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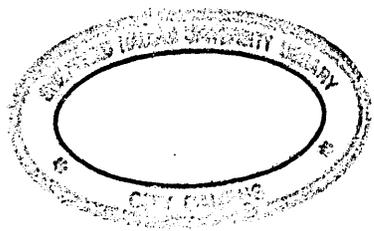
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***DIFFERING PERSPECTIVES OF ORDER AND CONTROL: IN A UK RETAIL  
STORE'S PERFORMANCE APPRAISAL SCHEME***

***RONA MARY O'BRIEN***

***A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
OF SHEFFIELD HALLAM UNIVERSITY FOR THE DEGREE OF MASTER OF  
PHILOSOPHY***

***September 1998***



## ABSTRACT

### **Differing Perspectives of Order and Control in a UK Retail Store's Performance Appraisal Scheme**

Rona Mary O'Brien

The thesis is concerned with the differing perspectives of order and control within a retail store's performance appraisal scheme. The methodology used in the collection and presentation of the empirical information is based on the work of Berger and Luckmann (1966). The focus of the thesis is a case study, that highlights how order and control was created and maintained by the participants in the performance appraisal scheme. The case study details how the performance appraisal scheme was formulated as a solution to a "problem" of order and control, within the organisation. But, it is proposed that the issue was not order and control *per se* but the maintenance, influence and efficacy of managerial order and control in the face of alternative orders and controls. An alternative order and control emanated, mainly, from non-managerial participants in the performance appraisal scheme. In asserting the validity of their order and control, non-managerial participants gave a visibility to ideas of order and control that has been neglected in discussions of managerial control, particularly those based on a structural functionalist perspective. Both managerial and non-managerial ideas of order and control did interact with each other. The thesis concludes that it is in the creative interplay of differing perspectives of order and control, that a fuller understanding of management order and control may be had.

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## INTRODUCTION

The thesis is concerned with an examination of how differing social groups created and maintained order and control within a fashion retail store. In order to give focus to this examination one aspect of the Store's management control process: the Performance Appraisal Scheme, is analysed. The theorising for the study has been informed by the work of Berger and Luckmann (1971) and the empirical research was undertaken using a case study method. The case study details how those who introduced and designed (referred to as Personnel, hereafter) the Store's performance appraisal scheme and those who participated in the scheme (non-personnel employees referred to as Participants<sup>1</sup>, hereafter) created and maintained order and control, within the performance appraisal process. It is proposed, that Personnel and Participants exhibited such differences in their articulation of ideas of order and control as to enable the attribution of differing perspectives to each party. The differing perspectives were interpreted as that of structural functionalism (Personnel) and an interpretative perspective (Participants). From the empirical study I conclude that although differing perspectives were used in the creation and maintenance of order and control, they were not unaffected by each other. That there was a degree of recognition and acceptance by each party of each other's perspective. And that this recognition and acceptance meant that the perspectives were integrated, not so as to make them unrecognisable as separate perspectives but, that in order to be effective, in their own and in organisations terms, organisational actors accepted the ideas of other perspectives as legitimate and necessary inputs into

<sup>1</sup> Members of the Personnel Department also participate, as appraisees and appraisers, in the performance appraisal scheme but in the thesis I have concentrated on their role as designers and implementors of same.

their social interaction. The primary implication, of the ideas contained in the case study, for the study of management control, is that ideas of managerial order and control are dependent on the perspective used in its design and implementation. And that management control, as a social construct, is dependent on legitimation for its existence. An important element of this legitimation is the interaction of the perspective used in management control with other perspectives, particularly of those who are “managed”. Therefore a fuller understanding of management control, and its context organisational order and control, may be gained from grounding that understanding in the social lives and perspectives of the managed.

Chapter one argues that theorising about management control must be contextualised within a framework of organisation theorising. It is proposed that despite the use of other paradigms in research about organisations and management control the use and influence of structural functionalism still dominates. The reasons for this continuing domination is that structural functionalism, unlike many other paradigms, provides: a strong degree of completeness and closure in its apriori reconciliation of structure and action; a source of valid knowledge for the improvement of organisational performance; and a protection of the legitimation of the status quo, i.e. capitalism. The management control literature is reviewed in the light of this domination and the problems that this might give rise to. Recognition is also given to those sections of the management control literature that are exploring ways of expressing our knowledge of same, using alternative paradigms. That these alternatives should be given credence is premised on the idea that the main danger in using structural functionalism in theorising, or in empirical research is that the preservation of the reflexive relationship between structure and action is at risk. It is important to preserve this reflexivity so that the creative

interplay of action and structure within management control, plays its full part in our exploration of same.

Chapter two takes up Richard Laughlin's (1995) examination of how two very different, streams of thought, positivism and subjectivism, have influenced methodologies in management accounting and control research. In this chapter I argue that the streams of thought, though different, are unified in their common source, the Enlightenment and that this unification is stronger than their differentiation. This unity comes from the central ideal of the Enlightenment: the rational, universal progress of man. This ideal underpins many of the approaches to management control research. I suggest that methodologies based on the Enlightenment ideal may be problematic, due to the imposition of a meta-narrative, of rationality, progress and universality, on researchers and the subjects of their research. The chapter proposes that a methodology based on the idea of reality as a social construct may, but does not have to, encompass such a meta-narrative.

The research question is also addressed in this chapter, it asks is there a problem of order and control within organisations? In order for the empirical work, in chapter four and five, to properly address this question, the chapter examines two perspectives, structural functionalism and an interpretative perspective, that address the "problem of order", i.e. how order is created and maintained. In examining these perspectives it is proposed that the "problem of order" is not the creation and control of order *per se*: order is inherent in the social existence of man and control is integral to the formation of any type of order (Berger and Luckmann, 1971). The "problem of order" is the maintenance, power and efficacy of types of order. For management control the "problem of order" is the maintenance, influence and efficacy of managerial order in the

face of alternative orders, containing their own control processes, mode of influence and degrees of efficacy.

Chapter three relates the discussion of perspectives in chapter two to the method used to undertake the empirical research. It is suggested in the chapter that the use of a case study method best fits the epistemological position, i.e. Berger and Luckmann's (1971) proposal of reality as a social construct, that underpins this thesis. The appropriateness of a case study method lies not in its ability to help researchers formulate general laws but, in offering them an opportunity to ground their empirical work in the particular, social situation that they are researching. Thus allowing researchers to flesh out their perspectives with grounded empirical data. An important question that is asked of any research undertaking is that of how much trust, usually stated in terms of objectivity, can be placed in a researcher's method? Positivistic methods of empirical investigation, usually assumed to be objective because of the possibility of replication, may be found wanting in both their ability to ground research sufficiently in a given social situation and in securing objectivity. The desirability and possibility of objectivity, within a case study method, is examined and discussed, particularly with regard to its role in the empirical work presented in chapter four and discussed in chapter five. The chapter also describes how the case study was carried out and, the research problems and opportunities that occurred in the course of data collection in the empirical setting.

Chapter four provides, by means of a short history of performance appraisal, an introduction to the source of performance appraisal schemes within modern business organisations. The chapter is primarily concerned with contextualising the discussion, in chapter five, of how the design and implementation of the Store's performance appraisal scheme was grounded in the creation and maintenance of differing ideas of order and

control. It presents an account of the Store's history, its current position in the UK's fashion retail market and details of its performance appraisal scheme. The main body of the chapter is concerned with detailing the introduction, implementation and operation of the Store's performance appraisal scheme. The implementation of the scheme is discussed with reference to ideas of performance appraisal, that are to be found in the human resources literature. In sum the chapter focuses on how the performance appraisal scheme operated in a specific set of social circumstances (Ryan et al., 1992).

Chapter five seeks to address the research question posed in chapter two. To do this in a meaningful way the chapter examines the views and opinions of those who designed and implemented the Store's performance appraisal scheme, Personnel and those who participated in the scheme, Participants. In the course of interpreting Personnel and Participant's meanings of performance appraisal no simple answer to the question posed above was expected, or found. But significant differences in Personnel and Participant's articulation, the former a structural functionalism perspective and the latter an interpretative perspective, of the performance appraisal process were uncovered. The chapter shows how each perspective created, maintained and evidenced, for themselves and others, their shared experience of order and control, within the process of performance appraisal. It is also proposed in the chapter, that alongside the differing articulations of order and control there existed a degree of accommodation and integration. And that Personnel's ideas of order and control were accepted, in part, by Participants, as legitimate and necessary inputs into their social interaction, so that they could be effective in their own and in organisations terms.

The conclusion reiterates the links between the research question and the empirical work. This linkage emphasises those elements of social reality that management control should take account of in order to maintain its legitimacy and effectiveness. The use of the empirical work to interpret and ground the research question allows the articulation of important areas for future research. And also highlights those elements of the empirical work that can add to interpretations of the reality of management control, using an interpretative perspective.

## Chapter One

### A Review of Meaning in the Management Accounting and Control Literature

*“Abraham falls victim to the following illusion: he cannot stand the uniformity of this world. Now the world is known, however, to be uncommonly various, which can be verified at any time by taking a handful of world and looking at it closely. Thus this complaint at the uniformity of the world is really a complaint at not having been mixed profoundly enough with the diversity of the world.”*

Franz Kafka, *Parables and Paradoxes*

#### 1.1 Introduction

Chapter one argues that theorising about management control must be contextualised within a framework of organisation theorising. It is proposed that despite the use of other paradigms in research about organisations and management control the use and influence of structural functionalism still dominates. The reasons for this continuing domination is that structural functionalism, unlike many other paradigms, provides: a strong degree of completeness and closure in its reconciliation of structure and action; a source of valid knowledge for the improvement of organisational performance; and a protection of the legitimisation of the status quo, i.e. capitalism. The management control literature is reviewed in the light of this domination and the problems that this might give rise to. Recognition is also given to those sections of the management control literature that are exploring ways of expressing our knowledge of same using alternative paradigms. That these alternatives should be given credence is premised on the idea that

the main danger in using structural functionalism in theorising, or in empirical research is that the preservation of the reflexive relationship between structure and action is at risk. It is important to preserve this reflexivity so that the creative interplay of action and structure within management control, plays its full part in our exploration of same.

## **1.2 Organisation Theory: A Context for Management Control Theory**

The phenomenon of management control is experienced within the phenomena of organisations. Thus any review of concepts of management control is undertaken within boundaries that are defined by our theorising about organisations. Therefore given that research in management accounting and control implicitly, or explicitly proposes meanings of organisations, we must ask what is meant by the term organisation?

The development of structural-functionalism, in sociology, has had a major influence on theorising about organisations. The coupling of this approach with general systems theory produced a generic systems perspective for organisational analysis and the development of same (Hassard, 1995; Donaldson, 1995). Hassard traces a number of developments within this perspective: beginning with the mechanical equilibrium approach of the Hawthorne studies (Roethlisberger and Dickson, 1939); moving on to the socio-technical approach of the Tavistock studies (Trist and Bamford, 1951; Rice, 1958; Emery and Trist, 1965); the contingency approach epitomised by Lawrence and Lorsch (1967); and the boundary management of Peters and Watermann (1982). In the late 60s and early 70s a revolution swept through Western sociology, it created a movement that broke away from the dominance of structural functionalism and

extended research into a variety of perspectives (Hassard, 1995). This revolution was prompted by denouncements of functionalism and the generic social systems approach:

*"...its methodology is static and its ideology conservative. In emphasizing equilibrium and integration, it fails to account for change and conflict. In emphasizing harmonious relations between system parts, it overlooks the dysfunctional elements of social differentiation."*

(Hassard, 1995, p. 56).

It may be said in defence of functionalism that its failure to account for change and conflict does not imply that these elements were not recognised. Holmwood (1996) argues, in relation to Parsons' work, that "... *'integrative processes' take their meaning as an issue of sociological interest precisely from a perception of the reality of change*" (p.94). Though Holmwood admits that Parsons offered a description, rather than an explanation of change.

The positioning of organisation theory within the social sciences meant that it too was influenced by these developments. Paradigm models (Hassard, 1995) were developed for the exposition of differentiation and classification in organisation theorising (Scott, 1981; Pondy and Boje, 1981; Burrell and Morgan, 1979; Morgan, 1986). Burrell and Morgan's model is very influential in the organisation and management control literature (see Laughlin and Lowe, 1990). The source of this influence has been their unique intersection of epistemological approaches to objectivity and subjectivity with sociological stances of conflict and consensus. Burrell and Morgan expose the underlying assumptions about ontology, epistemology, human nature and methodology that makes an approach a paradigm. Cutting across the divide of subjectivity and objectivity they add dimensions of change and consensus. Burrell and Morgan offer a model that is sympathetic to, and makes possible, the multi-paradigmatic nature of much research in organisation and management control theory. Also they proffer routes that

can be used to evidence a move, deemed necessary by Laughlin and Lowe (1990) and traced by Laughlin (1995), out of the functionalism paradigm.

Though models that embrace a multi-paradigm approach may be useful in providing a systematic way of exploring how we theorise about organisations, they can be problematic. One important problem may be that the application of Kuhn's idea of a sequential upheaval of paradigms is not appropriate in a theorising context in which there exists, simultaneously, multiple paradigms. Research in organisation and management control theory is not subject to a paradigmatic structure that behaves according to Kuhn's explanation of paradigm use. No one paradigm can be said to dominate, not even functionalism in its many forms, to the extent of excluding all others. Nor does one paradigm over a period of time clearly and fully replace another. Also the use of multi-paradigm in research may give rise to problems of inappropriate borrowing, classifications, relativism and incommeasurability (see discussion in Hassard, 1995 pp. 67-69 and 77-81). But the promotion of a variety of paradigms, in opposition to and including functionalism, may be viewed as a sign of the healthy multi-paradigmatic nature of theorising about organisations and management control (Roslender, 1995). Though when faced with a multiplicity of perspectives and methodological approaches we must be aware of the dangers of unsophisticated eclecticism, or of creating a pre-eminent perspective and methodology. Notwithstanding, researchers need to be mindful of the possibility that some perspectives may be mutually exclusive, or at the very least make unhappy bedfellows.

### **1.2.1 Organisation Theory: Unity and Fragmentation**

Developments in organisation theorising suggest a former unity of meaning, based on the ideas of structural functionalism, that has now fragmented. But Holmwood (1996)

argues that structural functionalism retains its potency because it is premised on an apriori reconciliation of structure and action. That premise is in fact based on the reification of action (see Berger and Luckmann, 1971, pp. 106-9), i.e. ignoring the reflexive, ongoing relationship between structure and action. Such is the potency of structural functionalism that even approaches put forward as alternatives come to converge on the ideas of structural functionalism, in that they seek to conserve its central premise, the reconciliation of structure and action, while “...*addressing the problems of its explanatory inadequacy*” (Holmwood 1996, p. 102, see also discussion of Giddens, Habermas, Althusser and Poulantzas, pp. 93-102).

Structural functionalism with its dualism, and its associated idea of correspondence, of structure and action lends itself to the use of reification (see discussion of Parsons in Heritage, 1984). This use is amplified in Donaldson’s idea of the relationship between structure and action:

*"The adaptation by the organisation is carried out by managers in pursuit of the interests of the organization as a whole. Thus organizational managers are pro-organizational in their conduct rather than narrowly pursuing their self-interest to the detriment of the organizational collective. Hence managers make a positive contribution to the organization, and thereby to society, by steering the organization towards structures which are better fitting, thereby raising organizational effectiveness."*

(Donaldson, 1995, p. 216)

When theorising about organisations, Donaldson (1985 and 1995) suggests that structural functionalism should, because it is capable of generating valid knowledge, i.e. useful knowledge, and does retain its dominant position. He proposes that when contingency theory is coupled with structural functionalism it becomes a powerful paradigm, within which there is a “...*commitment to serious, long-range, cumulative knowledge development on topics which are of relevance to organisational managers...*” (Donaldson, 1995, p. 223). This cumulative knowledge takes academics

nearer to the “truth” and enables them to aid organisations in adapting to their environment, thereby improving their performance. Holmwood suggests that the strength of structural functionalism lies in its failure to “...*'think away' modern capitalism*” (Holmwood, 1996, p. 95). The strength of structural functionalism also lies in its ability to deny, in common with all other symbolic universes (see Berger and Luckmann, 1971, p. 114 for a definition of the term symbolic universe), competing perspectives their full articulation by ignoring “...*the inevitable tensions of the process of institutionalization*” and “...*the very fact that all social phenomena are 'constructions' produced historically through human activity*”, so that “*no society is totally taken for granted and so, 'a fortiori', is no symbolic universe.*” (Berger and Luckmann, 1971, p.123).

The legitimation of capitalism may be in need of the protection offered by structural functionalism: its propensity to reify, i.e. its power to create a discontinuity between producers and their products. Capitalism, legitimated on the premises of freedom of choice and the efficient allocation of resources, through the mechanisms of free markets, has been strongly criticised. In Marx’s seminal critique the underlying basis of capitalism is its alienation of the worker from that which he produces: “*what is embodied in the product of his labour is no longer his own*” (Marx in Giddens, 1979, pp. 10-16). More recently capitalism has been accused of encouraging an individualistic economic approach that allows only the strongest to survive (Pope Pius XI, *Quadragesima Anno*, 1931); of not giving visibility to differential power positions; and of savagery and idolatry of the market (Pope John Paul II, *Centesimus Annus*, 1991). Capitalism’s legitimation has also come under attack in management control research. Laughlin and Lowe (1990) suggest that the development of paradigms other than

structural functionalism gives critical visibility to the status quo, in this case the omnipotent legitimization of capitalism. And Puxty and Chua (1989) propose that meanings can exist outside the legitimization of capitalism. But, can criticisms, of the status quo, be meaningful within an existing legitimization of that same status quo? A symbolic universe cannot meaningfully encompass that which questions its very legitimization. Nor can we within an existing symbolic universe properly articulate the consequences of such questions.

Within structural functionalism the meaning of organisation is decontextualised and ahistorical. We are cognisant of the organisation's human composition but, an organisation must appear to be more than the totality of these same bodies. The meaning of organisations is removed from human authorship, so those same meanings become a parody of their human producer. There is a meaning of organisation that in its reification suggest that all, or some human producers are powerless to affect change. Organisations are viewed as goal seeking entities that have needs and who are purposeful and rational, in pursuit of their goals. As goal seeking entities organisations seek to maximise adaptation and minimise dysfunction. To this end they require disciplined, though always in need of improvement, useful bodies. To complete the task of reification not only must organisations appear to be outside the reflexivity of the individual, so too must be our theorising about organisations. The goal of organisation theorising is to *".....hasten the creation of valid science of organizational structure"* (Donaldson, 1995, p. 232), so that irrationality, novelty and fragmentation can be reduced and a cumulative, coherent body of knowledge is made available to managers, for the successful economic performance of organisations (*ibid.*).

### **1.3 Developments in Management Accounting and Control Perspectives**

We cannot look for meanings of management control separate from those of organisations. Legitimising organisation and management control meanings is an interactive, reflexive and ongoing process: to know one is to know the other. Therefore developments in organisational theorising have been mirrored (systems theory and structural functionalism in particular) in theorising about management control. Some of the paradigm frameworks used in organisational analysis have also been used to review management control thought (for example, Burrell and Morgan, 1979; Scott, 1981). Otley et al. (1995) used Scott's model of open/closed systems and natural/rational models to classify work in management control, recognising that the classification are not definitive or "neat". Laughlin and Lowe (1990) subsumed Scott's classification of organisational theory into Burrell and Morgan's model, in part, to evaluate, in the management control literature, a possible move away from functionalist thinking. The above frameworks, in common with organisational analysis, have been used to explicate from the literature the underlying assumptions that we bring to the study of management control.

The review of management control literature, set out below, makes use of the boundaries, and their flexibility, drawn up by Berry et al. (1995, pp. 31-33). Within these boundaries, organisations are designated as legal entities with purposes; controllers are managers at various levels within the organisation, who try to pursue effectiveness and efficiency in terms of organisational purpose. The boundaries are open to debate but, they usefully represent the assumptions underlying large areas of management control theorising. This review does not explicitly use a paradigm model, e.g. Burrell and Morgan or Scott's for classification and articulation but, some

categorisation is probably inevitable. The principal task of the review is to trace the development of management control within the functionalism paradigm that has and continues to dominate our view of management control (Otley et al, 1995; Berry et al, 1995; Puxty and Chua, 1989; Laughlin and Lowe, 1990; Laughlin, 1995). Developments that signal a movement away from this paradigm will be called upon as a counterweight to the primary discourse of functionalism.

### **1.3.1 Perspectives of Management Accounting and Control**

Anthony (1965) may be credited with the construction of a definitive framework (Machin, 1983) that formalised the subject area of management control (Berry et al., 1995; Laughlin and Lowe, 1990; Puxty and Chua, 1989; Otley et al, 1995). Anthony in his seminal work of 1965 has been accused of reifying organisational order and of introducing a degree of closure in his discussion of control in organisations. It has been suggested that this closure was necessitated by the nature of the work, that of a useful *"...preliminary ground clearing exercise..."* (Otley et al 1995, p. 32). Many researchers have not been so kind, they have viewed the closure initiated by Anthony as having lead to *"....an emaciated concept of management control which may have been valuable as an initial strategy, but is a present embarrassment in implying an over-narrow view of the management control process"* (Otley and Berry, 1980, p.235) and that has, more seriously, lead to sowing *"....the seeds of doubt as to the future direction of research into management control systems"* (Machin, 1983, p.12).

If Anthony's ideas are just that, a freeing up of a broad topic for further discussion his influence would not be as powerful as it has been. The power of his ideas lies in the very narrowness that is seen as problematic. A narrowness and power, shared with structural functionalism, that gives closure and certainty to his ideas. Anthony presents a

framework that can and does sustain an identifiable body of research. His narrow definition of management control allowed researchers to find what they "*...were looking for and, having found it, could find where it started and finished*" (Machin, 1983, p.11). The restrictive definition of the subject area meant that the process of legitimation was simplified, a neat model of reality could be transmitted to others.

More significantly Anthony produces a reified image of management control and its organisational context. Despite his references to social psychology Anthony, presents a world in which the logic of its creation is inherent, rather than humanly produced. Organisations and management control become institutions and systems, respectively, in which "*...the dialectic between man: the producer and his products is lost to consciousness*" (Berger and Luckmann, 1971, p. 106). Humans are not the creators of reality but, agents for the accomplishment of organisational goals. The powerful articulation of reification, both in a Berger and Luckmann and Marx's sense, contained in Anthony's work means that it is an important contributor to the symbolic universe, capitalism, within which it was articulated and is maintained. This presentation of reification supports and reinforces the reification, or alienation by which capitalism is maintained and legitimated. Anthony may appear to give us the world "out there" but, "the world out there" gives us Anthony, as a necessary legitimator.

### **1.3.2 Systems Theory's Influence**

Anthony's "gift" to management control thought was to give other researchers a starting point (see discussion in Machin, 1983) for their debates about the function and design of management control systems, the problems arising thereof and possible solutions. According to Anthony et al (1989) management control is: "*All methods, procedures, and devices, including management control systems, that management uses to ensure*

*compliance with organization policies and strategies*" (p. 6). Otley et al. (1995) suggests that Lowe (1971) expanded the definition of management control by explicitly recognising the environmental and behavioural influences on management control:

*"A system of organizational information seeking and gathering, accountability and feedback designed to ensure that the enterprise adapts to changes in its substantive environment and that the work behaviour of its employees is measured by reference to a set of operational sub-goals (which conform with overall objectives) so that the discrepancy between the two can be reconciled and corrected for."*

(P. 5).

Though Lowe provides an enlarged definition it remains within the ascendant functionalist paradigm of organisational theory and also, firmly within the systems perspective. A perspective whose strength lies in providing *".....a rigorously defined theory and a history of useful applications"* (Machin, 1983, p.14).

Anthony et al (1989) differentiates management control from other control systems in an organisation by stressing both its non-automotive and its motivational nature. The objective of management control, the achievement of organisational goals, depends on the correct performance of organisational activities and the speedy correction of errors. Feedback is vital to this process; all parts of a control system must be in constant communication with each other in order to facilitate corrections. But, Anthony's design of control systems only allows for intervention when a situation is out of control. A better arrangement would be to put in place a control system, cybernetics, that has the ability to prevent out of control situations (Wiener, 1948 and for further insights: Emery, 1969; Ashby, 1960 and expansion; Beer, 1966 and 1972).

Due to its origins, the idea of cybernetics was developed by Wiener and his colleagues while refining devices for the control of gunfire, cybernetic systems theory is difficult to apply to processes that involve non-cybernetic humans. Otley and Berry (1980) suggest

that “*cybernetics has yet to demonstrate that it can provide useful insights into the design of organisational control systems*” (p. 234). Amongst other factors, they thought that cybernetics and its associated developments did not take account of the relationship between controllers and those who are controlled, i.e. the human element in control processes. Hofstede (1978) suggests that the social conditions in which cybernetic control operates and the consequences of its operation have not received the attention they deserve. Dermer and Lucas (1986) propose that cybernetics can lead to failures in control because organisations are not unirational but, multirational. Cybernetics cannot take sufficient account of the multiple worlds managers are faced with and the emerging processes that evolve to cope with the resultant ambiguity. Therefore researchers have sought to improve the design of systems by explicitly taking account of the human element.

### **1.3.3 Accounting for Social Actors**

Introducing humans as the pivotal factor in ideas of management control greatly increased the pressure for empirical research. Anthony et al (1989) state that management control is made operational by human agency: “*It is a people oriented process*” (p. 12) but we do not find, in Anthony's work, a comprehensive elucidation of human interaction with the design and implementation of management control systems. The purpose of a management control system is uncritically accepted, its impact on and its interaction with people is considered to be unproblematic. Anthony was not the only writer to consider and then disregard human interaction with control systems. The scientific management of Taylor (1911) and the classical management theorists (Mooney and Reiley, 1931; Gulick and Urwick, 1937; Fayol, 1949) sought to provide a framework for the efficient achievement of organisational goals but, were of limited use

in evidencing, or explaining personal and organisational interaction. Taylor's ideas of managerial control assumed that workers had a single goal: doing as little as possible for as much as possible and that owners were only interested in the efficient creation of profit. The classical management theorists with their provision of more sophisticated arrangements for the governance of organisations, the establishment of a esprit de corps and the promotion of cultural norms, recognised that employee's interests had to be combined with those of the organisation. But despite the many proposals for the "best" way to manage organisations, the above authors did not produce any meaningful insights into the motivations of humans in an organisational environment. It was enough to propose an "ideal" control system, sure in the knowledge that organisational actors would recognise its natural authority and superiority and submit themselves to it.

Many contributors thought differently, they sought to evaluate the interaction between control systems and their willing, or unwilling participants. Berry et al (1991), used a behavioural perspective, amongst others (see pp. 109-113), to examine the control processes in a financial service company. The inclusion of a behavioural perspective was deemed to add "...richness to the interpretation of the data..." (*ibid.* p. 113). Otley (1990) found that information flows were determined as much by social interaction between the superior and their subordinates, as by any insights gained from agency theory. The contributors mentioned above (Hofstede, 1978; Otley and Berry, 1980; Machin, 1983; Dermer and Lucas, 1986) and others (Buckley and Mckenna [review article of the many others who could be included in this list], 1972; Ouchi, 1979; Macintosh, 1985; Argyris, 1990) have all tried to gauge the interaction of people with control systems. Even the technically dominated area of capital appraisal sought to take account of the human element in management control (see King, 1975; Northcott, 1991;

Jones and Dugdale, 1994). Researchers readiness to account for, albeit some in a very limited fashion, participant's social interaction with management control, meant that the apparent simplicity of organisational life had gone, forever. Concepts of management control had left Anthony's Garden of Eden, the original sin being the creation of complexity through the legitimization of human interaction with management control; the journey into a non-reified world had begun. But, in order to prevent research being overwhelmed by complexity, humans had to be simplified: reduced to goal directed organisms. Social actors and organisations, having been given the status of honorary humans, were presumed to share a goal oriented life. Goal achievement was a necessary condition of the creation of effective organisations. Effectiveness, in goal achievement terms, became the "Holy Grail" for researchers of management control systems (Machin, 1983). So that effective management control could be designed and implemented a match between the goals of organisational participants and the organisation had to be possible, i.e. goal congruence. This position is best amplified by Horngren (1977), who suggests that control is best exercised by encouraging *"...behaviour such that individuals accept top management goals as their personal goals"* (p. 151).

In order to encourage goal congruent behaviour researchers looked to other disciplines for insights, notable those concerned with behaviour. It was hoped that such insights might lead to a greater understanding of that which motivates behaviour. Comprehension would facilitate the provision of the "right" conditions; conditions in which people could adjust their behaviour, with the minimum of direction. Control would be effective because being human: it would combine the cybernetic feature of learning and adjustment and fulfil the need for requisite variety. The process would

ideally lead to the creation of a self-disciplined person needing minimum input from control systems. This would make organisational participants more economically useful and reduce the cost of control systems. Because the range of studies in human behaviour and management control is extensive, it may be useful to look at one type of control: budgetary control, commonly scrutinised in these studies.

The search for goal congruence, and its motivational source, has centred around budgetary control and reward systems in organisations. Budgetary control's role in an organisation is such that it supplies "*...much of the fundamental information required for overall planning and control*" (Emmanuel et al, 1991, p. 160). If goal setting is a process that defines our meaning of organisations (Hassard, 1995) and management control is "*...fundamentally concerned with the achievement of organisation's goals and purpose by the co-ordination of the work of managers...*" (Otley, 1995 p. 46), then budgets are the quintessential representation of this dynamic. If budgetary systems can be arranged so that management, and their subordinates, will accept and perform (see discussion of budgets as targets in Emmanuel et al, 1991) to budgetary standards then the "needs" of the organisation will be satisfied.

The key factor in designing effective budgetary systems, so that they encompass the motivational elements necessary for goal congruence, is an understanding of motivation itself. Researchers looked to motivation to provide a nexus between organisational goals and personal goals. Theories of human motivation (primarily, Maslow [an example of content theory], 1954; and Lawler [an example of process theory], 1973) were applied to budgetary control systems (see Ronen and Livingstone, 1975), to ensure that budgets provided the "right" setting for the enactment of goal congruence. If this proved too ambitious a task, and it did, motivation theories could at least explain "dysfunctional"

behaviour (see Argyris, 1952; Read, 1962; Lowe and Shaw, 1968; Schiff and Lewin, 1970; Otley, 1978;) and suggest preventative measures. Notwithstanding the inventiveness of researchers (see Stedry and Kay, 1966; Hofstede, 1968; Kenis, 1979; Hopwood, 1972; Brownell, 1981; and for more recent discussion concerning the role of reward within motivational processes see, Merchant and Riccaboni, 1990; McInnes and Ramakrishnan, 1991; Barrett et al, 1992; Ross, 1995) in working human motivation into the design of management control, we do not have a proven mechanism for ensuring that a control system can provide an effective motivational climate for the attainment of goal congruence.

Failure to build into the design of management control systems an assurance of goal congruence may be due to the simplistic assumptions underpinning ideas of how goals are developed and transferred, from one group to another. Dermer and Lucas (1986) suggest that when problems of control occur:

*"There is little acknowledgement that events may be emergent, that change may require an understanding of the actors involved, and that the external manipulations of existing controls may not suffice. And crucially, in our view, there is rarely any acknowledgement of the political dimensions of control." (pp. 471-2)*

and Parker (1979) in agreement states: *"This classical perspective is limited however by its concentration upon the formal structure of organisation and by its neglect of individual personality, informal groups, intrafirm conflicts and decision processes"* (p. 310). Parker offers a wide ranging discussion about the originators of goals, arguing that organisations themselves do not have goals. We must recognise that there are a multiplicity of emerging goals originating from the desires of those who constitute the organisation. Dermer and Lucas (1986) see goal congruence as a, sometimes, necessary illusion but, propose that an effective implementation of management control must include a variety of perspectives and associated goals. Machin (1983) states that if

management control systems are to be effective, manager's norms and expectations, even if incongruent with organisational needs, must be taken into account.

### **1.3.4 Contingency Theory's Influence**

Researchers soon realised that bringing the behavioural aspects to the fore when modelling effective control systems lead to complexities in design, that did not lend themselves to easy solutions. A resolution of this situation might be found in an approach that would provide:

*"...an empirical model for systems research in organisations; an approach which can subsume the premises of previous approaches. Contingency theory suggests that while the traditions stemming from scientific management and human relations psychology appear contradictory, they can in fact be reconciled."*

(Hassard, 1995, p. 44).

How is this rapprochement achieved? Contingency theory is grounded in the idea that there is no universal control system, appropriateness of design and implementation is situation specific, therefore the nature of a control system is contingent on the situation. (Lawrence and Lorsch, 1967; Dermer, 1977; Otley, 1980). Researchers comforted by the retention and expansion of systems theory started a search for the effective coupling of organisation structures, management control systems, and external environments. Effectiveness could be explained in terms of the success, or failure of appropriate fit. A control system was not in itself ineffective but, inappropriately matched with structure and external environment. Motivation was no longer a product of the unfathomable workings of the mind but, determined solely by contingent externalities (see an application of this idea in budgetary control in Burns and Waterhouse, 1975; Otley, 1978; Ezzamel, 1990). But contingency theory produced a number of theoretical complexities (see Otley, 1980 pp. 425-426 for a critique and summary ). It suggests that universality does not exist but does not provide a means whereby contingent factors can

be recognised and applied (see also discussion of problems of causality in Hassard, 1995, pp. 53-56 and Hughes, 1996, pp. 17-68)

### **1.3.5 Alternative Perspectives**

As in the field of organisation theorising, management control researchers theorise about management control outside the boundaries of functionalism. Researchers are using the non-functionalist paradigms in Burrell and Morgan's framework and the open natural systems model in Scott's framework (see discussion in Laughlin and Lowe, 1990; and Otley et al., 1995). Sociology has made a major incursion into how ideas of management control may be researched and articulated. Roslender (1990) discusses the emergence and influence of sociology on the study of management accounting and control. He builds his discussion around a number of developments in sociological and philosophical thought: interpretative, labour process, critical theory and post modernism, that have in different ways rejected the emphasis of structural functional sociology. The interpretative perspective, in particular, has provided researchers with a range and a richness lacking in systems theory and it has been used in a wide ranging fashion (see Parker, 1979; Berry et al., 1985, 1991; Dermer and Lucas, 1986; Preston, 1986; Richardson, 1987; Colignon and Covaleski, 1988; Scapens and Roberts, 1993; Northcott, 1991; Jones and Dugdale, 1994). A particularly interesting use of this perspective has been in the area of culture and its interaction with management control (Morgan, 1986, pp. 111-140; Dent, 1991; Brooks and Bates, 1994; Preston, 1995; Langfield-Smith, 1995). The examination of culture has been extended to cross cultural studies, that look at the influence of national culture on meanings and applications of management accounting and control (Demirag, 1995; Williams et al., 1995; Currie, 1995).

The use of the interpretative perspective is not confined to the arena of organisational life. The impact of social, legal and political institutions on management control is acknowledged, notably in research about the public sector and about organisational change (Mouritsen, 1994; Broadbent, 1992 and 1995; Soin, 1995, Smith, 1995). Critical theory (Laughlin, 1987) has become an influential approach in management control research, it is used to question the exploitative, coercive nature of control systems. The proponents of critical theory hope to aid the subjects of control systems in reclaiming their ownership of the means of control. Critical theory is not the only vehicle used for critically examining the legitimization of management control and its supporting economic and political structures. The labour process perspective (see Roslender, 1995 for a discussion of Hopper and Armstrong's work) also critically analyses management control but, lacks the interpretative emphasis of critical theory.

Alongside the developments mentioned above, research in management control has continued in a non-sociological vein. Attention has been paid to breaking down Anthony's artificial barrier between management control and strategic planning (Simons, 1990; Dent, 1990; Rickwood et al., 1990; Stacey, 1995, Coad, 1995). Management control can no longer regard strategy as a given, the survival and success of complex organisation depends on a holistic approach to strategy and control. Much quantitative research continues to use the discipline of economics (see discussion in Laughlin and Lowe, 1990 and Macintosh, 1994). The use of agency theory in management control research has the advantage of reducing contingency theory to one contingent factor: self-interest. Control is made possible by that universal motivation, self-interest; requisite variety is produced by locally negotiated contracts; and feedback is provided by continually reassessing contacts. Organisation's hierarchies and control

systems can be explained without the *"...need to muddy the theoretical waters with theories from sociology, social philosophy, psychology or organisational theory"* (Macintosh, 1994, p.36). Adding to this simplicity is the removal of questions of power in organisational hierarchies: owners and employees are equal, contracting team players (*ibid.*). Also the theory reiterates the possibility of universal explanations and solutions. Agency theory's simplicity and its assured legitimation within a capitalist universe makes it an attractive theory for the analysis of management control.

