations, workers do not write evaluations of their supervisors, but take direction and utilize little autonomy and discretion in contrast to the formal authority universally shared by and expected in managers. These groups exhibit the qualitative differences noted above which are symbolized by the evaluation system and specifically seen in the appraisal form where a permanent record is created.

Social class issues are also apparent when you consider their impact on movement vis-a-vis education, race, and social interests. The casual observer of the engineering unit would say "we have a middle-class organization. These workers earn between $21,000 and $42,000 annually, own homes, drive new cars, and send their children to college." A closer look reveals that differences exist in social interests and that appraisals help construct and maintain these shared understandings.

I did not find overt decisions based on race or education, but in contrast, saw managers make efforts to advance both those with relatively less formal education and also women and minorities. Work performance was considered before educational attainment, gender, or racial status when movement was decided. In fact evaluations were used to bolster the evaluation chances of these groups by minimizing the significance of education, while emphasizing the worker's achievements -- further evidence about the judgmental, socially constructed nature of evaluations.

However, when interests are considered, the impact of appraisals on class issues becomes more pronounced. The "interests" factor is clearly demarcated between managers (administrators) and subordinates (workers). The first group produces appraisals which affect the financial conditions and lifestyle of the second group. Managers establish and implement policy decisions and direct and evaluate the work effort of subordinates. This group has different social interests than the worker group, namely maintaining control and making profits, while the worker class seeks to gain more autonomy over the work situation and to increase their economic status. Managers give lip-service to empowering the worker but they remain in the director's chair regarding all significant decisions, while subordinates exercise an advisory role. Formal evaluations highlight, emphasize, and center these distinctions. The flow of appraisals is downward to the subordinate who can complain but not change decisions because that is "management's discretion". The worker only indirectly "creates" an evaluation by his/her ability to manage impressions which are judged by those in power -- the managers. Subordinates express unofficial opinions about managers but these are qualitatively distinct from the formal documents produced by managers who are authorized by their position to judge subordinates (Scott and Dornbusch, 1967). Appraisals thus point out class differences between the powerful and powerless. They draw a definite boundary of separation between the parties even though their lifestyle, income, and place of residence may not differ significantly.

What Do Appraisals Mean?

Appraisals have different meanings for the several groups in the engineering unit. Managers see them as a way to <u>control</u> workers for productive effort, so they have an instrumental nature and are a tool of control. For subordinates, evaluations are "<u>tollways</u>" to rewards on which they paid tolls (e.g., gave effort and ideas, took orders, gave up autonomy) in order to gain increases and promotions. Sometimes these "roads" carry them down long, rough paths which do not always take subordinates to their expected destinations. However, appraisals continue to be viewed as a negative but necessary conduit to financial and career movement. Under the current merit system, evaluations are entrenched as a way to measure relative worth of individuals.

When the presence of the Union in considered, I found its officers acting as a protector against "wrong" appraisals, i.e., those contrary to the talked-about observations of others in the department (e.g., peers, engineers, other managers). The Union officers placed more attention on and used the AP forms to a greater extent than did managers, who viewed this document as a formality required by corporate policy. Also managers were aware of this form's impact and intentionally used non-specific or useless descriptions, further rendering the document and its discussion, a management-driven ritual. The Union leaders always requested these documents for grievances and arbitration cases, confirming management's fears by taking a literal interpretation of the words used to record performance. Their intent was to compare APs, reveal management inconsistency, and demonstrate the company's gross misuse of the appraisal system. Evaluations were "battlegrounds" and evidence of poor management, which the Union was happy to use to make their case against the judgment of managers. Appraisals represented tangible products on which issues of control, power, conflict, and favoritism could easily be focused. They provided the Union officers with rich material to show their members why their presence was vital for the protection of workers. Appraisal forms and performance bands created on-going evidence of the discrepancy between managers' opinions and the real value of subordinates.

Oddly though, the parties saw both the descriptions on the AP form, discussed in greater detail in Chapter 7, and supporting statistics, as real. This means managers and EAs accept and use these products as accurate reflections of the match between performance and cell position, even though these two groups expressed doubt over the validity of performance levels, especially those indicating acceptable performance. After the process is over, participants tend to take the products for granted, without a great deal of on-going questions.

The existence of a union places pressure on managers to create written appraisals, discuss them with EAs and to assign performance ranks. Because appraisals are the continuing subject of a debate, managers are forced to be more careful in how evaluations are constructed and communicated. This monitoring process is almost completely missing from the appraisals completed for managers themselves. I contend this difference is due to the Union. I believe that appraisals done of managers by their superiors are even more inconsistent and mysterious than those done on EAs.

The subjective nature of appraisal decisions are clear in the case of managers who reported that "I haven't had an appraisal in 30 years" or that "I got mine walking down the hallway". Upper management, not forced by union pressure to follow formal review procedures, begin with good intentions to appraise and offer feedback to develop other managers. This "talk" contrasts with the inconsistent treatment which follows. Other problems, projects, and needs of the business block and derail the evaluation procedure for managers. There are no job standards or they are so poorly communicated that they are dysfunctional. The appraisal bands for managers include groupings such as "far exceeds" (objections) and "fully meets" (objectives). This is a clear example of the <u>mythical nature</u> and sham-like quality of appraisals because some managers have never formally discussed their expectations. The understandings are taken-for-granted by both parties making the process a <u>ritual</u> of organizational life rather than a device to reward performance.

Contradictions

After intensely studying the problem of appraisals for several years, I realized they created a number of classic Marxian contradictions where a procedure required by the capitalist system produces an outcome that opposes or contradicts the original objectives of the organization (Goldman and Van Houten, 1977).

Bureaucratic organizations need to <u>motivate</u> large number of employees for high productivity and profits, so they use appraisals. Workers however compare their efforts and the recognition given and when these two variables are not commensurate, the worker withdraws his/her involvement and reduces efforts (i.e., motivation). Appraisals aimed to increase production actually reduce it when employees are dissatisfied due to individual evaluations. Appraisals are also intended to give <u>feedback</u> so workers can improve and experience personal development. However, little feedback and development, if any, occurs because the primary emphasis is on establishing groups of relative performance. The process, aimed at insight and communication between boss and subordinate, actually produces less knowledge because the practices conceal information, not reveal it.

The Union reps' perceptions of these forms caused managers to exercise <u>caution</u> and employ techniques, such as general descriptions, to control potential adverse effects of APs during future comparisons. The overall effect is to render the appraisal form a largely ceremonial and useless document. The APs are an appraisal convention that manages appearances in the system of interactions. Through the documents both parties appear to be doing their jobs: management -- appraising and developing, while the Union protects workers by citing management errors through specific words and phrases which do not, in their view, match the individual's performance. This is one example of ritualized conflict between managers and union officers. Managers, cautious over possible confrontation (e.g., grievances), use non-specific language for convenience and consistency. The evaluation of a large number of employees requires a good deal of time which could more profitably be used to perform other managerial duties.

Related to the feedback contradiction, the company stressed employee development through appraisal techniques. Although the allegation of development was seriously challenged above, employees seek more movement and advancement which the organization cannot deliver. Promises of "development" raise false expectations in workers who then slow their efforts once the development myth is recognized. The illusion of personal development linked to advancement results in subordinates who are hard to control and direct toward department goals. Employees now raise the question: Why should I take that more complex assignment? What's in it for me?

The organization also uses appraisals to <u>reward</u> employees and make them happy. Edwards (1984) pointed out how different rewards gain compliance from different types of employees. This procedure, instead of making workers happy and compliant, produces dissatisfaction when workers compare their performance-reward equation to that of their peers. Those who feel underevaluated reported dissatisfaction and lower motivational levels. The timeliness of the reward is also a factor. Employees who wait each year for advancement are dissatisfied to a larger extent than newer actors. What the company defined as a reward (e.g., higher performance band) is transformed to a neutral or even a negative outcome, largely due to the long waiting period and feeling of entitlement -- a sense that the reward is deserved because of seniority and not individual performance.

Another significant finding is that the <u>control</u> aspect of appraisals is subtle or concealed, because, while the plan is aimed at rewards and development, for the most part employees are caught in a system which they know fails to adequately recognize their achievements and is marked by little change and slow cell movement. The plan produces caution in employees who constantly compare their rewards and those of peers to perceived accomplishments and complexity of work to determine if the "contribution-reward" equation balances (Etzioni, 1961; and Thompson, 1967). Instead of employee development, the evaluation system produces overly careful employees with low motivational levels. This outcome is similar to the findings of Kanter (1977, 1979) where she reported on the widespread phenomenon of "powerlessness" which also accounts for low motivational levels. Limited information and advancement chances plus blocked careers produced a powerless group of employees, i.e., the majority of the 300-plus EAs. It is ironic that a system so driven and concerned with equity and fairness actually produces inequities by basing rewards on allocation methods and political factors instead of on contributions, skill, and knowledge.

Finally, evaluation procedures are aimed at identifying future managers and inducing workers to be more like those in authority positions. However, the inadequacies of administering evaluation programs such as lack of standards, negotiated judgments, and advancement by seniority and allocation methods rather than actual performance produces a separation, both in ideology and physical proximity, of the workers from the managers. Turning to a broader impact, the appraisal process separates managers and subordinates, revealing structures of power and stratification. Appraisals represent the power relations existing in a complex unit. Management assesses performance in support of organizational goals in order to control profits and costs and to keep people on tasks through an equity system of matching contributions and compensations. Fisher and Sirianni (1984), in attacking the traditional view of organizations as instruments of efficient production, note that organizations are also "tools for the pursuit of personal, group, and class interests." These researchers point out the tension between the organization's "production and political" systems. I found the evaluation process points out this very tension.

The evaluation process exposes the uncertainty and inequity of managers' decisions, giving subordinates a great deal of material for criticism and conflict. The interests of the parties are revealed and so polarize the actors instead of bringing them closer together. In fact some former subordinates promoted to professional or managerial positions still share views consonant with their former levels. They think the company is not looking after the interests of workers but is more concerned with making profits. So a device aimed to identify workers for promotion to managers actually creates and solidifies negative feelings about the agenda of the engineering organization.