Cooper and Burrell (1988) have suggested that despite the differences between the perspectives used in organisation theorising, all are wedded to the ideal of an inherently logical social world constituted by reason. With the end of modernity (disputed by many, markedly by Habermas, 1981, 1987) postmodernism has gained an important foothold in organisation and management control research, with Foucault as the primary (superficially the most accessible of postmodernists) source of inspiration (Miller and O'Leary, 1987; Hopwood, 1990; Hopper and Macintosh, 1993; Macintosh, 1994; Loft, 1995). Hassard (1995) proposes that postmodernism can be viewed *"...as the signifier of an historical periodization, or as a theoretical perspective"* (p.115). Within the management control literature Postmodernism is used, predominately, as a theoretical perspective, rather than as a new historical period, i.e. post industrialism (see discussion in Roslender, 1995). This focus allows researchers to put aside the historical complexities of an epoch approach, e.g. definitions of what defines the end of an age and the start of another, though the influence of postmodern production methods is recognised, and to concentrate on the internal ahistorical life of an organisation. The postmodernism perspective has been criticised, particularly by critical theorists, on the grounds that the perspective does not allow for the creation of a meta-narrative. Also,

neither the epoch or epistemological position "...develops a framework in which the formal organization is acknowledged as a phenomenon which is accessible to postmodern deconstruction" Hassard (1995, p. 134). Hassard suggests that the creation of a middle ground position will allow theory building potential to develop. Despite the criticisms and the often voiced need for management control research to mature from its pre-paradigmatic position, postmodernism provides useful insights into knowledge and power. It may also be more in tune with the spirit of the times, "...a 'chaotic' reality that cannot be represented by consistent theoretical categories" (Holmwood, 1996, p. 118), than other discourses.

#### **1.4 Conclusion**

This chapter has discussed the efforts that have been made to broaden the factors taken into account when designing and implementing management control systems. But encompassing more elements of organisational life in the design of management control may not improve and deepen the explanatory powers of management accounting and control research, it may be necessary to move out of the dominant structural functionalist perspective:

*"The predominant ontological stance is realist, stemming from the original concentration of the practical theorist on what they saw as real problems in practice. The primary epistemological stance of these control theorists is positivist and functionalism."*

Otley et al (1995, p. 38)

According to Holmwood (1996) the greatest danger in any perspective is to anticipate structure in advance of action, i.e. to lose the reflexive relationship between structure and action. He proposes that the problem with structural functionalism lies not so much in its conserving of the status quo but, in its lack of grounding in empirical situations.

This lack of grounding is not due to ignoring the existence of social actors but in ignoring, or manipulating rationales of actions that do not fit into an apriori explanatory structure. Holmwood's criticism is founded in structural functionalism's loss of explanatory power. This loss is inherently connected to a loss of recognition of realities, and their forms of control, that may not be recognised as functional within apriori structures. This loss of recognition underpins the research question that is addressed in chapter two, i.e. is there a problem of order and control within organisations? This question can only be asked in a perspective, structural functionalism, whose rationale is founded in a purposeful lack of recognition of other realities and their mechanisms of control. Chapter two places this question in a context other than structural functionalism and further chapters seek an answer, to the question, grounded in the organisational realities of organisational participants.

## Chapter Two

### Methodology and the Research Question

*"Rousseau asks why it is that man, who was born free, is nevertheless everywhere in chains; one might as well ask says Maistre, why it is that sheep, who are born carnivorous, nevertheless everywhere nibble grass."*

Berlin (1979, in Gray, 1995, p.123)

#### 2.1 Introduction

Chapter two takes up Richard Laughlin's (1995) examination of how two very different, streams of thought, positivism and subjectivism, have influenced methodologies in management accounting and control research. In this chapter I argue that the streams of thought, though different, are unified in their common source, the Enlightenment and that this unification is stronger than their differentiation. This unity comes from the central ideal of the Enlightenment: the rational, universal progress of man. This ideal underpins many of the approaches to management control research. I suggest that methodologies based on the Enlightenment ideal may be problematic, due to the imposition of a meta-narrative, of rationality, progress and universality, on researchers and the subjects of their research. The chapter proposes that a methodology, based on the idea of reality as a social construct may, but does not have to, encompass such a meta-narrative.

The research question is also addressed in this chapter, it asks is there a problem of order and control within organisations? In order for the empirical work, in chapter four and five, to properly address this question the chapter examines two perspectives,

structural functionalism and an interpretative perspective, that address the “problem of order”, i.e. how order is created and maintained. In examining these perspectives it is proposed that the “problem of order” is not the creation and control of order *per se*: order is inherent in the social existence of man and control is integral to the formation of any type of order (Berger and Luckmann, 1971). The “problem of order” is the maintenance, power and efficacy of types of order. For management control the “problem of order” is the maintenance, influence and efficacy of managerial order in the face of alternative orders, containing their own control processes, mode of influence and degrees of efficacy.

## **2.2 The Dominant Paradigm<sup>1</sup>: Its Source and Nature**

To illuminate the debate concerning theoretical and methodological approaches and to understand better the diverse approaches available, Richard Laughlin (1995) has traced the source of two major developments within empirical research. Within the empirical approach, that now holds centre stage in accounting and management control research, there are those who wish to develop a positivistic, utilitarian theory of accounting and control and those who wish to develop an understanding of accounting and control as a social phenomenon, in organisational life. Laughlin proposes that the theoretical positions within these developments may be derived from three major streams of thought, admittedly with many diversions, that of Auguste Comte, Immanuel Kant/Georg Hegel and Immanuel Kant/Johann Fichte. Kant, proposes a world in which

<sup>1</sup> I am using the words dominant paradigm while being aware that arguments exist as to the use of this term in association with management control. If management control, due to its lack of theoretical development, is pre-paradigmatic we can not have a dominant paradigm. But the term is used, if very loosely, frequently in the management control literature and therefore has meaning for the participants in that literature. Therefore to be consistent with this use I have used the term.

*"...all insights are inevitably subjective because no knowledge is generated distinct from the observer.."* (Laughlin, 1995, p.71); Comte, a world *"...which would allow absolute descriptions of the empirical world to be made distinct from any observer bias..."* (Laughlin, 1995, p.73). Hegel and Fichte, while adhering to the subjective nature of Kant's thought, differ on the degree of subjectivity and the possibility of change. Fichte, in particular, did more than differentiate himself from Kant, he is considered to be one of the principle exponents of the Counter-Enlightenment (Berlin, in Gray, 1995).

The streams of thought from which Laughlin links developments in theoretical thinking up to the present day, divide (the simplification is acknowledged by Laughlin) into a subjective (Kant) and objective (Comte) world view. Within the boundaries of this binary set the management control literature contains a variety of perspectives. Management control is seen as a: purposeful system (Vickers, 1967; Lowe, 1971; Otley and Berry, 1980; Anthony et al, 1989); creator of and participant in organisational culture (Dent, 1991); a legitimator (Richardson, 1987); determinant of organisation's destinies (Simons, 1990); panopticon (Hopwood, 1990); and a means of change (Broadbent, 1992; Laughlin, 1991). The above list is not extensive or inclusive (see Laughlin exposition, 1995, p.69) but it shows some examples of the diversity of perspectives available to researchers. But, despite this diversity the "certainty" offered by positivism remains very attractive. There appears to be agreement in the management control literature (see Puxty and Chua, 1989; Laughlin and Lowe, 1990; Northcott, 1991; Laughlin, 1995; Otley et al, 1995), that in the epistemological battle Comtean thought has the upper hand, while Kantian thought is undefeated but struggling (Laughlin, 1995).

The divisions suggested by the differing perspectives, mentioned above, are to some extent illusory. The roots of our ideas about epistemology, and the uses to which knowledge is put, are buried deep in the ideas of the Enlightenment: the "age" of epistemology (Laughlin, 1995; Gray, 1995; Appelbaum, 1995). The ideas of the Enlightenment gave birth to an era of modernism, an era in which management accounting and control research has been undertaken. Thus, it is useful to articulate the underlying premises of the Enlightenment:

*"These were, in effect, the conviction that the world, or nature, was a single whole, subject to a single set of laws, in principle discoverable by the intelligence of man; that the laws which governed inanimate nature were in principle the same as those which governed plants, animals and sentient beings; that man was capable of improvement; that there existed certain objectively recognisable human goals which all men, rightly so described, sought after, namely, happiness, knowledge, justice, liberty, and what was somewhat vaguely described but well understood as virtue; that these goals were common to all men as such, were not unattainable, nor incompatible, and that human misery, vice and folly were mainly due to ignorance either of what these goals consisted in or of the means of attaining them - ignorance due in turn to insufficient knowledge of the laws of nature....Consequently the discovery of general laws that govern human behaviour, their clear and logical integration into scientific systems - of psychology, sociology, economics, political science and the like (though they did not use these names) - and the determination of their proper place in the great corpus of knowledge that covered all discoverable facts, would, by replacing the chaotic amalgam of guesswork, tradition, superstition, prejudice, dogma, fantasy and 'interested error' that hitherto did service as human knowledge and human wisdom.....create a new, sane, rational, happy, just and self-perpetuating human society, which, having arrived at the peak of attainable perfection, would persevere itself against all hostile influences..."*

Berlin (1993, in Gray, 1995, pp. 136-7)

The dominant concept of the Enlightenment is the primacy of reason as a signifier of what it is to be human. A reality based on reason is: universal, ahistorical, progressive, goal oriented and in constant danger from the forces of chaos, i.e. irrationality and the force of will. These assumptions underlie much organisation theorising (Hassard, 1995). The strength of these assumptions can be seen in Donaldson's (1995) suggestion as to one of the crucial issues in organisation theory today: *".....which organisational structure will most enhance economic competitiveness, prosperity, innovativeness,*

*safety and democracy*" (p.135). Similarly we can see the workings of these assumptions in the theory and practice of management control:

*"In particular what would be sought would be a set of principles whereby substantive personal rationality on the part of organisational members could be made consistent with a substantive organisational rationality, such that both members and organisations achieved their goals by 'rational' means. Similarly, prescriptions for management action would be based on a framework of formal rationality in the belief that this would lead to substantive rational results.... it would seem that the majority of research would be conducted within a rationalist framework, and would frame its findings within such a construct. Rationality would be sought and 'found': and prescriptions for management action would be based on the same set of ideas."*

Puxty and Chua, (1989 p. 120)

Puxty and Chua while not proposing that all research and practice is in this vein, suggest that a great deal is. The majority of research is still about the formulation of theory within the "functionalism" classification of Burrell and Morgan (1979), or the "high/high/low" classification of Laughlin (1995).

Laughlin and Lowe (1990) are concerned that researchers are using *"...inappropriate theories of organisation and society with inappropriate ontological, epistemological and methodological assumptions"* (p. 16). This results in *"...unnecessary and inappropriate constraints around the research endeavour"* (*ibid.* p. 35). It is argued that this may be *"...the key reason for our present lack of understanding..."* (*ibid.* p. 35), regarding the social implications of designing and implementing accounting systems. The primary source of the constraints, that Laughlin and Lowe refer to, is that of neo-classical economics, this is still the basis of much management accounting research (Hopwood, 1990; Ryan et al., 1992). The inappropriateness of applying neo-classical economics to the study of accounting lies in its: reductionist approach to human behaviour; simplification of organisational life; and limited predictive powers. Ryan et al. stress, that the use of neo-classical economic theory may be inappropriate, rather than the theory itself. The inappropriate assumptions that Laughlin and Lowe refer to above

are not due to, I suggest and argue below, the use of inappropriate theories as much as to the influence of the Enlightenment ideal, of rationality, progress and universality, on research methodologies. Many researchers (see Ryan et al., 1992; Laughlin and Lowe, 1990; Laughlin 1995; Berry and Otley, 1995, unpublished) propose alternative approaches, some of which are highly critical of the status quo, to that of neo-classical economics. And also encompass more fully the interrelationships between management control systems, organisation structure, organisational participants and society. But these approaches, excepting post modernism, are still influenced by the Enlightenment ideal. Future searches for appropriateness, in research methodologies, may not only lead research out of the constraints of neo-classical economics and functionalism but also those of the of Enlightenment ideal.

### **2.2.1 Implications of Modernism for Research in Management Control**

The positivist stream emanating from the Enlightenment embraces an idea of duality: a concrete, already in existence world and its human actors. The correspondence engendered by this duality is deterministic. Thus, the main task of management control research is to expose the unitary, determinant nature of the "World" in order to create a universal theory of management control. A theory in which the fundamental and deterministic links between our (universal) actions and the rules of the "World" may be discovered, explained and exploited. The creation and application of theories of management control are reified, they are wholly independent of human reciprocal enactment. It is forgotten that theory and rules are contingent on a human producer. The focus is: *"...a view of the universe as possessing an 'ultimate structure' as being constructed out of this or that collection or combination of bits and pieces of 'ultimate stuff'..."* Berlin (1978, in Gray, 1995, p. 13).

In the Kantian stream of Enlightenment ideas we are presented with the idea that our social world is open to social construction, rather than being determined external, deterministic forces. But the conditions for the creation of our social world are proposed. The correct social world should emerge within the meta-narrative of the Enlightenment ideal of rationality, progress and universality; a narrative that in effect gives form to life before it is enacted. The impact of this narrative on research is that we seek to discover a theory of management control that will provide: rational explanation; some degree of prediction; and, in its more critical form, emancipate organisational participants (see Hassard, pp. 116-120). In common with the positivistic stream of thought a universal theory of management control is sought not in positivistic terms, where means and ends are deterministic and universal, but in terms of universal, predetermined ends. Thus, the nature of management control is fundamentally the same everywhere - it is irreducible, in terms of its goal. The goal is to create a design for the "good" practice of management control.

The Enlightenment was underpinned by the idea that human society can and should have a rational foundation, i.e. actions should be based on reason. Its fundamental task was to recreate human thought and practice on those same foundations (Gray, 1995).

Management control theorising has for the most part been formulated on this rational foundation:

*"...there is, to a greater or lesser extent, rational behaviour of individuals within organisations and that rational, deliberate action should be taken to ensure that 'control' is effected over their actions for the purpose of the organisations itself. It is in this sense that management control is more purposive and more consciously rational than the general run of studies of 'organisational behaviour'."*

Puxty and Chua (1989, p. 119)

There can be considerable specificity of and, simultaneously, flexibility in the meaning of rationality. Rationality is deemed to be bounded (Simon, 1957) and relative to the

interest of individuals, or groups in an organisation (Mouritsen, 1984). What might be irrational from a managerial control perspective, is rational from the perspective of other groups who have a “stake” in the organisation. Puxty and Chua (1989), suggest that even in a control framework concerned “...with the cognition and application of, ideally, substantive rational choice models..” (p. 134) space is created for the study of “irrationality”, particularly in the areas of motivation and group processes. This space contains a range of ideas that are in the main concerned with making “irrationalities” rational by: broadening the idea of rationality (see Jones and Dugdale, 1994); finding multiple rationales (see discussion in Dermer and Lucas, 1986); grounding rationality in the accepted norms of a society (Puxty and Chua, 1989); finding the agreed social purposes of rationality (Mouritsen, 1994); and looking at actual practice (Northcott, 1991).

This extension and flexing of rationality allows rationality to retain its paramount position. The ideal of a rational human is congruent with the premise of Western economic and social life, i.e. “...the belief in intelligent choice ”(see discussion in Machintosh, 1994, p.155). The expectation of rationality is important for those who design and apply management control systems (Dermer and Lucas, 1986). Man can must be viewed as having a nature that is, aside from its artificial cloaking of culture, naturally essentialist, i.e. rational and so is fundamentally predictable in its essence (see discussion in Gray, 1995). Reality may emerge in many forms but, there is always in the nature and aspiration of organisational participants a commonality, based on rationality, e.g. all reasonable participants are goal orientated. Rationality promises predictability: it is common to all therefore it is known; if action is predicated on reason; we know what a rational person will do. Irrationality, with its attributes of emotions and force of will, makes humans unpredictable and therefore less easy to control. The reassurance of

rationality is not only sought by those working in the economic based paradigms but, also by those using more radical paradigms. The radical paradigms premise the design of emancipative control systems on the rationality of social actors.

While critically evaluating the influence of modernism I recognise that any counter movement must pay its respects to the Enlightenment, for its role in "*...the illumination of the human world by rational inquiry*" (Gray, 1995 p. 9) and, for ushering in an age that is "*...one of the best and most hopeful episodes in the life of mankind*" (Berlin, 1956, in Gray, 1995, p. 138). But, I share with the postmodernist movements a lack of enthusiasm for the Enlightenment project of a meta-narrative. The promotion of a meta-narrative is not restricted to the positivism stream of Enlightenment thought, it is also sought by the subjective stream. The subjective stream perceives the world to be determined subjectively, it is not a self-subsiding reality. Therefore, the form of the world is coeval with our existence. If this is so, the world can take on many forms but it does not, due to man's essentialist nature, a nature which give this world a common form. That nature, aside from oppressive influences, is good and reasonable and should produce a world that endeavours to progress towards equality, rationality and tolerance.

But the Counter-Enlightenment: "*...an intellectual movement of genuine power and insight, whose vitality derived in part from its exploitation of self-undermining aspects of the Enlightenment itself*" (Gray, 1995, p. 135), gives us an idea of life governed by human's undetermined self-creation. As a movement it rejects the idea of reducibility and universal forms of life; it embraces the primacy of radical will and change; and proposes that the assumption of progress is not an inherent element in the creation of reality. The Counter Enlightenment's focus on the dissolution of reason as the sole, or even primary bases of social life suggests that the reality than human make for

themselves and others does not have to contain a oppositional, duality of rational and irrational. Reality consists of all that which makes up human unconsciousness (and unconsciousness): reason, will, instinct, impulse, emotions, prejudice, etc. We have no bases for saying that one part of human makeup, rationality, should, or does dominate as the foundation for the creation of reality. We do not know, and *cannot* know, that the Enlightenment project of progress through reason is the only way to achieve progress, or that any progress that has been made can be assigned, in the main, to the use of reason. That is not to say that societies do not give more legitimation to some types of thinking than to others, they do. Macintosh (1994) states that a "*belief in intelligent choice*" is the "*...central ideological norm of Western civilisation*" (p. 155). But, the legitimation of one way of thinking should not exclude the legitimation, or use of other ways. Puxty and Chua (1989) in examining the concept of rationality in management control suggest that the question of rationality/irrationality is not valid in itself, that rationality and irrationality are relative to the norms that a person operates within. I concur and suggest that the suspension of this question is necessitated by a need to take a holistic view of what humans bring to bear on the creation of reality. We need to examine the creation of reality for what it is, rather than what it should be, i.e. unconstrained by preconceived ideas of the purpose of reality, so as to better illuminate that which we create. And in order to fully express the interrelationship between management control processes, organisation structures, organisational participants and society, research must be grounded in the realities enacted within and between the aforementioned. Research should look for the variety and multiplicity that is there, the singularity and integration of realities, in order to gain more understanding of ourselves and others not to determine, or necessarily to improve our lives but, because such curiosity is probably inevitable (Berlin in Gray, 1995).

### 2.3 Methodology

The methodology, based on Berger and Luckmann's work, used in examining and discussing the empirical work, in chapters three, four and five, endeavours to take a holistic and grounded view of how social reality is created. In order to do this the methodology is predicated on the idea that reality is a social construct; a construct that *cannot* be subject to a meta-narrative because we do not know, nor can we determine its nature in advance of its creation. Berger and Luckmann's proposal of how social reality is constructed is detailed below. Though the methodology of the thesis is not completely faithful to all aspects of their work, there is full agreement with their central idea: that man creates himself and his society in an undeterministic fashion.

In Berger and Luckmann's seminal work: *"The Social Construction of Reality: A Treatise in the Sociology of Knowledge"* (1966) they propose that to analysis how reality is socially constructed we must study the relationship between human thought and the social context in which it arises, the sociology of knowledge. The sociology of knowledge is created in the everyday, common to most, reality in which humans make sense of themselves and others. Berger and Luckmann propose that the reality presented (and they include physical reality) to us in everyday life is socially constructed by those to whom it is presented and that its coherence, depends on our subjectively giving meaning to that presentation. For reality to exist we must enact our lives in the physical and mental presents of others, i.e. we must be capable of intersubjectivity (see discussion in Heritage, 1984, pp. 54-61 and Gray, 1995, p. 128). Intersubjectivity creates an externalisation, that is shared, of reality: *"...man is capable of producing a world that he then experiences as something other than a human product..."* (Berger and

Luckmann, 1971, p. 78) but, simultaneously the product retains its dialectic nature: "*Society is a human product. Society is an objective reality. Man is a social product.*" (p. 79). Intersubjectivity (Schutz's term) or institutionalisation (Berger and Luckmann's term) is made possible by typification. Typification occurs when habitualised actions, relevant to the parties in question, are enacted in the presence's of others. They allows us to encounter everyday reality without creating it anew each time it is experienced. Typifications are sedimented and legitimised by the transmission of typified actions and roles to persons, who have not themselves played a part in their initial creation. With transmission, sedimentation and legitimation typifications become institutional bodies of knowledge. Institutionalisation relies on legitimation, to facilitate present and future participation in a given reality. Different levels of legitimation can be distinguished from the simple proposal: "...*this is how things are done*" (*Ibid.* p. 112), to subsuming institutional order into a symbolic universe: "...*the matrix of all socially objectivated and subjectively real meaning*" (*Ibid.* p. 114). At this highest level of legitimation, "...*the entire historic society and the entire biography of the individual are seen as events taking place within this universe*" (*Ibid.* p 114).

The central premise of Berger and Luckmann's perspective is that reality is created by a shared, ongoing, human enactment of that same reality. Any effort to give a specific form to reality before it is enacted is doomed by the process of enactment itself. Life can and is:

*"...something we make up as we go along, according to our wishes, in endlessly proliferating and competing versions, the unconscious, as Richard Rorty has remarked, feeding us our best lines."*

(Philips, 1993, p. xix)

One can only know reality in retrospect (Weick, 1979), even then its form will not be fully fixed because, the process of retrospection is itself subjective and ongoing. That

which appears to have a fixed form, shared stocks of knowledge, typified roles, etc. are at all times contingent; their existence and maintenance rests on social agreement (see discussion in Heritage, 1984, Ch. 3). Nor have humans a form that is natural, or essentialist. Culture is not a cloak that "natural" humans assume, or one that they can disregard, once human communicated they became defined by that communication.

Humans create and are defined by a plurality of cultures: they create themselves:

*"It will indeed be the capacity of the human to invent for itself through the exercise of the powers of choice a diversity of natures, embodied in irreducibly distinct forms of life containing goods (and evils) that are sometimes incommensurable and so rationally incomparable, that constitutes the most distinctive mark of man."*

(Gray, 1995, p. 15)

That is not to say that Humans are wholly autonomous agents in this self-creation. As Foucault states, in his rejection of the idea that self is given, man is *"...formed by a host of historically contingent rules, statutes, and norms, defined by the customs, practices and institutions every human being must grow up within"* (Miller, 1993, p. 69). Also, the individual is not in an existentialist sense absolutely free, he is contained by others in the objectification of the environment that he and they have made.

The analysis, above, of ideas of how social reality is created has an important bearing on the research question that is articulated and examined in the thesis. The subject matter of the question and its answer is dependent on the methodology that is used. And the methodology is dependent on the view taken of social reality. The question asked, "is there a problem of order and control within organisations?", would be difficult to frame in a positivistic view of reality. In such a reality the question would seek to discover the laws governing order and control within organisations, and the corresponding relationship between those laws and human agents. An interpretative view of reality allows the question to be grounded in the differing perspectives of those who create the realities of order and control within organisations.

## **2.4 A Question of Order and Control**

The research question, addressed by the empirical work in chapter four and the discussion of same in chapter five, asks is there within organisations a problem of order and control within organisations? In asking this question I was interested in looking at how two groups, managerial and non-managerial employees, within the Organisation viewed order and control. were there significant differences in how they perceive the creation and implementation of order and control? If so, how are these differences articulated and how did differing articulations of order and control interact with each other. Also, what were the effects on social actors, in the Organisation, of the existence of and interaction between differing perspectives of order and control? What degree of interrelationship, between differing perspectives, was evident and was necessary for the maintenance of organisational order, in its totality. And given that the idea of management control is a central theme in this thesis, to what extent were managerial ideas of order and control accepted by non-managerial employees, as legitimate and necessary inputs into their social interaction, so that they could be effective in their own and in organisations terms. To examine these questions in a meaningful way I discuss below two differing perspectives of order and control and in doing so define what is meant by management control within each perspective.

### **2.4.1 A Problem of Order and Control**

Parsons' attempt to resolve "*...the Hobbesian 'problem of order' "* (Heritage, 1984, p. 15), i.e. why do people voluntarily "gift" the right to act only for themselves, is grounded in Durkheim's ideas of collective subscription to, and internalisation of, common norms and values (Heritage, 1984 and Seidman, 1994, pp. 105-109). Parsons

tried to bridge the gap between self-interest, individual actions, both rational and irrational, and the empirical existence of social equilibrium. Parsons reasoned that order did not rely on the collective "gifting" to a sovereign, or otherwise of a society's liberty because the foundation of this type of order is too fragile (see Heritage, 1984, pp. 15-16). The fragility arises from the inherent instability, not of interests but, of the interlocking of those same interests, i.e. what motivates the process of interlocking. Also, such order relies ultimately on the existence of sanctions, that may or may not be effective. Parsons suggested that a more durable foundation for order arises out of the internalisation of norms: "*...such systems of values, if held in common among the members of society, will constitute a factor contributing to the explanation of social organisation and social integration*"(Heritage on Parsons , 1984, p. 14).

Thus, the creation of order would not depend on the hope that people would see the sense of giving up their individual liberty but on a willingness to interact, that would arise from a common view of the world, internalised at an early age and constantly reinforced, so that it becomes the only world that is known. But, Parsons' view of order also invoked a role for sanctions, as the ultimate motivation for social actors accepting constraints on their actions, or if internalisation failed to work. Parsons' view of the role of internalisation is very different from that of Berger and Luckmann (1971). For Parsons the values that are internalised are those that are necessary for the maintenance of an order, subject to general laws and expressive of: "*...a logically exhaustive system of metric whose combination and permutation would prove capable of expressing every humanly meaningful value stance, whether individual, institutional or societal.*" (Heritage on Parsons, 1984, p. 20).

Parsons did not suggest that human action is predictable but, that the combination of values that explain actions are exhaustive and subject to universal law. He did not offer an idea of order in which events could be predicted, that was not its stability, but he did offer an order that is subject to explanation in advance of action, at a universal level; that was its stability. Parsons was able to offer this stability because he rejected reflexivity. Values and sanctions determine actions that are understood by other because, they also share and fear those same values and sanctions. But, social actors do not interact with the logic of shared values: values determine an actor's actions but those same actions do not create shared values. For Berger and Luckmann internalisation does not mean a passive, or unconscious acceptance of externally determined norms, it is a process whereby an individual is "*...inducted into participation in the societal dialectic*" (Berger and Luckmann, 1971, p. 149). Participation allows an individual to simultaneously externalise his own being into his social world and to internalise that same world as an objective reality (*ibid.*). Thus, internalisation begins, in childhood, a process that allows an individual to reflexively interact with their social world. Parsons' social actor is primarily "*...seen as the 'bearer' of internalised value patterns...*" (Heritage, 1984, p. 21). An actor whose thoughts and feelings act as a conductor "*...through which the 'hidden hand' of institutional process determines conduct*" (*ibid.* p. 27). Berger and Luckmann state that for an individual the internalisation of a social world: "*...may be seen as the most important confidence trick that society plays on the individual - to make appear as necessity what is in fact a bundle of contingencies, and thus to make meaningful the accident of his birth*" (Berger and Luckmann, 1971, p. 155).

For Parsons the process of internalisation was not a trick but, a process necessitated by the need for an individual to act correctly, i.e. rationally in a world "*...whose existence*

*and facticity are entirely independent of the ways in which they may be humanly known"*

(Heritage, 1984, p. 24). An individual acts correctly when their actions are motivated by knowledge that properly represents this world. Garfinkel articulated the difference between ideas of order in a Parsonian and Schutz type world, this difference pivots on a choice between:

*"...allowing the actor's view and thereby allowing the individual as a source of change in the system with the risk of indeterminism, or risk a gain in determinism at the cost of turning the system into a table of organization that operates as a set of impersonal forces that shove the individual around here and there, while taking it as a matter of factual interest that he is correctly aware or not of what is happening to him."*

(1952, in Heritage, 1984, p. 33)

Thus for Parsons objective order is given and an actor's actions can be explained in terms of that same order, i.e. functionally. For Garfinkel and, Berger and Luckmann the logic of order is within its own creation. Actors in their social interaction make order meaningful but its meaning is not a function of that same order, it is an intrinsic element of its creation: *"all knowledge is ..... communally grounded in human practice, and there is no way of reaching beyond this"* (Hughes, 1996, p. 143). Berger and Luckmann (1971) reason that *"empirically human existence takes place in a context of order, direction and stability"* (p. 69). Order is founded in human's ongoing externalisation and is necessitated by the inherent instability of human drives<sup>2</sup>. Though Berger and Luckmann (1971) state that *"All social reality is precarious. All societies are constructions in the face of chaos"* (p. 121), chaos is empirically unavailable because *"Homo Sapiens"* is always, and in the same measure, *"Homo Socius"* (p. 69). The complex web of human relations which constitute social reality are not the result of order, they are order. Humans are order, their every interaction is saturated with order.

<sup>2</sup> Alternatively I suggest that we create order out of the biological uncertainty of our existence because, we must come to terms with the fact that we are more transitory than the social reality that we help to shape. Order removes, temporarily, the meaninglessness and impotency generated by a finite existence, so that we can live in what we suppose is a consequential way.

Order is so fundamental to our construction of reality that it is an element about which there *cannot* exist sensible doubt (Wittgenstein's later work as discussed in Grayling, 1988).

How the meaning of control is created and expressed is dependent on the differing articulations of order, as discussed above. If, as in Parson's view, the creation of order lies outside the interaction of social actors, then meanings of control are constructed in terms of its functional necessity. The function of control is to ensure the sustainability of order, by maintaining processes whereby institutional norms are disseminated, internalised and integrated, so that there exists a known motivational bases for social action. The function of control is not only legitimised by a need to maintain order but, also by the possibility of obtaining objective knowledge, about the world. Because this knowledge, though always incomplete, represents the true state of affairs actions based on this knowledge have more chance of succeeding, in terms of their stated objectives (Heritage, 1984, chapter 2). Thus social actors need this type of knowledge, knowledge that is obtained by internalising valid norms. And because it possible to internalise invalid norms, to act irrationally and thus risk failure, control is necessary to safeguard the processes for internalising valid norms.

Using the discussion above we might define management control as a functional necessity for the maintenance of managerial and thus organisational order (see Seidman, 1994, pp. 108-109 and Hassard, 1993, pp. 21-26). Management control must define for organisational actors appropriate norms and knowledge. Organisational actors must internalise organisational norms to ensure that organisational order is maintained. Thus, management control must ensure effective internalisation so that organisational norms provide the correct motivation for the actions of organisational actors.

#### 2.4.2 Is There a Problem of Order and Control?

Order for Garfinkel, and Berger and Luckmann and is grounded in the very thing, social interaction, that makes humans human:

*"Institutions also, by the very fact of their existence, control human conduct by setting up predefined patterns of conduct .....this controlling character is inherent in institutionalization as such, prior to or apart from any mechanisms of sanctions specifically set up to support an institution."*

(Berger and Luckmann, 1971, p. 72)

Within Berger and Luckmann's perspective order is not a matter of correspondence between social actors and an independently existing world. Order is not imposed, by social actors, on the world. In making their world, social actors have in fact made order. Nor is control a functional necessity of order. There is no need for control to act as a bridge between humans and order because integral to the creation of order is its maintenance, control. Control and order are indivisible, order by its very existence maintains itself, order by its very existence implies control. Therefore an understanding of the meaning of management control is not to be found by asking how does management control regulate and maintain organisational order? Because this question can only be posed if management control is perceived as existing outside the logic of its creation, i.e. divisible from organisational order, and if we assume that management control is the only type of control that is integral to the existence of organisational order.

Within an interpretative perspective an understanding of management control (I am mindful of the separate, i.e. separate from order, social construction of management control) is grounded in a problem of legitimation, i.e. a legitimation of types of orders and their control. Management control is grounded in a particular, dominant legitimation of organisational order: managerial order. But orders are *"...continually threatened by the presence of realities that are meaningless in its terms"* (Berger and Luckmann, 1971, p. 121). Thus, due to the precariousness of any one form of social

reality, i.e. order, management control meaning may be found in perceiving it as a necessary *"..procedure for reinstating and repairing the existence of a 'known-in-common world'"* (Heritage, 1994, p. 215), in the face of alternative orders. Management control will not be the only procedure for the maintenance of organisational order, other organisational participants will generate their own procedures for their ideas of order; orders that help to make up the totality of organisational order. Hence management control is expressive of a type of order whose legitimation is powerful but, not inherent.

The perspectives detailed above contain two very different meanings as to how order is created and maintained, or controlled. For structural functionalism, order is created not from the interaction of social actors but apriori to such interaction, and does in fact determine the nature of their interaction. In an interpretative perspective, order is social interaction, it exists because of and coeval with social interaction. Expressions of control are integral to the creation of order, i.e. the knowledge that creates order, creates the means to maintain same. Considering the two perspectives control can be viewed as a functional necessity for the maintenance of order, or as an integral element in the creation of order. These meanings impact on meanings of management control: does the meaning of management control rests in a need to create order from chaos, or in a need to maintaining its own order, managerial order, in the face of competing orders. The differing ways, interpretative and structural functionalist, of articulating meanings of order and control will be further explored in the empirical work, in chapters four and five.

## **2.5 Conclusion**

It is important that researchers articulate their choices with regard to, theory, methodology and change, so that they, and their audience, can clearly interpret their

analysis of their empirical work study. Laughlin (1995) attaches importance to making “...*deliberate choices on these matters...*” because “... *all empirical research will be partial, despite any truth claims to the contrary, and thus it would be better to be clear about the biases and exclusions before launching into the empirical detail*” (ibid. p. 65). Berry and Otley (1995, unpublished), echoing Laughlin’s request, ask researchers to “...*take pains as it were, to specify the theoretical and philosophical lenses through which they intend to conduct their investigations...*”. Thus this chapter has tried to satisfy this need for a full exposition of the methodology used in the empirical research, presented in chapter four and five. The methodology has been explored by reference to the major influences on methodologies for management accounting and control research. The methodology used in the gathering, analysing and interpreting the empirical work is not of a positivistic nature but, is based on an interpretative view of reality. A view that seeks to ground the collection and interpretation of data in the social lives of the researched.

The chapter has also articulated the research question which is concerned with critically examining the nature of order and control within a organisation. But before undertaking such an examination, theories Parsons and Berger and Luckmann in particular, of how order is created and maintained have been compared and contrasted, so that meanings of management control can be articulated within differing perspectives. In chapters four and five the meanings that organisational participants gave to order and (management) control will be articulated through a structural functionalist and interpretative perspective. The next chapter will explain the context of, and how the empirical data was collected and analysed.

## Chapter Three

### Method

*“The proper study of mankind is man.”*

Cicero (106-43 BC) speaking of Socrates (470-399 BC)

#### 3.1 Introduction

Chapter three relates the discussion of perspectives in chapter two to the method used to undertake the empirical research. It is suggested in the chapter that the use of a case study method best fits the epistemological position, i.e. Berger and Luckmann's (1971) proposal of reality as a social construct, that underpins this thesis. The appropriateness of a case study method lies not in its ability to help researchers formulate general laws but in offering them an opportunity to ground their empirical work in the particular, social situation that they are researching. Thus allowing researchers to flesh out their perspectives with grounded empirical data. An important question that is asked of any research undertaking is that of how much trust, usually stated in terms of objectivity, can be placed in a researcher's method? Positivistic methods of empirical investigation, usually assumed to be objective because of the possibility of replication, may be found wanting in both their ability to ground research sufficiently in a given social situation and in securing objectivity. The desirability and possibility of objectivity, within a case study method, is examined and discussed, particularly with regard to its role in the empirical work presented in chapter four and discussed in chapter five. The chapter also describes how the case study was carried out and, the research problems and opportunities that occurred in the course of data collection in the empirical setting.

### 3.2 Methodology and Method

Laughlin (1995) proposes an approach to research in which "skeletal" theories of social phenomena are fleshed out with empirical information. Laughlin does suggest a methodology, critical theory, that can be used in the fleshing out process, although he does not prescribe the use of that theory. But, his idea of middle range thinking does denote a rejection of methodologies that promise absolute truths about reality. He also rejects appeals to representation and simple amalgamations because, the former reifies reality and the latter ignores fundamental contradictions. For Laughlin any methodology must be grounded in the "...creative power of language and discourse..." (*ibid.* p. 78), because these elements are distinctive human characteristics. Berger and Luckmann (1971) do not enter into an extensive debate as to the methodological implications of their treatise but, they reject functionalist and structuralist explanation of social phenomena, as reifying and ahistorical. But they do seek scientific legitimation by stressing that sociology is a science and that empirical investigations can be value free. Heritage (1984) in his discussion of Schutz's call for social scientists to seek fully rational models of action and to present them with full clarity and articulation, again highlights this need to seek legitimacy in a rational scientific method of empirical enquiry. Heritage (1984) questions the possibility of producing clear, rational models of action when Schutz's theory "...stresses the tangled, discontinuous and undetermined character of the network of typifications which the actors draw upon in dealing with their everyday environments" (p. 72). The problematic desire of Berger and Luckmann and Schutz for the "certainty" of scientific methods, in investigating emerging, indeterminant and possible irrational social situations, is partly modified by Schutz's

belief that scientific activity is itself permeated with *verstehende* relations (see Heritage, 1984, p. 47) and his constant emphasis on the need to look beyond the overt features of a social world: "...the emphasis on overt observable behaviour overlooks ....those beliefs and convictions which go beyond the sensory realm but which are collectively defined as real and are real in their consequences" (Schutz in Heritage, 1984, p. 47). Nonetheless Schutz and, Berger and Luckmann are perhaps guilty of not fully following through the implications of their epistemological ideas, i.e. that all instruments used in the investigation of the natural and social world, and the results of same, are socially and thus reflexively produced. And of a defensiveness in the face of positivism, a position evident in their desire to legitimate sociology in the legitimation of science (Seidman, 1994).

While Berger and Luckmann do not specify a particular methodology, the debate outlined above sheds some light on the nature of empirical investigations that are grounded in the idea of reality as a social construct. Despite Berger and Luckmann's insistence on the need for a "value free" researcher the central idea of their treatise, i.e. the reflexive creation of social reality, suggests that research should be grounded in the social constructions of that which it examines. And that researchers participate in and are subject to the social processes of those construction that they examine. Within this approach a researcher *cannot* have a Parsonian type privileged position, i.e. the granting of privileged status to the empirical judgements of the researcher (see discussion of the "sociology of error" in Heritage, 1984). Also the reflexive nature of the creation of reality excludes a research methodology that seeks the discovery of "...of general laws which transcend all social systems" (Ryan et al., 1992, p. 119). Nor can explanations of reality be deducted from a set of laws and theories, that ignores their social production and application:

*"This means that the researchers are not seeking universal laws (as in the natural sciences) but the rules, both explicit and implicit, which structure social behaviour. These rules, however, are themselves the outcome of social behaviour. In other words, social structures are both a condition and a consequence of social action."*

(Giddens in Scapens, 1990, p. 268)

Thus in seeking to understand the creation and implementation of management control we must look at the circumstances in which it is created and legitimated. We must seek the rationale of management control in its very social creation.

If, as suggested above, the role of research is not to generate positive type theories; what then is it about? It is predominately about an ability to reawaken our wonder for an astonishing phenomenon: *"...a human world, made by men, inhabited by men, and, in turn, making men, in an ongoing historical process"* (Berger and Luckmann, 1971, p. 211). The wonder is that we create such a variety of "ways of doing" yet manage an integration that allows variety to "hang together": differentiation coeval with integration. That is not to say that integration gives us a static social order, it is a social creation and as such is subject to conflict, change and transformation. Research should seek to look behind the consensus of integration to discover the variety in how people organise their lives; how is it that this particular life is known as it is and not as something else?

### **3.2.1 Methods of Inquiry**

The management control literature (see Scapens, 1990; Spicer, 1992; Ryan et al., 1992; Otley and Berry, 1994; Roslender, 1995; Berry and Otley, 1995, unpublished) favours an elective rather than a relative stance, when considering the use of qualitative methods of empirical enquiry. Laughlin (1995) clearly articulates the links between methodology and method of enquiry and he emphasises the possible incommensurabilities between methodologies and methods. Thus, methods of empirical enquiry should be decided

with reference to the researcher's methodological position. If the methodological position is ignored a situation may arise whereby the chosen method does not articulate the methodological position, nor allowed modifications to it. Methods of empirical enquiry are differentiated, not simply to provide a greater variety for researchers to chose from but, because of the differing, epistemological positions that give rise to them.

Berger and Luckmann (1971) stress the non-positivistic nature, notwithstanding their desire for scientific legitimation, of their approach to knowledge. Heritage (1984) in his discussion of Schutz's work highlights the emerging nature of both social reality and any examination of same. Therefor the method of empirical investigation best suited to an interpretative perspective is a case study method because of its grounding (see Laughlin stress on language and discourse above) in language and discourse: "*Meaning is profoundly to do with language considered not as a system of grammatical or syntactical rules but as social interaction*" (Hughes, 1996, pp. 116-7). Ryan et al. (1992) suggests that the term case study is similar to the term "fieldwork" and that it is the study of "*...social practices in the field of activity in which they take place*" (p. 113). Spicer (1992) suggests that terms are not similar because, case study research is more detailed and intense than field work and relates its findings to the individual case contexts. Yin (1983) views case studies as a form of empirical enquiry that investigates a phenomenon within its real-life context, under circumstances in which boundaries are unclear and multiple sources of information are used. Though Yin offers a definition of method and analytical rigour case studies, by their very nature, are not uniform in form or process. Ryan et al. (1992) have tried to classify case studies (see pp. 114-116) as to their purpose, though as the authors admit the delineation between types is debatable, e.g. all case studies are, to a greater or lessor extent, descriptive. The explanatory type

case study (*ibid.* p. 115) allows for the investigation of a real life phenomenon *per se*, rather than using the method as a means to another end. The case study presented in this thesis is of the explanatory type. It focuses on one specific organisation; emphasising the relationship between theory and the particulars of the case study.

Research within a case study approach is never without bias, interpretations are a mixture of self-disclosure and the reflexive exploration of a particular situation:

*"Most studies of organisational functioning cannot be repeated except in the broadest sense, their results cannot be used for the prediction, and the value of the study lies in the insightful nature of descriptions and explanations offered. Thus a much greater degree of reliance is placed on the skills and integrity of the investigators whose influence can never be removed from the results presented."*

Berry and Otley (1995, unpublished)

Therefore the use of this method entails an acceptance that this approach *cannot* deliver more certainty and completeness than is contained in any social situation, i.e. it lacks empirical generalisation. But, to look for empirical generalisation is to *"...miss the point of detailed ethnographic or case study research"* (Watson, 1995, p. 7). Case study research may enable one to *"...generalise about processes managers get involved in, and about basic organisational activities, rather than about 'all managers' or all organisations, as such"* (*ibid.* p. 7).

That which the case study method may be judged to lose in verifiability, is made up for in the insights that are offered and in the fleshing out of perspectives. There is within discourses about the use of case studies attempts to provide protocols, so as to engender a high degree of trust in the results of case study based research. Ryan et al. (1992) and Berry and Otley (1995, unpublished) suggest a number of protocols: triangulation, feedback and teamwork that will engender the same degree of trust that is assigned to research taking a quantitative approach. For Berry and Otley the aim is to ensure that *"...a fellow researcher using the same approach would produce a record which would*

*be substantially similar*". This I agree is possible but, unlikely and it is probably undesirable, after all one of the interesting aspects of empirical research is the discontinuity between the various information sources in an organisation. The use of team discussions, in my view, is more likely to produce another level of interpretation, rather than a check on the verifiability of individual interpretation. Triangulation may also raise more questions than it satisfies.

How then do we engender trust? In studying social phenomena we do not have the certainty of replication to engender trust nor, can we offer certainty as to outcomes, we are in effect not in full control of our research material. Therefore, legitimation *cannot* be constructed from the norms of positivistic approaches but from those of non-positivistic approaches. Berry and Otley suggest norms of non-positivistic approach should include a need for researchers to pay attention to the quality of: research design; data collection and analysis; and interpersonal and interpretative skills. They also point out that researchers need to be aware of the need to acknowledge bias, in themselves and their interpretations. It is important that we acknowledge the existence of bias but it should also be recognised that its elimination, in positivistic and non-positivistic approaches to research, is impossible and undesirable. Bias and incompleteness are a necessary part of the everyday enactment of our lives, these elements are present in all modes of research positivistic (Horgan, 1992; Cassidy, 1992), or otherwise (Heritage, 1984; Laughlin, 1995). Research would be the poorer, if not impossible, for the exclusion of the interesting vagaries of the human mind. We must recognise our individual, and not always fathomable, subjectivity and leave it open to scrutiny and debate. We must also articulate honestly and thoroughly our research perspective and seek coherence between our perspective and methods of enquiry. Thus quantitative research calls for a high degree of trust in the researcher. Trust is not independent of a

research project, it is constructed in the very act of research: in the interaction of researchers, participants in research and those to whom the research is addressed, in sum we must engender trust in ourselves.

### **3.2.2 The Research Case Study**

The case study examines a performance appraisal scheme, over a period of two years 1993 - 1994, that was introduced into a UK department store in 1989, by the then owners, the X Group. I worked for the Store as its Senior Financial Accountant, for a period of three years, 1988 - 1991 and through personal contacts maintained contact with the Store between 1991 and 1993. Though the empirical research was undertaken after the X Group divested itself of the Store, the scheme that they had put in place was unchanged and still in use when the interviews were undertaken (information about the Store, its culture, systems, etc. originates from my time of employment in the Store under the ownership of Group X). The new owners on taking over the Store concentrated on improving merchandise and increasing turnover to the exclusion of what were seen as peripheral issues, e.g. changing the performance appraisal scheme. Also the Personnel Director, who designed and implemented the performance appraisal scheme for the X Group, continued to be employed in the Store after its sale in 1991. The timing of the interviews (after the X Group had sold the Store) was advantageous in that employees could speak freely about the X Group. Many of the comments made about the Group and its performance appraisal scheme would not have been articulated at the time when the Group owned the Store. Employees would have feared possible breaches of confidentiality and they found it more meaningful to retrospectively reflect on the effects of X Group's ownership of the Store.

The case study limits itself to an examination of the annual performance appraisals that took place within the Store's performance appraisal scheme, which was administered by the Personnel Department (hereafter called Personnel). All employees should have had to undergo a annual performance appraisal. Some of the senior executives were not appraised under the company's formal scheme, or their appraisal records were not held by Personnel. At this level in the organisation performance appraisal under the Store's scheme was rather haphazard, it was dependent on appraisers and appraisees willingness and time. Alongside annual appraisals there existed three month staff reviews, for new or promoted staff. They are not dealt with in the case study.

### **3.2.3 Data Collection**

The techniques used to collect data, during my period as an employee and as a researcher, for the case study were similar to those used in a variety of ethnographic studies (see Gill and Johnson, 1991, pp. 94-107): participant observation, semi-structured interviews, informal conversations and official documentation. In common with such studies I was concerned with understanding the culture of the organisation, the shared systems of meanings, beliefs and values not primarily "*...to account for the observed patterns of human activity*" (*ibid.* p.92) but, to see how the social actors *..."go about the business of constructing, testing, maintaining, altering, validating, questioning, defining an order together"* (Garfinkel, 1952, in Heritage, 1984, p. 71). I sought to ground my understandings of the empirical data in the socio-cultural environment of the Store. And to address the tension (see Watson, 1995 and Gill and Johnson, 1991) that can exist between the need to safeguard the subjective point of view, i.e. understanding the researched through their social constructions (Schutz, 1964, in Heritage, 1984) and "*going native*". It is important that a researcher recognises and is honest about the impact of such tension on their research. The existence of reflexivity,

i.e. the researchers influence on the researched, should also be recognised, and can in fact be exploited for the benefit of the research exercise (Gill and Johnson, 1991).

A major element of the data for the case study was obtained by: interviews on a formal and informal basis.

Details of the interviews are as follows:

**Non-Selling Staff**

<b><u>Job Description</u></b>	<b><u>Gender</u></b>	<b><u>Reports to:</u></b>	<b><u>Years Employed</u></b>
Ex Financial Director <sup>1</sup>	Male	Board of Directors	3
Financial Controller <sup>2</sup>	Female	Finance Director	3
Personnel Director <sup>3</sup>	Female	Board of Directors	3
Personnel Manager	Female	Personnel Director	3
Training Manager	Female	Personnel Manager	3
Personnel Officer	Female	Personnel Manager	2
Payroll supervisor	Female	Financial Analyst	6
Cashier	Female	Financial Controller	4
Accounts Assistant	Male	Financial Accountant	6
Dissection Clerk	Male	Financial Analyst	4
Customer Accounts Manager	Female	General Manager of Operations	30
Loading Bay Manager	Female	Store Operations Manager	10
Junior Buyer <sup>4</sup>	Male	Buyer-1st & 2nd	2

<sup>1</sup> Former X Group Employee

<sup>2</sup> *ibid.*

<sup>3</sup> *ibid.*

<sup>4</sup> *ibid.*

		Floor	
Assistant Buyer	Female	Buyer-1st & 2nd Floor	2
<b><u>Selling Staff</u></b>			
Floor Manager -Ground Floor	Female	Sales Director	5
Selling Supervisor	Female	Floor Manager	4
Sales Assistant -Women's Wear	Female	Selling Supervisor	5
Sales Assistant -Accessories	Female	Selling Supervisor	5
Sales Assistant -Leisure Wear	Female	Selling Supervisor	1
Sales Assistant -Lingerie	Female	Selling Supervisor	2 (part-time)
Sales Assistant -Men's Wear	Male	Selling Supervisor	1
Sales Assistant -Men's Tailoring	Male	Selling Supervisor	1
Sales Assistant <sup>5</sup> -China & Glass	Male	Selling Supervisor	19

The dominance of oral, rather than written communication in the Store meant that interviews were a very important source of information. The predominance of oral communication may have been due to the nature of the retail clothing trade. A retail environment changes frequently and quickly, thus necessitating a speedy, flexible mode of communication. Watson (1995, p. 182-186), stresses the importance of oral traditions as a means for managers to generate, maintain and transmit culture in an organisation. This was true of the Store; important positions were filled by long serving employees

<sup>5</sup> *ibid.*

(average 10-15 years) who relied on their memory and experiences for information rather than written documentation, that was often stored off-site. The X Group attempted to formalise communications by insisting on the use of written documentation, as the primary means of transmitting information. This policy did not meet with much success. The X Group did not own the Store for a sufficient length of time to allow it to successfully replace one system with another and also, limited storage space meant that only current year documents could be kept in the Store. Documentation, other than that of the current year, was stored in a warehouse, at some considerable distance from the Store and in such a way that retrieval was very difficult.

All interviewees were interviewed on a voluntary basis, no pressure to comply was exerted, or was necessary. Formal interviews initial focused on the Store's performance appraisal process but, in all interviews, conversation ranged over a number of topics and these topics were often then incorporated into future questions. I also carried out a number of formal interviews in the Personnel Department and observed, conversed and had lunch with members of Personnel. Interviews were in the main semi-structured. A number of questions were asked initially of each person but as an interview progressed questions arose spontaneously, from what interviewees had said. The initial set of questions helped introduce the interviewer and interviewees and allowed some comparison of views, on particular subjects. At each interview interviewees were told that the proceedings would be confidential but, that an overview of the opinions expressed would be forwarded to Personnel. This overview would not include information about: names, gender, position in the company, or the department that participants worked in, i.e. it would not be possible to identify the source of any opinion. Neither the nature of the interviews, or questions were determined by the need to report to Personnel. The primacy of the research role was maintained above any

obligation to provide Personnel with information. Once participants were assured of confidentiality they were not concerned about inclusion in a report to Personnel. Thus I do not think that, minimal, reporting to Personnel unduly influenced interviewees.

The interviews were not taped for reasons of confidentiality. The Store did not want employees to be recorded on tape. Of most concern to the Store was that no information, gathered in the course of my research, would appear in any newspaper. It was thought that the existence of taped material, might facilitate such an event. The Store was very careful about the image that it presented, it was the mainstay of its competitive advantage, and as such was monitored closely. Also, customers, specifically and in general, are promised high levels of confidentiality. Research information had in the past been leaked to newspapers and the Store were anxious to avoid any repetition of this. Notes were taken during the interviews and written up shortly afterwards. Unlike the experience of a number of researchers mentioned in Gill and Johnson (1991), I did not find that note taking in any way inhibited the interviewees. In fact the majority of interviewees were unstoppable, appearing to lack any inhibitions with regard to the interview process. Some male interviewees, mostly very young and only recently employed by the Store, were self-conscious when asked to talk about their feeling but, they relaxed after a period of time.

The majority of interviews were scheduled to last an hour but, many lasted for up to two hours. It was only possible to formally interview each participant once because sales floor staff could only be released for a limited period of time; non-selling staff were willing to talk over a longer period of time but, were very constrained by time. Though each interviewee was only spoken to once, the interviews were carried out over two years and reflect some of the changes taking place in the Store. Also there were opportunities to speak to staff informally during the research period.

Personnel took on the task of contacting selling staff about their willingness to be interviewed. It might be suggested that some bias would be evident in Personnel's choice of potential interviewees but, I supervised the selection process and did not detect any efforts to select interviewees according to criteria set by Personnel. The staff in Personnel seemed to be unconcerned as to the possible opinions that might be expressed, possibly because they were so sure of what these might be. A substantial number of sales floor staff were very positive about the performance appraisal process and personnel knew that this would be the case (I was made aware of personnel's knowledge after I had completed my interviews), this may explain their lack of concern as to who was interviewed. I was allowed to arrange all managerial interviews without any supervision from personnel. Notwithstanding the fact that Personnel were aware that the majority of these staff had very negative views about the appraisal process. But Personnel knew that my familiarity with this group meant that I already knew their views and that I could make arrangements to meet them without Personnel's intervention. Personnel's preconceived ideas were not always realised, the opinions of the selling and non-selling groups were not as uniform as they imagined. Some of the selling staff (mainly male staff) were very negative about the appraisal process; conversely some of the non-selling staff (male and female) were quite positive about the process.

In choosing interviewees I attempted to obtain a mix of: male and female; management and non-management; selling and non-selling; and with varying lengths of service (see table above). This was done in order to capture the view points of groups that might have differing work and performance appraisal experiences. I thought that differences in employee's views of performance appraisal would be minimal (the Store is relatively small and personal relationships are very close) but, as events unfolded notable

differences were highlighted, particularly along gender and selling/non-selling lines. All formal interviews, excepting one with an ex-employee, were carried out within the Store. Sales staff, management and non-management, were the most willing to be interviewed. Non-selling staff were not as willing to be interviewed, often citing as a reason their lack of interest in performance appraisal, or their lack of ability to contribute very much to an interview. But because of ties of friendship, or because of having worked for me the majority of non-selling staff, who were approached agreed, to be interviewed. At the executive and director level in the organisation few were willing to be formally interviewed, some did convey information in informal conversations. The most common reason given was that they did not have time, or were simply uninterested. Some of the executives and directors thought that I, as an ex-employee, should not be allowed to do a research project in the Store, they were worried about a possible breach in confidentiality and so refused to be interviewed. As a result the majority of interviewees consisted of non-management staff, or managers grouped at the lower to middle end of the management scale. I regard this bias as a positive outcome of the research project, as it focuses on those employees in the organisation that are often ignored in studies of management control, i.e. the designated recipients of management control. The preponderance of females on the shop floor, at all but the most senior levels in the Store, meant that shop floor interviewees were mostly female. Even at the most senior employment levels, controllers and buyers, women were represented and all but one of the seven floor managers was female. One of the reasons for this level of female involvement is that the Store caters mainly for women and so most sales assistants are female. Also, where possible, the Store promoted internally, thus the preponderance of women at lower levels was reflected upwards.

### **3.2.4 Problems and Points to Note**

To complement the data collected in the interviewing exercise other sources of information were sought. I was not allowed access, for reasons of confidentiality, to actual appraisal interviews or appraisal documentation. I think that little would have been gained from observing an actual appraisal interview (I have of course taken part in, as an appraiser and appraisee, many such interviews) because it is likely that the participant's behaviour would have been subject to change, due to my intrusion. Thus, the information gathered would be based on an appraisal interview in an abnormal setting. And I did not feel that it was proper to observe the very personal process of an appraisal interview.

I was allowed access to: training documentation; documentation used in appraisal interviews; and to a variety of other non-sensitive documentation but, access was in itself problematic. Current documentation was filed in the Store but previous years documentation was warehoused off-site, so that storage did not take up valuable selling space. The warehousing of documentation was unorganised, so that accessing any documentation other than the current year was very difficult, if not impossible. No priority was given to correcting this situation because the warehousing of goods for resale took priority over the storage of documentation. Even financial information, that was frequently used, was inefficiently stored, employees were expected to keep information "in their heads". Thus I found that looking to documentation to give a fuller picture of the Store was often a pointless exercise.

A useful source of information about the Store was the national press and television, since the most recent takeover of the Store constraints on publicity have been relaxed, to some extent, i.e. the new owners allowed a small number of press interviews to take

place. Another important source of information has been my work experience in the Store. When I worked in the Store I took part in all aspects of the performance appraisal process, as an appraiser and appraisee. I had also attended many meetings with Personnel and I have known for a lengthy period of time many of the people involved in Personnel, and in other departments in the Store. Thus I am familiar with the culture of the organisation and this knowledge was useful in contextualising the information gathered in the research process.

Case studies using an interpretative approach seek to understand the subjective meaning of social actors, and the forms in which those meaning are objectified. There is no single, general "truth" that can be abstracted from a process in which social actors relate their meanings, and their perception of objectified meanings. The issue of interest is that of the skill of the interviewer in interpreting the meanings and feelings of those interviewed. During and at the end of each interview, and in future conversations, where possible, I checked that each interviewee was happy with my interpretation of their opinions. No cross checking was done to verify the "truth" of what interviewees had said. The reason for this was that there was no question of verification. Even information that might be classified as capable of verification, i.e. details of the process of performance appraisal, was perceived and experienced differently by individuals. Participant's descriptions of the process of performance appraisal were not always congruent with that provided by Personnel, e.g. appraisees, on the whole, thought that performance review documentation was extensively used by Personnel, for a number of purposes. The fact that Personnel made little use of this documentation is not to relegate the views of appraisees to the realms of fantasy, or to suppose that appraisees had ill informed opinions, that could easily be corrected. If I had informed (I did not) appraisees as to what happened to documentation, then it might be correct to think that

all participants would now undertake performance appraisal on the same "factual" basis, with regard to Personnel's role in reviewing documentation. But I would not have been surprised to find that such information might be ignored, retained for a short period of time, or modified in some way by the recipient. When discussing the subject of verifiability we are in fact asking should the appraisees point of view, and its role in their actions, be analysed by means intrinsic to, or external to, the structure of the appraisees experience (Heritage, 1984). I took the former view and did not look for validity extrinsic to the meanings vested in the performance appraisal process, by Personnel and Participants. Interviewees may have been untruthful as to their true feelings and opinions, but in common with many other research methods there is no reliable way of checking what a person's real feelings, or opinions are. Even if there is, I am not sure that an interviewer has the right to do so. The only property that any person truly owns are their own feelings and perceptions, if they wish to lie about them, that is their privilege. A researcher should accept that if a case study is to reflect, possibly imperfectly, that which they seek to understand, then the messiness of the empirical situation should be transferred to the case study and used to enrich it. A case study of the "facts" of the Store's performance appraisal process could be produced but, would not be worth relating to anyone.

### **3.3 Conclusion**

Positivism's stance of applying methodological monism to research in the natural and social sciences suggests that methods in empirical research are predetermined and unchanging, with respect to subject matter, or a researcher's preferences. Methodological pluralism may be necessary if we are to reflect properly our varied

subject matter. A case study method can successfully encompass methodological pluralism, because the flexibility in method and form allows the necessary fluidity. The relationship between perspective, subject and methodology may not always be determined apriori but may be uncovered during the course of a research project. Unlike more positivistic methods a case study method admits to its social construction and so is able to accommodate and articulate the variety, complexity and humanity of the realities being studied.

Therefore the use of a case study method allowed a “contextual approach” (Otley and Berry, 1994, p. 46) to the study of the Store’s performance appraisal scheme. Thus as Mintzberg (1979) argues the research was not confined to the production of "statistically significant" data, that abstracts findings from their organisational context, with a resultant risk of loss of meaning. Also the use of a case study method allowed a close match between the methodology, discussed in chapter two, and method, that underpins the theoretical and empirical work in the thesis. The use of a case study method meant that there was constant interaction between the researcher and the participants in the research project. Thus allowing the empirical investigation to evolve in a reflexive way with that which was being examined.

These features of a case study method are an essential component of the presentation and discussion of the empirical data, in chapter four and five. In chapter four the detail of the performance appraisal scheme is presented in order to allow a discussion and understanding in chapter five, of how differing ideas of order and control were grounded in individual's experience of the Store’s performance appraisal scheme.

## Chapter Four

### Case Study: The Context of Performance Appraisal

*"As the machinery of production became larger and more complex, as the number of workers and the division of labour increased, supervision became ever more necessary and more difficult. It became a special function, which had nevertheless to form an integral part of the production process to run parallel to it throughout its entire length. A specialized personnel became indispensable, constantly present and distinct from the workers..."*

Foucault, (1991, p. 174)

#### 4.1 Introduction

Chapter four provides, by means of a short history of performance appraisal, an introduction to the source of performance appraisal schemes within modern business organisations. The chapter is primarily concerned with contextualising the discussion, in chapter five, of how the design and implementation of the Store's performance appraisal scheme was grounded in the creation and maintenance of differing ideas of order and control. It presents an account of the Store's history, its current position in the UK's fashion retail market and details of its performance appraisal scheme. The main body of the chapter is concerned with detailing the introduction, implementation and operation of the Store's performance appraisal scheme. The implementation of the scheme is discussed with reference to ideas of performance appraisal, that are to be found in the human resources literature. In sum the chapter focuses on how the performance appraisal scheme operated in a specific set of social circumstances (Ryan et al., 1992).

#### 4.2 The Empirical Setting: the Store

The information set out below does not provide a definitive history, or view of the Store as it is today, it gives an impression of the Store, so that an understanding of the context of the case study may be had. Great difficulties were experienced in amassing historical information about the Store, due to its poor record keeping systems (see section 3.2.3). A significant number of people had been employed by the Store for a lengthy period of time; they should have been a rich source of historical information. But on the whole, employees displayed little knowledge about and even less interest in the Store's history. This lack of interest may have been due to the nature of fashion retailing. It is a fast moving business, the Store's entire merchandise changed four times a year. Managers and buyer were always planning one or two seasons ahead; harking back to the past served no purpose. It appeared that in common with the Store's merchandise, reality was created now and for the future, not the past.

The Store was founded in 1813 for the supply of linens. After the founder's death his daughter took over the business, in partnership with a friend of the family. The surnames of both partners gave the Store its name. Under this partnership the Store expanded to include the sale of oriental rugs, silks and fabrics and moved to its present site in 1880, a prime location in London. At this time department stores, in existence since 1838, began to sell ready-made clothing, usually made in workshops attached to the stores (Wilson and Taylor, 1989). The Store followed this trend and made a natural progression from selling drapery to selling clothing. Department stores copied and sold Paris fashion designs, this meant that women could quickly obtain the latest Paris models without the expense, or trouble of travelling to France. Such copies were made in the Store's workrooms. The workrooms employed up to two hundred staff each. The workrooms survive today, on a much smaller scale, allowing the Store to offer an alteration and repair service. According to a catalogue produced for the Store in the

1920's, a customer could buy: gowns for day and evening wear; coats, lingerie, home furnishing, millinery, shoes, bags and accessories. Departments existed, e.g. fur, shawl, lace, handkerchief, flower (for attaching to dresses) and tea gowns, that you would not see in a department store today. In the 1930's, furnishing fabrics and furniture were added to the range of goods sold by the Store. Since the 1980's this aspect of the Store has been reduced; the emphasis being on men and women's fashion. Though male clothing, an 80s addition to the Store's merchandise, did not have the prestige, or importance of women's wear. The Store has become today a retailer at the leading edge of the UK's fashion retail market.

In 1967 extensive modernisation was undertaken. Originally the owners wanted to demolish and rebuild the store, this option was discarded and a beautiful building was saved. The work resulted in opening up the store so that customers had an unobstructed view of the selling areas, an important consideration in the design of any retail store. Further work was done in 1976, a restaurant, perfumery department and, a hairdressing and beauty salon were added to the Store. More modernisation was carried out in 1985/86. In 1992 extensive changes were made a restaurant, foodhall and wine shop opened in the Store and in 1996 a stand-alone restaurant was opened in London. Excepting a small outlet in a hotel in Scotland and an unsuccessful effort to sell the Store's merchandise in other stores, since 1880 business had taken place in only one Store and one location. In 1996 for the first time a branch was opened in the North of England. Also, in 1996 the Store for the first time was floated on the Stock Exchange, the company was valued at £185m (year end results, 1996). The owner, The Z Group, retaining a majority shareholding.

Today the Store employs 814 (year end results, 1996) people and concentrates on selling high fashion, high quality women's wear, this merchandise accounted for nearly half the

Store's turnover. The Store, along with others, vied for the sole right to sell the clothing and perfume of hugely popular American designers such as Donna Karan and Calvin Klein. Its success in obtaining sole rights (usually for two to three years), particularly for perfumes, provided important revenues and status. The Store did not neglect British designers and was often the first to stock new, avant-garde designers. The Store has always and continues to have a close relationship with the British Royal Family. In recent years, due to effective modernisation and improved merchandise, the Store's status and profile had increased. Amongst the providers of women's wear it stood, and intended to remain at the pinnacle of UK fashion retailers: "*...the Store has developed a loyal following, among its credit card wielding power dressed clientele, for its high-quality goods and personal service.*"<sup>1</sup>

The building was made up of seven floors. Four floors were dedicated to women's fashion, accessories, make-up and perfumery. On two floors: men's wear; linens and home furnishing were sold. The fifth floor had a wine shop and food hall and one of London's most fashionable restaurants. Within the Store there was also a personal shopping department, customer accounts and cash office.

The back office functions consisted of: buying and planning (merchandising); finance; personnel and training; public relations; store operations; security; display and sales promotion; and workrooms (see appendix one for full organisation chart). The shop floor seniority structure was quite simple, there were four levels: director; floor manager, supervisor and sales assistant. Seniority levels for non-selling staff (not in the same building since 1991) were not as straightforward because titles and levels were often created, ad hoc so that people could be promoted. On the whole the seniority

<sup>1</sup> The Independent, Tuesday, 19th of March, 1996, p. 5.

levels were: director; general manager/controller; manager/buyer; assistant manager/foreman; supervisor; and administration.

#### 4.2.1 Changes in Ownership

In 1919 the Store was taken over, for the first time, by the Y Group, a large chain of general department stores. This loss of independent status made little difference to the management style, or strategic direction of the Store: *"the Y Group did not play any part in the management of the Store"*.<sup>2</sup> The Store's strategy continued to be that of offering high quality, fashionable clothing and home furnishings. In 1985 a retail multiple, the X Group, bid £550m for the Y Group. The bid was bitterly contested but, the takeover was eventually completed. Unlike the previous takeover, the protagonists of the 1985 takeover intended, though they did not always succeed, to make major changes to Group Y's financial, operating and personnel systems. The X Group's opinion of the Store was that: *"the staff were stuck up snobs; they did not live in the real world; there was no management by pressure. Every thing was slower and less concerned with the bottom line"*.<sup>3</sup> The X Group sold men and women's wear at the mid to lower end of fashion retailing. A number of senior staff: Finance and Personnel Directors; Merchandising and Buying Director; Finance Controller; and the Display Manager were replaced by X. Group employees. A new Managing Director, from New York, was also installed. With the exception of the above, few redundancies resulted from the takeover. On the whole natural wastage accounted any redeployment of X Group employees into the Store.

On the whole staff in the Store's, particularly shop floor staff, disliked the change in ownership, this was due to important differences in culture and in the type of merchandise sold. X's culture was considered to be very "straight", macho, hierarchical

<sup>2</sup> Store Operations Controller

<sup>3</sup> Former Financial Director

and systems dominated. Store employees who were gay, a considerable number, thought that attitudes towards them would be very negative; female employees thought that only men would be promoted; buyers feared the replacement of their instinctive approach to buying with an, inferior, system approach. Everyone dreaded the diminution of the friendly, close, particularly on the sales floor, relations that staff had with one and other. The general opinion was that the X Group did not understand the Store's customers, culture, or merchandise. Above all staff viewed the X Group as being "cheap" with regard to: image, merchandise, staff and customers. They were apprehensive that the Store would go "down market": *"the X Group were cheap, coarse and tacky. They did not do us any favours"*.<sup>4</sup> The Chairman of the X Group was particularly disliked, he was viewed as a person who had no understanding of "real" fashion, or the nature of the Store's customers. The majority of employees felt that their opinion of him was fully justified by the losses that the Store made under his stewardship.

The X Group played down the Store's change of ownership, publicity material rarely mentioned the fact, fearing that it would be unpopular with regular customers. Initially the Directors of the X Group did not express any special interest in the Store (in fact the Store would have been sold if a suitable buyer could have been found), they were interested in a chain of department stores that made up the majority holding in the Y Group. But after a couple of years the Chairman of X Group became very interested in the Store, he recognised the Store's prestigious position in fashion retailing and sought to garner some of it for himself (this strategy worked to some extent, he became chairman of a major fashion event held annually in London). He implemented a number of important strategic changes. Efforts were made to export the Store's name outside London; to aggressively promote the Store; to increase sales; and to widen the customer

<sup>4</sup> Customer Accounts Manager

base. These efforts were on the whole unsuccessful and while doing little to improve profits, succeeded in antagonising the majority of employees. Under X Group's ownership the Store went from a profit to a loss making business, due to the effects of the late 80's recession and the unsuccessful strategic direction pursued by X's Chairman.

After the boom of the 80s the X Group experienced a serious fall in profits; to improve the Group's cash flow, it was proposed that the Store be sold. The Store was eventually sold to the Z Group in October 1991. It was only sold after a considerable reduction in price: from an asking price of £70m to the eventual selling price of £53.7m. Also part of the deal was subject to arbitration, there was a disagreement about the depreciation of assets in the accounts prepared for the sale. The X Group felt that it was unfairly treated in the sale of the Store, i.e. that the Store was undervalued. Though at the time of the sale, the city thought that the Store was overvalued and commentators were asking: *"would the Store prove a costly albatross around ..... neck?"*.<sup>5</sup> At the time of its sale the Store was losing £150,000 on a turnover of £54m. Staff had also experienced a number of pay cuts:

*"When the Store was not a success the X Group just threw more resources at it. Ultimately this meant that no matter how good sales were the Store could not make a profit, it could not cover the cost of over management by the X Group."*<sup>6</sup>

The Chairman of the X Group was eventually sacked by its board, not for failures with regard to the Store but because certain aspects of his personal and business life made his employment with the X Group untenable:

*"He saw the Store as the jewel in the crown, he was the Store. He took his eye off the X. Group and this may have lead to its lack of success and his downfall."*<sup>7</sup>

<sup>5</sup> Evening Standard, Thursday, 20th of August, 1992.