With These Problems, Who Wants Evaluations?

There are appraisal problems from all the perspectives of the key actors. In the face of this, one can ask, "Why have evaluations?" I pose several answers to this persistent question.

The first reason appraisals persist is the existence of a strong set of myths. Subordinates continue to believe that appraisals provide tangible evidence of one's achievements and worthiness for promotion. This is the equity myth where individual's are rewarded according to their contributions. This belief fuels individual effort, personal achievement, i.e., the American idea of success. Workers want success and evaluations offer on-going signs of recognition that things are progressing well. The second part of this myth is the manager's persistent position that appraisals control workers. They insist on it as a tool to reward and motivate, while at the same time complaining that correct evaluations are difficult to do. They insist on the efficacy of appraisals while at the same time holding that good people continue to perform regardless of the situation. Another way to explain the persistence of appraisal is tradition. Organizations have always used some means to measure performance for reward distribution. Subordinates want it as a gauge of where they stand on the "path to success" to reach the American dream. Managers want it as a control and motivational tool in the highly uncertain world of human behavior.

A related finding dealt with the position taken on the possibility of <u>change</u>. If managers didn't accept the benefits of change in employees, they would lose a major reason for their existence -- controlling and guiding workers so they could be more productive. If changing employee attitudes were unlikely and motivational levels were fixed, what value do evaluation systems offer? Management believes and acts as though performance change is attainable through supervisory feedback, but individual managers reported that their efforts to change the work habits of individual employees, after repeated feedback over by as much as a five year period, failed to alter the individual's behavior. I attribute this lack of change to "the structure of interaction" (Boudon, 1981). Rewards and punishments are either not available or not applied through the appraisal-feedback cycle. There simply is very little reason for employees to alter behavior because nothing really bad will happen to them (i.e., no downgrade, salary reduction, or termination).

The <u>second</u> reason evaluations continue is that they maintain the <u>power game</u> in which managers and subordinates each simultaneously seek to maximize their gains, while controlling losses. The appraisal is the <u>barometer</u> of how each side is doing. Managers are challenged to be accurate while workers manipulate their resources to come out ahead in the report card game. Managers invoke the use of multiple judgments and unique work situations to gain the upper hand in the contest, while subordinates obey, present themselves as favorably as possible, using skills and knowledge. Without appraisals there would be no reason to play this control-manipulation game. If no one were keeping score, what would be the point of playing? Both parties seek to win the contest. Managers want productive efforts, while subordinates seek rewards

The <u>third</u> rationale for appraisals is tied closely to the second. Curiously, actors in the unit continue to <u>accept</u> the products of the evaluation plan (e.g., AP forms, rank order lists, and cell assignments), while recognizing that the process produces a great number of inaccuracies due to size of the universe, shifting performance criteria, and the large degree of uncertainty, exemplified by managers' need to rely on a picture book to identify whom they are appraising. Appraisals however provide a broad range of work rules and <u>expectations</u> which guide the efforts of actors and <u>make sense</u> out of doing tasks assigned by others -- the worker will be measured on certain performances, so these become important (Blau, 1967). Without the rules or pretense of judging work, there would be a conclusion that "nothing counts." In addition, appraisals support the need for <u>order</u> in the organization. Although problematic, evaluations attempt to control, interpret, and reward behavior. They send the message that managers care what the subordinate does, providing a sense of order to the vast number of tasks performed during the year. Without appraisals the participants would be taking a leap toward chaos. What would guide their behavior? Personal agendas? What would happen to the need for consistency in large bureaucratic organizations?

General Applications -- What Learn About Organizations

Many of the conclusions discussed above can be generalized to a broad range of organizations. This research illustrates that knowledge in organizations is unequally distributed (Tuckman, 1978; Becker, 1986). Engineering managers did not share the same data on employees. These differences were due to context factors such as size of the universe and physical layout of the work facility. Managers were "bounded" (Cohen & March, 1972), i.e., limited, in their ability to observe and understand all behaviors occurring because other work tasks had to be completed. Organizations contain shifting sets of priorities; and evaluation tasks, although constant, are generally not a top priority compared to customer satisfaction and profit-making.

This research also supported Kanter's (1977) work on the impact of job structure on opportunities and power. A key element of a powerful position and one that enhances one's chance for a higher evaluation is the degree of visibility the position affords the actor. It is necessary to be visible for one to receive recognition for performance. Behaviors gain value when they are critical to the organization and are visible (Salancik and Pfeffer, 1974). Size impedes the equal distribution of performance knowledge; and supervisors adopt techniques such as voting, coin-flipping, trading candidates, and sharing the allocation of moves to manage the great deal of uncertainty surrounding the unit, especially that created by appraising individual contribution.

Another generalized finding is that appraisals symbolize one of the dominant values of our culture -- **success** -- which is measured by hierarchical movement and financial rewards. Appraisals focus on accomplishment as a report card or road map of the individual's success in society. One dimension of social class is economic power (e.g. place of residence, income) which is also influenced by one's formal appraisal. Employees, like athletes, seek a new, better contract for next year because of their contributions for the past "season."

Through evaluations we again see a process which is intended to motivate subordinates and make profits but which in actuality produces contradictory outcomes like withdrawal of involvement and increase in administrative. This result is more evidence that capitalistic structures produce a number of contradictions. Related to this condition there is the separation between manager and subordinate produced by appraisals that are initially intended to increase communication. Also the appraisal process stresses feedback between the parties to bring about change; however, in fact, the production of appraisals actually results in more data being concealed as managers seek convenience and a way to diminish confrontation.

The major insight I found was confirmation of the mythical nature of appraisals and the foundations of organizations in general. Meyer and Rowan (1977) argued that much of organizational life reflects myths (i.e., fictional beliefs) to help the unit meet external needs and rules to deal with imperfect internal situations like accurate measurement of contributions. The myths create programs (e.g., appraisal plans), campaigns, and a unique culture which is really a "ceremony" to avoid and suppress what is really happening. Evaluation programs purport to measure and reward individual contributions, but actually are control devices for managers. The process is subjective, yet the results (e.g., forms, bands, raises) appear to be very objective and are taken as tangible signs of achievement. Another insight concerns the idea of equality (Kerbo, 1983; Feldberg, 1984; Mahoney, 1983). Again, actors in the system talk about the need to reward only people who make real contributions, yet the organization is moving in the direction of providing equal rewards for all members (e.g., equal lump payments).

Management has an interest in controlling subordinates so they undertake programs like the "Tech-Pro Plan", in my setting, to create the impression of equity (i.e., rewards match contributions) when actually managers try to distribute a large segment of raises equally to avoid problems and increase ease of administering. Organizations continue to reflect differences in verbalized beliefs and realized actions. As Caplow (1964) pointed out, evaluations are always based on more than skill, knowledge and performance, and include the impressions of all actors and the political climate of the organization.

Two other issues for organizations are the social construction nature of organizations (Becker, 1973, 1982, 1986; Goffman, 1959; Blau, 1967) and the decision-making style linked to this paradigm. Organizations have an on-going, dynamic, negotiated quality which is keenly revealed in how decisions are made. As I demonstrated in Chapter 7 -- "The Social Production of Appraisals", managers constantly interpret the behavior of subordinates and other managers in light of current situational factors (e.g.., customer demand, senior management edicts) to define what is valuable and who contributes to the current goals. A curious phenomenon of organizational life is the actors' expectations that departments will be run rationally and decisions will be made systematically, probably because large companies with resources are "expected" to be orderly. Others (March & Cohen, 1972); Pfeffer, 1978; and Thompson, 1967; Peters & Waterman 1982) demonstrated that decisions are not rational, but based on intuition, experience, and past practices while generally ignoring statistical data. In my setting, managers faced with <u>uncertainty</u> (e.g., multiple standards, incomplete knowledge of performances) made decisions on subjective hunches and general impressions, rather than by systematically recording and counting production results, even though such data were available. The overall impression someone creates through their production is more significant than the actual numbers (e.g., orders written) developed. These judgments are used to create a performance band appropriate to what a manager perceives. Discussions about decisions are widespread and operate to confirm or solidify the constructed decisions.

Organizations are the setting for more than the pursuit of company goals (Fisher & Sirianni, 1984). Evaluations reinforce this position by the use of the <u>game</u> metaphor to discuss a number of <u>power</u> issues (Crozier, 1964; Kanter, 1977; Buroway, 1979; Kipnis, 1984; Mechanic, 1962). Actors perform in a way to mirror the features of games, seeking to win rewards and cut losses. The <u>contest</u> (Turner, 1960) involves gaining more power (i.e., influence over limited resources) and making other departments more dependent on your group. The nature of games is conflict over competing interests and values which is especially evident in union-management relations. The Union leaders seek the granting of higher wages and better benefits, equally to all members, while managers via discretion offer unequal raises, promotions and rewards, based on actual contributions. During bargaining both parties try to shift the balance of power. The officers want more explicit control over working conditions, as managers protect sacred areas (e.g., appraisals and rewards) by fighting over supervisory discretion. Organizations provide a context for the pursuit of instrumental goals (e.g., profits) as well as personal agendas (e.g., financial security and recognition).

<u>Adapting and Applying Theories</u>

In this final section I want to accomplish two objectives -- discuss how three sociological theories informed my study and secondly, apply the findings of Scott's (1985) study of peasant resistance to my research setting to demonstrate the flexibility and explanatory power of sociological theories.

My research was informed by three general theories which, though distinct, utilize overlapping explanations. I applied the following theories to account for performance appraisals: power/critical, open system, and social construction. Open systems has the strongest application to organizations, while the power and critical models address both the micro and macro levels of society. Social construction is connected to organizations through the relatively new field of organizational culture.

The power/critical theories demonstrate the conflict and class differences organizations harbor. To move away from the elitist, narrow view of most traditional management theories, I used an historical framework to analyze the conflict between managers and union officers over the administration's evaluation and reward policies. The persistent variations among the actors emerges through examination of class differences between administrators and workers. A contextual approach helps to sort out and make sense of the issues. Rule-making activities are shaped by the political struggles among members of the administrative class.

Second, the open systems approach discloses how changes in the environment place a newly defined emphasis on customer relations for appraisal purposes. A problem for actors is the shifting nature of performance standards. An open organization, reacting to a complex, dynamic environment, reveals a high degree of uncertainty which must be managed by bureaucratic devices (e.g., voting, use of seniority, and concealing of performance data to protect managers from confrontations).

Closely linked to open systems is social construction theory which contends that decisions and structures are produced and maintained by members interacting to understand and create meaning in their setting. My analysis supports the tenets of this theory in a number of areas. Participants develop rules and conventions to produce appraisals as they struggle to classify large numbers of employees. In fact, rules are constantly modified to fit the situation managers face in assessing subordinates. These practices remain in effect until managers encounter a new problem. Group discussions and the impact of more powerful members change the procedures. This give-and-take process clarifies beliefs about fairness and seniority, for example, and diffuses the shared understandings among all participants. As Pettigrew (1979) argues, new leaders or environmental conditions change the beliefs of established organizations which was evident in my setting when the company began to emphasize customer relations, producing decentralized decision-making at the operative levels.

Social construction theory parallels my analysis of the process to appraise subordinates. To an outsider, it appears that supervisors make an objective assessment of their employees' contributions and assign them to an appropriate band. Closer examination reveals the final placement is first due to the manager's individual judgment and then a public presentation of candidates at a group meeting where other managers negotiate the final appraisal placements.

There is a discrepancy between Blau's (1967) assertion that what is easily measured becomes important, since in my research, managers continue to value production but lessen their emphasis of it, and proceed to use subjective impressions, especially when "objective" data is lacking. Another divergence between critical theory and my analysis concerns managers who agree the evaluation system is faulty. The critical theory predicts distinct ideological positions for subordinates and managers, yet my research shows a surprising convergence of belief about the negative features of the plan. This agreement could be due to managers and EAs beginning their careers at the same position and the dissatisfaction supervisors report about their own evaluation treatment. In some ways, second level managers have more in common with their subordinates than with their superiors.

My second objective for this section is to explain variables by applying paradigms from a different study. This type of analysis occurs when I adapt the concepts Scott (1985) used in his study of the conflict between rich landowners and peasants, focusing on the devices each side employed to get their way or to resist domination -- in the case of the peasants.

First, I will briefly review Scott's salient points and illustrate how they apply to the present research to expand our understanding of appraisals as control devices in an organizational setting rather than a rural community as in Scott's study. He argues the peasants in his ethnography employ non-rebellious, passive strategies to resist adverse changes in technology and exploitation by landowners who seek higher profits in a market-driven environment. When the landlords raised rents and changed social practices like feasts, the peasants resisted by subtle sabotage, evasion, and ridicule. Both parties take action to make gains or cut losses and do not simply submit to the conditions.

The two classes of workers in my setting are managers and subordinates represented by EAs. The managerial group see its legitimate role as maintaining high production and profit levels, an ideology based on the long standing belief that managers have a right to "run the business" (e.g., making decisions in the interest of the company). The EAs are represented by a union which defines its role as a protector of the working man/woman, especially in the area of wages and benefits. Its "charter" emerges from past management injustices (e.g., unfair wage treatment). The parties share a common ground -- both need to maintain job security in a competitive market, but there is significant disagreement over wage administration, benefit programs, appraisal judgments, and company policies.

One can ask, "Who is heard more in the debates?" Surprisingly, the Union officers have louder voices or managers have very sensitive ears because the company gives a good deal of attention to union questions and complaints. Their voice is also strong because they have an official grievance procedure and the help of free government resources (e.g., National Labor Relations Board). The Union issues a monthly newsletter, generally criticizing management actions without being too specific. This aligns with Scott's description of resistance using ridicule and non-rebellious approaches (e.g., stealing grain).

Also, officers use an interesting technique to keep managers off-balance. They deride the salary administration decisions regardless of the treatment EAs receive. For example, one year the company guaranteed to grant raises equal to 4.5% of the existing payroll, but in fact delivered 6.5%. The Union paid little attention to this gain and attacked the way managers appraised EAs and delivered increases.

Each side rationalizes its position. Managers say they want to reward new, lower-paid employees who are making good contributions to objectives, so they divided the universe into four experience groups and rated contributions in each category. The Union leaders argued this action violated the contract which called for treating everyone as a single appraisal group. They contend managers use this scheme to favor younger, more educated EAs while the Union seeks fairness for all employees. Both parties use different versions of what constitutes equitable wage treatment.

Who is winning the argument? Victories shift between the parties depending on the issues. The company surprisingly also employs a passive strategy by reacting to problems and answering grievances rather than filing their own charges of unfair labor practices. In this way the Union is winning since they shape labor-management relations by selecting the topics to debate. However, the company holds the ultimate weapon -- economic rewards and job security. Managers appraise performance, authorize overtime, approve expenditures, choose to apply force reductions, and introduce computer programs to produce "specs" usually written by EAs. Officers resist by not following all the work rules, slowing down "spec" production, and by ridiculing managers' decisions to solve day-to-day obstacles. The company introduces "Quality Improvement Teams", i.e., Quality Circles to indirectly involve EAs in meeting the company's agenda. Some subordinates participate to a limited degree because they believe managers will never use the ideas generated by the group, choosing to implement management's plan due to cost considerations. Applying Scott's (1985) approach illuminates the relationship between managers and employees as one marked by the company's effort to dominate workers and the

Union's adjustment to these forces through forms of resistance that are non-rebellious and passive, but which are abundantly filled with ridicule.

The use of Scott's perspective and the critical, open systems, and social construction paradigms demonstrates the ability of sociology to adapt general explanations to material situations (e.g. evaluation systems) and to utilize more specific theories (e.g. critical and social construction) to account for and "lift the veil" from processes affecting those whose contributions are evaluated (e.g., student, subordinate, manager, and faculty member). Sociology makes a significant contribution toward understanding social entities like organizations through its broad explanatory power, multiple approaches and flexibility.

APPENDIX 1

INTERVIEW GUIDE

1. How would you describe the appraisal process around here?

2. How are appraisals accomplished?

3. What are the routines or common practices (conventions) associated with appraisals? (forms, group meetings, lists,

4. How are appraisal forms used in the process?

5. What behavior is evaluated and what is most significant?

6. How do evaluation methods vary across departments?

7. What are the rules for deciding on appraisal levels? Who selects them?

8. Who evaluates?

9. What criteria are used? How do you know who belongs in each performance category?

10. How objective or subjective are the criteria?

11. What is the basis for granting rewards (salary increases, promotions, good working conditions, autonomy?)

12. What consequences do appraisals have?

13. What do appraisals mean to employees and managers?

14. Why do appraisals exist in this organization?

15. What values are assumed in doing evaluations?

16. Why do employees accept the appraisal practices?

17. Do you believe the results of your appraisal system?

18. What type of system would work better?

APPENDIX 2

APPRAISAL BIOGRAPHY INSTRUCTIONS

The following questions are part of a research project I am working on to complete a graduate degree. Your responses and not your identity are of interest to me. However, if you wish to discuss your comments, please contact me.

No individuals will be identified in the research document. The university sponsoring this project has formal procedures to protect the research subjects, and my methods have been reviewed and approved as complying with their standards.

Please complete this cover sheet before responding to the attached questions. You will need to use additional paper to answer the questions.

When you are finished, please return all material to me, **unsigned**, in the enclosed envelope.

LENGTH OF SERVICE (circle one) :

1. 0 - 2 yrs	2. 3 - 7 yrs	3. 8 - 15 yrs
4. 16 - 20 yrs	5. 21+ yrs	

JOB CLASSIFICATION (circle one) :

1. Supervisor	2. Engineer	3. EA
4. Information Systems Member		5. ISA
6. Professional (PAE)		7. Salaried-Graded

Thank you for your help in this research project.

Mike Bochenek
3142 AT-34

Appraisal Biography/History

1. How does the appraisal system or process work around here?

2. What is your current appraisal category?

3. Has there been a change in your appraisal level during the past several years? What happened?

4. Why aren't you appraised higher than your current cell or band?

5. How has the evaluation process affected your career movement or salary treatment?

6. How are the AP or MAP forms How are the AP or MAP forms used in your evaluation?

7. What changes would improve the appraisal process? Why needed?

8. Rank the following factors by the impact you feel supervisors assign to the factors in determining an employee's performance (appraisal) level.

1 = most important, and 16 = least important. (Please use each number only once).

___ Seniority or time on the job

___ Flexibility; ability to handle a number of jobs at once

___ Difficulty or complexity of work

___ Attractive appearance of subordinate

___ Job Knowledge

___ Production and Quality

___ Communications skills

___ Customer Relations

___ Problem solving skills

___ Personal (Social) relations with supervisors

___ Self-confidence

___ Attendance

___ Follows rules

___ Agrees or cooperates with management

___ Attitude

___ Other (please specify)

APPENDIX 3

PARTICIPANT-OBSERVATION GUIDE

When I selected the problem of appraisals, I began to think of methods to collect data. One benefit I had was that my job assignment immersed me in evaluation issues from two vantage points. First, I heard grievances about the deficiencies of the system and saw how managers tried to justify appraisals. Second, as an employee I also was affected by evaluations.

To begin a systematic examination of the setting, I complied the list below, hoping to collect certain types of data. Based on experience, I thought that looking at the broad categories of Artifacts, Language/Symbols, and Stories/Themes would be useful. As a start, I included terms that seemed to belong under each heading. To some degree these groupings matched my research questions -- Context (Artifacts), Culture (Language), and Beliefs (Stories).

Artifacts	Language/Symbols	Stories/Themes
lists	productivity	old-timers
rules	rank order	short service
meetings	cells	fast movers
computer list	contract	deadwood
grievances	structure change	degrees
interviews	excuses	experience
	justifications	favoritism
	balance	easy work
	performance	
	relative performance	
	rules	
	movement	
	percent increase	
	dollar increase	

Initially, I tried to record observations and events which fit the above structure, but found this method too cumbersome and time consuming as a member of the organization, so I focused on settings where evaluation activities were concentrated such as, supervisory meetings, union-management bargaining and grievance sessions, and management training programs. During these events, I made notes about beliefs, methods, and issues related to appraisals. This was supplemented by formal interviews and individual conversations I had with all types of employees in the everyday life of working in the research setting.