<sup>6</sup> *ibid.*

<sup>7</sup> *ibid.*

The new owners of the Store, the Z Group, sold designer clothing and accessories in the Far East. After the takeover, the Store's MD was replaced by Z Group's Financial Director. A number of staff engaged by the X Group were made redundant, notable the Merchandising and Display Director (a very unpopular person) and the Controller for Women's Wear. Back office staff also experienced a number of redundancies. But important personnel such as: the Sales Director; many of the Senior Buyers; the Personnel and Financial Directors; the Financial Controller; and the Display Manager (probably the best in the UK) remained in employment with the Z Group. In sharp contrast to the takeover of 1985, and despite some redundancies, The Z Group's control of the Store was on the whole welcomed by staff:

*"The X Group were out of their depth. Pay and conditions were good but they were not good for the Store. New merchandise has been brought in, the foodhall is good and the Store looks better. Customers are positive about the change and now we get customers who buy. The Z Group is the Store's last chance!"<sup>8</sup>*

And:

*"more money has been put into the Store. It has more expectations it is not just ticking over as it was with the X Group. If there are more expectations the Store will do more. There is a better future, more stores will open and that means a bigger job."<sup>9</sup>*

*"With the X Group takeover there was a paperwork change, with the last takeover people's attitudes changed for the better."<sup>10</sup>*

But,

*"There is a visible improvement on the shop floor but the back offices have had to cope with the pressures of change, without seeing many benefits yet."<sup>11</sup>*

*"The takeover is good for the business but not for the employees. The system is geared to Hong Kong, i.e. less benefits for staff. They wanted to stop our dress and travel allowance. I cannot afford to work in the Store without the travel allowance. There is a better work experience because we are a stand alone company but, unlike before we need profits, so staff are cut. Too many staff have been cut."<sup>12</sup>*

<sup>8</sup> Store assistant

<sup>9</sup> Financial Controller

<sup>10</sup> Loading Bay Manager

<sup>11</sup> Financial Controller

<sup>12</sup> Accounts assistant

While keeping and enhancing the qualities of the Store, that have made it unique and very popular with a certain type of customer, the Z Group exerted great pressure on the Store to be profitable. The Z Group ran a very successful empire and expected the Store to contribute: *"you never get away from the pressure to make more profit, or return on investment"*.<sup>13</sup> The purchase of the Store did not disappointed the Z Group, it became a profitable company: £6.5m profit on a turnover of £75m, in 1995 and £9.2m profit on turnover a of £90.2m, in 1996. The Store was now thought to be worth three times what it was when the Z Group bought it.<sup>14</sup>

### **4.3 A Short History of Performance Appraisal**

The literature of personnel management traces the birth of modern personnel management (see Watson, 1986; Farnham, 1990; Legge, 1995) to the social reformers of the mid-19th Century. Alongside the movement to introduce legislation governing conditions of work, efforts were made to move away from the "management" of labour by compulsion, fear and force and to improve work place facilities (Farnham, 1990). Employers began to perceive a connection between providing for the welfare of their workers and increases in efficiency. Companies such as Cadbury, Lever Brothers and Rowntree employed welfare officers to oversee the implementation of factory legislation, provide personal counselling and look after amenities such as canteens, rest rooms, etc. Though Legge (1995) states that employers, where possible, recouped the cost of these facilities from employees. Conditions brought about by the First World War, scarcity of labour coupled with a need for high productivity, meant that the

<sup>13</sup> Financial Controller

<sup>14</sup> Independent on Sunday, 24th of March, 1996.

employment of welfare officers was not confined to concerned, paternalistic employers. In 1915 the Government recommended that welfare supervisors should be employed in all factories employing females. Their role was very similar to that of modern personnel managers, their duties included:

*"...engaging workers; keeping records; investigating the causes of absences and low output; investigating dismissals; advising on working conditions, discipline and night supervision; visiting the sick; arranging feeding, housing and transport; administering thrift and benevolent funds; and organizing some forms of training."*

(Farnham, 1990, p. 21).

The Second World War brought important changes to the role of welfare officers, men (it was a reserved occupation) began to replace women, who had heretofore dominated this role, and the importance of welfare provision diminished. Welfare officers were now called labour, or personnel officers. They were expected to increase efficiency, through effective labour management and to administer the legal, administrative and negotiating aspects of the control of labour in war time (Legge, 1995). The Institute of Labour Management (it had changed its name in 1931 from that of The Institute of Industrial Welfare) change its name, in 1946, to that of the Institute of Personnel Management (IPM). The role of the Institute was greatly expanded by post war conditions of full employment. Effective recruitment and selection and the negotiation of pay and conditions with increasingly powerful trade unions became important issues, within both the public and private sector (Farnham, 1990). The growth of the function of personnel management continued well after the post war period. IPM membership increased from 3,979, in 1956 to 35,548, in 1989 (IPM reports from 1957-89).<sup>15</sup>

Randell (1989) states that the first attempt at performance appraisal took place in the early 1800s. Robert Owen, a Scottish mill owner, hung coloured wooden blocks,

<sup>15</sup> For a more detailed history of the personnel management see references in Legge, 1995, p.10.

different colours representing differing degrees of performance, over employee's machines (a nice Foucauldian touch). His purpose was to give recognition to good performers and encourage poor performers. Despite this early start performance appraisal, as we would recognise it today, received its greatest impetus after the Second World War, in the 1950s. An amount of performance appraisal had taken place in the Army during the Two World Wars but the emphases had been on selection and grading, rather than performance. This emphasis was unsurprising given the dynamics of a war situation.

In the early part of the 20th century, effective job performance was thought to be the result of a suitable match between workers and the physical needs (which could be precisely measured) of a job. Townley (1994) traces the rationale of a shift from a concentration on the physical body to the psyche, in order to gain a better knowledge of performance, to the use of psychiatrists and psychologists in army selection procedures, during the Second World War. The influence of the Human Relations School of thought, one of the most well known examples of their work being the Hawthorne experiments, was also important in the move from physical to psyche. Thus the model for understanding employees and for formulating suitable management practices changed from a mechanical one to a socio-emotional one, representing a shift to a social-psychological paradigm (*ibid.* pp. 87-92). Some (see Whisler and Harper, 1962) saw this change, in its initial stages, not as a shift but as a substitution. Measurements in terms of motivation, attitudes, behaviour, etc. were seen as surrogates for quantitative performance measures, when these were not possible, rather than measures in their own right. For performance appraisal to be accepted in its own right, it had to be demonstrated that it was an essential element of human resource management, rather than a substitute for work study type measurements. McGregor (1957) sought to shift

the centre of the power of performance appraisal from the organisation to the appraisees. This would give appraisees control over the process, in a way that work study did not. Though Townley (1994) viewed this increase in the use of performance appraisal in Faucauldian terms, i.e. encouraging the object (appraisee) to become a participating subject, in their own control. In the 60s and 70s performance appraisal increased in importance, evidenced by the publication of major studies and surveys of the use of performance appraisal processes, in Britain and the US (see Randall, 1989, pp. 152-154). Performance appraisal schemes have become very popular in the UK. Long (1986) found that 82% of all organisations surveyed (306 organisations in all) had a scheme in place. Performance appraisal schemes were not confined to large organisations, of the 82% with such schemes 79% were organisations with less than 500 employees. Nor was the application of performance appraisal restricted to management grades, the participation of first line supervisors had increased from 60% (Gill 1977) to 78% (Long 1986). Long also found significant increases in the proportion of clerical/secretarial grades and shop floor operatives being appraised but, at the shop floor level the total proportion is low, 24% of those surveyed. Townley (1989) found that in the US performance appraisal schemes were more widespread and covered more employee grades This may in part be explained by the close association of pay review processes with performance appraisal schemes in the US.

#### **4.4 The Store's Performance Appraisal Scheme**

On taking over the Store the X Group considered the Store's systems to be inadequate: "*...their systems belonged to the stone age*".<sup>16</sup> Therefore they put their own systems in

<sup>16</sup> Former Financial Director

place. One of the first major changes to be made was the appointment of a new Personnel Director (an employee of the X Group, in one of their women's fashion chain stores) in December 1988 and the subsequent introduction of a performance appraisal scheme. Prior to the Director's appointment there had been some form of annual review for employees. From conversations with staff, these reviews appear to have been chiefly concerned with deciding pay awards: "*we had ad hoc appraisals/pay reviews carried out by the buyers*".<sup>17</sup> The review process appears to have made very little impact. Staff who were interviewed could not remember very much about it, some even doubt that such a review process existed. According to Personnel, appraisers had in the past only verbally conveyed, annually, to appraisees their opinion of their performance. Appraisees were not encouraged to contribute to this process and little, if any, documentation was used. The Director of Personnel, and the X Group, did not hold the former scheme in high regard. In 1989 the Personnel Director implemented the new performance appraisal policy (actually Y's [the former holding company] policy see appendix two). The speedy introduction of the scheme was aided by the Personnel and Training Managers, engaged by the Director, who had extensive experience, outside the X Group, of performance appraisal schemes. They shared and supported the Director's positive view of such schemes.

The use of appropriate documentation was viewed by the Director as an important element in successfully implementing the new performance appraisal scheme. Initially X Group's performance appraisal documentation (see example in appendix three) was used but, over a period of time this documentation was found to be unsuitable because it offered little guidance as to how performance should be measured: "*the format was very*

<sup>17</sup> Sales assistant

*undirected, i.e. made up of blank spaces with very little guidance as to how managers should fill these in*".<sup>18</sup> Y's documentation was introduced (see example in appendix four) as a temporary remedy. The documentation used by Y was considered to be an improvement: the format was simpler and easier to understand; it relied on the use of rating scales as well as written descriptions; and forms were differentiated as to staff levels. It was hoped that eventually documentation specifically for the Store could be created, but the X Group were unwilling to authorise expenditure for this purpose because, in their opinion the Store could and should use Group documentation. In 1992, after the Store was sold to the Z Group the use of Y's documentation was not appropriate and Personnel took the opportunity to commission the design of new forms (see examples in appendix five).

Training was provided in order to ensure that performance appraisal was properly undertaken. Its purpose was to explain the rationale for performance appraisal and to ensure that appraisers had effective interview skills (see appendix six). The training courses emphasised the objectives of appraisals and interviewing skills, little time was spent on how to complete and use documentation. It was compulsory for new staff (appraisers only) to attend a training course. Refresher training was provided for existing appraisers but attendance was not mandatory, though all were encouraged to partake. Staff unwilling to attend a refresher course, had to discuss their reasons for this decision with personnel. Managers that were thought, by Personnel, to be successful in implementing appraisals were not usually subject to any pressure to attend refresher courses. In contrast to appraisers appraisees received no training in how they should cope with the appraisal process. Appraisees, particularly those being appraised for the first time, were often apprehensive about their appraisal interviews and would have

<sup>18</sup> Training Manager

liked the opportunity to receive appropriate training: *"it could give you some idea of what to expect, stop you worrying about the interview and put you in a better position to ask questions"*.<sup>19</sup> For some staff an outline of the appraisal process was provided as part of their induction course, but the majority of non-appraising staff had to rely on the Store's handbook and their manager for information.

#### **4.4.1 The Extent and Purpose of Performance Appraisal**

Performance appraisal may take a number of forms: self-appraisal; multi-appraisal (see study by Stinson and Stokes, 1980); peer appraisal (see Latham and Wexley, 1981); and subordinate appraisal (see Redman and Snape, 1992). The most common type of appraisal is peer appraisal. Long's survey of 1986 found that 98% of appraisals are done in this way. The Store used peer appraisals and all Store employees were expected to have an annual performance review: *"everyone has an appraisal, from the owner downwards"*.<sup>20</sup> But the Training Manager (in charge of the scheme) confessed: *"I'm not too sure how far up performance appraisal goes"*. At senior levels in the Store, controllership and above, the performance of formal appraisal was haphazard and may not have taken place.

Brinkerhoff and Kanter (1980) view performance appraisal as a useful function in which performance, and those factors that influence it, may be carefully and objectively thought about. Personnel hoped that the introduction of a performance appraisal scheme would produce a:

*"positive, motivating system that encourages long term planning with regard to: managing manpower; a person's career; setting and achieving goals; and anticipating and coping with change."*<sup>21</sup>

<sup>19</sup> Sales Assistant

<sup>20</sup> Personnel Officer

<sup>21</sup> Personnel Director

A number of writers (see Walker, 1983) emphasize the need for feedback to staff who have special needs, high/low level performers, and the importance of planning successions and promotions. For Personnel, this purpose had some importance:

*"good performers are looked for. But, moves and promotion are supposed to be based on selection interviews only, though information from review forms will influence your opinion" We also look for low performers but from speaking to managers we usually know about them already."*<sup>22</sup>

One of the most important purposes of performance appraisal within the Store was the evaluation of staff training needs and the provision of appropriate training programmes. Appraisers had to document on performance review forms an appraisee's development and training needs for the next year. Approximately 50% of all training requests were made using the review forms. Personnel thought that managers found it difficult to articulate, on performance review forms, the proper connection between the nature of a job and its training needs: *"people are always asking for more training but they cannot say what they want"*.<sup>23</sup> Therefore, before designing a calendar of training events the Training Manager spoke to each manager about the requests they had made on the review forms.

The Personnel Director, the Personnel and Training Manager viewed training as the principal tool for providing the necessary skills and knowledge not only to do a job but also, to motivate and improve performance. According to the Training Manager improved performance was vital in insuring that departmental and organisational goals were achieved. To further the link between training and performance appraisal the Personnel Director gave, unusually for the X Group, the Training Manager full responsibility for implementing, operating and developing the Store's performance appraisal scheme.

<sup>22</sup> Personnel officer

<sup>23</sup> Member of the training team

#### **4.4.2 The Appraisal Interview and Documentation**

An appraisee's immediate line manager was responsible for carrying out their performance appraisals. On the sales floor the minimum seniority level for appraisers was that of sales supervisors (equivalent to a department manager in any other retail outlet). For the non-selling areas the minimum level was that of a supervisor. In exceptional circumstances the duty to perform a performance appraisal was not the responsibility of the immediate line manager, e.g. the head electrician in the Store did not feel able to carry out appraisals, so his manager performed this duty in his stead. This type of exception, to the normal policy of immediate line managers carrying out appraisals, was not encouraged. It was thought best that the person in close day-to-day contact with the appraisee should undertake their appraisal, as they were best placed to obtain detailed knowledge of their performance and were responsible for motivating their staff.

The use of a line manager's supervisor to carry out the appraisal may give a more objective appraisal but, such a practice may undermine a line manager's position. Also, a line manager's supervisor may not have had sufficient knowledge of the job, or of the person (Anderson, 1992). To help prevent problematic situations arising Anderson (1992) suggested that reviewing appraisals secures the validity of data and consistency of standards. Long's survey (1986) suggested that 20% of companies, using peer appraisal, expected the appraiser's line manager to review their appraisals. In the Store appraisers had to review the appraisals that they had carried out with their immediate manager, who then initialled the documentation to evidence that the review had taken place. Reviews were not always done and those that were done were usually done in a very superficial way; in nearly all cases the procedure was simply a formality. The reviewing manager was not supposed to become involved, and generally did not, in the

details of each appraisal, they were only expected to have a general idea of what had taken place. The exception to this was if an appraiser wished to discuss any problems with their manager and any action that they might have taken. Throughout the appraisal process the appraising manager had considerable autonomy for initiating appropriate action: *"at the end of the day managers say what must happen"*.<sup>24</sup> In order to check for abuses of power and that appraisals had been carried out in an objective manner, Personnel carried out informal reviews: *"I know which manager's appraisals can be taken at face value. For those managers that I am not sure of I talk to their staff on an informal basis, to ascertain their views as to how their appraisal were carried out"*.<sup>25</sup> If there were problems Personnel met the relevant manager on an informal basis and often suggested further training.

Maier (1958) classified appraisal interview styles in the following way: tell and sell; tell and listen; and problem solving. The styles move along a continuum of increasing participation by the appraisee. The amount of participation is dependent on what the appraisee/appraiser wants, or can handle. Torrington and Hall (1991) state that the problem solving style is most popular, this style was used in the Store's performance appraisal scheme. The participation of the appraisee is of considerable importance in allowing the appraisee to feel that they have ownership of the process (Greller, 1975). To this end Store appraisees received a "Job Holder's Review Preparation Form" (see appendix six), before their appraisal interview. The form requested information about an appraisee's: main objectives for the previous year; the degree to which they have been met; organisational or personal difficulties that may have affected performance; details of major strengths and areas in need of improvement; and organisational and personal

<sup>24</sup> Personnel officer

<sup>25</sup> Training Manager

objectives for the current year. Appraisees were not obliged to use the form, many did not, or did not receive it. Personnel were of the opinion that completing the form was a useful exercise, it would serve as a useful reminder of issues that an appraisee might wish to discuss. Completing the form would also ensure that an appraisee would give due consideration to their appraisal interview. Appraisees could give the form to their appraisers before or at their appraisal interview, the majority did so at their interview. Appraisees had mixed feelings about the form, some found it useful: *"it made me think about my strengths and weaknesses, I was a bit more prepared"*.<sup>26</sup> Others did not feel very confident about their ability to provide written opinions and would have preferred a form that used rating scales. Some appraisees who had been appraised for the first time and had not used the form regretted this because, they felt ill prepared. A number of appraisees would have liked the opportunity to use the same form that their appraisers used so that in their appraisal interview a more useful comparison of opinions could have been undertaken.

Anderson (1992) suggests that allowing appraisees to document their own performance encourages participation but he warns against a *"contamination effect"* (p. 193). Contamination of the appraiser's view of the appraisee may occur if documentation is presented before the evaluation of performance; if presented at the interview stage an unpredictable situation may ensue. No one interviewed in the Store referred to any of the problems suggested by Anderson. Of those who used the forms the majority felt, and their managers agreed, that the contents of the self-appraisal form were well known to their appraiser. A considerable number felt that there was little point in using such a form because of this fact.

<sup>26</sup> Dessection Clerk

The details of the format of an appraisal was left to an appraiser's discretion. Personnel did suggest that to encourage participation:

*"The appraising manager must aim for a 80:20 ratio, with the appraisee doing 80% of the talking, and the manager therefore listening, clarifying, summarising and guiding for 80% of the time, and only talking for 20% of the time."*<sup>27</sup>

And also that at least two weeks before their appraisal interview appraisees should be notified of their interview date and reminded of previously agreed objectives. Before, during, or after a performance appraisal interview appraisers had to complete a performance review form. The majority of appraisers used the review form, completed or not, as a basis for their discussions with appraisees. In appraisal interviews appraisees and appraisers discussed issues that were not included on the review form, but that they felt were important, e.g. how they felt about colleagues. After their performance review form had been written-up, by their appraiser, appraisees had to sign the form, as evidence of their agreement as to its contents. Torrington and Hall (1995) stress the need for ownership of the system to reside with the participants rather than personnel, to this end paperwork should be kept by participants rather than personnel. Appraisees were allowed to write comments on their performance review forms and to make a copy, for their own records.

If an appraisee disagreed with the content of the performance review form, or the conduct of the interview they could refuse to sign the form. When this happened appraisees often approached Personnel first, rather than their appraiser, or requested that a member of Personnel be present, on an informal basis, when they talked to their appraiser. The appraiser usually endeavoured to resolve the problem informally with the appraisee, i.e. managers rewrote forms: *"I do not like to be dishonest with staff and will*

<sup>27</sup> Training document

*rewrite if necessary though you do have to be tough with staff, i.e. I will not change forms willy-nilly".*<sup>28</sup> Every effort was made to ensure that an appraisee signed their review form. But if the matter could not be resolved, informally, the appraiser's manager became involved. Again if a resolution of the problem was not possible, Personnel would be called in, to arbitrate. Managers, particularly on the shop floor where they work in close proximity to their staff, did not want the appraisal process to generate any ill feeling. Thus appeals and unsigned review forms were a rare occurrence, the majority of appraisees recorded negative comments on their form, rather than not signing them but, occasionally such incidents did happen.

When the appraisal documentation had been signed by all concerned, i.e. the appraisee, and the appraiser and their line manager, it was returned to the Personnel Department for filing. Forms were confidential and care was taken over their security. The only people who had a right of access were: the employee concerned; their manager; senior personnel staff; and managerial staff who had the permission of Personnel.

#### **4.4.3 Use and Disclosure of Appraisal Documentation**

Full disclosure, to appraisees, of performance review documentation was expected and did happen. This was consistent with Long's findings (1986) that the disclosure of performance appraisal reports had increased between 1977 and 1986 by 25%, so that 64% of the organisation's surveyed, in 1986, disclosed all parts of the appraisal report. This increase in disclosure may be due to: the use of MBO (Walker, 1983; Anderson, 1992); a changing social climate with an emphasis on participation; the influence of white collar unions and the need for feedback (Anderson, 1992). Personnel thought that feedback was an very important part of performance appraisal; the process would be

<sup>28</sup> Floor Manager

seen to be fair and appraisees might benefit from reading the comments made in their performance review forms. Appraisees only saw their review form when their appraiser had completed it. Many appraisers, particularly those on the shop floor, did not complete, or complete the form long after the appraisal interview. Therefore a number of appraisees did not see their review forms, or saw it at such a late date as to render the information irrelevant. Appraisees could ask Personnel to request that appraisers complete their performance review form but, this was rarely done. Appraisees varied in their reaction to delays in receiving documentation. Those who had worked for only a short time for the Store, usually having received only one appraisal, tended to be anxious, or frustrated by any lack of completion. Those who had worked for the Store for longer periods of time were not as anxious, or frustrated, though they preferred early completion. For these people completing documentation was, in the main, a formality. They felt that if there were serious problems that their manager would have sought them out.

Personnel's policy of full disclosure was viewed by them as being consistent with the developmental aspects of performance appraisal. Appraisees could use their performance review forms to track their self-development during the year and, to measure what they had and could achieve. But communicating an opinion about an appraisee's potential could be problematic: *"you must be careful not to build up false expectations in staff. They may not be capable of promotion, or none may be available"*.<sup>29</sup> The majority of appraisers did not like to state that a person was unsuitable for promotion unless, their performance was such that they might be subject to disciplinary procedures. Extra training was often offered when promotion was not

<sup>29</sup> Selling Supervisor

available, though this practice usually only served to raise expectations of promotion. Employees frustrated by a lack of promotion prospects, due to a low turnover of senior staff and low growth in business, did ask for their job to be upgraded, or for a special position to be created. The Store did upgrade and created new positions for key members of staff.

Personnel made limited use of documentation and some staff, though not the majority, were aware of this: *"I do not have a clue as to what happens to performance appraisal forms - put away in a cupboard and not read. I have never had any feedback, if they read them I would expect some"*.<sup>30</sup> From the inception of the performance appraisal scheme the main use of documentation was the evaluation of and provision for staff's training needs. Personnel also reviewed, if there was time, appraisal documentation on an informal basis. They looked for staff who were low performers, though through informal conversations with managers they usually knew about them, and to see if any member of staff was likely to be subjected to disciplinary procedures. Personnel also used this review of documentation to foresee problems, from the comments that appraisers and appraisees had made on the form, that might arise with staff, in the future, e.g. personality clashes between staff and their managers.

#### **4.4.4 Performance Measurement and Reward**

Offe (1976) offers a three fold typology of norms that may be used to classify what is measured by performance appraisal schemes: technical rules (how is the job to be done); regulatory norms (facilitating the operation of co-operative work processes); and extra functional norms (supporting the organisations authority structure). Townley (1989) subsumed Offe's criteria into a continuum stretching from task to social elements.

<sup>30</sup> Junior Buyer

Townley (pp. 99-101) found, in her examination of a number of case studies, that most methods concentrated on the social end of the continuum. For non-managerial staff in the Store performance was measured using a descriptive ranking scale, made-up of ten criteria, with possible rankings ranging from exceptional to unacceptable. Using Offe's typology the criteria for sales staff was heavily weighted towards technical rules with few regulatory, or extra functional norms. For non-selling staff technical rules were also very important but, more weight was given to regulatory norms. Managerial staff's measurement criteria was heavily weighted towards Offe's regulatory and extra functional norms. Each criteria was measured on a numerical ranking scale of one to five (one marked the highest level of achievement). On the whole it can be said that as seniority levels increased measurements using social rather than task based criteria were more common. The Store's performance review forms also reflected, to some extent, Long's findings (1986), that appraisal schemes for non-managerial employees tend to measure personality traits rather than results. It cannot be said of performance review forms that measurement was heavily biased towards personality traits but, measurement for managerial staff was focused more on results and contribution to the organisation, than were measurements for non-managerial staff.

Townley (1989) proposed, that an important objective of performance appraisal is to encourage a bond between objectives, performance and pay. Long (1986) found that notwithstanding an increased focus on performance objectives, only 40% (no change from the 1977 survey by Gill) of the companies surveyed used performance appraisal to determine pay (15% reviewed pay and performance at the same time). In common with Long's findings the Store did not link pay reviews with its performance appraisal scheme. Pay reviews were normally decided before the annual round of performance appraisals commenced. Managers were allocated, annually, an amount, usually based on

inflation, which they then distributed to individuals. Officially this amount should have been divided up equally but, individuals did receive differing amounts, based on their manager's opinion of their performance. If the Store had performed very well increases in pay over the rate of inflation were allowed, this distribution had to be based on a manager's opinion of a person's performance. Personnel would usually review, without using performance appraisal information, proposed pay awards with managers, before they became operational. They had no power to change the manager's decision but, they could put pressure on a manager to modify a pay review that they did not agree with.

Though performance appraisal was not linked to annual pay reviews efforts had been made to link objective setting, bonus payments and performance appraisal. The Store utilised performance appraisal for the dissemination and achievement of organisational goals. Employees were asked to state their personal goals and direction for the coming year: *"key objectives should be set in performance appraisal interviews"*.<sup>31</sup> Performance review forms asked appraisees to state: past objectives and levels of achievement; future objectives; and to state a plan of action for the improvement and development of performance. Objectives had to be formulated with the success of the business in mind but, objectives that relate to personal development could also be included. The setting of objectives had to be a joint process between an appraiser and appraisee; both playing an equal part in the process. Target setting was considered to be an important part of performance appraisal: *"a good performance appraisal is when objectives and developments are agreed, then we can go forward"*.<sup>32</sup> Performance review forms stated that objectives should be "S.M.A.R.T.": specific, measurable, achievable, result oriented and timebound. Training documentation focused on facilitating participation in

<sup>31</sup> Personnel Officer

<sup>32</sup> Financial Controller

objective setting and problem solving. But if an appraisee did not participate fully, it was the responsibility of their manager to set objectives and proscribe solutions, though it was suggested by the training documentation that their appraisers did this in a non-aggressive fashion.

Performance against objectives was usually only measured at an appraisees next performance appraisal, few managers evaluated performance against objectives during the year. An important vehicle for target setting, in the short term, was the weekly shop floor meetings. At this meeting floor managers imparted information about: sales achieved against target; new products; and methods for improving customer service. Short term targets were set at the meeting and they related, primarily, to turnover and customer service. Objectives set as part of the performance appraisal process were more wide ranging and related to personal development as well as to business concerns. Daily job performance was measured on a very informal basis. Job descriptions did not exist, or were out of date; therefore on a day-to-day basis managers and colleagues explained the content of jobs and set the standards required. Managers in their everyday observations checked performance: *"performance is satisfactory if there are no obvious problems"*.<sup>33</sup> Appraisees viewed good performance in the same way: *"not being a problem for your manager"*.<sup>34</sup> On the shop floor performance was checked by test shopping (about once a month); results were reported to personnel and the manager concerned. The results of test shopping were on the whole very positive. Poor performance on the shop floor was in the main associated with administration tasks, e.g. stock taking and authorising customer spends, e.g. checking cheque cards. Shop floor managers did not usually regard these failings as very important (bonuses were based on

<sup>33</sup> Assistant Buyer

<sup>34</sup> Sales Assistant

sale's targets only). Their main concern was to reduce, to a minimum, any stress that a customer might feel.

In the first year of the performance appraisal scheme, and for the first time in the Store, a profit based bonus scheme, giving up to 60% of salary, was implemented. The X Group thought that the motivational impact of performance appraisal, the "stick", would be aided by a bonus scheme, the "carrot". The scheme was very successful in the rest of the X Group because bonus was usually earned every year. The scheme had three bonus levels: "Min" (20% of salary); "Max" (40% of salary); and "Supermax" (60% of salary). The name of each level referred to the amount of profit (before interest and tax) that had to be earned by the Store to trigger one of the bonus levels. The target for each level was set, annually, by the Group's Board of Directors. For an eligible employee to receive a bonus the Store had to earn target profit and the individual had to achieve their targets in full, i.e. 100%, as judged by their appraiser. Managers did not usually exclude people who had not achieved their objectives, in full, from the bonus scheme, they recorded that all objectives had been achieved. Only the occurrence of seriously deviant behaviour, that had been subject to verbal or written warnings, prevented a person receiving their bonus (this only happened once during the researcher's employment in the Store). The scheme applied to all staff who were not covered by the sales bonus scheme (a bonus based on achieving sales targets). Staff covered by the sales bonus scheme included not only shop floor staff (all levels), but all back office non-managerial staff (this has since been changed). Thus, the profit bonus scheme only applied to back office employees at managerial level and above; supervisors (a level between managerial and non-managerial) were usually on the sales bonus scheme. From its inception there were problems with the bonus scheme. Non-managerial, back office staff were very resentful about their performance being rewarded on the basis of sales, on

which they had no direct impact. In the first year of its operation eligible employees struggled to achieve their objectives and the majority qualified for a bonus but, no bonus was awarded, because the Store had not earned the required profit. Staff were very demotivated. They felt that they had worked very hard to achieve targets. The staff felt that the implementation of the bonus scheme had been a fiasco, achievement of targets had not resulted in the expected reward. In the next round of performance appraisal Personnel decoupled objectives from monetary reward. Objectives continued to be set as part of the performance appraisal process but, the payment of bonus was now only dependent on the Store reaching target profit. This change to the scheme was not notified to Head Office, as they would not have agreed to it. Nor was this change documented, or officially admitted to. In 1990 the Store reached a profit that triggered the minimum bonus (20%) and the bonus was paid regardless of whether objectives had been achieved, or not. The payment of this bonus caused resentment amongst back office staff, who were rewarded under the sales bonus scheme. Under Group X's ownership the Store never achieved target profit again. The sales bonus scheme did not encounter similar problems, the Store has always had a healthy turnover and bonuses based on sales were frequently paid. Sales bonuses, though paid more frequently, were for much smaller amounts than profit based bonuses. Sales bonuses on average amounted to one to two hundred pounds, annually, after tax. Sales bonuses were not dependent on individual performance but on that of a department, or the Store as a whole. The majority of sales assistants appreciated the system: *"it gives you a sense of achievement, a goal"*<sup>35</sup> but, thought that the amounts paid were too low.

<sup>35</sup> Sales assistant

After the takeover by the Z Group a profit based bonus scheme that included selling and non-selling staff was put in place. Non-managerial back office staff and managerial selling staff were allowed to participate in the profit bonus scheme. The sales bonus scheme was restricted to non-managerial selling staff. A profit bonus was awarded in 1994, an average 10% of salary. The criteria for earning this bonus was quite loose: *"how many problems had a person to overcome and how positive were they about their situation"*.<sup>36</sup> For 1995 the criteria for earning a bonus was a 100% achievement of agreed, fixed targets. Not all targets were to be set within the performance appraisal process, it was the intention that some would be set as a result of the proposed introduction of TQM.

#### 4.4.5 The Future

Personnel's future plans for the performance appraisal scheme centred around ideas of the process becoming a *"catalyst for change"*;<sup>37</sup> with the Personnel Department becoming more *"proactive"*.<sup>38</sup> Personnel thought that instead of waiting for managers to approach them for advice, they could become more proactive by reviewing appraisal documentation more thoroughly, so that they could actively help managers in solving their problems. The Training Manager was of the opinion that the implementation of these ideas depended on more frequent performance appraisals and a more intensive review and use of the information provided by these appraisals. On the whole appraisers thought that an increase in the frequency of appraisals would be useful, *"I think that we should have more appraisal meetings, areas could be gone through in more detail"*.<sup>39</sup> But managers did not express a need, or desire for Personnel to become involved in their

<sup>36</sup> Financial Controller

<sup>37</sup> Training Manager

<sup>38</sup> *ibid.*

<sup>39</sup> Floor Manager

managerial role. Personnel thought that performance review forms should be used for decisions concerning pay and promotion. Annual pay reviews in the Store took place (in January) after performance appraisal interviews, in March, April and May (see appendix seven). Personnel wanted to reschedule performance appraisal interviews so that managers could use performance review forms could be used as a basis for pay review decisions. Though ideally Personnel would like to have a separate appraisal for pay review purposes, so that performance appraisal is not seen primarily as a pay review mechanism. Personnel also wanted to use performance review forms to collect more detailed information about job skill, thus allowing for the provision of more effective training.

According to the Training Manager the changes, mentioned above, may not be implemented due to her imminent departure from the Store. She will not be replaced; the resulting increased pressure on existing staff means that the desired changes may not be implemented. The Personnel Manager will be in charge of training and performance appraisal, a job, in the Training Manager's's opinion, that is too big for one person. Also for the foreseeable future heavy demands will be made on training, due to the introduction of a new EPOS system and the lack of experience of the two remaining staff, in the training department. There as a result of the problems detailed above the Training Manager thought that the improvements to the performance appraisal scheme, mentioned above, were unlikely to be implemented.

#### **4.5 Conclusion**

Throughout its long history the Store has always been an important part of the UK's fashion retail scene. Its ability to foresee and cater to leading trends, in fashion,

furnishings and food meant that it had become a very modern, successful department store and had built up a very loyal following. In reaching this situation the Store had been subject to a number of changes in ownership, one of the most important being the takeover by the X Group. This takeover had a major effect on the Store, in terms of its strategy, processes and, to a lesser extent, its culture and. In this chapter the focus for examining these changes has been the Store's performance appraisal scheme.

Despite some problems with the collection of data, e.g. the heavy reliance on oral rather than written material and the lack of participation by very senior staff (see section 3.2.3) the elements that made up the performance appraisal process: purpose, interview style, documentation and, performance measurement and reward have been presented in enough detail to give an adequate basis for the discussion of order and control in chapter five. This discussion will concentrate on the experience of performance appraisal by differing groups within the store, in order to show how differing ideas of order and control were shaped, reinforced and articulated within the Store's performance appraisal process.

## Chapter Five

### Differing Perspectives: The Creation and Interaction of Realities

*"To untangle a snarl, loosen all jams or knots and open a hole through the mass at the point where the longest end leaves the snarl. Then proceed to roll or wind the end out through the centre exactly as a stocking is rolled. Keep the snarl open and loose at all times and do not pull on the end; permit it to unfold itself."*

(The Ashley Book of Knots, in Proulx, 1994, p. 250)

#### 5.1 Introduction

Chapter five seeks to address the research question posed in chapter two (see section 2.4): is there a problem of order and control within organisations? To do this in a meaningful way the chapter examines the views and opinions of those who designed and implemented the Store's performance appraisal scheme, Personnel and those who participated in the scheme, Participants. In the course of interpreting Personnel and Participant's meanings of performance appraisal no simple answer to the question posed above was expected, or found. But significant differences in Personnel and Participant's articulation, the former a structural functionalism perspective and the latter an interpretative perspective, of the performance appraisal process were uncovered. The chapter shows how each perspective created, maintained and evidenced, for themselves and others, their shared experience of order and control, within the process of performance appraisal. It is also proposed in the chapter, that alongside the differing articulations of order and control there existed a degree of accommodation and integration. And that Personnel's ideas of order and control were accepted, in part, by Participants, as legitimate and necessary inputs into their social interaction, so that they could be effective in their own and in the organisation's terms.