I also used word processing software (MSWORD) to list and then sort special language and observations by themes that emerged from the data. For example, I selected and then sorted quotes from interviews to cluster subjects' responses into manageable groupings. I had access to past bargaining minutes and the notes I wrote during the past five years which were essential to capture the Union's view of the problem. I also worked as a facilitator with a group of managers to improve the process for evaluating EAs and thus heard debates about assessment issues. This was a rich source of data on management values.

I observed meetings, grievance hearings, bargaining sessions, training programs, and many informal conversations, all of which produced a wealth of data. My observation methods became rather informal over time and I would recommend an approach that was more systematic and which could be achieved through the use of "observation" forms.

APPENDIX 4

Appraisal Program
(AP)

____________________________ ______________

Last name, initials Employee Number

______________________ ____________________

Title/Rank Organization Number

______________________ ______________________________

Immediate Supervisor Next Higher Level Supervisor

INSTRUCTIONS TO SUPERVISORS

At beginning of appraisal cycle or new job:

1. Type or print all information above.
2. Following appropriate discussions/planning sessions with employee and your supervision, complete Part A, Sections 1 and 2 (p.2), and secure "Approvals for Part A".
3. Discuss approved Part A with employee and request his/her signature (p.2).
4. Give employee a copy of form.

At end of appraisal cycle or upon transfer:

1. Complete Part B, Sections 1, 2, & 3, using input from employee as appropriate. Discuss results with employee, request his/her signature following Part B, and sign as indicated.
2. Complete Part C with official Annual Performance Appraisal and Appraisal Period. Secure approvals as indicated, then share with employee and request his/her signature.
3. GIve employee a copy, if requested.

PART A

1. Describe the principal purpose/responsibility of the job tour. Use appropriate documents as reference material.

2. List major assignments/objectives of unusual or particular importance to the Organization or individual job tour (as few or as many as necessary). Be specific about the source of information to beeeeee used for evaluation and, as appropriate, performance standards or measures for these assignments.

Approvals for Part A

Immediate Supervisor's Signature | Date

Next Higher Level Supervisor's Signature | Date
(Assistant Manager Minimum)

Employee's signature indicates that Part A has been discussed with him/her. It does not necessarily indicate agreement, but that the employee has had an opportunity to discuss responsibilities and assignments/objectives.

Employees's Signature | Date

PART B

1. Describe how well the principal purpose/responsibility of the job tour has been accomplished, documenting any significant deviations in performance (positive or negative) compared to normal expectations for the job tour.

2. Document specific accomplishments/results for each major objective listed in Part A, Section 2.

PART B (Continued)

3. Briefly list other significant accomplishments/results not previously covered in Part B, Sections 1 and 2.

Employee's signature indicates that he/she has had an opprotunity to discuss results/accomplishments with the supervisor prior to organizational appraisal sessions. It does not necessarily indicate agreement.

Employee's Signature Date Supervisor's Signature Date

PART C

Annual Performance Appraisal Appraisal Period

Immediate Supervisor Date

Next Higher Level Supervisor (AM Minimum) Date

Other Required Signatures, as required Date

Employee's signature does not necessarily indicate agreement, but that the employee has been advised of and has had an opportunity to discuss his/her performance appraisal.

Employee's signature Date

APPENDIX 5

APPRAISAL CONVENTIONS

During the interviews, a number of specific shared practices or conventions were cited by the respondents, providing a picture of the techniques commonly used by the Engineering organization to construct performance evaluations. Below is an alphabetical listing of these conventions and a brief explanation of their meaning in the research setting.

accomplishments, look at - managers focus on results

allocation determined - in the face of uncertainty, sub-branches of the unit - decide to share moves to ease the group meeting process.

annual review - evaluation occurs at least once a year to mark significant changes in performance

AP's written to fit level - a widespread practice is to write the AP(appraisal form) after the levels have been determined by other means, effectively ignoring the appraisal forms.

appraisals, employers give lip-service to - employees feel that managers go through the motion of evaluating them without always giving a sincere effort.

appraisals to administer salaries - evaluations are perceived as mainly a device to grant or deny raises

appraisals, back into (salary determines $) - salary is actually used to determine the appraisal band, instead of the reverse.

appraisals, doing for a long time - managers have been doing appraisals for so long that they have become institutionalized, taken-for-granted.

balance point of 100% - groups work toward this goal as a guide for distributing rewards. All appraisals percents are added and an average is compared to 100%. If the average is greater than 100%, some individuals must be dropped to achieve the 100% figure.

balance, seek band to place people in - managers seek to place people into groups of similar performance, based on perceptions, and group discussions.

bargain - common practice in group meetings where supervisors discuss qualities and achievements of their employees and listen to presentations of other supervisors in order to decide which EA's should advance a level; activity marked by give and take.

BLM intervention - third level of management becomes involved to break deadlocks and move process along.

book of pictures to identify unknown EA's - every 5 to 7 years the organization produces a book with pictures of all members of the unit's employees. Managers often use this book to identify who they don't know, but who they are attempting to evaluate. This is a clear example of the state of imperfect knowledge about performance that exists in the unit.

book of results (track results) - a collection of "hard" results like efficiency and quality used to give feedback to employees during the year.

book, numbers - same as above, but falling out of use as soft factors like attitude and customer relations become more prominent.

bosses' ability to sell candidate - managers vary in their ability to present and sell their employees to peers.

cell determined, then write AP - practice of determining cell placement before writing the AP form, which some people consider to be the incorrect sequence.

cell history, past; labeling - cell position from last year is a key determinant of where EA will end up this year; it is a point where the current "race" begins.

cells assigned after appraisal - usual sequence is to appraise performance, then to determine what cell this behavior fits.

coalitions formed - during group meetings, some peers form coalitions along business lines to support candidates for movement.

competition used - a subtle, rarely verbalized belief that forms the basis for the evaluation system.

confrontation avoided - managers try to avoid problems with employees because these discussions are uncomfortable for both sides.

consistent use of adjectives - supervisors try to apply similar words to describe performance to avoid inconsistencies that might lead to grievances.

criteria, non-specific - the unit uses widely held, but non-specific evaluation criteria, applied somewhat differently by each manager.

data, subjective used - supervisors stress different factors according to the situation of their individual departments.

discussion goals - used by managers to stress what's important and what will be used to evaluate performance.

engineers rank EA's - engineers are not systematically used as sources of feedback on EA's to rate their performance. This has become a practice in the last 2 years since an organizational restructuring.

feathering - the practice of seeking smaller distinctions between performance within the same general performance band. It lessens the impact of both raises or drops in performance.

feedback - comments or memos about performance used to correct behavior or establish reasons for cell assignments. Sometimes the descriptions are too general to be useful to employees - no clear action is prescribed.

forms, sign - employees are asked to sign the AP form to establish a record of their awareness of their status.

giving in - after long, tense group meetings some supervisors concede their positions to move the meeting along.

group agreement - managers seek consensus among peers on performance levels as a way to legitimate the final rank order. This agreement is reached after a series of group meetings where managers present candidates, and object to those offered by peers.

incumbent priority - when 2 EA's are equal in performance, the incumbent will have preference for moving ahead, or retaining his/her position.

interpretation, individual - managers use their perceptions and judgments to decide on the appraisal group of their employees.

judgment on complexity of work - one of the judgments concerns the complexity and difficulty of the person's assignment.

judgment, multiple - consensus and final rank order positions are shaped by the multiple or varying decisions of managers. This practice is a common defense to grievances on appraisals.

justify extremes - managers explain and account for their decisions to a greater degree for candidates at the top and bottom of the rank order.

knowing your fellow managers - experience with peers influences coalition building and cell placement.

knowledge of a lot of EA's - managers who know the performance of many EA's can have more influence in assigning cells.

lines for cells drawn by BLM's - during the past few years the third level managers (BLM's) had the final slay on where lines would be drawn, in the rank order, to determine cell placement.

list in priority order of moves - each year supervisors identify in a priority sequence they want to advance. These are the people most likely to advance if openings are available.

list, rank order - a list of names, produced annually, reflecting the relative performances of the appraisal universe. This list is the basis for assigning employees to cells, and is important to the union in identifying grievance situations.

listening, poor - the quality of paying attention during group meetings, as managers focus on selling their candidates.

lists adjusted - rank order lists are adjusted (changed) at various stages of the process. Part of the activity is to combine lists of all supervisors who report to the same boss.

money availability - knowledge that additional funds are available for raises can change the performance position of some employees. Some employees may be left in their current cell because movement to another level will not provide them a larger increase.

moves, shared - a common practice is to share the number of moves available, especially when move candidates are identified for movement than the group can accommodate because of the 100% balancing requirement.

negotiation among peers - there is give and take among managers regarding movement so that all can gain something for their people.

notes to record feedback - use of written documents and computer reports (quality, production, attendance) to evaluate performance. Once more commonly used because it was more available.

notes, mental - use of memory and impression formation to determine appraisal. More convenient for managers to use because it requires less effort, but criticized by the union because method lacks ability to measure, weight, or verify. This is a more common device because the engineering assignments have changed from filling orders to satisfying unique needs of customers.

performance , history of - appraisal history is used to see where candidate deserves to move now, and it often represents old baggage the employee cannot drop. In the absence of recent data, some managers cite experiences from prior years.

performance , look for unusual - in evaluating performance data, managers look for activity that is unusual or stands out to distinguish the employee. This might be participation in committees, or diligent work habits (rarely away from the desk).

performance questionnaire - managers use a questionnaire to collect the observations and judgments of their engineers on EA's in the department. This is a recent practice because managers have less contact with EA's since a restructuring change the levels and hierarchy of authority 2 years ago.

performance spread among EA's examined - some supervisors not only place subordinates in relative performance positions, they also note how great the difference is between positions. This might be compared to a "qualitative standard deviation".

performance to responsibilities compared - a very common practice is to compare what the individual has achieved or contributed versus the goals of the department. This is an area of key activity in the process. Once this completed, managers try to decide the relative value of the contributions.

performance definitions shifting each year - definitions of what constitute each band of performance is not written and changes somewhat every year. Managers prefer this arrangement because their work conditions vary throughout the year.

<u>predict where (how) levels will turn out</u> - each year managers, relying on the person's appraisal history, try to predict what level the individual will fall in this review period. Evaluations do not occur in a vacuum, but always with a concern for the consequence of what cell will this appraisal produce.

<u>presentations</u> - managers present data on employees in a public arena containing other supervisors. Supervisors sell the achievements of their candidates, aiming for cell advancement. The success of these activities depends on the argumentation and presentation (verbal) skills of managers.

<u>read motives of Supervisors</u> - a subtle activity of managers to gauge how difficult bargaining for cells will be, and to plan strategies to handle problems.

<u>review by upper management</u> - a check and balance device to insure or at least give the impression of bias elimination. Most evaluation decisions of lower level supervisors are supported and not reversed by top managers. Occasionally they have a candidate they want to advance.

<u>rules</u> - shared and generally accepted practices to manage group meetings and determine cell placement. Managers use similar rules in selecting candidates for both the top and bottom positions, because these groups are more evident and easier to agree on. The rules shift when the focus are the middle ranges because candidates appear indistinguishable, calling for rules to separate the likenesses.

rules changed to fit situation - as situations change during and between meetings, managers suggest alterations in decision making methods. Entwined in this situation is the need by supervisors to sell or convince peers of the need to buy into new guidelines. This is a delicate process because a guideline that solve a placement dilemma for one manager will create problems for other supervisors.

self-interests of managers; protect own people - managers guide their actions around increasing gains for their employees.

seniority to break ties - when a number of EA's are vying for a cell move, and managers are at an impasse, unwilling to concede, time on the job, or service with the company will be used to settle the debate. The selected EA may not be the best performer, if there even was a way to determine that abstract condition.

standards , individual - managers apply , generally accepted and shared performance norms, but use their individual interpretation of these standards to quantify performance.

statistics used - some supervisors collect and use performance data (cost reduction, efficiency) to sell their candidates.

subjectivity accepted - managers accept and do not want to change their peer's use of interpretations to appraise employees.

system, buddy - friendships, team solidarity, and coalition formation are used to place candidates.

temper, stubbornness used - supervisors exhibit entrenchment behavior to obtain moves by wearing down their peers.

visibility - employees who have greater exposure increase their chance for movement, by making their supervisor's selling job easier. Seeing someone perform is more convincing than being told how well someone performed.

vote by sub-branch, not merit - deadlocks over placement are often settled by voting for candidates, even when managers don't know the subordinates. Thus voting along sub-branch lines, rather than performance or merit, is common.

weights, assigned - in an attempt to quantify the evaluation process, managers assign values of performance to certain categories of work. Productivity would have a higher weight than cost reduction activity. Several years ago, the organization formalized this practice by identifying 5 performance variables (production, quality, cost reduction, customer relations, and problem solving) that managers would assign points to in order to decide cell placement. In actuality, some managers would still decide on the cell, using individual methods, and then create the form, adjusting the weights of variables to match the position they had already selected.

words to justify cell placement - managers carefully select adjectives to describe and justify the cell placement of employees. New managers would complete the AP form, and after cell positions were determined by large group meetings, realized or were told that their descriptions were too positive or superlative for the low position the EA had been assigned. Some supervisors maintain a non-specific posture in written from, but are more open and direct verbally.

APPENDIX 6

SPECIALIZED LANGUAGE

During the analysis to develop themes and issues from interviews and observation, I heard a good deal of interesting, rich, and unique language used to describe all aspects of evaluations and life in the Engineering organization. Below is a listing of specialized language grouped by the following six categories: Conditions/Context, Forms, Impression Management, Procedures/Rules, Qualities, and Reaction/Consequences.

<u>CONDITIONS/CONTEXT OF EVALUATIONS</u>

animalistic (how managers acted during appraisal meeting)

apathy

bad system

banging my head (employee has feeling of no reward)

bottom-line (cell position as main factor in system)

can't <u>prove</u> who's in top group

career job (manager's view of EA's job)

caught off guard (boss wants to know status of jobs)

comic relief (impact of system)

different set of measures (for different work)

dreaded (managers' reaction to evaluation sessions) dumb system

entitled (people feel they deserve movement)

expect to move up

exposure (a way to move ahead)

favoritism

group goals (shared by EA's)

job rate (managers' favor this to standardize salaries)

jobs are different

lump sum approach

my guy is better (managers' exhibit self-interests)

need competition (for results)

no agreed on criteria

no guarantee for movement

not fair (cell placement process)

numbers game

objective (supervisors' have this illusion about the plan)

pain, a (appraisals)

pension training

pot of money (managers want to control these rewards)

quota

relative performance

rules of the game (accept outcome of the system)

sense of cooperation in some departments

slow movement plan

stepping stone (how EA's see the EA job)

supervisors see their own world

system sucks

takes the right steps (but no guarantee of movement)

takes too much time to move

throwing bones to a dog (rewards to EA plan)

too much negative stuff

we can't prove performance

wired (employees feel promotions are predetermined)

FORMS USED TO COMPLETE APPRAISALS

ammunition (AP used to get cell move)

don't buy the form

don't want to **hang** later (caution over content of AP)

formality (how AP forms are seen)

JIM's (form showing needed correction)

tailor forms (possible to write form to fit job)

IMPRESSION MANAGEMENT TECHNIQUES

ability to BS

blow their own horn

have to market EA's (manager wants to sell EA)

snow their bosses

you have to do a selling job for yourself

PROCEDURES/RULES TO PRODUCE APPRAISALS

accepts incumbency (to select person for movement)

allocation

back into appraisals (performance is secondary)

balance

bargain

blend (combine lists from other managers)

buddy system (use of coalitions)

buy in (seek consensus)

carry-over from past years (impact of past appraisals)

catch-22 (to move up, some must move down)

checks and balances

consensus

cut and dry (appraisals not honest, but automatic)

darts in the wind (problems in assigning cell position)

don't turn the pile upside down (rank order remains fixed)

favorite boy (someone selected for special treatment)

feathering (a greater spread of appraisal points)

fill slots (move people just because spaces open)

finding a grain of sand (how appraisal process works)

flip a coin (way to break ties)

generic wording (to avoid problems with union)

get worn out (effect of long group meetings)

give and take process

group decision-making (determines moves)

horse race (race to move ahead)

interpret (judging value of individual's contribution)

iron out differences (purpose of group meetings)

it's a game

lawyer (boss' role in moving candidate to better spot)

like 2 friends talking (how appraisals should operate)

managers side with each other

match people against each other

mental notes (way to collect data)

merge

move off of center (need to decide on cell placement)

numbers book (use of <u>hard</u> results)

supervisor gives in (supervisor concedes in meetings)

party lines (business lines followed in picking people)

picture book (needed to identify employees for evaluation)

push EA's ahead

put into a pot (no reasons for choices)

rationalize measurement

rules

score (amount of time allowed to perform job)

selling job (use of AP's)

selling job of boss

share moves (how to distribute rewards)

sharing moves (managers support this idea)

slots of performance

slotted EA's into bands

slotting

smooth talkers (get moves for people)

someone gives in

take turns (putting EA's in top position) tests of significant differences (decision making tools)

those with best vocabulary (get rewards for subordinates)

throw in the towel (concede candidates during meetings)

track results

trade

vote by party line

wait their turn (EA's must wait to advance)

way out, look for (break tie)

we change the rules

we drew blood (problems in creating rank order list)

we have to present the EA's (using verbal skills)

we use consensus (to select positions)

you don't know my person (lack of knowledge makes impasse)

QUALITIES USED TO JUDGE PERFORMANCE

above and beyond (normal job duties)

beyond the call of duty (rewards)

challenged

clearly above the rest

coming on strong (new EA doing well, but no move)

conduct themselves as professionals

contributions toward the common goal

cost reduction (number of cases and amount of savings)

customer relations

cut costs

do many things well

does the junk work (difficult, old projects)

don't embarrass the boss

easy to manage

emerge from the pack

get the best from person

getting the job done

give me less trouble (helps image of EA)

good (performance)

good technically

how much is this EA worth to me

inconsistent

jumps the gun (over-reacts)

listen to the customer

make money (for the department)

making things go smoothly

must sustain performance over time

not being told what to do

on time (to work in morning and after lunch)

on time delivery

on-time performance

one of the family (being included increases rewards)

overdues (late work, past due dates)

personalities get involved (more than just work)

problems (negative behavior employees can create)

productivity (worth of individual)

specs (main product of organization)

stand out (few are so visible)

stick to standards

take action on problems

top producer

total package of contributions

training (not normal part of EA job, so rewarded)

what's he done for me

who does special things

willingness to do extra

work ethic

work habits

REACTION/CONSEQUENCES TO EVALUATIONS

abrasive statements (negative)

appraisals are joke

appraisals hurt the organization

bands (created by the evaluation process)

blending lists is a killer

bumped (lowered from top, unlikely after attaining level)

can't always have what you want (managers' reaction)

can't move the masses (only a few move up each year)

carriers of bad news (Supervisors)

chasing the carrot (appraisals motivate)

clash of chemicals (boss & worker may not get along)

deadlock (group meeting is at an impasse)

dog fight (process of picking people for movement) final product (rank order) is shit

give in

gung ho (when appraisal's good)

hands are tied (boss can't move people)

hit with the data (annual feedback session)

impasse

in-group (exclusion is reason for no movement)

just let me sign the form (people don't want to talk)

let things go (OM's attitude toward people)

long service EA's have no choice (about accepting appr-.)

meeting turned into complete shit (didn't know EA's)

met expectations (words used to be non-specific)

nit-picking

pacify complainers (reason for some rewards)

past recorded remarks (remains with person)

pawns (Supervisors use each other to gain moves)

people are insulted by their appraisals

people are pegged with the wrong cell

people are surprised (by appraisal results)

river keeps flowing (little effect of appraisals on un.it)

sheriff is in town (helpless when told appraisal)

soften the blow (about movement)

spinning their wheels (good work but no advancement)

stuck in an appraisal band

swimming across the lake (sign of progress above other:s)

task to be avoided (managers' feeling about appraisals) temper corrections over time (take time to fix errors)

to produce a starting line-up (why appraisals exist)

treading water (staying the same)

unfair (how top rated feeling about lump sum)

victim of the system (good person doesn't advance)

APPENDIX 7

APPRAISAL ALTERNATIVES

This section examines ideas to improve the evaluation techniques of the Engineering organization. Suggestions come from both subjects' comments and the researcher's analysis of the setting. It should be noted that a major division of the alternatives is very basic - fix the purposes and techniques of the existing plan or eliminate appraisals completely and turn to automatic pay increase schemes. Can appraisals systems be changed to overcome the problems discussed above? A simple response is yes, but a more difficult question for managers is "Should appraisal systems be saved?" and "What are alternatives to evaluations?" First I will discuss three broader, more far-reaching alternatives, followed by suggestions for improvements offered by employees which propose changes to the existing procedures to improve or fine tune them.