## **5.2 The Structural Functionalist Perspective: A Problem of Order and Control**

The X Group's introduction of performance appraisal may be viewed as an integral part of their implementation of a structural functionalist perspective (described and discussed in chapters one and two) within the Store. The structural functionalist perspective presupposes a problem of control (Holmwood, 1996), in that there is always a need to reconcile structure and action, in advance of either element's enactment. The need for such reconciliation presupposes a gap between structure and action; a gap that is bridged by the internalisation of norms. The X Group perceived that the Store had a control problem, i.e. there was, according to the X Group, a lack of recognisable control structures and thus appropriate actions. Norms, a means of reconciling structure and action, could not function as a device for interlocking the interests (see section 2.4.1) of the Store and the Group because, the norms of each were very different and neither party had internalised each others norms. The X Group did not want to internalise the norms of the Store and though Store employees were expected to internalised the norms of the Group, they did not. The primary difference between the norms of the X Group and those of the Store arose from their differing experiences of fashion retailing. As detailed in chapter four, the Group and Store operated in very different areas of fashion retailing; attracting their own particular type of customer and employee. The X Group attempted to colonise the retail experience of the Store through its merchandise, employees and customers. The employees of the Store viewed their cohesiveness, and the success of the Store, as the result of sharing a deeply imbedded, instinctive knowledge of the Store's type of retailing. Staff knew what they had to do, and would do it. The X Group distrusted this unspoken, informal, trusting and instinctual approach

to the order and control of retailing. From the perspective of the X Group the Store was in need of formal systems of control. Such systems, articulated through formal policies and rules, would ensure that action would be evidenced within formal structures and thus subject to examination and explanation. This visibility would ensure that actions deemed inappropriate for the Store's commercial success, would eventually disappear. The new policy relating to performance appraisal reflected this view. For the first time, alongside the introduction of other control systems: warehousing, distribution, merchandising and finance, the Store had a performance appraisal scheme that could be and was articulated through formal structures of control. The objective of the scheme was to provide a proper structure within which employees could better contribute to the success of the Store:

*"Appraisers and appraisees should use performance appraisal to aid in improving their personal skills and performance, and their ability to plan for, and cope with change. Improving a managers ability to plan should be a significant benefit of carrying out appraisals. Planning is an important way of reducing uncertainty, i.e. it forces managers to face the possibility of the unexpected happening. Acceptance of responsibility for problems and a willingness to search for solutions should be fostered in staff. Employees should make better use of their time and show more initiative as a result of a successful appraisal scheme."*<sup>1</sup>

Performance appraisal's function, aided by training, was to promote and implement appropriate modes of behaviour. Personnel sought to determine in advance the effect that the performance appraisal scheme (structure) would have on behaviour (action). According to Personnel there was a discoverable relationship between the structure for measuring performance, i.e. the performance appraisal scheme and the actions of any appraisee. This relationship could be manipulated so that an appraisee's actions would satisfy organisational needs: *"it is important for staff's needs to be recognised and that managers should direct, guide and support their staff"*.<sup>2</sup> Thus, for Personnel, the

<sup>1</sup> Training Manager

<sup>2</sup> *ibid.*

primary task was to discover and articulate an ideal mode of performance appraisal, that would allow the most effective degree of causality between the structure of appraisal and the behaviour, that it should promote. This focus was highlighted in Personnel's concern with designing and implementing the "correct" performance appraisal interview:

*"Staff should not be subject to comments, or criticisms relating to matters not previously discussed with them. A positive attitude should be maintained at all times, even when delivering adverse comments. The appraisal interview should not be dominated by the need to fill out documentation, discussion rather than form filling is encouraged."*<sup>3</sup>

And also in Personnel's concern with the provision of training:

*"Performance appraisal documentation provides about 50% of our training requests. We also review the documentation to see what type of training we should be providing. By providing employees with the necessary skills and knowledge they will achieve standards of performance that will ultimately achieve departmental and organisational goals."*<sup>4</sup>

In seeking a high degree of, predictable, causality between structure and action Personnel were very reluctant to meaningfully involve appraisers and appraisees in the design of the performance appraisal scheme. This was emphasised in the role assigned to appraisers in the design and introduction of new performance review documentation:

*"we would have liked to introduce the forms on a trial basis and to have incorporated feedback from the managers but, not enough time or money was made available. They were asked, from a number of prototypes, to chose the form that they would like to work with but we were not happy about the manager's choice of forms and replaced them with forms that we preferred."*

Personnel's desire to create, maintain and communicate their discourse: "we want appraisals done our way",<sup>5</sup> above all others, may be viewed as an effort to gain knowledge of individuals so that Personnel's function was "an important dimension of productivity and profitability for the organisation..." (Townley, 1994, p. 106). But there also seemed to a genuine desire on the part of Personnel to achieve complete causality

<sup>3</sup> *ibid.*

<sup>4</sup> *ibid.*

<sup>5</sup> *ibid.*

between structure and action, so that the Store could benefit from effective control systems.

### 5.2.1 Problems of Design

It was suggested in chapter one that the power of structural functionalism, as an explanatory model of order and control, lies in its ability to reconcile, in advance, structure and action. In the opinion of Personnel this reconciliation would be effected by providing a performance appraisal scheme (structure), that would integrated and internalised organisational meanings, so that employees were motivated, mobilised, coordinated and controlled. The correct design of structure was seen as a vital element in promoting appropriate behaviour. But structures were subject to, in their design and implementation, the efficacy, or lack of, of their human agents. The benefits that personnel sought from the implementation of performance appraisal: improved training; better motivated staff; and achieving objectives did not always materialise:

*"in my last job training was routine and continuous, in the Store there is a very casual attitude to training"<sup>6</sup> and "there is a very short term view with regard to training and expenditure."<sup>7</sup>*

*"I don't think that performance appraisal is taken seriously, there is no outcome, i.e. pay. There is no follow up and no review before the next appraisal - I don't care if I never have another appraisal!"<sup>8</sup>*

*"targets are just a nice add on, if you don't get them it's not too serious."<sup>9</sup>*

Failures in the correct design and/or enactment of performance appraisal directed attention to the finding of solutions. Thus, the reality of performance appraisal was for Personnel an unending cycle of design, application, failure and solution. But design and implementation difficulties were due to more than the deficiencies of human agency.

<sup>6</sup> Sales assistant

<sup>7</sup> Junior Buyer

<sup>8</sup> Accounts Assistant

<sup>9</sup> *ibid.*

Difficulties arose from Personnel's view that action, was causally related to structure and that structure took precedent over action:

*"Appraisers and appraisees should use the information gathered in appraisal interviews to aid in improving their personal skills and performance, and their ability to plan for, and cope with change. Improving a manager's ability to plan should be a significant benefit of carrying out appraisals. Acceptance of responsibility for problems and a willingness to search for solutions should be fostered in staff. Employees should make better use of their time and show more initiative as a result of a successful appraisal scheme."*<sup>10</sup>

In sum Personnel endeavoured to promote a reified (ignoring the human authorship of a social process [Berger and Luckmann, 1971]) model of performance appraisal: *"a positive outcome from an appraisal should not depend on the quality of the everyday interaction between the two parties, it does not matter if you do not get on with the person"*.<sup>11</sup> And yet at the same time they recognised that problems might arise from only seeking to understand the causes of action, rather than the logic of actions: *"An appraisal where the manager is too objective, or appears to be neutral about the process, will not engender motivation and will leave a person with the impression that their efforts have not been recognised"*.<sup>12</sup>

Personnel's need for clear, predictable links between structure and action and the realisation that the implementation of the performance appraisal scheme could not be fully controlled by them, necessitated constant reviews of practice and training, to reinforce predictable causality. But this constant examination of the structure of performance appraisal and the actions it should engender contained little recognition of: the particular motivations of Participants; the plurality of meanings and values that existed in the Store; the unequal distribution of power and; how gender (see Legge, 1995) might impact on the implementation of performance appraisal. The role of

<sup>10</sup> Training Manager

<sup>11</sup> *ibid.*

<sup>12</sup> *ibid.*

Performance appraisal was to determine social action, not to be created by it. Thus reification became an important element in the design and implementation of performance appraisal.

### **5.2.2 The Role of Reification**

For Personnel, the need for performance appraisal was, or became a “known fact”. The design and implementation of the performance appraisal scheme may have been problematic but, its existence was not. Not only did Personnel reify performance appraisal for its recipients they too came to believe in that same reification. Personnel’s desire to reconcile, in advance, structure and action was bolstered by two elements: the need to provide, through planning, motivating and training, for the reified needs of the Store, i.e. its objectives, and by Personnel’s view of appraisers and appraisees. Many of the staff in Personnel had negative feelings about the abilities and personal attributes of non-managerial staff, particularly shop floor staff. These feelings were palpable, when I worked in the Store and when I was making arrangements to interview shop floor staff. For example when a member of staff from the shop floor did not attend a prearranged interview, a training officer said in exasperation: “*what can you expect from these kind of people*”. The majority of non-managerial staff were felt to be not fully committed to the Store's goals and so their motivation was suspect. Shop floor staff were particularly singled out. They were viewed as belonging to a lower social class than those who work for Personnel, and they were considered to be stupid, feckless and untrustworthy. Without a rigid system of rules, and Personnel to enforce them, shop floor staff would run amok. Shop floor managerial staff were viewed in a more positive light but they were still suspect, probably because all of them had been promoted from the shop floor. Back office managerial staff were perceived as being intelligent and committed but, deficient in realising the important role Personnel should play in the management of

their staff. Non-managerial back office staff were judged to be more intelligent than their equivalents on the shop floor but, Personnel thought that they were cynical (and they were) about Personnel's role in helping the Store achieve its goals. Though such staff were viewed as unstable with regard to their commitment to the store, their lack of contact with customers meant that less damage was likely, as a result of this lack of commitment. With this view of staff's motivations and attributes, it was reasonable, and useful, for Personnel to promote their performance appraisal scheme as indispensable to the effective management of the Store and for them to be reluctant to involve staff, in the design of the performance appraisal scheme. Personnel advocated that performance appraisal had an undeniable role to play in the creation and maintenance of organisational equilibrium. It reduced the dichotomy between the Store and its employees' needs: *"it is important that staff's needs are recognised and that managers should direct, guide and support their staff, in achieving the goals of the Store"*.<sup>13</sup> Also Personnel could reduce the possibility of anarchic, in their view, informality in the Store by providing a structure for formal control.

For Berger and Luckmann (1971) reification is perceived to be a passive act: *"as soon as an objective world is established, the possibility of reification is never far away"* (p.106). But within the structural functionalist perspective of Personnel, it is suggested that, the reification of the performance appraisal process was not always a passive act, it could be purposeful. Social interaction within the Store did not take place, informally or formally, between equally, socially empowered individuals. An important tool for those in the Store who had been assigned, or had taken dominant roles was the reification of any processes that they wish to implement. Reification would mean that Participants

<sup>13</sup> *ibid.*

experienced performance appraisal as a fact over which they had no control. This diminished, though never completely eliminated, the power of challenges to Personnel and their scheme. Thus the need for Personnel to reinstate and repair performance appraisal, as a process for the creation and maintenance of order, was reduced. Also reification enabled Personnel's vision of organisational order to "hang together" with an impression of permanency, i.e. the fluidity of social interaction appeared fixed.

The reification of performance appraisal contained, potentially, the seed of its own destruction. According to Personnel one of the major objectives of performance appraisal was to empower and develop a sense of responsibility in Participants: "*staff should be invited to take responsibility for their own actions, they should be given power by their manager to effect and execute decisions*".<sup>14</sup> But in the process of taking more responsibility, staff might come to recognise their own authorship and control of performance appraisal. Thus the paradox engendered by appraisal was that its success, in Personnel's terms, endangers reification, an important tool in Personnel's maintenance of its power base. But despite Personnel's espousal of staff participation and empowerment opportunities to put these values into practice were not taken, e.g. when appraiser's choice of performance review documentation was disregarded; in not providing appraisees with help in coping with performance appraisal interviews; and in their desire for appraisal to be done their way.

The ability to reify the right to appraise was not only in the hands of Personnel; Participants also played a part in this process. Participants did not seriously question the legitimacy of Personnel in their role as designers and implementation of performance appraisal, nor the right of managers to appraise them. Some Participants questioned the

<sup>14</sup> Training Manager

usefulness of appraisal, both from an individual and organisational view point, but the right of Personnel and managers to appraise remained unquestioned: “*management do what they have to do*”<sup>15</sup> and “*appraisal is a normal part of any job*”.<sup>16</sup>

Reification in a socially constructed universe is impossible (see Berger and Luckmann, 1971, pp. 106-109) because, as we enact our existence the world is continually unreified. But the strength of typifications and the force of legitimation may lead an individual to perceive their world, or parts of, as reified. In common with Simon's (1957) idea of bounded rationality, I suggest that both Personnel and the Participants of performance appraisal may have chosen to exhibit bounded subjectivity, so that the process of performance appraisal could hang together, i.e. it was not subject to continual questioning and doubt. But unlike Simon's idea of bounded rationality, the logic of bounded subjectivity may not be due to an inherent limitation of our human capacity to reason (nor might bounded rationality be) but, that it is a purposeful, reasonable act by social individuals. Thus the reification of performance appraisal may have been temporary and flexible; contingent on the ongoing choice of Personnel and Participants.

Through the use of reification Personnel avoided having to recognise that Participants had created their own reality of performance appraisal, a reality that differed in important respects from theirs. Participants may also have used reification to feel less powerless, when their reality of performance appraisal was not recognised by Personnel. Berger and Luckmann propose that the facility for reification is strongest in infancy, i.e. the child has to accept the world as given. They are in fact suggesting that the propensity for reification increases when an individual has little authorship, or control over their situation. The majority of appraisees in the Store had little choice about being

<sup>15</sup> Dissection Clerk

<sup>16</sup> Sales Assistant

appraised, or the form by which they were appraised. Their act of reification may have presented itself as a rational decision in the face of powerlessness, or served as a defence against feelings of powerlessness. Both Personnel and Participants used reification, for the reasons given above (and others that I may not have been aware of), as a purposeful act: the former to create and maintain a position of power; the latter to make sense of what they felt was presented as a given fact.

### **5.3 The Social Construction Perspective: The Creation of Order and Control**

Participants, on the whole, rejected the X Group's functional approach to order and control and they wanted to articulate this rejection. Managing, using mainly a functionalist perspective was not only a foreign idea for people in the Store but it was also viewed as deficient, in that the sum of functional structures could not capture the essence of the Store: *"to please a woman through her house; to provide clothes for her man and herself; to be unique and easy to shop in; and to provide a place where famous people can shop and relax"*.<sup>17</sup> Therefore the Participants in performance appraisal struggled, though not all and not at all times, for Personnel to acknowledge and accept, their knowledge of performance appraisal. And for Personnel to realise that the relationships between Participants, rather than the structure of performance appraisal, held performance appraisal together. Performance appraisal became a vehicle, because it was safer than attacking the X Group, though which Participants berated Personnel, as a proxy for the X Group, for their lack of understanding of what was important for them and the Store: *"Polite and competent service; unique range of products; an eclectic*

<sup>17</sup> Sales Assistant

*array of the traditional, the wacky and the useful; talented designers and staff; and to be an exceptional place”.*<sup>18</sup>

For Personnel, Participants were passive beings, reacting only when performance appraisal was not correctly design and implemented. The range and strength, which is very difficult to convey, of emotions and relationships that saturated Participant's experience of each other and of performance appraisal meant that they were anything but, passive participants. The majority of Participants did accept the logic, or inevitability of performance appraisal. Participant also appreciated that performance appraisal did provide an important vehicle for the expression and reinforcement of relationships within the Store. But they did not accept important aspects of Personnel's perspective, nor did they accept the legitimacy of the X Group's desire to impose their idea of order on the Store. I will discuss, below, five areas: motivation, control, goals, rationality and gender, in which significant differences were exhibited between the perspectives of Personnel and that of Participants.

### **5.3.1 Motivation**

For Personnel, the process of performance appraisal was a vital link in the Store's motivational strategies because it encouraged: goal setting, responsibility, feedback and team-building. Also it could be used as a vehicle for the provision of monetary reward. The assumption underlying Personnel's vision of performance appraisal was that participant were not motivated, or that their motivation was suspect, i.e. that it may not have been directed towards the good of the Store. Thus there was, for Personnel, a need to create and use performance appraisal as a means for generating and directing motivation:

<sup>18</sup> Promotional Material

*"The appraisal process is a motivating force in the organisation. A person should be positive, excited and motivated by performance appraisal to achieve their goals and the goals of the department, which will lead to the achievement of the Store's goals."*<sup>19</sup>

Though appraisees did feel that Personnel's interest in their motivation was short lived:

*"after appraisals staff are motivated and then they are forgotten."*<sup>20</sup>

No Participant admitted that it was performance appraisal's function to generate or direct their motivation, or that it was possible for it to do so: *"performance appraisal does not greatly motivate. I would not rush to do some thing because of my performance appraisal"*<sup>21</sup> and *"I feel very self-motivated. Performance appraisal does not effect my performance very much"*.<sup>22</sup> In the main Participants consistently viewed motivation as a phenomena that existed because of their interest and support, not of the goals of the Store as such, but of what they perceived its purpose to be. Motivation was perceived to be self-generated, rather than as something that a process, or person could give to any individual. As has been mentioned above the Store was thought to be: special, unique, exciting and above all aspirational. All interviewees, even those not happy with management or their job, thought that the Store's uniqueness gave them a particular status, compared to employees of any other major store: *"we are not tacky and the staff are not coarse"*<sup>23</sup>. Thus it was important to preserve the uniqueness of the Store: *"The Store has a good reputation, it is known throughout the World, it sells top quality product. It is my job to provide good customer service and maintain the reputation of the Store"*.<sup>24</sup> All appraisee took a dim view, they thought that they should leave the company, of anyone, that they suspected of not sharing the opinion stated above.

<sup>19</sup> Training Manager

<sup>20</sup> Loading bay Manager

<sup>21</sup> Financial Controller

<sup>22</sup> Sales Assistant

<sup>23</sup> Customer Accounts Manager

<sup>24</sup> Sales Assistant

Participants also felt that relationships, sometimes intimate, between colleagues and their managers played an important part in their ability to motivate themselves. They talked about their relationships in very personal terms; colleagues and managers were often friends, and more than friends, in their social life, outside work. Bad performance was viewed as letting yourself down in the eyes of someone, that you had a working and a social relationship with. Even those interviewees who did not consider their manager to be their friend, stressed that they were on friendly terms with them. Though some degree of friendliness could be attributed to the power that managers were perceived to have over their staff: *"we can decide on lunch times, rotas and holidays but objectives are laid down by the manager, with no discussion"*.<sup>25</sup>

Even though managers had considerable power Participants did challenge them, when they felt that their performance appraisal did not fairly represent them. On the whole there seemed to be a considerable amount of genuine friendship between members of staff, including those between managers and subordinates. Performance appraisal was seen as an opportunity to reinforce relationships between managers and subordinates: *"it allows you to talk more openly because you have time to relax. We are too busy on a day-to-day basis to sit down and chat "*.<sup>26</sup>

Though Participants often appreciate Personnel's view of performance appraisal as a motivating force: *"implementing a performance appraisal system is a worthwhile exercise for the Store because they do it to get the best out of staff"*,<sup>27</sup> the process did not hold, for them, expectation of increased motivation. On the whole Participants sought the recognition of their: individuality, feelings, work effort and validity of expression:

<sup>25</sup> Cashier

<sup>26</sup> Customer Services Manager

<sup>27</sup> Sales Assistant

*"you should leave feeling that the last year has been worth it",*<sup>28</sup> rather than motivation *per se*. Though appraisees considered themselves to be self-motivated, their ability to motivate themselves was helped by being seen as an *"individual, not just another member of staff"*.<sup>29</sup> The disappointment when the opportunity to be visible was delayed, or was perceived to not really exist, was palatable:

*"the performance appraisal timetable should be kept to, otherwise the interview is a bit of an anti-climax. Why should a routine task (performance appraisal) be cancelled because a sale is on? A sale is not an unexpected event!"*<sup>30</sup>

*"Performance appraisal is made out to be more important than it is. The Company should be more honest about its status. Forms should not be filed away and ignored and more follow up by personnel should take place."*<sup>31</sup>

But not all staff felt that visibility had to be evidenced through performance appraisal:

*"for me performance appraisal has no real purpose, it is a bit of a waste of time. If I have a problem I'll talk to my manager"*.<sup>32</sup> Above all, Participants enjoyed the opportunity for individual expression either in a confessional mode, admitting to weaknesses and a need to correct them, or as a vehicle of self-promotion. And Personnel recognised this need for self-expression but not as an end in itself, as many Participants did.

### **5.3.2 Control**

Personnel constructed performance appraisal's control function in terms of the self-development of staff. Without self-development Participants could not achieve the goals of the Store. There was a great deal of consensus between Personnel and Participants about the role of performance appraisal in aiding self-development: *"it can be used to improve yourself and set your own goals"*<sup>33</sup> and *"you get an understanding of what*

<sup>28</sup> Loading Bay Manager

<sup>29</sup> Sales Assistant

<sup>30</sup> Sales assistant

<sup>31</sup> Sales Assistant

<sup>32</sup> Cashier

<sup>33</sup> Sales Assistant

*makes a person tick and you can improve on and recognise their achievements*".<sup>34</sup> But consensus disintegrated, when the control aspects of performance appraisal were made obvious, i.e. when it was used as a fairly blunt instrument of control in disciplinary situations. Participants were usually surprised and shocked by the use of appraisal information in situations such as dismissals, warnings or serious criticisms, they felt as if their confidence had been abused:

*"I have been doing my job without comment for three years, everything was OK, I was fine before I went in (to the appraisal interview) but, they are not happy with me. I am being watched now, I am under pressure to achieve key objectives, I have to prove myself. If the problem (his work rate) is not resolved the comments made will be put on my file. It will look bad particularly to a new manager who does not know me very well. I am not going to let the appraisal put me down, I have blotted out the interview."*<sup>35</sup>

Appraisees expected appraisals to be fair:

*"there should be no surprises."*<sup>36</sup>

*"it should not be personal and things should not be blown out of proportion."*<sup>37</sup>

*"I want a chance to comment on my negative points before my manager does."*<sup>38</sup>

They also wanted to feel that they could trust the capabilities of their appraiser:

*"I get on with my manager but I feel that he keeps things to himself, bad things about staff. I'm still not sure what to expect of my manager. He takes things personally, surprises staff with negative opinions and he dominated my appraisal interview."*<sup>39</sup>

Appraisees who had worked for the Store for several years and who were at supervisory, or management level, did not usually hesitate to take corrective action when they felt that they had been unfairly treated:

*"I had a bad appraisal. The person (the appraiser) had no experience and could not handle it. I made the situation difficult. I did not think that this person should have been doing the interview. It went on for three hours, I would agree nothing. I made her life a misery."*<sup>40</sup>

<sup>34</sup> Floor Manager

<sup>35</sup> Dissection Clerk

<sup>36</sup> Sales assistant

<sup>37</sup> Floor Manager

<sup>38</sup> Asssistant Buyer

<sup>39</sup> Sales assistant

<sup>40</sup> Loading Bay Manager

and on a more formal level:

*"I was surprised and angry. The interview was personal and things were blown out of proportion. I did not sign my performance review form until it was rewritten."*<sup>41</sup>

Participants did accept that managers needed to manage, that there had to be some rules and regulations in place so that the Store ran smoothly, on a day-to-day basis. But petty rules, e.g. having to wearing tights in hot weather, were seen as intrusive and unnecessary. Issues of compliance were not seen as valid for inclusion in performance appraisal, they should have been dealt with when an infraction occurred. For Participants the role of performance appraisal was to uncover a real person and their, meaningful, contribution to the Store, not a rule bound person:

*"I am the only person in my department and I sell very well. I thought that my sales performance would cancel out the lateness problem that was brought up in my performance appraisal. The department is doing well but I am judged on other things. Rules are very tight in the Store and there is very little management judgement, you are wrong or right."*<sup>42</sup>

### **5.3.3 Goals and Expectations**

For Personnel, the articulation and achievement of organisational goals was an important function of performance appraisal. Participants, when questioned, had problems relating to the idea of goals that were specific to the Store. The goals of the Store were considered to be those of any business organisation: sales, profit, expansion, etc. They were considered to be determined by the Store's competitive environment, thus they were a given fact, i.e. outside the power of employee's influence. Back office staff articulated goals in terms of their self-development and advancement; the achievement of goals as dependent on: access to training; their own efforts; and their relationship with their manager. Shop floor staff also wanted self-development and advancement but closely linked the achievement of these goals with their and the

<sup>41</sup> Floor Manager

<sup>42</sup> Sales Assistant

Store's ability to meet the expectation of customers: "*we must provide the best of designer clothing, the best in London. Give the customer quality, good service and nice surroundings*".<sup>43</sup> Through their day-to-day interaction with customers these expectation became their own, to a degree that goals could not. This process was aided by the fact that shop floor staff have been know to marry, or become good friends (one assistant inherited a flat from one such friendship) of customers. The weight given to expectations (means rather than ends), rather than goals was born out by the distress experienced by staff when the Store was owned by the X Group. The goals of X Group were not very much different from the goals of the Store, pervious to and after the X Group's term of ownership, but the Group's expectations were perceived as being very different: cheaper goods; more sales volume; and a broadening of the customer base. This meant, according to the shop floor staff, that: merchandise became less original in design; a lower class of customer was attracted to the Store; and the frequency of price promotions and sales made the Store look cheap. This caused great consternation amongst the staff, they were proud of the role that they play in creating and maintaining expectations and felt that the Store had *let them and their customers* down.

The issue of ownership signalled a significant difference between Personnel and the shop floor staff's view of goals. For Personnel goals were initially generated by the X Group's MD and then translated into departmental goals, that staff had to be motivated, by their managers, to achieve. Floor managers in their everyday interaction with floor staff stressed the Store's goals: "*making money through sales, making a profit is emphasised everyday*"<sup>44</sup> but, staff felt that the majority of factors, that influenced sales and profit, e.g. inflation and interest rates, were outside their control and therefore not

<sup>43</sup> Sales Assistant

<sup>44</sup> Sales Assistant

worth worrying about. Thus shop floor staff had little difficulty in ignoring pressure from management with regard to goals. Pressure, from colleagues and customers, to meet expectations was not ignored because, expectations were perceived to be within their control and if met could help to achieve the Store's goals. Thus for shop floor staff performance appraisal was an opportunity to explain and discuss, with their manager, their performance in the context of shared and owned expectations. For back office staff, for whom customer based expectations were more muted, performance appraisal was primarily an opportunity to review and set their own personal goals. They also felt, as did the shop floor staff, removed from what was considered the "normal" goals of any business organisation.

#### **5.3.4 Expectations of Rationality**

Personnel viewed performance appraisal as, primarily, a rational experience (see discussion in section 2.2.1), i.e. an experience that was "...*both rule-governed and motivated*" (Hughes, 1996, p. 98); an experience driven by sanctioned norms and therefore predictable. Performance appraisal was to be implemented in a rational way; by rational people; for rational ends: "*The appraisal interview should take the form, ideally, of that of a discussion between rational, reasonable employees*".<sup>45</sup> Personnel's wish for rationality meant that appraisers had to fulfil a difficult role: they should be rational but, not so as to appear devoid of emotion and thus unable to motivate. Appraisees had to be rational but "excited"<sup>46</sup> by performance appraisal. Thus both parties to a performance appraisal had to be capable of predictable, rational emotions.

<sup>45</sup> Training Manager

<sup>46</sup>A term used frequently by the Training Manger when describing the ideal outcome of a performance appraisal interview.

For Personnel, performance appraisal was viewed as a means to encourage rational behaviour from staff, whose behavioural norms were considered to be in constant danger, from the forces (emotions in the main) of irrationality. Personnel attributed predictability to rational behaviour and ensuring predictability was an important consideration in the design and implementation of performance appraisal. Without the possibility of predictable behaviour the Store could not guarantee to meet the goals set by the X Group. Personnel had to offer, the X Group, a rational control system that could take its place amongst a range of rational control systems. To reduce the cost of control the control system had to engender predictable behaviour, without frequent intervention by Personnel. Therefore Personnel tried to ensure that it had designed a process which, if properly implemented, gave rise to rational, and thus predictable, behaviour, at the lowest cost possible.

Despite Personnel's attempts to produce through rules and policy a normative, i.e. removed from the unexplainable and unpredictable vagaries of human nature, model of performance appraisal, Participants infused the process with themselves: their emotions, reason and relationships. They viewed their behaviour as neither rational, or irrational but simply their behaviour (see discussion at the end of section 2.3). Predictability of behaviour depended on the relationship that they had built up, over the course of their working and social life, with their manager. If a relationship was built on mutual knowledge and trust, then a high degree of predictability was expected and delivered. Therefore predictability was predicated on knowledge; on managers and subordinates knowing what made the other party "tick"; and on making demands of each other, in the strength of that knowledge. Thus the primary purpose of performance appraisal was not to engender predictable behaviour *per se* but, to make visible and reinforce relationships between managers and staff:

*"I talk to my manager all the time but I like the uninterrupted time. I appreciate it, it is the one time that he tells me in writing what he thinks of me. It is his formal opinion of me and not the department. Its a time for my staff to tell me what they think of me. They have to be open with me, there is no one to hide behind. It is a chance for me to explain myself to them. "*<sup>47</sup>

*"a frank and open discussion with your boss is useful, the rest is a waste of time."*<sup>48</sup>

*"I am interested in staff's feedback, how they think. You do not spend time on discussing day-to-day task but on them as a person."*<sup>49</sup>

All managers stated, initially that they used performance appraisal documentation in order to gain more knowledge about their staff, particularly in decisions regarding promotion but as the interviews progressed, and they relaxed, comments similar to that stated below were not uncommon: *"performance appraisal is the last thing I would look at, time and experience counts for more. If I know a person why would I look at their performance appraisal."*<sup>50</sup> Though occasionally a manager had used appraisal documentation to make their staff visible and to adjust their behaviour, if necessary, in the light of this knowledge:

*"I am in charge of a new department and I looked at the review forms to know about the staff's ambitions, past experience and what their objectives and capabilities are. Also I don't want to put my foot in it, i.e. say the wrong thing to someone."*<sup>51</sup>

Managers also used the information generated by performance appraisal to inject a degree of objectivity into what could be a very close, emotional relationship with their staff: *"it (performance appraisal) keeps my objectivity about staff"*<sup>52</sup>; or if they wanted to put some distance between themselves and their staff: *"I would use performance appraisal to justify a decision that I had already taken if the decision was negative, i.e.*

<sup>47</sup> Loading Bay Manager

<sup>48</sup> Former Financial Director

<sup>49</sup> Financial Controller

<sup>50</sup> Loading Bay Manager

<sup>51</sup> Selling Supervisor

<sup>52</sup> Customer Accounts Manager

*to explain to someone why they had not got a promotion, or why disciplinary procedures are in force”.*<sup>53</sup>

Appraisees thought that Personnel sought out, through their review of performance appraisal documentation, detailed knowledge of Participants. Personnel were thought to use this knowledge to evaluate Participants seeking promotion, or those who had a special request, i.e. time off for a personal problem: *“I would not like to get rid of it (performance appraisal) because less information would go to personnel”.*<sup>54</sup> Few realised that Personnel did not, to any great extent, review performance appraisal documentation. Personnel consistently stated that they could not properly review performance appraisal forms because of pressures of work and too few staff. Functional knowledge such as the training needs of staff was extracted from performance appraisal documentation. But Personnel looked to satisfy the organisation’s need for rational, predictable, goal orientated behaviour through the design and implementation of appropriate structures, not through detailed knowledge of individual Participants. Personnel sought the appropriate external, determinant of behaviour, not the reflexive knowledge of behaviour itself. Therefore they produced a process in which participant’s knowledge was down graded, or ignored: *“put away (performance review forms) in a cupboard and not read. I have never had any feedback, if they read them I would expect some”,*<sup>55</sup> unless a participant posed a threat to structure: *“We also look for low performers but from speaking to managers we usually know about them already”.*<sup>56</sup>

### **5.3.5 Gender and Differing Expectations of Appraisal**

<sup>53</sup> Floor Manager

<sup>54</sup> Sales Assistant

<sup>55</sup> Junior Buyer

<sup>56</sup> Personnel officer

Male and female employees expressed differing expectations, about several aspects, of performance appraisal. The primary difference between males and females centred on their differing use of performance appraisal, as a vehicle to evidence important elements of their personal and working lives. Male participants shared the same desire for visibility as did female participants but they wanted a different type of visibility: *“performance appraisal is not a general chat but to show your manager what you have done with a view to promotion”*.<sup>57</sup> Females also wanted promotion but they perceived promotion to be a natural result of self-improvement. Performance appraisal aided this objective by allowing self-examination to take place, in circumstances that were not available on a day-to-day basis:

*“How well am I doing my job? What are my strengths and weaknesses? What plans do I have for the future? Looking at my shortcoming and capabilities is an important part of performance appraisal. It provides a chance for you to view your faults in a positive way.”*<sup>58</sup>

For males it was important not to display, or admit to their weaknesses. They expressed genuine surprise when poor performance was mentioned in appraisal interviews: *“it made me realise that I’m not perfect”*<sup>59</sup> but usually, if reluctantly, they agreed to necessary improvements: *“it was not a complete waste of time (the appraisal interview), we agreed on things that needed improving”*.<sup>60</sup> On the whole males viewed performance appraisal as a means of promoting themselves in a positive way, females shared this view to a much lesser extent, they usually forcefully articulated their need to improve.

The role of performance appraisal in reinforcing personal relationships between managers and subordinates was non-existent for male interviewees but, very it was a

<sup>57</sup> Junior Buyer

<sup>58</sup> Sales Assistant

<sup>59</sup> Dissection Clerk

<sup>60</sup> Sales Assitant

very important aspect for female interviewees . Two (out of 5) males mentioned being friendly with their manager but no male interviewees viewed their manager as a personal friend, or socialised with them. Female interviewees, particularly those from the shop floor, spoke, for the most part, of their managers as friends and that these friendships existed outside the working environment. Instead of friendships males stressed the concrete outcomes of performance appraisal, in particular the majority of males felt that the evaluation of performance should be linked to salaries and bonuses: *“I see very little point in performance appraisal if it is not linked to pay”*.<sup>61</sup> The majority of female interviewees (3 did not) also thought that financial rewards should be differentiated by performance but, not necessarily within the context of performance appraisal. They were concerned that if financial rewards were determined by the performance appraisal process, the process would become more formal. This formality might have prevented open, honest discussion with their appraisers and given too much visibility to organisational, rather than personal, target setting. Females wanted monetary rewards, as much as did their male colleagues, but they sought monetary reward in an indirect, long term fashion. They expected that recognition of their good performance would lead to: increased status; control over their job; promotion, if desired; and that these factors would ultimately lead to financial reward. Male staff want all of the above and short term financial reward.

Males focused on the appraisal interview, primary, as a vehicle for the display of their performance and potential: *“managers can tell you how you are doing and you can say what you are doing, it’s (the appraisal interview) more forward looking than the three month review”*<sup>62</sup> and *“performance appraisal gives me something to judge my*

<sup>61</sup> Sales Assistant

<sup>62</sup> Sales Assistant

*performance against*".<sup>63</sup> Coupled with the desire for performance visibility was a need to prepare for the appraisal interview: *"I would do more preparation for the next performance appraisal, in order to sell myself more"*.<sup>64</sup> Females appreciated the opportunity for private time with their managers, that performance appraisal interviews afforded but they did not emphasise preparation because, usually they had more than one channel of communication with their manager. Performance appraisal was on the whole perceived, by females, to have a *"low impact on your career, who your manager is more important"*.<sup>65</sup> For females, an annual performance reviews was important but, provided problems were discussed as they arose, lengthy intervals (more than a year) between appraisal interviews was acceptable. Males, in common with appraisers, wanted more frequent appraisals, that would feed their strong need for feedback: *"I want feedback on targets between appraisals"*.<sup>66</sup> The need expressed by male appraisees for more frequent opportunities for appraisal was coupled with a call for clearly, structured appraisal interviews with documented outputs: *"I left the interview feeling frustrated because there was no end product; no concrete result and I do not feel reassured"*.<sup>67</sup> Frustration was commonly expressed in relation to the time, several months in some cases, that it could take for performance review forms to be finalised. All male appriasees thought that they should be finalised at the end of the appraisal interview but, female appraisees only viewed the completion of documentation as important when a new manager, who would not know them very well, had been appointed. Female staff were not happy with the performance review documentation, they felt that ranking, as a performance measure, was very simplistic: *"ranking does not express an individuals performance because limited choices are available. Managers*

<sup>63</sup> Junior Buyer

<sup>64</sup> Sales Assistant

<sup>65</sup> Sales Assistant

<sup>66</sup> Accounts Assistant

*should be invited to record judgements rather than cut and dry rankings*".<sup>68</sup> Their dissatisfaction with performance documentation and their belief in the importance of close relations with their managers contributed to females demanding less of performance appraisal, in terms of structure and documented outcome, than male staff.

The differences between male and female appraisees may be attributed to the differing views that each group had of the process and purpose of performance appraisal. The former tend to view their appraisal interview as a discrete event that focused primarily on their demands of the Store, promotion, training, target setting, etc.; the latter placed performance appraisal in a continuum of expressions and reinforcements of their ongoing relationship with their manager. In the main it might be said that female appraisees focused on the process of appraisal; males on the outcomes. But despite significant differences, in female and male approaches, all staff were united in wanting to be, above all, treated fairly within the process of performance appraisal. Fair treatment, according to appraisees, consisted of their recognition as individuals with expectations and needs, that the Store was not expected to completely satisfy but to at least take account of, i.e. they want to be visible.