Researcher's Proposals

The <u>first</u> alternative is to <u>abolish</u> the existing procedures for banding employees in groups of relative performance, give all workers a general increase, and concentrate on employee development through skill assessment, continuing education, and job rotation. This approach will greatly reduce competition between employees and concentrate on ways to involve and develop the worker. Managers would resist this because their "hammer of control" becomes a rubber toy, and the union leaders, despite years of criticizing the appraisal practices, would lose one of their key rallying points, the poor judgment of managers. Workers would benefit the most because wages would now be equally, rather than inequitably distributed. Peer relations would improve because perceptions of unfair treatment would be lessened. Instead of appraisals workers would compare relations with supervisors and the nature of rotational assignments as new standards of equality and fairness. Development reviews would now be the focus of boss-subordinate reviews without the judgment of performance to filter discussions.

A <u>second</u> alternative is to have <u>peer-evaluation</u>, using a system designed by managers with recommendations from subordinates. This is similar to the series of "Focus Groups" the company instituted to define problems and recommend solutions. The rationale is that insight about problems and solutions comes from the individuals directly involved with the issue. This solution is a sham because managers have the final decision about suggested remedies and can easily reject ideas as "not in the best interests of the business." Setting aside these issues, the alternative could be set in motion by seeking volunteers from various groups of workers, based on job assignment. These groups would meet to define the problems with performance appraisals, identify causes, and recommend solutions. The second phase would reconvene a sample of employees to develop ways to try out their ideas, one of which would be peer-evaluation, arguing that co-workers often know more about the contributions, skills, and knowledge of peers than the sanctioned group of raters, i.e., supervisors. This approach would directly address one of the major shortcomings of the existing system -- the problem of <u>knowledge</u>, in which knowing, reviewing and assessing behavior are key factors. This solution, however, is greatly restricted by the size of the organization, unclear objectives, and an unequal distribution of information. Supervisors do not have equal knowledge of what all employees are doing, yet are expected to make appraisal decisions about some of these "mystery" employees. As mentioned earlier, this uncertainty dimension engenders the use of negotiations, voting, and coin-flipping. Peer-evaluation would provide "good" eyewitness data from which managers would then make the final decision, based on employee recommendations.

The <u>third</u> alternative is a totally <u>worker-designed</u> evaluation plan. The outcome may be the same as in alternative number two, but the process would be different because workers are free to design their own plan, based on their situation and needs. In this approach management would turn over control to the workers, a proposal likely to cause conflict since managers will still distribute raises. One way around this issue has been mentioned earlier -- grant the same raise or general across-the-board increase to everyone. The company is already moving in this direction with the introduction several years ago of the "Team Award." Another solution to the dilemma caused by the appraisal-funding split would be the creation of a worker co-operative where the roles of managers and worker fuse into a single function (Lindenfeld and Rothschild-Whitt, 1982). Under this arrangement, employees fulfill two requirements of the evaluation role: knowledge of the work, its context and of individual behaviors from daily peer-level contact. In addition a worker co-op "authorizes" or legitimates the granting of raises, normally reserved for managers. This arrangement places responsibility and knowledge in a single group, reducing some of the separation between managers and subordinate caused by the current system. Employees would work in groups to discuss and reach consensus on the contributions and rewards of its members, producing a greater feeling that appraisal decisions are coming from peers who know contributions rather than from managers who impose judgments and play favorites based on old relationships rather than current information.

Proposals from Interview Data

Structure

Ideas on the arrangement of new or modified procedures are grouped into several categories: new groupings, restrictions, band changes, techniques, and total elimination.

The first set of ideas concerns new ways of grouping the appraisal universe. Currently all employees in the same job category - EA or Engineer - are treated as one appraisal universe, regardless of service or nature of the work, although these factors are informally weighed by supervisors during the process. Participants strongly suggest that only those who perform the same type of work should be compared to each other. This would produce a number of formal appraisal categories, causing problems for administrators who argue they can more accurately distribute the appraisals along a normal curve when the group is large rather than when the universe is small. There is a good deal of faith in the "normal curve" concept.

An example of this proposed separation would be to remove those classified as EA's, who work in "services and support", and are not directly contributing to engineering specification production, from the "normal" mass of employees who produce "specs". Informally, those outside the mainstream of production are treated differently, and to many observers, negatively, when compared to the line groups.

Another idea is to use seniority to group people and link them to different pay levels. Some also contend that new employees should have a separate category. The reason for these suggestions is to treat people fairly. Interestingly, participants do not appear to understand the appraisal pay plan, because the current plan uses a "maturity" or experience curve which does link time on the job to potential pay levels, based on appraisal category, so the system already has a seniority sensitive variable - time-in-level. The other significant factor in determining the possibility and size of a raise is the appraisal band assigned by managers. Both of these variables interact to establish a target pay figure. The actual raise is affected by a third factor - the total amount of money available for raises. The organization traditionally does not have enough money available to pay everyone at their target pay prescription. During the past several years, the "shortfall" amount has reduced projected raises by approximately 35%.

The union does not support the creation of special appraisal groups, believing this is a management device to manipulate the system to the disadvantage of employees with more seniority. In general the union seeks equal wage treatment for their members and wants them evaluated as a single group, regardless of service, education, or complexity of work.

Another group of suggestions seek to end or greatly <u>reduce the restrictions</u> in the plan. People want to end the requirement for the universe to balance at 100%, or they want to end "caps" placed on the number of employees who can occupy specific appraisal levels. The capping restrictions occurs in the clerical universe, where no more than 55% of a particular level can be assigned the top classification of "A", and in the professional engineer category, where only 20% can be defined as outstanding. Another denunciation of these caps is the claim that managers often fill their quota with employees who do not deserve to be in the top group. One problem with this argument, in face of the lack of formal performance criteria, is the issue of who defines top and under what conditions?

Employees and managers want to end restrictions on movement because people feel moves are warranted. However, in a system of relative performance, by definition, the top is relatively better than the rest of the group, even though that difference may be very small. There could be large or small perceived differences between appraisal groups, and these suggestions seem to respond to the need for greater equity.

Several suggestions dealt with the <u>number of appraisal groups</u> or job categories. A number of supervisors supported the idea of moving from 8 bands to 3 nominal categories of "top, good, and bottom", because it reflected the way they went about the process of placing employees into 8 groups. Managers also felt it made more sense to work with 3 broad categories reflecting distinct types of behavior than trying to find much smaller differences required in a plan using almost 3 times the number of bands.

The professional engineers' group did switch 2 years ago from a 8 band structure to a 4 category structure. The new groups are outstanding, accomplished, other, and unsatisfactory. Twenty percent are in outstanding, with almost all the remainder in accomplished. There was one person in "other", which is intended to be a temporary status for a year to identify and work out performance problems. The last band is also intended to be short term, in effect producing a plan with only 2 bands - outstanding and accomplished. This should make it easier to classify engineers, because unless someone is outstanding or a poor performer, they will be placed in accomplished. These broad distinctions make the manager's job easier and leave less of a negative feeling in the majority of workers who perceive themselves as satisfactory.

Another idea to aid grouping is to create <u>more than one job level</u> for the EA position. One of the earlier problems mentioned was the disparity in work performed by different engineering departments. This suggestion would assign EA's to different levels based on complexity of work, making it easier to compare workers in the responsibility groups. While this concept addresses the problem of comparing unlike work, it doesn't change the problem of grouping people within levels, and would create a reward-advancement structure motivating EA's to try to reach the top level of EA work, while past hierarchical practices normally placed fewer individuals in top positions and more at the bottom, producing the classic pyramid form.

A number of ideas focused on more specific techniques. The current system uses a relative comparison approach, contrasting the performances of actors against one another. An employee may do well, but not progress when compared to his or her peers. The first technique is to use an absolute system, comparing each person against established goals, where it would be possible for more people to be classified as outstanding. People believe this technique would allow for more recognition and lessen the need for and value of political bargaining. In effect they feel this method would eliminate the small number of moves possible in the rank order concept. This would be like a teacher's ability to assign any quantity of grade types, based on ability to meet course requirements, rather than on a normal curve distribution, which imposes an artificial, but convenient limitation on the number of students who can earn specific letter grades.

Allied to this concept is the suggestion to more clearly <u>communicate expectations</u> and provide more frequent <u>feedback</u> to allow individuals to adjust behavior to meet goals. Managers don't like more frequent feedback sessions, because it would require more work on their part and another opportunity for disagreement. Union officers have complained during several bargaining sessions that EA's should haves semi-annual feedback meetings so they can correct errors, and eliminate surprises, which usually translate to employee dissatisfaction and disappointment. To date this idea has been given lip-service, at best, by managers who claim to be too busy managing other parts of their jobs.

The individual or absolute comparison approach fits with the suggestion to stress <u>employee development</u> during reviews instead of concentrating on just an appraisal of past behavior. This notion fits the company's current emphasis on career development which requires both managers and subordinate to assess the individual's strengths, weaknesses, and areas of interest. This could lead to a better match between employee development and the company's needs for specific skills in a changing, more complex workplace.