#### **5.4 Discussion**

The performance appraisal scheme was implemented, by the X Group and Personnel, to answer, in part, the Store's "problem" of order and control. Holmwood (1996) has criticised structural functionalism (Parsons in particular) for endeavouring to give answers to problems in advance of their existence, i.e. separated from their "...*specific*

<sup>67</sup> Sales Assistant

<sup>68</sup> Sales assistant

*social relationships and circumstances*” (p.133). To do so is to suppose that there are problems to be answered without actually asking Participants, do they have such problems? The “problem” of order and control in the Store and its solution was formulated without recourse to any “...*specific claims about the nature of particular social arrangements*” (*ibid.* p.133) within the Store. Therefore it might be said that Personnel, and the X Group, provided a, partial, solution, performance appraisal, lacking in real world relevance.

For Personnel the design and implementation of performance appraisal was infused with the idea of a separation between structure and action; a separation of knowledge and participation. Performance appraisal (structure) had to engender predictable, appropriate behaviour (action), so that appraisees would be: motivated, goal seeking, rational and responsible. Personnel provided a bridge between structure and action by designing and promoting appropriate norms, that would motivate action. Personnel’s confidence in their ability to generate these behavioural norms was based on a belief, in common with the X Group, that they could and had created order from nothing. But just as “...*there never was a ‘before’ society*” (Ridley, 1997, p. 156), there never was a state of ‘before’ order in the Store. Personnel did not create performance appraisal out of nothing, or even out of, or in the face of chaos, as they sometimes appeared to believed. Though the differing perspectives used by Personnel and Participant, in the implementation of performance appraisal, may have lead Personnel to believe that they had indeed created something out of nothing. But, staff’s appraisal of each other had never relied, for its existence, on a performance appraisal scheme. Nor had elements of staff’s working life, such as motivation, goal setting, etc. relied on performance appraisal for their existence. What Personnel had created was a structure and motivation for action, that differed from existing structures and motivations, not the very elements themselves.

Personnel appeared to have had the greatest input into the design and implementation of performance appraisal but, their use of a structural functionalism perspective may paradoxically have given them the least input. In order that performance appraisal might engender appropriate behaviour, it had to ensure that Participants internalise Personnel's proposed norms of behaviour. The power to make others internalise norms is, within structural functionalism (see Heritage, 1984 and section 2.4.1), derived from: the imposition of sanctions; the classification of all unnormalised behaviour as irrational and to be ignored; and presenting social actors with the realisation that if norms are not internalised, they will not achieve their goals. Of these three ways of enforcing norms, the area in which Personnel had the most power was that of ignoring unnormalised behaviour and its perpetrators. But this power was compromised because Personnel viewed irrational behaviour as the norm for non-managerial staff but, they could not ignore the behaviour of this large group. Sanctions could only be imposed by Personnel if managers reported infractions of rules. Unless a member of staff had committed a very serious offence, usually theft, managers dealt with disciplinary problems on their own. An individual's power to achieve their goals was dependent on the strength of relationships between managers and staff. Managers had the power to make available, to their staff, the means by which goals were perceived to be achieved, e.g. training, promotion, etc. The power of managers and the strong relationships built up between staff and managers meant that if any norms were internalised, it was those of the individual's manager, not those promoted by Personnel. Thus Personnel had designed and implemented a process that was unable to use, to any great extent, the sanctions available in a functionalist perspective and so their power to determine behaviour, within this perspective, was open to question.

But it *cannot* be said that that Personnel and the performance appraisal scheme had no impact on Participant's perception of order and control. Nor can it be said that Personnel completely ignored the needs of participants. Performance appraisal, as formulated by Personnel, contained many elements unique to the Store, with regard to the Group as a whole. For example the control elements of performance appraisal were down played and stress was laid on the desirability of personal development. Also, the bonus scheme was modified, when it failed to deliver payments, that Participants thought were rightly theirs, without the knowledge of head office. Participant's use of performance appraisal as an expression of their order and control, that was not always confined to an organisational context, did not take place against a backdrop of Personnel's perspective but, actively interacted with it. Personnel and Participants did not create completely separate expression of performance appraisal in isolation, they overlapped and influenced, not always equally, each other. Thus, the reality of performance appraisal was not the reality of one perspective, or another but of both and of the variety within each perspective. This interaction, and to some degree integration, was not the result of shared norms leading to social integration, as suggested by Parsons, but the result of Personnel and Participants enacting their lives in the mental and physical presents of each other and subjectively giving meaning to that interaction (Berger and Luckmann, 1971).

There were many aspects of Personnel's perspective that Participants found attractive and were prepared to accept, as a legitimate input into their knowledge of performance appraisal. Personnel's self-development theme, focusing as it did on issues such as training, setting personal goals and taking more responsibility, was eagerly taken up by Participants. Though they tended to view self-development as useful for making them a better, more employable person, not necessarily a more effective person in addressing

organisational needs. But it should be noted that Participants did think that any self-development was ultimately for the good of the Store. Participants also enjoyed making demands of themselves and documenting those demands in appraisal interviews. Such demands were often not articulated in the goal setting terms that Personnel would have deemed appropriate but again, Participants viewed the satisfaction of these demands as effective in achieving the goals of the Store, in as far as they could impact on same. The one area of performance appraisal in which commonality between Personnel and Participant was complete was in the provision of training. Both parties shared a deep belief in the power of training as a means to develop and improve an employee's position in the Store. Participants did criticise aspects of the training programme and how it was implemented but not its provision *per se*, or the emphasis given to recording training needs in performance appraisal interviews. The one other area in which Personnel and Participants closely interacted was in a desire to act in the *best interests* of the Store. Acting in the best interests of the Store was a common desire, and an important point of interaction, but each party had a very different ideas of how the Store's best interests would be served. Differences, in how the Store could achieve its potential, arose because of the differing perspective of Personnel and Participants. For Personnel acting in the best interests of the Store meant designing structures for appropriate behaviour; for Participants it meant becoming a better developed person, who would be useful to the Store.

It might be said of some Participants that they did more than interact with Personnel's perspective, they in fact coveted it, from time-to-time. Participants who used, at times, Personnel's perspective held managerial positions, though non-managerial male employees and employees that expressed a strong desire to progress in the organisation, did so as well. Early in their interviews, the type of Participants mentioned above,

tended to express their experience of performance appraisal in terms that mimicked those of Personnel. But usually after a period of questioning the functionalist use of performance appraisal would disintegrate partially, or fully. In the case of non-managerial staff disintegration was quite rapid, possibly because they were not as practised as managers in producing the “party line”. Managers tended to switch between perspectives, when it suited them to do so. This usually happened when managers were in communication with Personnel, or wanted to appear objective to appraisees. Given the high degree of informality in relations between managers and their staff, a use of performance appraisal that stressed structure created a formality and distance, that was sometimes useful, e.g. when disciplining staff, or explaining why a request had not been allowed.

Personnel and Participants enacted performance appraisal in a public and intersubjective manner but also “...with sharp division and conflict, the protagonists having no doubt as to what divides them” (Hughes, 1996, p. 117). Personnel were reluctant, and were not encouraged by the X Group, to acknowledge Participant’s meaning of performance appraisal. They tended to view Participant’s knowledge as uninformed and in competition with their legitimate knowledge of performance appraisal. How, they thought, would Participants be able to produce a legitimate knowledge of performance appraisal without: Personnel’s skill and experience; knowledge of motivation; and knowing the needs of the Store. Participants were simply not considered to be legitimate designers of performance appraisal, though through necessity they had to be allowed to implement the process of performance appraisal. Participants rejected not so much Personnel’s perspective, managers for example often used the same perspective in many aspects of their job, but what it was intended to deliver, i.e. the means to engender appropriate behaviour. Participants never accepted, to the same degree that Personnel

did, that structure, and in particular X Group's structures, determined action. For Participants, to admit that imposed structures determined their behaviour meant admitting that they were not autonomous human beings, they may not have been, but none were prepared to admit this. Their behaviour might be manipulated by structures but only with their consent. Structures might facilitate action, if participants so decided, but they could not determine action. Action took place within structures but not because of them.

It *cannot* be ignored that the rejection of some aspects of Personnel's perspective may be due to a rejection of X Group's methods and plans for the Store. Participants under different circumstances might have been quite happy to integrate more completely with the functionalist perspective of Personnel, conversely under such circumstances Personnel might not have used such a perspective. But I think that given the strength, if not passion, of Participant's ideas of how the Store should be ordered and controlled, the X Group's project of imposing a structural functionalist perspective on what they saw as a tabula rasa, was never going to succeed in full. But, as mentioned above, there was a degree of recognition and acceptance by each party of each other's perspective. And that this accommodation by each party meant that the perspectives were integrated, not so as to make them unrecognisable as separate perspectives but, that in order to be effective, in their own and in organisations terms, organisational participants accepted the ideas of other perspectives as legitimate and necessary inputs into their social interaction.

## **5.5 Conclusion**

In this chapter my interpretation of the two differing perspectives, of Personnel and Participants: the former a structural functionalism perspective and the latter an

interpretative perspective, have been presented alongside information from the case study, so that the perspectives may be fleshed out with empirical information. Important attributes of each perspective have also been detailed using elements of the performance appraisal process that were important to both parties: motivation, control, rationality, goals and expectations and, gender. The perspectives of Personnel and the Participants are not only detailed independently but important points of accommodation and interaction have also been discussed. The final chapter, conclusions, concludes my thoughts on how the research question is addressed by the empirical work. In doing so the chapter highlights problems and incompleteness in the process of answering the research question and also future areas of interest for management control research.

## Conclusions

*“Now my charms are all o’erthrown, And what strength I hav’s mine own,”*

(Epilogue, The Tempest, William Shakespeare)

The research question (see section 2.4) asks, is there a problem of order and control within organisations? In chapter two the problem of order and control was discussed in a theoretical sense, using two perspectives, structural functionalism and an interpretative perspective. In chapters four and five the research question is fleshed out by the empirical work. Informed by the discussion of theory and the empirical work, I suggest that the answer to the research question depends on the perspective used to understand reality. Within the structural functionalist perspective the existence of order and control *cannot* be assumed: it must be created through the design of structures, the internalisation of norms and, if necessary, the imposition of sanctions. Within an interpretative perspective the existence of order and control is coeval with social interaction; therefore, order and control *per se* is assured. But order is not uniform and types of order may have to struggle for accommodation and recognition.

The empirical information suggests that for Personnel one of the important meanings vested in management control was that of managing the “problem” of order and control. For Personnel the very existence of the Store presupposed a “problem” of order and control: how could the organisation ensure first, that order existed and second, that it would engender behaviour suited to organisation’s ends? It might also be suggested, that the very existence of Personnel depended on the existence of a problem of order and control. Personnel’s primary concern was to develop structures of control that could deliver predictable, appropriate behaviour. Performance appraisal was perceived to be

such a structure of control; a structure that, alongside other structures, would motivate appropriate behaviour, that in turn would achieve the goals of the Store. Thus, for Personnel the reality of performance appraisal was a reality taken up with the task of ensuring the efficient equilibrium of the Store, so that the Store could fulfil its objectives. An organisation that could not control its resources effectively would not have the means to achieve, and certainly not to maximise, its goals.

For Participants the reality of performance appraisal was not invested with a “problem” of order and control but, of being able to articulate their formulation of order and control. That formulation was underpinned by their personal relationships and shared knowledge of the Store’s: history and values; its merchandise; and its customers. But Participant’s in creating their reality of performance appraisal could not ignore the power of Personnel to, possibly, dominate that reality. It is evident in the empirical work that Participants sought and struggled for visibility. The relationship between Personnel and Participants was too complex to explain only in terms dominance. The thesis does not pretend to have fully addressed the complexities of the relationship between Personnel and Participants but, it is suggested that Personnel’s power to influence thinking and behaviour did not come only, or primarily from their right to impose sanctions. Personnel’s influence lay in the legitimacy that was given, by Personnel and Participants, to the idea of performance appraisal and in Personnel’s right to design and implement a performance appraisal scheme. This legitimacy was also buttressed by both party’s ability to reify the practice and use of performance appraisal.

The empirical work suggests that within the process of performance appraisal two perspectives coexisted and interacted. The two perspectives articulated very different ideas as to the source and maintenance of order and control. For Personnel, order was

contained within the design of appropriate structures, performance appraisal being one such structure, and the task of control was to sustain those structures, often in the face of competing, inappropriate structures. Therefore for Personnel the problem of order and control was resolved, though not fully or permanently, through the design of effective structures, that would ensure the internalisation of norms, or failing that deliver corrective sanctions. For Participants, unlike Personnel, order predated their existence in the Store. The control of that order, i.e. its maintenance was predicated on the continuation of the social relationships that had created order, in the first instance, and that Participant's expectations of the Store would be met. Managers were viewed as important in the effective organisation of the Store, they had explicit power to effect change, but the creation and preservation of order and control was, ultimately, the shared task of all social actors in the Store.

The empirical research was also concerned with uncovering the degree of integration, that was evident, between the differing perspectives of Personnel and Participants. Despite their differing perspectives, both Personnel and Participant's lives in the Store were grounded in a shared social reality. Thus the boundaries surrounding Personnel and Participants were blurred. Personnel realised that their structures did not fully explain the actions of Participants, though they never lost the desire that they might, and Participants could not ignore the effect of these structure on their actions. Though Personnel perceived their idea of order and control to be the most effective in achieving goals, they drew back from any strong interference in the order and control created by Participants. They recognised, even if they did not readily admit to it, the strength and effectiveness of the order and control that Participants had created; they knew how much disruption would result from any serious, sustained challenge to it. The X Group did not share this sentiment and constantly pushed Personnel, and others, to force not

just a compliance with a functionalist, systems dominated mode of order and control but, for it to be internalised as an organisational norm. This did not happen and the X Group's frustration was aided, to some extent, by Personnel's realisation that compromise and accommodation, rather than dominance was a valid and useful way of creating order and control.

Participants also sought to accommodate Personnel's ideas of order and control as legitimate and necessary inputs into their social interaction, so that they could be effective in their own and in organisations terms. The details of the case study appear to suggest that there was an acceptance of the legitimacy of management control *per se*; there was, particularly in the area of goal setting, a strong expectation that management should manage. And that expectation of management included Personnel and the performance appraisal scheme. There was a common acceptance of performance appraisal *per se*; it was a legitimate element of organisational order and control. This acceptance gave a stability to performance appraisal, it allowed it to "hang together". The stability of Performance appraisal was founded not on a degree of integration between perspectives but, on a common acceptance of the practice of performance appraisal. But, within that acceptance there was also significant differences in the meanings given, by Personnel and Participants, to the: motivational, control, goal setting and rationality aspects of performance appraisal. Nor were Participants in complete agreement with each other with regard to meanings within performance appraisal; significant differences, particularly with regard to the use of performance appraisal, were expressed along gender lines. There was a demand from the "managed" that their expressions of these important aspects of performance appraisal be acknowledged by those responsible for management control. And acknowledgement did take place, if not always extensively, or publicly admitted too. It is also it is apparent

that in this “battle” for visibility, the legitimacy of Personnel’s expressions of control was dependent on a degree of acknowledgement of Participant’s expressions of control.

During the course of my empirical research problems of sourcing and collecting data were evident. The data is, I think, most deficient its lack of “on the record” information from senior levels of management, controllership and above. My presents in the Store was not approved of by senior management, there were some exceptions, so formal access was limited; this meant that any gaps in the data could not always be filled in. More access to and use of documentation would have been useful, such information might have been an interesting complement to the data collected from the interviews. Also the articulation of the research question was unclear at the beginning of the empirical investigations. This was both a strength and weakness of the empirical work. It was a strength in that the empirical information informed the research question to a significant degree, therefore the question was sufficiently grounded in the social situation. It was a weakness in that the initial lack of clarity in the research question meant that some of the questions, and the subsequent replies, were not relevant to the research question but, were non-the-less useful, as background information.

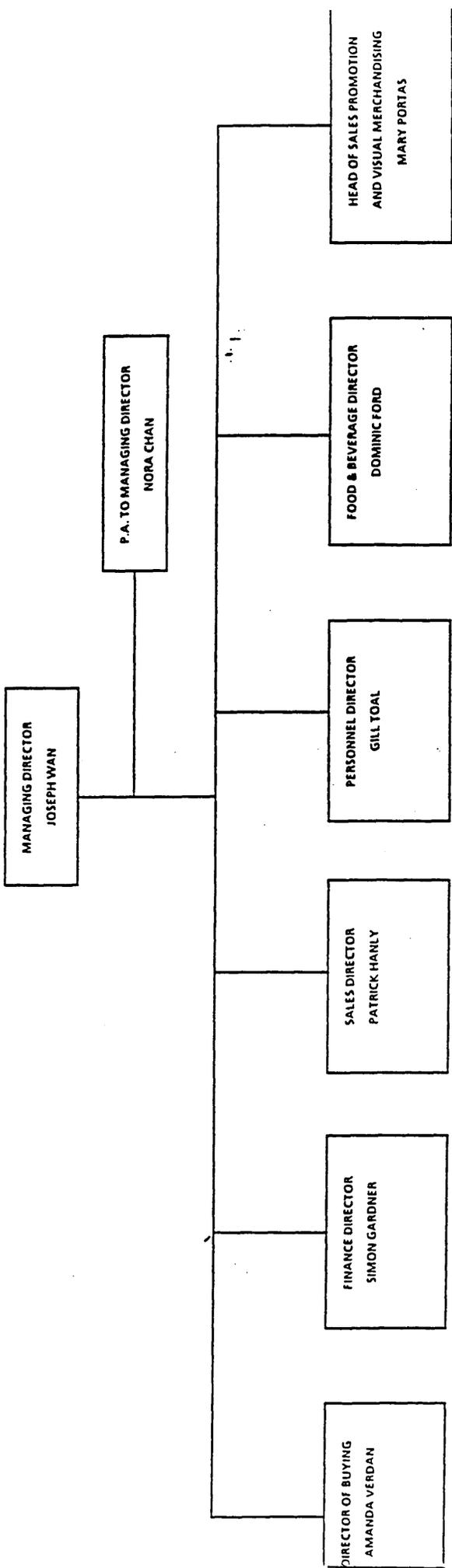
But despite these difficulties I feel that some implications for the study and practice of management control can be drawn from the empirical work. Management control, as its name suggests, tends to view the creation of order and control as the remit of particular social actors: managers. A structural functionalist view (still a very important perspective in organisational and control theorising, see chapter one) with its separation of structure and action presupposes a “problem” of order and control (Holmwood, 1996). But a structural functionalist perspective is a social construct, a construct open to acceptance, or rejection, wholly or partially, by organisational participants. Thus the

“problem” of order and control may not exist for all organisational participants, or may exist in a different way. Therefore, though a structuralist functionalist perspective may be powerfully legitimated in organisational theorising (see Donaldson, 1995) and in the practice of management control; in reaching an understanding of the place of management control, within organisational order and control, we should not restrict our examination to one perspective and one set of social actors; we should strive to include other perspectives and other social actors. In recognising and giving visibility to differing perspectives of order and control within organisations, we may improve our understanding of how we make sense of management control, and how we might resolve any difficulties in creating and maintaining that sense, so that research *“...results in fruitful investigations which tell us something new”* (Hughes, 1996).

Nor should we assign, as the X Group and Personnel did, only to management control the task of achieving organisational effectiveness. If this is done we assume that we know management control’s contribution in advance, i.e. we create a normative model of that which drives effectiveness. But we have no way of knowing, in advance, which orders actually contribute to organisational effectiveness, or for that matter what constitutes effectiveness. In addressing organisational effectiveness only through management control we may waste a lot of time and energy ordering that which is already ordered; that which is already effective. Management control, as a process for creating order and control, may be a redundant reality within an organisation. Management control research and practice can only be enhanced by a recognition that the power to create order and control belongs to all participants in an organisation.

The differing perspectives of Personnel and Participants were discussed under a number of headings in chapter five: motivation, control, goals and expectations; rationality and

gender. That discussion has brought to the surface a number of important issues that the thesis has not, for reasons of time and space, focused on in depth. An issue that needs further research is that of gender and its place in and impact on management control. As can be seen from the empirical work (see section, 5.3.5) the shared meanings of social actors are effected by gender. To date management accounting and control research has not give enough visibility to this issue; yet gender must impact on the emerging process of management control. Another issue that deserve further research, is how does management control look from the perspective of the managed? If legitimacy is only given to meanings of management control that are derived only, or mainly, from the perspective of managers we risk losing the empirical richness, that comes from looking at all contributions to meanings of management control. To gain a fuller understanding of management control we must look from without as well as within. And finally, as the empirical work has shown, in gaining a fuller understanding of management control we must not forget that the process of creating types of order and control is saturated with the humanity, and the resultant messiness, of social actors. The process of management control research and practice should not be concerned with produce tidy solutions that underpin social relationships but, with emerging solutions and actions underpinned by, messy, social relationships.



PLANNING  
STRUCTURE

SIMON GARDNER  
FINANCE DIRECTOR

DECEMBER 19

MARIE MCDONOUGH  
SECRETARY TO FINANCE DIRECTOR

LIZ HERROD  
PLANNING  
CONTROLLER

JOHN  
NEWMAN  
IMPORTS  
MANAGER

HELEN  
CARTER  
PLANNING  
MANAGER  
FASHION

CAROLINE  
COOPER  
PLANNING  
MANAGER  
GRD FLOOR

ANGELA  
LACEY  
PLANNING  
MANAGER  
MENSWEAR

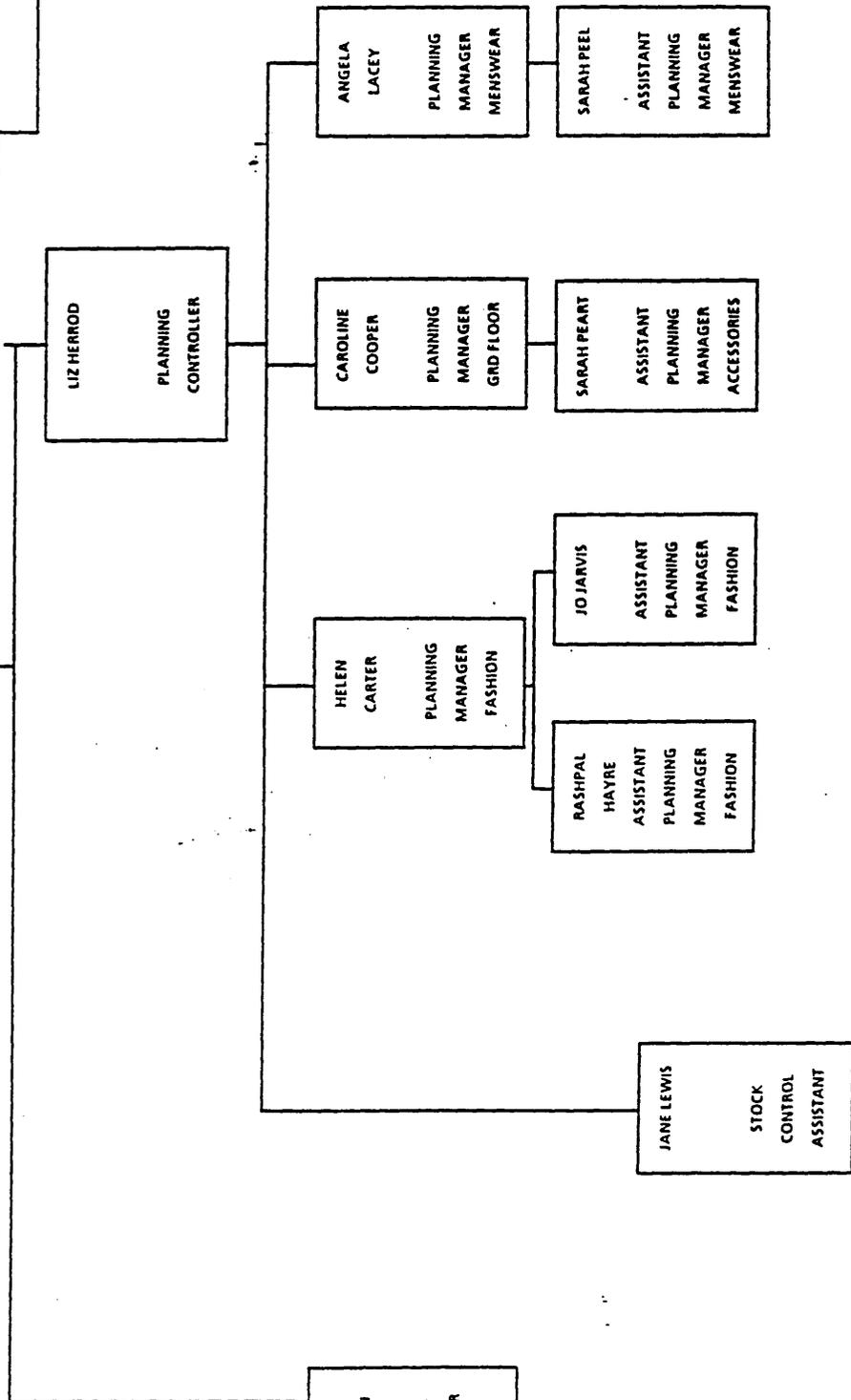
JANE LEWIS  
STOCK  
CONTROL  
ASSISTANT

RASHPAL  
HAYRE  
ASSISTANT  
PLANNING  
MANAGER  
FASHION

JO JARVIS  
ASSISTANT  
PLANNING  
MANAGER  
FASHION

SARAH PEART  
ASSISTANT  
PLANNING  
MANAGER  
ACCESSORIES

SARAH PEEL  
ASSISTANT  
PLANNING  
MANAGER  
MENSWEAR



**BUYING  
STRUCTURE**

AMANDA VERDAN  
DIRECTOR OF BUYING

DECEMBER 1992

HAZEL REID  
SECRETARY TO DIRECTOR OF BUYING

FRANCESCA GRANDESSO  
SECRETARY TO BUYING CONTROLLERS

LOUISE ROGERS  
BUYING CONTROLLER  
FASHION

KATE REHWICK  
BUYING CONTROLLER  
ACCESSORIES/  
OWN-BRAND

LEWIS CHARD  
BUYING CONTROLLER  
MENSWEAR

RIDGET  
DSGRAVE  
BUYER  
ESIGNER  
DRESSES

YASMIN YUSUF  
BUYER  
LEISURE  
SWIMWEAR  
CHILDRENSWEAR  
EYE WEAR

APRIL  
GLASSBOROW  
BUYER  
RALPH LAUREN  
VITTADINI  
MAX MARA  
DKNY  
OUTERWEAR

SUE  
WHITELEY  
BUYER  
1ST & 2ND FLOOR  
BRIDGE  
COLLECTIONS  
KNITWEAR

CHARLOTTE BURTON  
BUYER  
B. VENETA  
BODYWEAR  
ETRO  
HOSIERY  
LINGERIE  
BELTS  
K.S.  
UMBRELLAS  
GLOVES  
HAMBAGS  
SML LEATHERS

DEBORAH  
CHRISTOPHER  
BUYER  
JEWELLERY  
HATS  
HAIR ACCESS.  
SCARVES  
R.L. HOME

FIONA DUFF  
FORMALWEAR  
CONTEMPORARY  
ACCESSORIES  
KNITWEAR

TBC  
BUYER  
RALPH LAUREN  
UNDERWEAR  
SWIMWEAR

JOSEPH  
ASST  
BUYER

NATASHA  
HORTON  
ASST  
BUYER

CHANTAL  
MICHIE  
ASST  
BUYER

JASPAL  
BILLING  
ASST  
BUYER

JULIE TOMLIN  
KAMLA GURMAIL-  
KAUFMAN  
ASST  
BUYER

NICK WALKER  
ASST  
BUYER

NICOLA TAY  
ASST BUYER  
OWN BRAND

ANTHONY  
DAVIES  
ASST  
BUYER

EILEEN  
CAHILL  
ASST  
BUYER

LESLEY  
CHENG  
BUYERS  
ADMIN

PHILLIPA  
SIDEBOTTOM  
STELLA DUNLOP  
BUYERS  
ADMIN

COCO CHAN  
BUYERS  
ADMIN

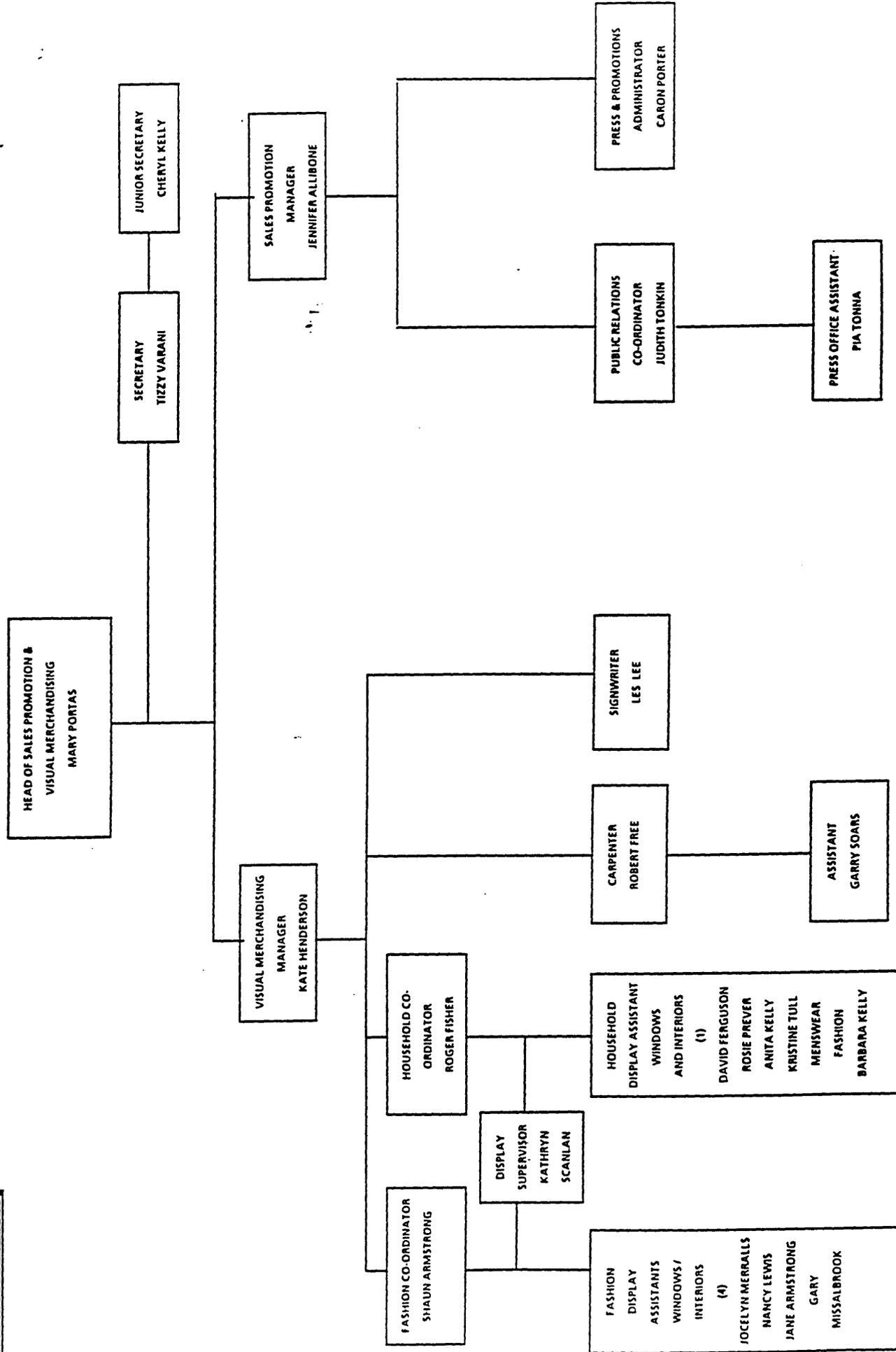
LOUISE ROSS  
PAULA STEWART  
BUYERS  
ADMIN

LIZA MAURICE  
NOLEEN BOHILL  
MARY HENSON  
BUYERS  
ADMIN

LOIS JAY  
ADRIAN GARSON  
BUYERS  
ADMIN

CLAIR HEPPENSTALL  
SNR BUYERS ADMIN  
CLAUDIA CHIAUINRI + 1 X TBA  
BUYERS ADMIN

CATHERINE  
CHAN  
ELLIOT BR  
BUYER  
ADMIN



DECEMBER 1992

SALES DIRECTOR  
PATRICK HANLY

SECRETARY TO SALES DIRECTOR  
GEORGINA BOHLING

RETAIL OPERATIONS -  
SALES FLOOR  
(1 OF 4)

PERSONAL SHOPPING  
MANAGER  
GABRIELLA DI NDORA

SECRETARY TO PERSONAL  
SHOPPING MANAGER  
KADY MILNE

LANGHAM HILTON  
MANAGER  
FABIO LOBO VIERA

PERSONAL SHOPPING  
ASSISTANTS  
MASAMI DAWSON/  
NAITO  
PAULINE CHIA  
CAROL AMON

RALPH LAUREN AT  
HOME COLLECTION  
AND 4TH FLOOR  
CONCESSION  
SUPERVISOR  
DANIELLA BRUNO

FLOOR MANAGER  
THIRD FLOOR  
JONATHAN BAUMBER

SELLING SUPERVISORS  
CHILDRENSWEAR  
OUTERWEAR  
SUE ANTHONY  
H.N. COLLECTIONS  
LEISUREWEAR  
BEACHWEAR  
JENNY ELLIFF

FLOOR MANAGER  
SECOND FLOOR  
MAGGIE STEVEN

SELLING SUPERVISORS -  
BRIDGE  
COLLECTIONS  
SEMIRA HARIMI  
KNITWEAR/  
VITTADINI  
STEPHANIE WICKS  
MAX MARA  
NICKI SWALLOW  
VERSUS  
SYLVANA D'AMATO

FLOOR MANAGER  
FIRST FLOOR  
GALE GALBRATH-CHATER

SELLING SUPERVISORS -  
INTERNATIONAL  
DESIGNER COLLECTIONS  
LARISSA PRAGAS.  
DRESSES & LOUIS  
PERAUD  
SUITS / COLLECTIONS  
JO CAREY  
RALPH LAUREN  
WOMENSWEAR  
MICHELLE ADCOCK  
ADVANCED  
DESIGNERS  
SAMINA KHARDIN  
LINGERIE  
JAN WEBB

FLOOR MANAGER  
GROUND FLOOR  
KAREN MCKIBBIN

SELLING SUPERVISORS  
PERFUMERY & COSMETICS  
VIRGINIA GLASSINGTON  
JEWELLERY  
SUSMA MAKWANA  
HOSIERY  
AILSA COWIE  
FASHION ACCESSORIES  
VANESSA RICHARDSON  
HANDBAGS  
ANN-MARIE AWAD

FLOOR MANAGER  
LOWER GROUND FLOOR  
GILL MCDONOUGH

SELLING SUPERVISORS  
LOWER GROUND FLOOR  
MENSWEAR  
MENS CASUAL WEAR.  
INFORMAL DRESSING &  
ACCESSORIES & HN OWN LABEL  
JOHN OSBOURNE  
GROUND FLOOR MENSWEAR-  
SHIRTS & TIES  
TBA  
MENS FORMAL WEAR  
MOSHARAF HUSSAIN  
RALPH LAUREN  
DANIEL BOYES  
ONTEMPORARY COLLECTIONS  
PAULO RIVI

PATRICK HANLY  
SALES DIRECTOR

SECRETARY  
FIONA WEBSTER

GILL GREENWAY  
GENERAL MANAGER - OPERATIONS  
& CUSTOMER SERVICE

SECURITY MANAGER  
GARY ARCHER

DEPUTY  
SECURITY  
MANAGER  
MICHAEL OROZCO

INVESTIGATOR  
/CCTB  
DONALD  
HOWARD

SECURITY ADMIN  
CRAIG FEEK  
SNR. STORE DETECTIVE  
BRENDA EAGLES  
STORE DETECTIVES  
KATH LITTLEJOHN  
SHARON CLARKE-SINCLAIR  
PETER CLARK

WORKROOM  
SUPERVISOR  
FIONA MATHIESON

TAILOR (2)  
FITTERS (4)  
ALTERATION  
HANDS  
(5)

MARK  
BURLING  
ADMINISTRATION  
MANAGER

DOORMAN  
JIM HOLLICK

CLERK/MARKERS  
N UBHI  
K KHAIRI

COMMUNICATIONS  
SUPERVISOR  
PAULINE ALEXANDER  
COMMUNICATIONS  
OPERATORS  
SANDRA  
SHAKESPEARE  
NICOLE JACOBS  
S/O - MICHELLE CHIN  
S/O - SYLVIA  
ANDERSON