A final technique is to use <u>seniority</u> for the majority of the increase amount, plus a smaller <u>merit adder</u> or bonus amount, to recognize special achievement. This alleviates the problem of appraising the majority of people correctly because everyone will receive some additional money, while the exceptional few will receive extra. This approach minimizes the impact of evaluations, but does not solve the problem of how to accurately select employees for the merit increase.

The final sentiments in this section reflects frustration rather than specific alternatives for empowerment. People want to <u>eliminate the appraisal system</u> and to end the use of competition which permeates the system. These ideas were expressed earlier when employees called for measurement of achievement against individual goals rather than use of a rank order, and the increasing reliance on automatic pay increase or progressions, rather than the use of a merit plan.

In a union environment all of these suggestions are subject to the bargaining process. For the past 23 years, management has succeeded in retaining a predominantly merit based system, but with the introduction of lump sum bonus payments several years ago, the company seems ready to move toward a greater use of automatic pay delivery rather than just merit to reward workers.

<u>Control</u>

Participants offered ideas related to control of the process in several directions. There was a strong feeling that managers should control the rank order and cell position of their own employees. In the past supervisors would nominate selected individuals for movement, but this was moderated by the political process of group selection discused in earlier chapters. Managers feel that because they know the work of their people the best, they should be the only ones to rate their employees. This approach eliminates a check on individual bias, but places the evaluation responsibility at the position best situated to know what actions were taken and how significant these behaviors were for the department.

A contrary opinion on this issue argued that the boss has <u>too much power</u> regarding appraisals and does not have to justify his or her decision. This stance, if extended, would call for the increased use of diverse opinions from many supervisors to factor out judgment errors, which really means the positions taken by a minority of managers present at the group meetings.

A popular suggestion, but a difficult one to implement, is to <u>restrict performance data</u> to the previous year and not prior periods, which happens when managers do no have recent knowledge of the individual's efforts. Supervisors could be required to list the date of the event to justify its inclusion in the performance review. This idea could support the formal use of the <u>"critical incident"</u> method, which isolates specific, important events during the year for special examination. This would tend to require a recent and important action to judge, rather than slipping into the use of reputational frames, saddling the individual with an old and possibly no longer valid burden.

Next is the idea to increase the use of documentation to support later reviews. This procedure may sound automatic, but at least half the managers do not use written notes, or numerical data to produce an appraisal. They rely on impressions from daily interactions. The use of records could provide a more acceptable match between the judgment of performance and a performance evaluation. Employees and union leaders seem to feel better - that justice is served - when extensive documentation is used to produce an evaluation.

Subordinates felt that managers are afraid to praise and reward people because it might cause workers to slow down or put supervisors in a weaken position for next year's evaluation process, setting up expectations that all this praise will lead to a raise or higher rating. As pointed out in an earlier chapter, this inability of the appraisal system to payoff on expectations for good work it creates, is a major shortcoming and dysfunctional feature of the system. The plan is set up to use good work and results as a motivator, yet managers are reluctant to use this device prematurely because they may have contradictory results in subordinates. An interesting and unique suggestion came from a manager outside the research site. He wanted the evaluators themselves to be appraised for the kind of job they did during and after the group meetings. He felt this consequence would help the supervisors do a better, focus them more on their task, making for a superior product.

Tools

A number of specific ideas were offered to improve the evaluation production process. Participants wanted a greater use of measures to improve objectivity, and clear goals needed for individual improvement. Along similar lines, people suggested the use of standard, written performance categories for greater consistency. This idea is repeatedly rejected by supervisors who want the convenience and freedom to use their own shared, but individual judgements on what constitutes various levels of performance. Related to this could be a report card of contributions. What people continue to cry out for is a system that recognizes "good performance" and appropriately rewards this behavior with salary increases or higher evaluations. People are willing to accept a system they feel is fair to both good and weak performers.

A second set of ideas deals with developing managers or managing a better program in general. Managers have asked for more training on how to do appraisals, but ignore suggestions they are not comfortable with. In general terms, a supervisor suggested that an outside, professional group should develop a set of procedures for managers to use. He was looking for a "deus ex machina" solution which is not likely to occur. A final idea in this group seemed to have potential - use a consultant or <u>facilitator to conduct the group meetings</u> and produce the desired balance.

A final innovative concept suggested a <u>formal mentor system</u> matching good and poor performers. The top performers would provide examples, and share secrets to success. This idea would have to establish rewards for top people to participate, and some poor achievers might not be able to change because of the influence of multiple factors beyond the control of the mentor. One example could be the simple condition of a poor match between employee's interests and skills and the demands of the job. When the engineering unit was restructured several years ago, the engineer's job changed to take on more administrative functions along with the traditional task of analyzing customer's orders. Many engineers could not and have not adjusted to the new demands, and a mentor is unlikely to alter behavior learned over a 25 year period, especially for a group that is very close to retirement eligibility.

<u>Rewards</u>

The existing appraisal system is strongly linked to its ability to reward participants. A large focus of activity is on the fairness of the work-reward relationship to gauge its current state of fairness. In this light managers felt they need <u>greater control over rewards</u> to compensate their employees and give them an incentive to excel. Traditionally, the first level supervisor recommended the performance level of his or her employees, but actual increases resulted from additional negotiating over cell, and money available for increases. Managers feel cut off from direct influence on salary increases.

A dominant theme throughout the research was for management to reward performance, ability, and effort and to eliminate the perceived bias, and subjective decisions that produce the final cell placements. A specific suggestion, cited earlier, is to replace the 8-cell appraisal structure, used for EA's, with 3 broad categories of top, good, and bottom. Subjects feel that the current structure restricts movement because of the requirement to balance all appraisals to 100%, limiting the number of moves each year. Ironically, the 3-band structure used for the professional engineers creates the perception of less movement, not more advancements. The advantage, however, is that there is no requirement to balance to a specific point. Instead each employee "funds" the pool of available dollars, based on job level and years of experience. The total available money is then allocated by managers to "pay employees the same, who performs in a similar manner." Supervisors have less restrictions, but hold meetings at various levels to seek consistency of pay treatment for employes with perceived like performance. An additional advantage is that a specific cell position does not limit the size of a potential raise, as is now the case with the EA plan. During the 1989 review 90 of 92 technical-professionals received a salary increase or special performance award, resulting in a much wider distribution of financial rewards. The union leaders rejected this plan during 1988 bargaining because it gave supervisors more discretion for salaries, while the union seeks to reduce manager's judgments, and make the plan more automatic, and predictable regarding pay treatment.

Other ideas to improve rewards called for the following: each department should receive a "pot" of money which the supervisor would use to reward his or her employees. The rationale for such an approach centers on the concept of greater accuracy of supervisory judgments because of the proximity of supervisor and subordinate. With this ability, managers could also reinforce the contribution-reward relationship that is a main feature of large utilitarian organizations (Etzioni, 1961).

Participants also want general increases and job rates that all employees will receive and move to. This will eliminate or greatly reduce supervisory discretion about raises. This suggestion would also eliminate Individual Performance Awards (IPA's) which 50% of the employees can receive, based on performance and manager's judgments. Employees prefer equal treatment because they do not believe management can fairly and accurately access performance.

Finally, supervisors want to see the reinstitution of "feathering", a procedure that allows for single percentage increases or decreases in performance ratings. Now there is a single pay point for each cell in the EA plan. If someone is in cell 5, the target percent is 100% for example. Under feathering, the employee could be assigned a percent within the range of cell 5. Individuals could be placed anywhere from 98% to 102%, as long as the total of all percentages for all 8 cells balances to 100%. Feathering allows more movement which is however smaller in magnitude. The size of raises is smaller, but during downturns in business, the drop in percentage is less difficult to accept.

The union is opposed to this concept because they feel the advantages - larger upward moves, which are more likely - outweigh the likelihood of drops in cell position, which during normal business conditions, are much less common. The largest negative impact occurs if there is a layoff and management needs to balance the universe which has lost all the employees located in the 85% group. This results in a new balance much higher than 100%, so many people must drop a cell to again reach the 100% mark. Feathering eased the pain of this compression because each step downward was only 1% instead of 5%. More people must be affected, but the negative consequences are spread more widely.

Forms

There was a mixed review on the value and use of the AP form. Managers reported a number of problems mentioned above, but some report the form is useful if it is customized to each EA's job, or shortened for the manager's convenience. A broader and more general suggestion seeks to replace the negative perspective contained on most forms to a document highlighting the achievements, skills, and potential of each EA. This approach would fit well with the use of general or automatic increases. The majority, if not everyone, would be rated at least satisfactory making them eligible for a salary increase, thus providing a symbol of achievement, which seems lacking in the current plan.

APPENDIX 8

SUGGESTIONS FOR ADDITIONAL RESEARCH

The research process is never finished. Each project or problem is merely a phase in trying to uncover new answers and explanations for the social world. In the present study a number of questions arose that were simply beyond the scope of the study and could not be answered during the course of research. These issues are discussed below as ideas to expand research in evaluation processes and organizational structures.

Values and Beliefs

1. The dissertation has argued that performance evaluations were a myth -- they did not mirror workers' contributions, but were the products of other subjective variables. In the face of this, why was there such a gap between beliefs and practices? The majority of the actors believed in the value of good performance, saw the unfair, unpredictable outcomes, and yet continued to function in the organization.

2. Managers held to the efficacy of feedback on changing behavior, yet a number reported little change after sharing performance information. Why was there so little change from feedback? Were expectations unrealistic? Does

the reward system provide incentives to maintain the status quo? Would an increase in fear of negative rewards and a shift from the value of "don't hurt employes" increase the impact of feedback?

3. Supervisors defended the merit pay plan as the best way to reward and motivate people. But, what effect would there be on production if workers received group or automatic increases? Managers believed people would "cut back" and become uncontrollable. It would be informative to compare the morale and productivity of equity and equally based organizations. An extended comparison with a Japanese company would be enlightening.

4. The organization's culture harbored a widespread feeling of entitlement supported by the use of seniority and the value assigned to consistent contributions. Researchers should investigate what forces produce such a strong attitude among the EAs that longevity should translate to rewards. This could be linked to the high degree of uncertainty in the organization. Tenure was a variable the EA controlled by good attendance and by not looking for another job.

<u>Structure and Control</u>

1. The managers rejected the practice of using formal performance descriptions, but could more formality move the appraisal process from being political to focusing on performance and not the construction of the rank order list?

2. What additional bureaucratic procedures, like requiring a 100% balancing point, could be changed to produce a better match between achievement and appraisal to diminish the performance myth?

3. How do the appraisal systems of other technical work groups compare to the approach of this engineering unit?

4. What effect would actual increase in decision-making and power by subordinates have on the unit? How valid are Kanter's (1977) conclusions about opportunity structure and power?

5. Can supervisors shift their traditional control role from watchdog to resource person? Would the organization's culture resist change? What conditions facilitate or hinder this change? A comparison to a Japanese setting would be informative.

6. The ZY&Y organization used a traditional set of utilitarian rewards (e.g., raises, bonuses). What would the impact be if a larger set of alternative, more symbolic or normative rewards (Etzioni, 1961) were available from which the employe could choose? Could the experiences of alternative organizations (Rothschild-Whitt, 1979) be adapted to bureaucratic arrangements?

7. Information represented power in the organization. What performance impact would occur if more significant data were available to all employees? Would additional

information increase the subordinate's feeling of commitment or acceptance of one's assessment?

8. To what extent was a technical degree needed to perform the professional engineer's assignment? What environmental forces were increasing the demand for formal education? Who was defining this requirement: the company or the academic/professional community? Was a process of professionalism active and who was orchestrating such activity?

Process

1. The production of appraisals and cell placement caused problems for managers, in part because the shifting rules and individual judgments created so much uncertainty. What would happen if formal standards were developed and used by the managers? What would the consequence be if these performance norms were developed jointly by managers and subordinates?

2. The most stressing phase of the process was the group consensus meetings used to combine individual appraisals into one rank order. Could a appraisal plan be developed that would eliminate the group consensus meeting? What effect would this have on the power structure? What position has the influence to bring about this change?

3. What would be the consequences of eliminating the evaluation system completely for everyone, except those judged to be unsatisfactory? Would motivation and

satisfaction indices increase if the competitive climate were vastly reduced?

4. Along the lines of 3 above, it would be interesting to study the effect of dropping the evaluation part of the plan and focusing on career development instead. Would actors accept the termination of appraisals, which they criticized, and embrace personal development, which they claimed was lacking in the organization? The appraisal system provided a convenient focus for member's complaints. Where would these criticisms be directed if evaluations were eliminated? Would the Union lose status and influence among the actors?

APPENDIX 9

REFLECTIONS ON THE PROCESS OF PARTICIPANT OBSERVATION RESEARCH

The formal research process began in May, 1988 when I completed a dissertation proposal, selecting performance appraisals at my work organization as a topic. The process formally ends when the author has reviewed his work for the last time, adjusting words and meanings to reflect his latest stage of knowledge about the topic. A number of thoughts occurred when I reflected on the written phase of the research.

Studying the engineering organization as a participant observer made it possible for me to more completely understand what took place and what actions meant. This role placed me at a clear vantage point to see "the big picture" from an historical perspective. When members discussed the "quartiling system", I knew this referred to a previous appraisal plan, discarded for the current 8-cell plan, which managers attacked as too difficult to administer compared to an even earlier three-level system of top, middle, and bottom. I was not a tourist in some alien location, but a comfortable member who knew the language, customs, and sources of power and information. I was content in this terrain. I believed I knew the answers to many questions I had to ask.

However, there was a down side to this apparently advantageous position of keen understanding. The researcher learned a great deal from living or working in the setting and felt he knew the interaction patterns. This could, however, cause one to overlook an important or emerging process because the once inquisitive, curious eyes are dulled by the familiar. The researcher thinks he knows what is important and falls into the taken-for-granted trap that the sociologically uninformed members experience. Data were overlooked or completely ignored because they did not fit the patterns which emerged and were verified over the course of the research. The frame of reference of the participant observer was like a camera's view finder: parts of the landscape were selected for inclusion in the picture, while other features were excluded because they did not fit or appear not to be a very interesting view for the photographer/researcher.

Doing research was at once standing inside a circle of activity and observing the events inside the boundary. It was a slow, interactive, and reflexive process in which planned activity (e.g., survey questions) led to unplanned actions -- development and use of new questions to answer puzzles that occurred from planned work. Questions were posed, insights gained, then new questions asked as the search to understand the organization's processes and structures continued in another direction.

An example of this on-going adjustment occurred when I first used my interview questions. I originally included a question that asked what were the values of the organization, but quickly realized after 2 interviews that subjects couldn't tell me this directly. I had to analyze their comments and infer my own conclusions. Secondly, after several interviews, I recognized the interviews flowed more smoothly when I abandoned the strict use of the questions and adjusted the questions to each subject, often letting their comments guide me to posing new, unplanned questions. These interviews proved more interesting and insightful, leading to even more questions for future interviews.

The discovery process took the following steps: observation and data collection; the grouping of data into related themes; looking for meaning and movement to insight. This sequence was constantly informed by readings, organizational experiences, feedback from my dissertation committee and teaching. The last activity provided a useful exercise to gain a deeper understanding of organizations by deciding how to explain variables that supported research hypotheses or questions. The teaching activity cut away a great deal of confusion as I attempted to illustrate the meaning and application of theory.

Participant observation research also places you in a unique relationship with your subjects. I knew many of the subjects for at least 4 years and some for 20 years, prior to the research, so I had established a good relationship with most of the people. It became apparent that subjects must trust you to talk to you. I assured everyone that their identity would be protected, but I don't think that statement alone would have convinced people it was safe to talk to me. I believe the subjects trusted me because of a sense of honesty and integrity we established in prior encounters.

Once people learned I was working on an advanced graduate degree, they saw me as an expert who should have "the answers". The exposure of participant observation intensified this reaction, putting me under pressure to perform, make excuses, or play the role of resident expert. Part of my full-time job was to advise managers how to handle personnel problems, especially those related to labor-management relations. Perceived knowledge about organizational devices like performance evaluations overlapped my formal duties and made it confusing to draw clear lines between answering "work" questions and analyzing the organization for research purposes.

There was also uncertainty and frustration over wondering if you're doing worthwhile research -- something worthy of a Ph.D candidate. You have doubts about the scope of your topic, whether you asked the right research questions, used the appropriate data collection tools, analyzed with the clearest perspective, captured the most significant insights, and tested your original questions properly. You wonder if this effort will first make a contribution to sociology and secondly add to management literature in a way to make organizations more human, and less manipulative of employees. There are always a number of ways to organize, conduct, and complete research. You hope that your wisdom and insights pointed you in the direction of clear, logical, and sociologically sound research.

The self-doubts intensified after I submitted the first draft of my dissertation. I became very worried that my work was not up to standards of other students. I was surprised at this stage when I got feedback about having to add quotes, charts, and tables. Why hadn't I thought of this? During the next round of comments, I was told I had too much description and not enough sociological analysis. I've made these same comments to my students, but hadn't seen the same shortcomings in my own work. I felt bad about the comments, not because they weren't valid, but because I had made them. I didn't know better? A strange thing began to happen. I started to see the committee's comments as more helpful, valid and useful as I revised my work. I began to stress and expand on the mythical quality of appraisals, which a dissertation was supposed to do. I thought about the implications of my findings and tried to explain them rather than just describe the variables. Then a simple discovery occurred -- I was learning how to write a dissertation by making mistakes and receiving feedback from my committee members. Experience was an invaluable, although painful, teacher.

Finally, undertaking research for a dissertation pointed out a feeling I've had since returning to graduate school in 1981 -- the feeling of living in at least two distinct worlds. I lived in a work organization and participated as a graduate student, while also teaching part-time and holding the social position of husband and father. Pursuing the Ph.D placed me in a situation distinct from everyone I knew outside school. It was a world filled with observing, analyzing, and writing about organizations, while most people just "worked" without critically examining their organization. It was a viewpoint of constantly questioning the taken-for-granted world of collective life. This dual vantage point produced frustration because certain conditions came to light which could be explained sociologically, but which I was not in a position to change through the application of social science principles. Action, rather than analysis, was the preferred mode of achievement in our society. Knowing without doing was disconcerting.

I dealt with abstract variables when I wrote my proposal and began my research. I felt removed from the "real" world, at least the social world around me as I worked with concepts few people understood or cared to comprehend. There was a great emotional tension to have your "feet" into several worlds operating at such dissimilar levels of abstraction. Co-workers added to this tension when they asked about progress on my dissertation without any idea of the tasks involved in its production. Although I did not share specific findings with managers, they would not be surprised about the mythical nature of evaluations, but they might be amazed about the terms I used to characterized the process. To offer some sense of the experience, I started using a football metaphor. I told people that finishing the dissertation was like the Bears having the ball on the 1-yard line with no limit to the number of downs to score. However, for every few inches forward there always was a loss of ground or confusion over the next play to call!

Teaching provided an adjustment device for me to translate the reality of individual inquiry through an explanation to a captive audience of students. I never belabored my dissertation topic, but I used it to illustrate qualitative research methods, labor-management conflict, decision-making and the impact of the organization's structure, values, and processes on actors. Teaching bridged the gap between the worlds of work and research by demanding that I translate, explain, and impart the meaning of all those abstractions I have wrestled with individually.

Doing research created a feeling of achievement, but at this phase of working to complete the dissertation, it was not completely satisfying because specific feedback or affirmation was missing. Part of this deficiency was due to being a graduate researcher, working apart from professional leadership (e.g., dissertation committee members and other interested professors) and the informal influence and benefit of peers, i.e., other wandering, uncertain students. Being a part-time instructor placed another burden on me: was I more of a student or teacher as I guided my own classes? I would have gained more by pursuing the degree as a younger, full-time student, but also realized that maturity, specialized interests, and diverse experiences made for a better, more open-minded researcher.

The research process reinforced my earlier point -- it is like self-discovery -- never fully completed, but a source of adventure, frustration, growth, insight and achievement.

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The final copies have been examined by the director of the dissertation and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the dissertation is now given final approval by the Committee with reference to content and form.

The dissertation is therefore accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Sociology.

Nov. 20, 1990

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