CUSTOMER  
ACCOUNTS  
MANAGER  
MAGGIE  
SMITH

DESPATCH  
SUPERVISOR  
JOYCE BARNETT

POSTAL CLERK  
BRIAN MALONE  
PACKER  
TOMMY GREEN

HOSIERY STOCK  
ROOM  
CHRISTOPHER  
WHITTAKER

PERFUMERY  
STOCK ROOM  
KIM HO  
JUSTIN  
SIMMONS

GLENEAGLES  
MANAGER  
ISOBEL  
DONALDSON

SALES SUPPORT  
SUPERVISOR  
SHARON NICHOLSON

SALES SUPPORT  
TEAM  
ANITA PATEL  
ANALISA HUNT  
MARIE CAPGRAS  
(MAT LEAVE)

CUSTOMER  
ACCOUNTS ASSTS  
ELVIRA PILAVACHI  
DEBBIE LYNCH  
ANTHONY PUDEFOOT  
KAY KALLA  
S/O - SADIQ RAZAK  
S/O - MARTIN ADENIYI  
SO - BADER KHAN



RETAIL OPERATIONS -  
PERFUMERY BUYING  
(4 OF 4)

SALES DIRECTOR  
PATRICK HANLY



PERFUMERY BUYER  
ANNE BYRNE

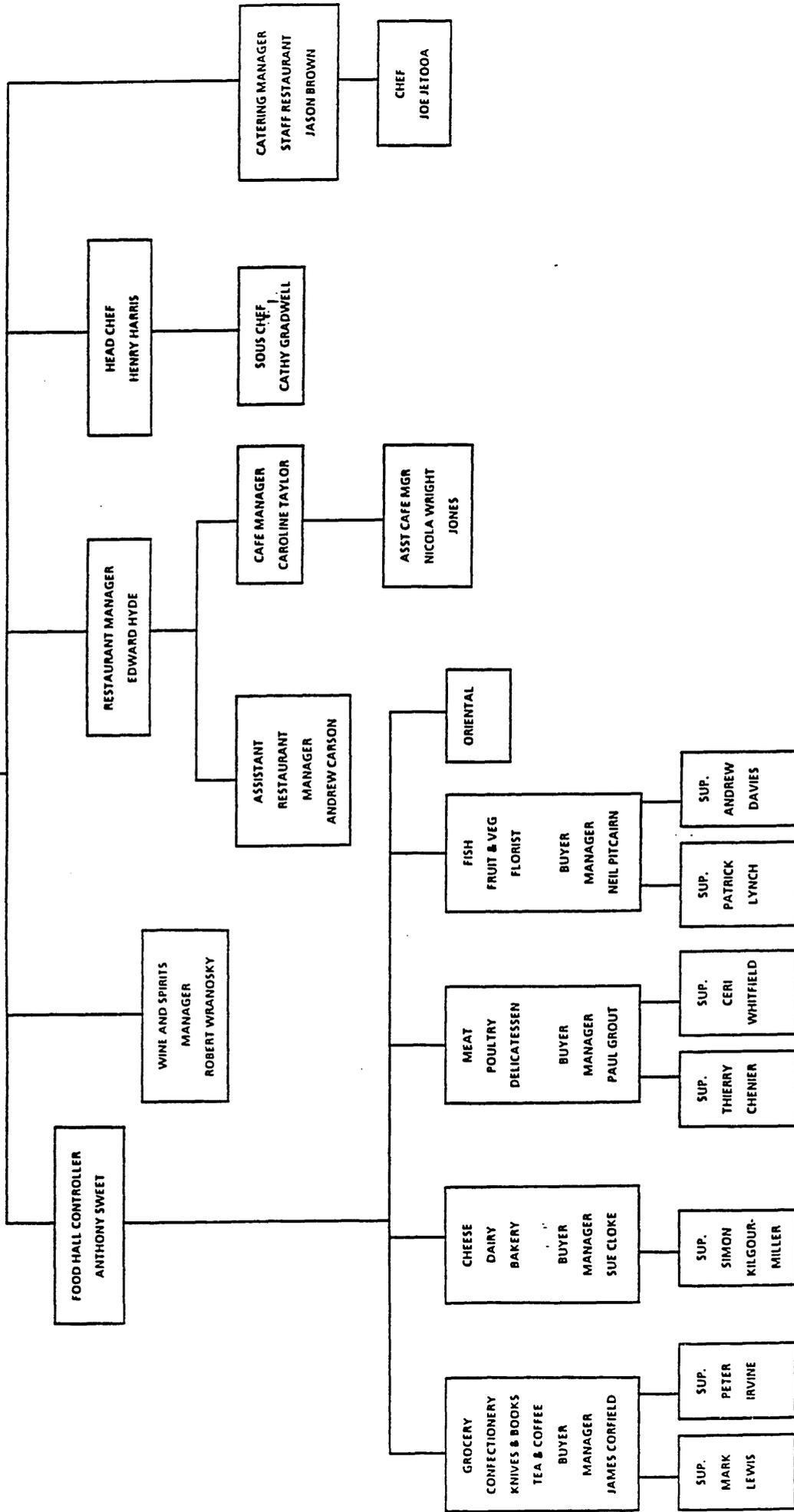
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DANIELA RINALDI

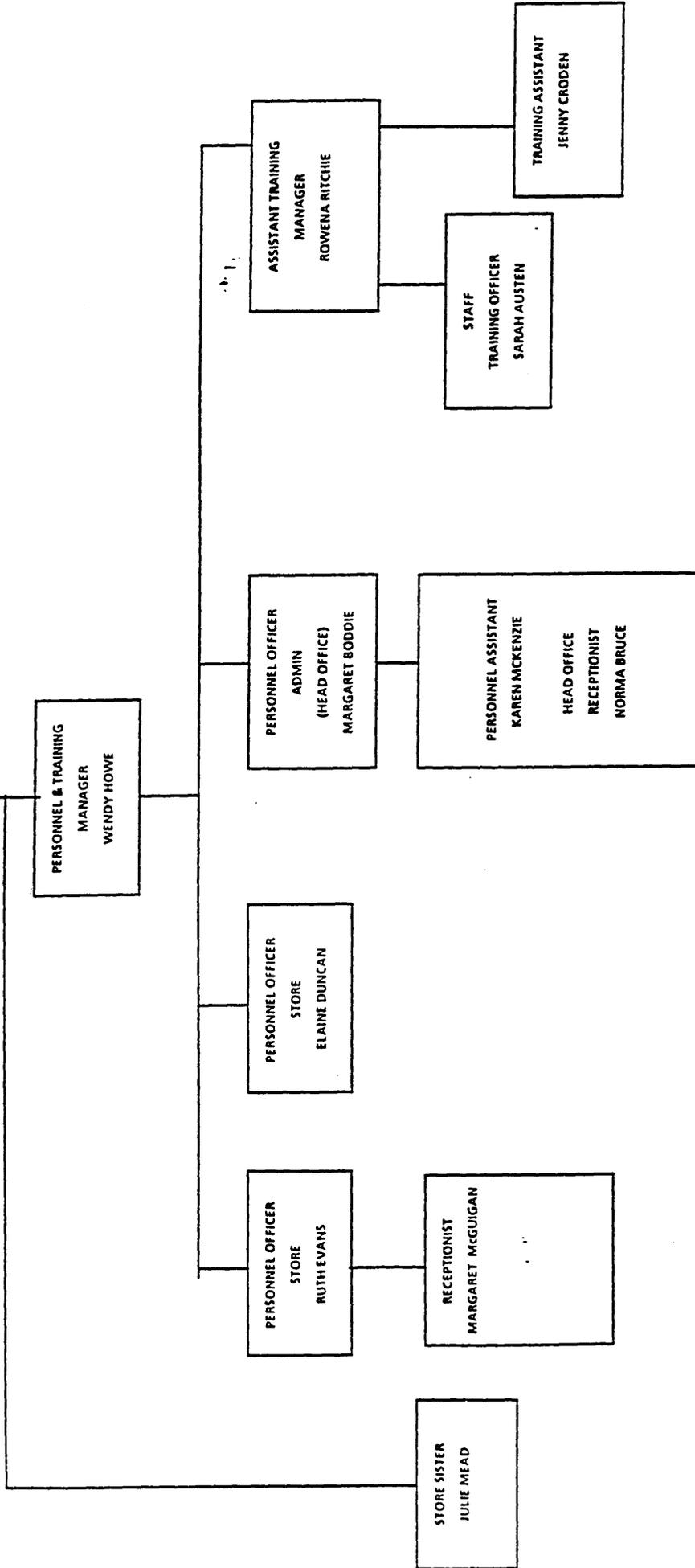
**FOOD AND BEVERAGE  
DEPARTMENT STRUCTURE**

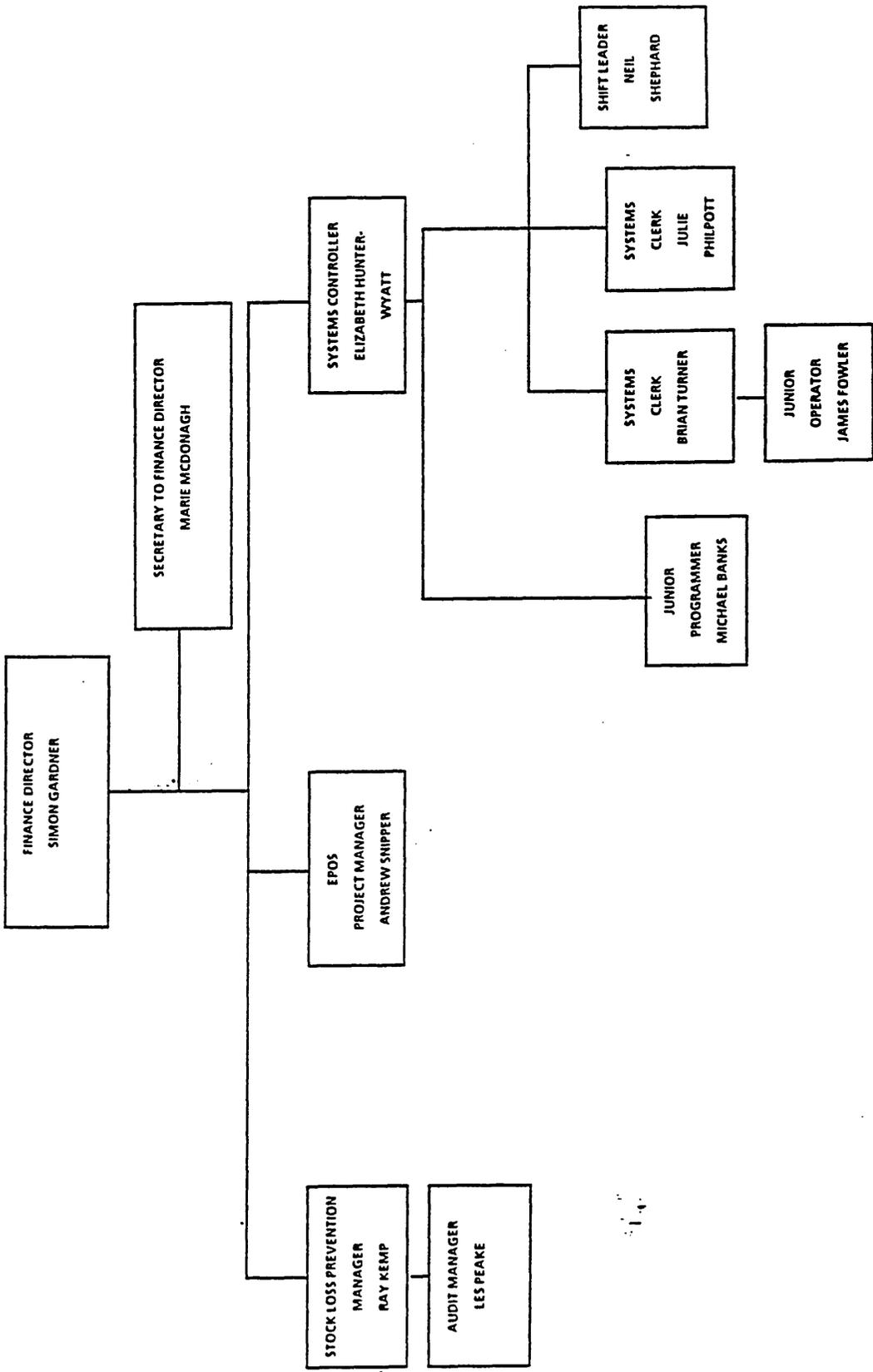
**FOOD & BEVERAGE DIRECTOR  
DOMINIC FORD**

**SECRETARY TO FOOD & BEVERAGE DIRECTOR  
CLAIRE MOSSFORD**

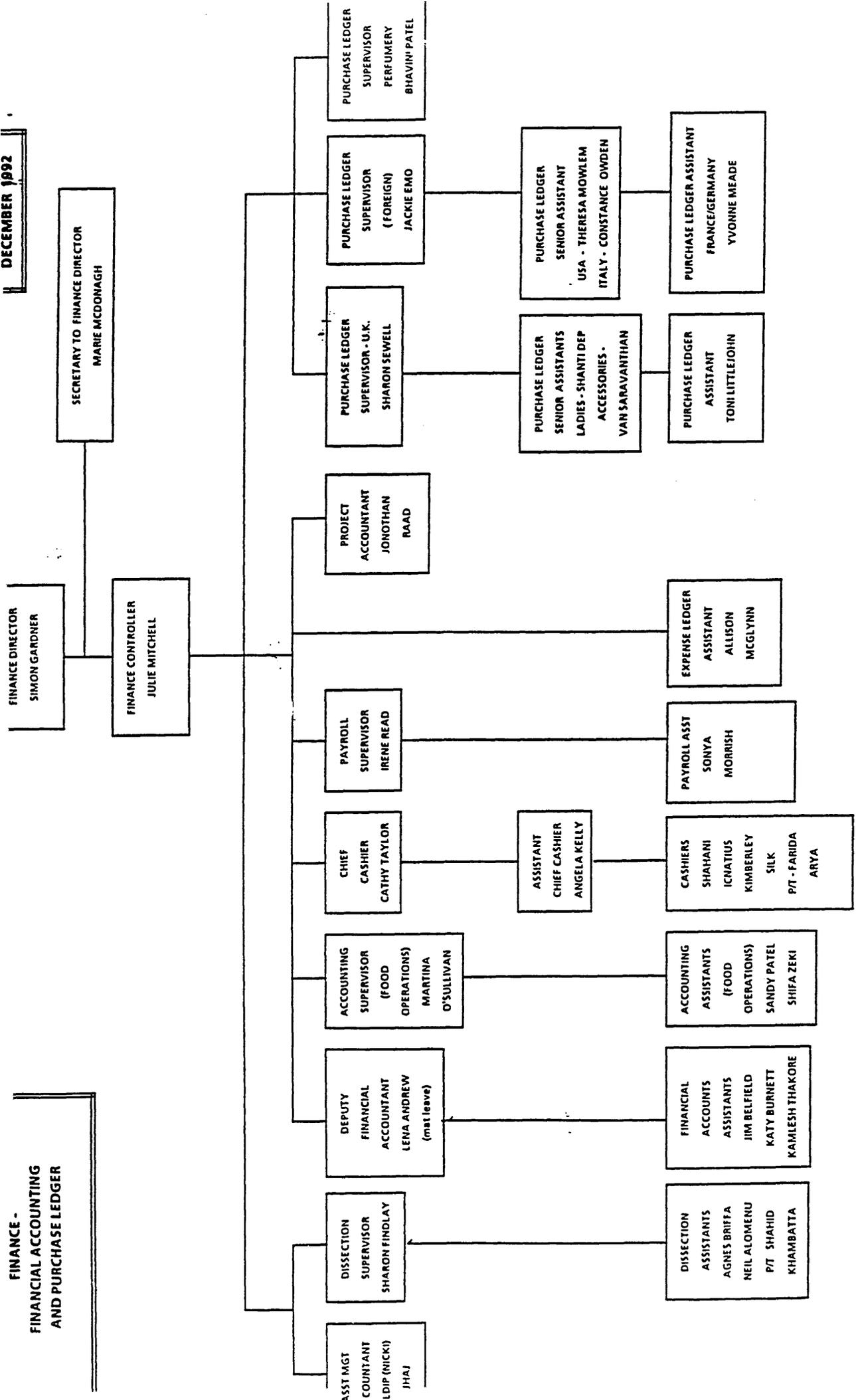
**DECEMBER 1992**







FINANCE -  
FINANCIAL ACCOUNTING  
AND PURCHASE LEDGER

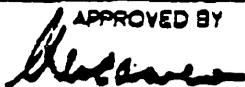


# Personnel Policy

ISSUE DATE

January 1989

APPROVED BY



SUPERSEDES

PAGE 1 OF 2

**SUBJECT** Appraisals

**PURPOSE** To detail the company policy on Appraisals and to outline the procedures to be adopted to ensure its implementation

**POLICY**

1. (i) It is the policy of the company to formally appraise all employees at least once a year.
- (ii) The main objectives of the formal appraisal system are:
  - To review past performance against the job description and previously set objectives/key tasks.
  - To provide a basis for the setting of future objectives/key tasks.
  - To help individuals to analyse their strengths and weaknesses and to relate these to job performance.
  - To discuss current job performance in relation to career development.
  - To resolve any problems or uncertainties that may exist.
  - To provide a means of identifying potential objectively within the company as an aid to successful planning.
  - To establish training needs with the individual and within the company.
- (iii) All new employees are to be appraised three months from their date of commencement.
- (iv) All promoted/transferred employees are to be appraised three months from the promotion/transfer date.
- (v) Appraisal forms must be used to record the content of the appraisal interview.
- (vi) The overall Appraisal process is controlled by the Personnel Department, who will be responsible for the issue of instructions, documentation, etc. and for all follow up action.

# Personnel Policy

PAGE 2 OF 2

## 2. Implementation

- (i) Appraisals should be conducted by the employee's immediate Line Manager, known as the Appraising Manager.
- (ii) It is the responsibility of the Appraising Manager, to arrange the date of interview and issue the personal notes to the employee prior to the meeting. Employees should be given up to two weeks' notice of the appraisal interview. Following discussion, the Appraising Manager is responsible for completing the appraisal form.
- (iii) Employees are to be given the opportunity to discuss, read the appraisal form, sign and add such comments as they feel appropriate.
- (iv) The Appraising Manager's Line Superior, or his/her professional superior is responsible for reviewing the appraisal and endorsing the appraisal form in writing.
- (v) An employee has the right to appeal against an appraisal should they feel it is inaccurate or unfair. Appeals should be processed through the standard appeals procedure.

## 3. Rights of Access

- (i) Appraisal forms are highly confidential documents. It is the responsibility of all managers to ensure that such confidentiality is not breached, by ensuring their secure use and storage.
- (ii) Employees have a right of access to their own performance appraisals by request to the appropriate Personnel Department.
- (iii) The employees Line or professional superior/s have a right of access to performance appraisals by request to the appropriate Personnel Department.
- (iv) The Personnel/Management Development/ Training functions have a right of access to appraisals of employees within their area of jurisdiction, by arrangement with the appropriate Personnel Department.

## 4. Ad Hoc Appraisals

Where there is substantial reason for so doing, a Manager may instigate or an individual request, the completion of an appraisal outside the normal cycle date.

KEY TASKS/OBJECTIVES/TARGETS

Level of Achievement

COMMENTS ON THE LEVEL OF ACHIEVEMENT

Far Short  
Short  
Achieved  
Exceeded  
Far Exceeded

Additional comments:

1. Describe the strengths demonstrated by the employee in the period under review.

2. Describe aspects/areas of the job where performance could be improved.



**What additional responsibilities do you recommend should be given for development purposes?**

**SECTION 3 - EMPLOYEE COMMENTS**

**Please read the comments in the above sections. Please sign the document if you believe the comments represent a true reflection of the content of the Review Meeting. If you wish to add any additional comments before signing the document, please use the space below.**

**Signature: .....**

Ready to move to a higher level immediately

Unlikely to progress further (But aspires to)

Likely to be ready for a move within 6-12 months

Unlikely to progress further (No desire to)

Needs at least 12 months before being considered

Too early to assess potential

Needs at least 2 years before being considered

**Employee's Managers Comments**

Signature: ..... Date: .....

**Reviewing Managers Comments (Two levels above the employee)**

Signature: ..... Date: .....

**THIS FORM SHOULD NOW BE HANDED TO THE PERSONNEL DEPARTMENT**

**Section 1. - REVIEW OF KEY OBJECTIVES**

*(In order of priority)*

*N.B. Where there is no job specific breakdown in Section 2, performance should also be measured against the job description.*

KEY TASKS/OBJECTIVES/RESPONSIBILITIES	LEVEL OF ACHIEVEMENT	COMMENTS

**LEVELS OF ACHIEVEMENT**

1 - Continually exceeds objectives

2 - Above average, frequently exceeds objectives

3 - Consistently achieves objectives

4 - Need for improvement to meet required standard

5 - Failure to meet required standard

**ADDITIONAL COMMENTS**

# JOB TITLE

## ASSISTANT DEPT. MANAGER

1. The Appraisee's performance on each factor should be circled on the following scale:

1. - Continually demonstrates this ability to a very high standard.
2. - Demonstrates this ability, frequently to a high standard.
3. - Consistently demonstrates this ability.
4. - Need for improvement to meet required standard.
5. - Failure to meet required standard.

2. Comment should be made on specific details, together with suggestions for improvement where applicable.

### Technical

FACTOR	SCALE	COMMENT
<ul style="list-style-type: none"> <li>• Is fully conversant with department sales targets and monitors sales performance, liaising with the Department Manager on action required to maximise sales and profitability.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Achieves a high standard of housekeeping and merchandise handling within the department and assists the Department Manager on the correct application of visual merchandising policies.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Is fully conversant with all promotional, advertising and ticketing activity within the department and ensures correct promotional detail is represented at all times.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Is fully conversant with relevant consumer law and deals with customer complaints effectively and courteously, ensuring the correct application of Company refund policy.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Takes an active interest in competitor activity and broader commercial issues and liaises with the Department Manager on sales planning strategy.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Implements merchandise and promotional policy and changes within the store, following up to ensure immediate effective response to company requirements.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Reviews stock levels and ranges within the department and liaises with Department Manager on potential problems/sales opportunities.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Continues to develop knowledge of relevant sales/stock prints and uses the information to effectively influence stock disciplines and merchandise positioning in accordance with company merchandising guidelines.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Possesses a working knowledge of security procedures and merchandise disciplines to minimise losses within the department and actively contributes towards stock loss control.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Works to a high standard of accuracy on all administration systems and point of sale procedures, including Kimball Tag system and reconciliation counts and all cash handling control.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Assists the Department Manager in the planning and control of staff cover to meet the requirements of the business at all times, liaising with the Department Manager to ensure control of agreed staffing budgets.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Maintains a good standard of staff discipline within the department and liaisons with the Department Manager, is developing a working knowledge of Company disciplinary procedure and all appropriate employment legislation.</li> </ul>	1 2 3 4 5	
<ul style="list-style-type: none"> <li>• Actively contributes towards the promotion of credit within the department and advises the Department Manager on opportunities to maximise credit performance.</li> </ul>	1 2 3 4 5	

## B. Management Communication

FACTOR	SCALE	COMMENT
1. Presents information in a confident, reasoned and clear manner.	1 2 3 4 5	
2. Provides clear and directive leadership to subordinates through: a) Planning and prioritising the workload to meet deadlines b) Motivating and involving them through communication, keeping them abreast of current activities, priorities and developments c) Delegating responsibility for defined areas/tasks	1 2 3 4 5	
3. Takes responsibility for and is effective at training and developing staff.	1 2 3 4 5	
4. Makes and maintains effective working relationship and clear communication at all levels.	1 2 3 4 5	

## C. Personal Working Approach

FACTOR	SCALE	COMMENT
1. In approach to work is developing and beginning to demonstrate:  — a flexible working approach/style to suit different situations/people, initiative and willingness to take decisions  — resilience under pressure  — questioning approach  — reliability and commitment  — self confidence  — decisive and positive approach  — persistence in ensuring that department problems and discrepancies are resolved.	1 2 3 4 5  1 2 3 4 5	

## D. Work Organisation

FACTOR	SCALE	COMMENT
1. Plans, organises and controls work and resources effectively.	1 2 3 4 5	
2. Assesses priorities and utilises resources to meet targets while retaining accuracy of results.	1 2 3 4 5	
3. Able to plan beyond immediate objectives.	1 2 3 4 5	
4. Analyses problems and issues logically before recommending and implementing action.	1 2 3 4 5	

- (1)** Summarise and expand on what has been done well by the Appraisee, as profiled in Sections 1 and 2:

- 
- (2)** Summarise and expand on aspects/areas of performance where there could be improvement, as profiled in Sections 1 and 2:

---

**OVERALL PERFORMANCE RATING**

Please give an overall performance rating in accordance with the scale below:

RATING (circle)

E V G A U

- E - Continually exceeds objectives.
- V - Frequently exceeds objectives
- G - Consistently achieves objectives
- A - Need for improvement to meet required standard
- U - Failure to meet required standard

## Section 4 - PERFORMANCE AND POTENTIAL SUMMARY

Please tick the appropriate box to indicate the current overall performance rating and, where applicable, an assessment of the performance potential of the individual, in the current role.

	Performance	Potential
Excellent (1)	<input type="checkbox"/> Continually exceeds objectives	<input type="checkbox"/> Excellent (1)
Very Good (2)	<input type="checkbox"/> Frequently exceeds objectives	<input type="checkbox"/> Very Good (2)
Good (3)	<input type="checkbox"/> Consistently achieves objectives	<input type="checkbox"/> Good (3)
Adequate (4)	<input type="checkbox"/> Need for improvement to reach the required standard	
Unsatisfactory (5)	<input type="checkbox"/> Failure to meet the required standard	

What are the appraisee's reasonable aspirations for the future?

Likely next job:

From your discussion of the above, please discuss promotability and likely timescales and record in the boxes below.

Promotability		Practical Probability
<input type="checkbox"/>	Could move immediately	<input type="checkbox"/>
<input type="checkbox"/>	Could move within 6 months	<input type="checkbox"/>
<input type="checkbox"/>	Could move within 6 months to a year	<input type="checkbox"/>
<input type="checkbox"/>	Could move within 1 to 2 years	<input type="checkbox"/>
<input type="checkbox"/>	Too soon to evaluate	<input type="checkbox"/>
<input type="checkbox"/>	Unlikely to progress further at this stage	<input type="checkbox"/>
<input type="checkbox"/>	Does not wish to progress further than current role at present	<input type="checkbox"/>

What, if any, restrictions are there on mobility?

**Section 5. - FUTURE OBJECTIVES**

OBJECTIVE	COMPLETION DATE	REVIEW DATE	STRATEGY FOR ACHIEVING OBJECTIVE



SELLING

PERFORMANCE REVIEW

NAME

POSITION

DATE OF REVIEW

REVIEWING MANAGER

PRIVATE AND CONFIDENTIAL

# REVIEW OF OBJECTIVES

Evaluate employee's performance against key objectives agreed upon for the performance review period just completed. Include planned and achieved completion dates as appropriate.

OBJECTIVES

RESULTS

## NEW OBJECTIVES

The purpose of preparing these objectives is to ensure that the employee's objectives contribute to the success of the Company. The means of achievement of clearly defined objectives must be within the employee's job function and level of responsibility. The Objectives should be S.M.A.R.T. - Specific, Measurable, Achievable, Results-Oriented, Timebound.

OBJECTIVES FOR NEXT  
PERFORMANCE REVIEW PERIOD

HOW RESULTS WILL  
BE MEASURED

PLANNED  
COMPLETION DATE

TECHNICAL SKILLS AND ABILITY	Exceptional ability maximises sales. In-depth knowledge of Company practices and of business needs exceeds expectations.	Technical standard and ability above average. Self-motivated to learn more to achieve objectives successfully	Skills adequate to meet job requirements. Has some commercial awareness. Requires an expected level of supervision.	Currently does not demonstrate ability satisfactorily. May improve with experience and training.	Unacceptable level of ability. Lacks basic knowledge, and does not comply with policies.
STOCK CONTROL AND MERCHANDISING	Consistently thorough and accurate handling of stock, achieving sales objectives to maximise profitability.	Maintains a very high standard of stock handling. Shows aptitude for cost-effective improvements.	Meets job requirements adequately and accurately. May suggest cost effective improvements.	As yet has lack of competence and is occasionally inaccurate. Should improve with specific training.	Poor and inaccurate stock handling. Needs regular checking and/or correction.
SALES AND CUSTOMER SERVICE	Consistently uses excellent communication skills and first class presentation to maximise own and department's performance	Maintains good performance with effective communication and presentation skills to benefit Company and customers.	Demonstrates satisfactory performance with adequate communication skills and confidence. Sufficient commercial awareness.	Limited performance although sometimes satisfactory. Needs more self-confidence to give required service.	Avoids co-operating and is reluctant to communicate with co-workers or customers. Has poor presentation skills.
CASH HANDLING/ ADMINISTRATION	Highest levels of accuracy and thoroughness shown in all procedures.	Above average cash handling ability. Always follows procedures as laid down.	Satisfactory careful cash handling. Procedures generally well followed.	Not always dependable in cash handling. Some procedures not fully adhered to. Sometimes careless.	Inaccurate and careless. Does not follow established procedures.
SELF SUFFICIENCY	Highly self motivated. Extremely well organised and uses own judgment to great effect.	A good self-starter. Organisation of self and work generally good.	Requires no more than regular supervision and direction. Can work independently for satisfactory periods of time.	Needs constant direction and supervision. Somewhat dependent upon others.	Requires constant supervision. Unable to take initiative or think for self.
COMMUNICATION AND RELATIONSHIPS	Consistently communicates effectively using exceptional skills. Generates good relationships. Has respected interpersonal qualities.	Frequently communicates effectively using good skills. Has sound relationships with majority of contacts.	Communicates effectively to satisfy job requirements. Meets expectations in forming relationships generally.	As yet not communicating well. Either lacks the necessary skills or confidence. Further experience or training would improve skills.	Displays poor communication skills. Creates bad impression. Appears to be very offhand.
SENSE OF RESPONSIBILITY	Highly responsible. Can be trusted at all times.	Very responsible. Mature and sensible approach to work. Can generally be relied on.	Shows adequate level of responsibility. Needs no more than expected amount of checking or follow-up.	Below average sense of responsibility. Needs more than expected amount of checking. Lacks maturity in approach to work.	Lack of responsibility. Cannot be trusted. Unable to be left to work without being constantly checked.
WORK RATE	Output of work and stamina consistently exceeds expectations. Very determined application.	Output of work frequently exceeds expectations. Shows commitment to tasks.	Volume of work output meets job requirements and expectations competently.	Work output is insufficient for the amount expected, to meet job requirements. More effort needed.	Unacceptable level of output. Lacks stamina and determination. Lazy approach.
ATTITUDE TO COMPANY	Shows highest levels of loyalty and commitment. Ideal ambassador for Company. Exemplary behaviour.	Understands and adopts Company values. Promotes good image and is always positive and cooperative.	Demonstrates satisfactory level of co-operation, for the best interests of the Company.	Appears to lack commitment. Behaviour not always consistent with best interests of Company.	Totally uncommitted and disloyal. Acts against Company interests.
SUPERVISORY SKILLS (IF APPROPRIATE)	Motivates others to highest level. Effectively delegates, with excellent understanding of follow-up.	Frequently delegates tasks well & maintains correct level of supervision. Encourages others.	Delegates competently and maintains satisfactory level of follow-up.	Currently not delegating satisfactorily. Inappropriate control of assigned tasks.	Poor delegation of tasks. Lacks control of (or over) controls assigned work.

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# PERSONAL DEVELOPMENT PLAN

This development plan will enable the employee to improve performance on present job function and/or prepare for future opportunities. An employee may have several skills that require development. Identify skills that will have most impact on improving current performance.

## MAJOR SKILLS FOR DEVELOPMENT.

## PLAN OF ACTION

The plan of action should be realistic and practical in terms of targeting the employee's improved performance level, and should mention specific dates/actions to quantify achievements. Include on-the-job opportunities e.g projects and assignments, and training courses.

NON-SELLING

PERFORMANCE REVIEW

NAME

POSITION

DATE OF REVIEW

REVIEWING MANAGER

PRIVATE AND CONFIDENTIAL

# REVIEW OF OBJECTIVES

Evaluate employee's performance against key objectives agreed upon for the performance review period just completed. Include planned and achieved completion dates as appropriate.

OBJECTIVES

RESULTS

## NEW OBJECTIVES

The purpose of preparing these objectives is to ensure that the employee's objectives contribute to the success of the Company. The means of achievement of clearly defined objectives must be within the employee's job function and level of responsibility. The Objectives should be S.M.A.R.T. - Specific, Measurable, Achievable, Results-Oriented, Timebound.

OBJECTIVES FOR NEXT  
PERFORMANCE REVIEW PERIOD

HOW RESULTS WILL  
BE MEASURED

PLANNED  
COMPLETION DATE

PERFORMANCE FACTOR

PERFORMANCE LEVEL

(Please shade relevant circle)

NON-SELLING

PERFORMANCE FACTOR	PERFORMANCE LEVEL	PERFORMANCE LEVEL	PERFORMANCE LEVEL	PERFORMANCE LEVEL	NON-SELLING
TECHNICAL SKILLS AND ABILITIES REQUIRED FOR JOB	Exceptional skills and abilities. In-depth knowledge of all aspects of job.	Technical standards and abilities above average.	Skills adequate to meet job requirements. Satisfactory knowledge of procedures.	Currently does not demonstrate ability satisfactorily. May improve with experience and training.	Unacceptable level of ability. Lacks basic knowledge and understanding of job.
PERFORMANCE AGAINST OBJECTIVES	Consistently exceeds the most challenging objectives, including tasks demanding changing priorities.	Frequently meets objectives set. Responds to increase in challenge of objectives.	Meets objectives to satisfy job requirements and changing needs of Company.	Currently does not meet all objectives. Performance against objectives needs improvement.	Poor performance, does not meet objectives. Has no concept of changing needs of Company.
WRITTEN AND VERBAL COMMUNICATION	Always uses highly effective communication skills. Presentation superb.	Frequently communicates effectively using good skills. Presents work and self well.	Communicates effectively to satisfy job requirements, with adequate clarity and confidence.	As yet not communicating well. Either lacks the necessary skills or confidence.	Displays poor communication skills. Creates bad impression.
RELATIONSHIPS WITH CO-WORKERS	Generates good relationships. Has highly respected interpersonal skills.	Has sound relationships with majority of contacts.	Meets expectations in forming and maintaining relationships generally.	Has some difficulties in relationships with others. Further training may improve skills.	Poor interpersonal skills. Frequently upsets others.
ADHERENCE TO PROCEDURES AND POLICIES.	Highest level of thoroughness and accuracy in carrying out all procedures.	Above average thoroughness. Follows procedures as laid down with consistent care and attention.	Satisfactory at putting into practice procedures and policies as laid down. Needs expected level of supervision.	Not always dependable. Some procedures not always adhered to.	Inaccurate and careless. Does not follow established procedures.
DECISION MAKING	Continually makes effective timebased decisions exercising excellent judgement. Actively recommends solutions to problems.	Often makes sound decisions using good judgement. Is well-informed and discerning.	Makes reasonable decisions, using balanced judgement, which meet job requirements. Is generally sound and sensible.	Currently not making adequate decisions. Does not assimilate facts correctly, or is not commercially aware. Needs confidence building.	Avoids or makes few decisions. Is mostly unproductive, ill-informed and erratic.
ORGANISATION AND PLANNING	Demonstrates extremely clear, well structured forward planning and first class organisation.	Plans volume of work and uses time appropriately to meet targets. Is always well organised.	Uses an adequate level of planning and management of time. Organisation satisfactory.	As yet planning not being done fully effectively. Sometimes allows self and work to get disorganised.	Insufficient or ineffective planning, often leading to total lack of organisation.
INITIATIVE AND CREATIVITY	Uses maximum initiative to complete objectives. Exceptionally creative, with original thought. Carries ideas through.	Regularly takes initiative and often produces useful new ideas for achievement of objectives.	Demonstrates an adequate level of initiative and is sometimes creative. Achieves objectives to meet requirements in an imaginative way.	Not much initiative taken or creative thinking beyond basic requirements. Needs to develop ideas usefully.	Displays no initiative. Produces no new ideas. Only sees obvious viewpoints. Lacks vision.
WORK RATE	Output of work and stamina consistently exceeds expectations. Very determined application.	Output of work frequently exceeds expectations. Shows commitment to tasks.	Volume of work output meets job requirements and expectations competently.	Work output is insufficient for the amount expected, to meet job requirements. More effort needed.	Unacceptable level of output. Lacks stamina and determination. Lazy approach.
ATTITUDE TO COMPANY	Shows highest levels of loyalty and commitment. Ideal ambassador for Company. Exemplary behaviour.	Understands and adopts Company values. Promotes good image and is always positive and cooperative.	Demonstrates satisfactory level of responsibility for the best interests of the Company.	Appears to lack commitment. Behaviour not always consistent with best interests of Company.	Irresponsible and disloyal. Acts against Company interests.
SUPERVISORY SKILLS (IF APPROPRIATE)	Motivates others to highest level. Effectively delegates, with excellent understanding of follow-up.	Frequently delegates tasks well & maintains correct level of supervision. Encourages others.	Delegates competently and maintains satisfactory level of follow-up.	Currently not delegating satisfactorily. Inappropriate control of assigned tasks.	Poor delegation of tasks. Either overcontrols, or lacks control of assigned work.

# PERSONAL DEVELOPMENT PLAN

This development plan will enable the employee to improve performance on present job function and/or prepare for future opportunities. An employee may have several skills that require development. Identify skills that will have most impact on improving current performance.

## MAJOR SKILLS FOR DEVELOPMENT.

## PLAN OF ACTION

The plan of action should be realistic and practical in terms of targeting the employee's improved performance level, and should mention specific dates/actions to quantify achievements. Include on-the-job opportunities e.g projects and assignments, and training courses.

## OVERALL PERFORMANCE RATING

- 1** = CONSISTENTLY PERFORMS AT AN EXCEPTIONAL LEVEL
- 2** = FREQUENTLY PERFORMS AT AN EXCEPTIONAL LEVEL, EXCEEDS EXPECTATIONS.
- 3** = CONSISTENTLY PERFORMS AT A SATISFACTORY LEVEL, MEETS EXPECTATIONS.
- 4** = MOST DUTIES SATISFACTORILY PERFORMED, SOME IMPROVEMENT NEEDED.
- 5** = CONSISTENTLY PERFORMS AT AN UNACCEPTABLE LEVEL.

1	2	3	4	5

## COMMENTS OF REVIEWING MANAGER

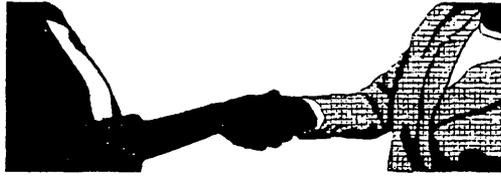
## EMPLOYEE'S COMMENTS

Signature of Reviewing Manager.

Signature of Employee.

Date.

## MANAGEMENT PERFORMANCE REVIEW AND DEVELOPMENT PLAN.



Name:

Date of Review:

Employment Position:

Manager:

Reviewing Manager:

### PERFORMANCE REVIEW INFORMATION

\* **Individual Performance Factors.**

These evaluate how well an employee is performing in his or her present position. The level which most accurately describes the employee's performance is indicated. Examples are given of positive and negative incidents or behaviours contributing to this factor. Actions for improvement are specified, with any proposed manager contribution to those actions noted.

\* **Achieved Objectives.**

Performance against key objectives from the previous Performance Review period is evaluated.

\* **New Objectives.**

The individual's objectives are outlined, which contribute directly to the success of the organisation. The Objectives should be S.M.A.R.T. - Specific, Measurable, Achievable, Results-Oriented, Timebound.

\* **Personal Development Plan.**

A plan of action is outlined which will enable the employee to improve performance and develop skills. Specific actions include on-the-job opportunities such as projects and assignments, as well as training courses.

\* **Overall Performance Level.**

This is an overall evaluation of the employee's performance during the Review period.

## RATINGS OF LEVELS OF PERFORMANCE

**LEVEL**

- 1** = CONSISTENTLY PERFORMS AT AN EXCEPTIONAL LEVEL
  - 2** = FREQUENTLY PERFORMS AT AN EXCEPTIONAL LEVEL, EXCEEDS EXPECTATIONS.
  - 3** = CONSISTENTLY PERFORMS AT A SATISFACTORY LEVEL, MEETS EXPECTATIONS.
  - 4** = MOST DUTIES SATISFACTORILY PERFORMED, SOME IMPROVEMENT NEEDED.
  - 5** = CONSISTENTLY PERFORMS AT AN UNACCEPTABLE LEVEL.
- N/A. THIS PERFORMANCE FACTOR IS NOT APPLICABLE.

**LEADERSHIP & TEAM BUILDING** Delegates effectively to involve others in decisions and setting objectives. Maintains a co-operative and motivated team to achieve goals.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive Examples

Recommended action

**ORGANISATION AND PLANNING** Organises department, while keeping in sight both short and long term targets. Follows through to meet objectives. Forward plans according to Company needs.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive Examples

Recommended action

**INITIATIVE AND CREATIVITY** Reviews and evaluates tasks using maximum initiative. Probes constantly to meet changing needs of Company with a flexible and innovative style.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive Examples

Recommended action

**COMMUNICATION/ RELATIONSHIPS.** Communicates effectively in own and other departments, with superiors, peers and subordinates. Maintains a high standard of customer relations.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**DECISION MAKING** Makes effective timebased decisions, exercising judgement, based on facts and the changing needs of the business.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**WORK RATE** Works reliably and thoroughly with commitment and application to all tasks performed, to meet deadlines where required.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**ATTITUDE TO COMPANY** Demonstrates a positive and co-operative attitude and a high level of responsibility for the best interests of the Company.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

DEVELOPMENT Identifies and assesses training needs of team to  
 OF improve task performance and to maximise potential.  
 OTHERS Trains, guides and instructs effectively as required.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

*The following box need only be used if applicable, otherwise leave blank.*

**IF THERE ARE ANY OTHER JOB SPECIFIC SKILLS AND ABILITIES NEEDED FOR THIS EMPLOYMENT POSITION, WHICH HAVE NOT PREVIOUSLY BEEN MENTIONED ON THIS FORM PLEASE ENTER THEM BELOW. USE THE SIDE COLUMNS FOR RATING, USING THE SAME SCALE AS BEFORE.**

Skills and Abilities

Describe performance

1	2	3	4	5
---	---	---	---	---

**\* Achieved Objectives**

Evaluate individual's performance against key objectives agreed upon for the performance review period just completed.

---

**\* New Objectives.**

The individual's objectives are outlined, which contribute directly to the success of the organisation. The Objectives should be **S.M.A.R.T.** - Specific, Measurable, Achievable, Results-Oriented, Timebound.

---

**\* Contribution to Company/ Departmental Objectives.**

Are there any Company or Departmental Objectives for the current year to which you think the reviewee can usefully contribute?

---

**\* Personal Development Plan.**

Outline any further actions which will enable the individual to improve performance and develop skills.

---

## OVERALL PERFORMANCE RATING

- 1** = CONSISTENTLY PERFORMS AT AN EXCEPTIONAL LEVEL
- 2** = FREQUENTLY PERFORMS AT AN EXCEPTIONAL LEVEL, EXCEEDS EXPECTATIONS.
- 3** = CONSISTENTLY PERFORMS AT A SATISFACTORY LEVEL, MEETS EXPECTATIONS.
- 4** = MOST DUTIES SATISFACTORILY PERFORMED, SOME IMPROVEMENT NEEDED.
- 5** = CONSISTENTLY PERFORMS AT AN UNACCEPTABLE LEVEL.

1	2	3	4	5

## COMMENTS OF REVIEWING MANAGER

## EMPLOYEE'S COMMENTS

Signature of Reviewing Manager.

Signature of Employee.

Date.

## SENIOR MANAGEMENT PERFORMANCE REVIEW AND DEVELOPMENT PLAN.



**Name:**

**Date of Review:**

**Employment Position:**

**Reviewing Manager:**

### PERFORMANCE REVIEW INFORMATION

\* **Individual Performance Factors.**

These evaluate how well an employee is performing in his or her present position. The level which most accurately describes the employee's performance is indicated. Examples are given of positive and negative incidents or behaviours contributing to this factor. Actions for improvement are specified, with any proposed manager contribution to those actions noted.

\* **Achieved Objectives.**

Performance against key objectives from the previous Performance Review period is evaluated.

\* **New Objectives.**

The individual's objectives are outlined, which contribute directly to the success of the organisation. The Objectives should be S.M.A.R.T. - Specific, Measurable, Achievable, Results-Oriented, Timebound.

\* **Personal Development Plan.**

A plan of action is outlined which will enable the employee to improve performance and develop skills. Specific actions include on-the-job opportunities such as projects and assignments, as well as training courses.

\* **Overall Performance Level.**

This is an overall evaluation of the employee's performance during the Review period.

# RATINGS OF LEVELS OF PERFORMANCE

SENIOR MANAGEMENT

**LEVEL**

- 1 = CONSISTENTLY PERFORMS AT AN EXCEPTIONAL LEVEL
  - 2 = FREQUENTLY PERFORMS AT AN EXCEPTIONAL LEVEL, EXCEEDS EXPECTATIONS.
  - 3 = CONSISTENTLY PERFORMS AT A SATISFACTORY LEVEL, MEETS EXPECTATIONS.
  - 4 = MOST DUTIES SATISFACTORILY PERFORMED, SOME IMPROVEMENT NEEDED.
  - 5 = CONSISTENTLY PERFORMS AT AN UNACCEPTABLE LEVEL.
- N/A. THIS PERFORMANCE FACTOR IS NOT APPLICABLE.

**DECISIONS AND RECOMMENDATIONS.** Makes well-judged, timebased decisions, based on the changing needs of the business. Recommends improvements judiciously.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**FORWARD PLANNING** Sets out goals and objectives and follows through to their achievement, meeting targets. Forward plans effectively, & with insight, responding to business needs.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**TEAM BUILDING.** Effectively selects, trains, monitors and develops team in best interests of department and Company. Motivates team and facilitates implementation of others' good ideas.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**SENIOR MANAGEMENT**

**LEADERSHIP** Clearly directs and supports all members of team.  
Delegates effectively to involve others in decision making.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**ORGANISATION** Organises department, while keeping in sight both short and long term objectives. Uses time well. Keeps on top of everything at all times.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**INITIATIVE AND CREATIVITY** Reviews and evaluates tasks using maximum initiative. Probes constantly to meet changing needs of Company with a flexible and innovative style.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**DEVELOPMENT OF OTHERS** Identifies and assesses individual training needs to improve task performance and to maximise potential. Trains, guides and instructs effectively as required.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**SENIOR MANAGEMENT**

**COMMUNICATION/ RELATIONSHIPS.** Communicates information and directions to all staff. Maintains effective working relationships. Counsels effectively, ensures problems are listened to.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**INTEGRATION** Integrates own work effectively with other departments. Efficiently co-ordinates across functions within the Company.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**PRESENTATION** Presents information clearly and convincingly. Manages meetings effectively and reasonably. Confident and persuasive manner of presentation.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

**CHANGE MANAGEMENT** Flexible, forward looking approach. Effectively implements numerous changes. Responsive to challenges.

1	2	3	4	5	n/a
---	---	---	---	---	-----

Descriptive examples

Recommended action

PLEASE ENTER BELOW ANY JOB SPECIFIC SKILLS AND ABILITIES NEEDED FOR THIS EMPLOYMENT POSITION, WHICH HAVE NOT PREVIOUSLY BEEN MENTIONED ON THIS FORM. USE THE SIDE COLUMN FOR RATING, USING THE SAME SCALE AS BEFORE.

Skills and Abilities

Describe performance

1	2	3	4	5

**Achieved Objectives.**

Evaluate employee's performance against key objectives agreed upon for the performance review period just completed.

OBJECTIVES

RESULTS

**New Objectives.**

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---

**Contribution to Company/ Departmental Objectives.**

Are there any Company or Departmental Objectives for the current year to which you think the reviewee can usefully contribute?

---

**Personal Development Plan.**

Outline any further actions which will enable the individual to improve performance and develop skills.

---

**OVERALL PERFORMANCE RATING**

**SENIOR MANAGEMENT**

- 1** = CONSISTENTLY PERFORMS AT AN EXCEPTIONAL LEVEL
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- 5** = CONSISTENTLY PERFORMS AT AN UNACCEPTABLE LEVEL.

1	2	3	4	5

**COMMENTS OF REVIEWING MANAGER**

**EMPLOYEE'S COMMENTS**

Signature of Reviewing Manager.

Signature of Employee.

Date.

# COACHING - APPRAISAL INTERVIEWING

- OBJECTIVES:** At the end of the coaching session, the trainee will
1. Understand the benefits of and objectives for conducting performance review meetings
  2. Understand and implement the planning and preparation necessary for successful performance review meetings
  3. Be able to design and propose plans of action to improve performance
  4. Be able to design and propose development plans for high performing staff
- DURATION:** Approximately 1 - 1½ hours
- CONTENT:** Self assessment exercise 1 - The benefits of Appraisals  
Self assessment exercise 2 - Interviewing skills  
Structuring the meeting  
Designing plans of action / development plans, using S.M.A.R.T. goals  
Training as the line managers responsibility  
Post interview action - using the appraisal form  
Developing your personal evaluation skills

## INTRODUCTION

Explain what you will be discussing - use the *content* as a guideline.  
Check previous knowledge and experience of appraisals

## BENEFITS OF APPRAISALS

Using *Self Assessment Exercise 1* as a guideline, discuss the points outlined.

Stress the importance of using the appraisal interview as a **motivation tool** - therefore the importance of seeing the appraisal interview as a performance review discussion, with an agenda of points to discuss.

The Appraising manager **must aim for an 80 - 20 ratio**, with the appraisee doing 80% of the talking, and the manager therefore listening, clarifying, summarising and guiding for 80% of the time, and only talking for 20% of the time. Stress that this will be difficult to achieve for inexperienced appraising managers, but will improve over time.

## INTERVIEWING SKILLS

Using *Self Assessment Exercise 2* as a guideline, discuss the points outlined. At the end of the discussion on interviewing skills, explain **the structure of an interview**:

OPEN  
CORE  
CLOSE

In terms of a performance review discussion, this would be seen as

AGENDA of areas to discuss  
DISCUSSION - positive and areas for improvement  
- action plans  
CLOSE on a positive note

\* REMEMBER, IN APPRAISAL, THE ACCENT IS ON PRAISE

\* LESSON No 2 - no surprises

## SELF ASSESSMENT EXERCISE 1

### THE APPRAISAL SCHEME

1. What are the objectives of the Harvey Nichols Appraisal Scheme.
2. List 6 benefits of a Company appraisal scheme.
3. How much notice should an employee get that they are to be appraised.
4. What information should you give an appraisee to help them prepare for the appraisal?
5. What would you do for an employee with less than 3 months experience in their current position.

## APPRAISAL - JOB HOLDER'S CHECKLIST

This checklist may be useful for preparation for appraisal interviews.

Difficulties which hinder effective performance:

- 1) Are you sure of the exact boundaries of your job
  - Is there any overlap? Two people each believing they are responsible for a certain area of work.
  - Is there any uncertainty? Areas where you are not absolutely sure whether this item is your responsibility
  - Areas not covered - areas for which no one seems to take responsibility.
- 2) Are you sure of your exact authority?
  - a) What are the limits of authority in each area of work?
  - b) Are these limits high enough/too high?
  - c) In what areas are decisions left to your discretion?
  - d) In what areas do you need more room to use your discretion?
  - e) In what areas would you like more room to use your discretion?
- 3) What level of performance have you reached in each of the areas of your accountability and against your targets.

What restricting factors prevent effective job performance?

- |                    |  |
|--------------------|--|
| Budgets            | - money too high/low.  |
| Admin resources    | - Is the equipment satisfactory for the job.   |
| Communication      | - Do you have adequate warning of changes<br>- Sufficient information on matters affecting the work.                                     |
| Knowledge          | - What other knowledge would help you in your work?  |
| Other departments  | - Is there sufficient liaison with other departments ie: those from whom you receive work and those to whom you pass work?               |
| Other difficulties | - Any other difficulties which hamper you: lack of space, poor floor planning, awkward access, lack of prompt attention to machines etc? |

- 4) Do you have adequate information on your progress towards targets?
- 5) What specific assistance can be given to help you?

Invitation to say constructively what

- a) You personally need (perhaps training)
- b) What colleagues can do to help
- c) What management can do to help?

## SELF ASSESSMENT EXERCISE 1

### THE APPRAISAL SCHEME

1. What are the objectives of the Harvey Nichols Appraisal Scheme.

- To review past performance against JD and previously set objectives/<sup>key</sup> tasks
- To provide a basis for the setting of future objectives + key tasks.
- To help individuals to analyse strengths & weaknesses and to relate these to job performance
- To discuss current job performance in relation to career development
- To resolve any problems or uncertainties that may exist
- To establish training needs with the individual + within the company.

2. List 6 benefits of a Company appraisal scheme.

- STAFF
- \* Chance to discuss job
  - \* clarify job objectives
  - \* Identify personal strengths
  - \* " " weaknesses
  - \* clear direction given
  - \* helps plan future

- MEAS
- \* chance to think seriously what they expect of their people
  - \* planning ahead
  - \* recognition of new ideas
  - \* improves relationships

BUSINESS BENEFITS

- \* visible commitment to staff
  - \* corporate aims communicated
  - \* succession planning
  - \* identification of training needs
  - \* feedback from employees
  - \* obtaining objective info
- (for business planning, promotion or salary decisions)

3. How much notice should an employee get that they are to be appraised.

1 - 2 wks.

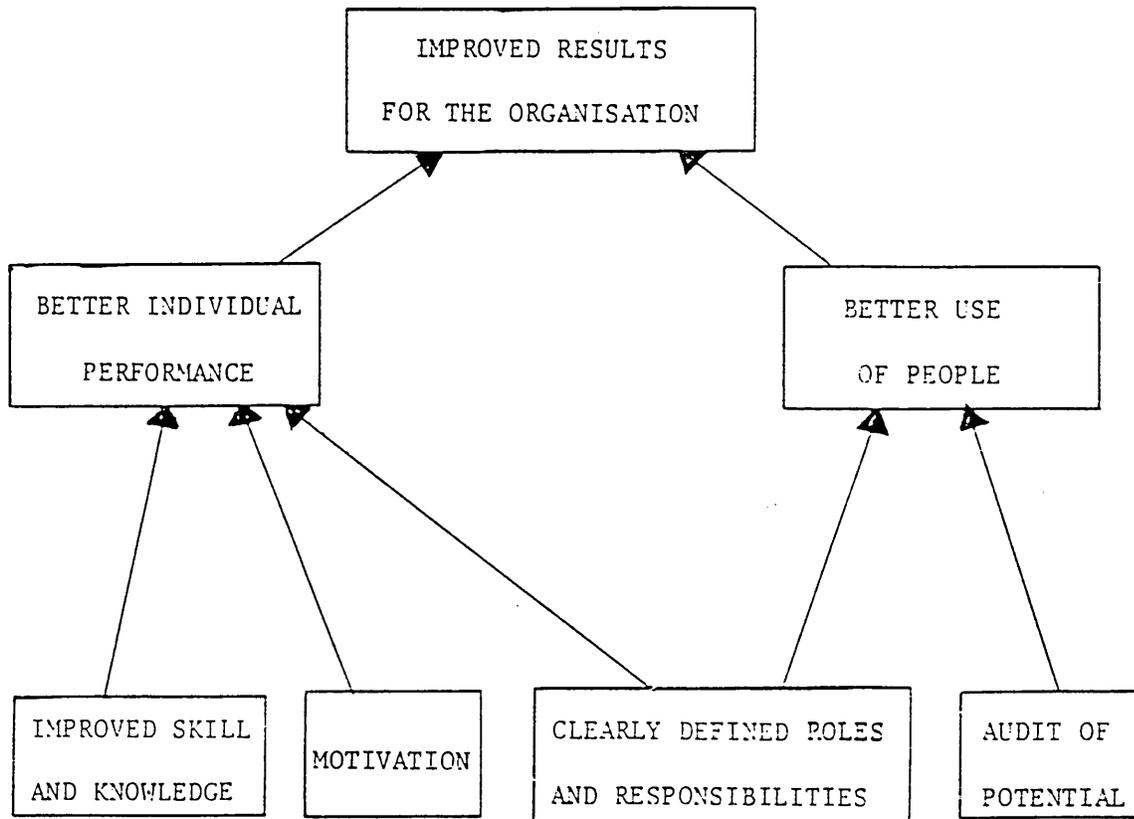
4. What information should you give an appraisee to help them prepare for the appraisal?

- Date of meeting
- location
- time
- Copy of "Job Holders Preparation Form"
- Copy of JD
- Previous objectives/ key tasks.
- Copy of "APPRAISAL-JOB HOLDERS CHECKLIST"

5. What would you do for an employee with less than 3 months experience in their current position.

Don't appraise until 3mth service; ENSURE appraisal takes place at 3 mths.

PERFORMANCE APPRAISAL



## SELF ASSESSMENT EXERCISE 2

### INTERVIEWING SKILLS

1)What are the six basic skills of interviewing?

2)List the key stages of preparing for an interview?

3)Give 3 examples of the type of questions you might want to ask to start the interview.

4)Give 3 examples of the "Self appraisal" type questions you can pose the appraisee.

5)What are the principles involved in giving praise?

6)How should you structure giving criticism?

7)What factors contribute to the overall rating?

## SELF ASSESSMENT EXERCISE 2

### INTERVIEWING SKILLS

1) What are the six basic skills of interviewing?

LISTENING      CLARIFYING  
REFLECTING      SUPPORTING/GUIDING  
QUESTIONING      SUMMARISING

2) List the key stages of preparing for an interview?

- Consider your objectives for conducting the meeting
- Sort out arrangements (when, where, what time, let them know, no interu)
- Previous appraisals / JD's / targets + goals / Questions to ask? /  
FACTS not opinions / Halos/Horns / recency / what might they ask you?
- NO SURPRISES

3) Give 3 examples of the type of questions you might want to ask to start the interview.

NOT How do you think you've performed over the last year : TOO GENERAL

- What would you like included on the agenda?
- What have you enjoyed the most over the last year?
- Tell me what you think your job has consisted of over the last yr

4) Give 3 examples of the "Self appraisal" type questions you can pose the appraisee.

- How do you feel you've performed in this area?
  - What was good/bad about it?
  - What could you do better?
  - How could you improve the situation?
- \* How could I help you in this area?

5) What are the principles involved in giving praise?

SPECIFIC - when, what was good, why it was good.

ON TIME

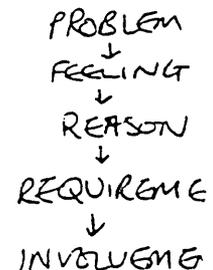
DESCRIBE behaviours, try not to generalise.

BE GENUINE

6) How should you structure giving criticism?

- OPEN Q's - get some facts; explore feelings
- USE SELF-APPRAISAL TECHNIQUE \*

(See attached model)



7) What factors contribute to the overall rating?

Over the whole year - not just recent  
Consider ~~factors~~ ratings for each criteria - there  
should be a balance - helps you to be objective.

## ACTIVE LISTENING

We all like to think of ourselves as good listeners. Unfortunately, though people speak at 120 to 180 words a minute and think many times faster. Our attention can therefore wander, and often we only pick up half of the other person's message.

Even worse, we often unconsciously show the speaker that we are not really listening. Nothing is more damaging to that person's ego. If that person is your mate, employer, or customer, nothing is more damaging to you. It is an extremely easy way of insulting somebody, without speaking.

People hunger to be heard. As a result a good listener has a powerful appeal - the ability, the magic, to make other people feel important.

This is what to do if you want to be an effective listener.

## THE MENTAL SIDE

You have to make a conscious decision that you are going to listen intelligently to what the other person is saying. This includes being sensitive to the inner thoughts that words can often hide.

It also is important to develop a genuine empathy for the speaker - try and see things from his point of view.

Finally, listen without passing judgement. This involves having an unconditional regard and respect for the speaker. If judgement is necessary, postpone it until the speaker has finished speaking.

Carl Rogers perhaps sums up why people struggle with the mental side of listening:

"I am afraid to listen because if I listen I might understand, and I might be changed by that understanding."

## THE PHYSICAL SIDE

### Body Language

This involves showing the speaker that you are listening. If you do not do this, your mental effort of listening is largely wasted.

Square on: Here, avoid aggressively confronting the speaker. A slight angle from directly square on is perhaps best. As soon as you turn too far, however, the speaker feels he has lost you .

Open arms: When you fold your arms across your chest, especially in an aggressive manner, you indicate to the speaker:

"My mind is made up, don't confuse me with the facts"

Open arms will tell the speaker you are receptive to his words and ideas.

Lean forward slightly: Not to be overdone: however, when you lean forward slightly, the speaker KNOWS you are listening.

Eye Contact: This is absolutely vital for effective listening. It is not an intimidating stare; rather it is a sincere meeting of eyes for the majority of the conversation. The difficulty of speaking to a person wearing mirror sunglasses bears out the importance of eye contact.

## RELAX AND RESPOND

A good listener should be relaxed - otherwise he may seem to be conducting an interrogation. Show the speaker you are listening by responding - an encouraging nod of the head, or a hand gesture that helps him to carry on.

## REFLECTING QUESTIONING TECHNIQUE

Useful for dealing with emotion - anger, confusion, tearfulness.

Helps other person to work through situation and feelings.

Enables interviewer to remain neutral.

Shows evidence of active listening.

## EXAMPLES

1) "Everybody says it'll be all right..... I suppose they know what they're talking about. I mean..... they do, don't they?"

"You have your doubts?"

2) "and what's more, she's always picking on me and telling me off about everything I do. It never happens with the others."

"You sense it's something personal?"

3) "and whenever I attend that meeting I always get the feeling that they're banding together to put me down. They reject everything I say, I mean .....we're all working for the same organisation, aren't we?"

"You consider they're being unreasonable?"

## CLARIFY

If you have not understood, or perhaps disagreed with a statement, you most probably will not listen properly to subsequent statements. Where you do not understand, it is useful to clarify by phrasing your question as follows: "I am confused, could you go over the point again." This takes the pressure off the speaker, when you disagree and feel you must express this, you can "soften" your disagreement by using an I message, eg.

"I feel you are exaggerating"

This is less likely to get the speaker on the defensive than if you used the more accusatory disagreement, "You are exaggerating."

## PRESCRIBE A SOLUTION

This will not be necessary in every instance. Where a problem has been discussed, however, it might be a critical final step.

It is important that the person with the problem suggests possible solutions himself. The listener's role here is to gently guide the speaker - the speaker will be far more committed to solutions that he comes up with.

## HOW ARE YOU DOING?

- a repertoire of questions for appraisal interviewers

### Introduction

What do you hope will result from this interview? How well do you understand its usefulness from the company's point of view? What particular points would you like included in the agenda? How do you feel about the following format.....? (and then if not cleared beforehand) How long are you expecting it to be? How long are you available?

### What have you done?

Tell me about what your job has consisted of this past .....? What have been the main tasks? what other activities have you been involved in? How has your job changed over this period? How have you found your time has been divided between the various tasks?

### How well have you done?

Generally speaking, how well do you think things have gone? What targets/standards were agreed/set by others/envisaged by yourself? What have you achieved under each of these headings? What other (not previously specified) results have you achieved? Which of these results can be seen as relative successes/failures? How do you feel you compared with colleagues/competitors, tackling similar tasks? to what extent are we in agreement as to what results you have achieved during this period, and how they are to be interpreted? What aspects of your job have you enjoyed most/least?

### Why has this happened?

What factors need to be taken into account for a fair judgement of your performance? How realistic were the/your targets? What effect has other people's (including my) performance/behaviour had on your performance? What effect has availability of resources/support had? What effects have market/ other external factors had? How have your own behaviour/ attitudes contributed to what has happened? In summary, what appraisal can we make of your overall performance?

## **What can be done about it?**

What can we do to rectify/improve/maintain the situation? What changes are needed in the system? How can they be effected and by whom? What changes need to be made to your duties or responsibilities? What resources are likely to be practical and how can they be made available? What can you do and what can I help you to do about.....your working methods, knowledge, skills, attitudes and personality? In summary, what action are we proposing to improve your job performance? How can we work better together to achieve improvements?

## **How will progress be monitored?**

How should your future performance be assessed? How will our action plan be monitored? What assumptions are we making about external factors which would be relevant to your future performance? What targets should you have for the next period? what evidence/data can we use to monitor progress, by whom and when? What new target areas would be useful?

## **What about longer term career plans?**

How would you like to see your work change? Where are you in your career? How do you see your career developing in the future? How will this fit in with the company's needs and the opportunities it is likely to provide? How will you be able to respond to the changes in the company's needs. What external support do you have for your career and development? How can I help you? What action plan can we agree for your longer term development?

## **Conclusion**

How do you feel this interview has gone? How well do you think we have been able to meet your/the company's objectives? What do you think about your/my contributions? How should this influence our future communications?

## PRAISING

The trouble with Praise is there's not usually enough of it. There are plenty of reasons for this for example, thinking that people will take advantage. Also, it's sometimes difficult to find anything worthy of praise; it can seem patronising and, it's not easy to give praise if you don't get much yourself. You can probably think of some other reasons as well.

However, there are two valuable benefits of giving praise, provided it is given skilfully:

1. People generally feel 'good' about their work and themselves when they are praised properly - it is a powerful 'motivator'.
2. Praising 'reinforces' behaviour which generally causes people to repeat what they have been praised for. If a person has performed well in some way, praise for this is likely to bring about a 'repeat performance'

Praising is a skill and to do it effectively, the following points should be included:

### Be Specific

Always be specific about what you are praising so people know what they have achieved or done well. They will remember this and do it again.

### Be Genuine

Always express positive feelings so that people know they have been successful in your eyes. Genuine praise makes us feel good about each other.

### Be On Time

Always praise as soon as it is earned so that people realise there is an immediate payoff for good work. Praising too late loses it's impact.

Looked at simply, people either perform as required or do more, in which case they could be praised or, they perform at below what is required, in which case they should be constructively criticised. Clearly, there are plenty of opportunities for praising and this can be done effectively by using the points above.

Final Thought: We are often on the lookout to catch people doing things wrong. Why not also -

PROBLEM

Ensure this is expressed in 'specific' terms

FEELING

Explain briefly how you personally feel about this

REASON

Explain why you are raising the problem

REQUIREMENT

Explain clearly what you require to resolve it

INVOLVEMENT

You can ask 'why' it has happened and/or if there will be difficulty in meeting your requirement

## ACTION PLANS & DEVELOPMENT PLANS

Explain the difference between an action plan and a development plan.

An **action plan** is HOW to improve performance, to get performance to the standards required. It also forms their objectives for the year ahead, and should contribute directly to the success of the organisation.

EG: to complete 'paperwork' without any errors, within the deadline specified; line manager to check all paperwork for the first 6 weeks, thereafter will monitor on an ad-hoc basis. (This actually needs to be more specific; what paperwork? i.e. Attendance records; what do you mean by 'without errors'? i.e. accurately recording days off, time owing, training days and holidays; what is the deadline? i.e. every week by Wednesday. This contributes directly to the success of the organisation because successful completion of this goal will lead to improved productivity).

### SMART GOALS

- S Specific
- M Measurable
- A Achievable
- R Results-Orientated
- T Timebound

The **development plan** should be designed to enable the employee to improve performance and develop skills; specific actions should include on-the-job opportunities such as projects and assignments, as well as training course. SMART goals also apply here.

(SEE EXAMPLE APPRAISAL FORM FOR MORE DETAIL)

**DO - Exercise Action Points , turning each point into a SMART goal, relevant to their department.**

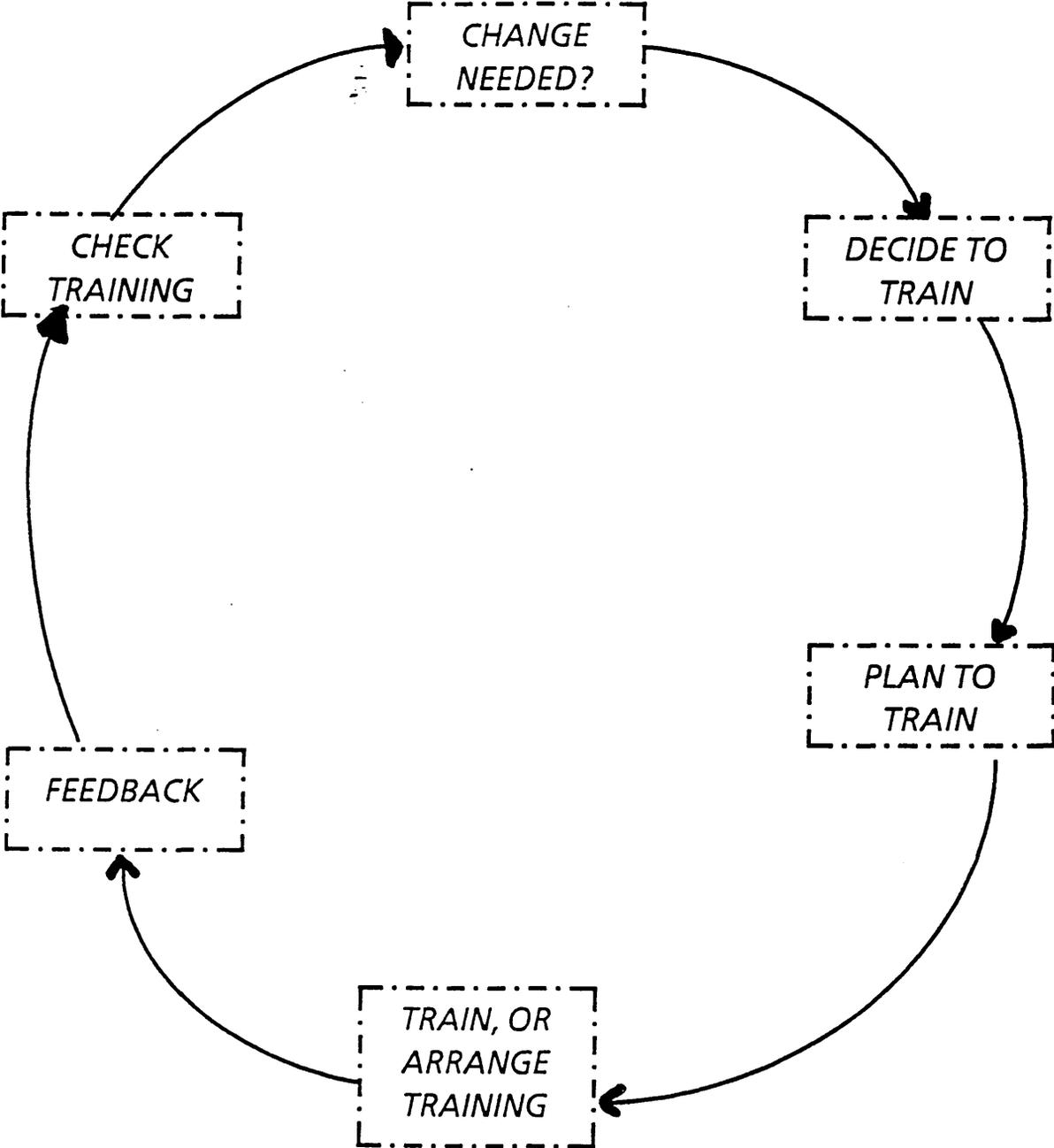
Ensure that the trainee understands that Training is the line managers responsibility. Show the model "Line Manager's Responsibility" and talk through.

## EXERCISE - ACTION POINTS

In your group, discuss with your partner whether each of the following examples is satisfactory. If the example is unsatisfactory, how could the action point be improved?

- Further general management training is needed
- Important to receive formal training
- Spend more time dealing with problems
- Be more involved in department administration
- Visit Head Office to improve job knowledge
- To learn and carry out certain elements of the job performed by the manager. To be reviewed 4 months from now
- Look into operational procedures at a practical level
- Be given more responsibility for the organisation of specific tasks
- Develop ability to handle external contacts.
- If the range of his tasks could be expanded his motivation would lead to a much improved performance. However this depends on him overcoming his shortcomings and showing this course is warranted
- More involvement in other aspects of the teams work
- Opportunity to gain fuller experience in promotions
- Spend time in X department during the next six months

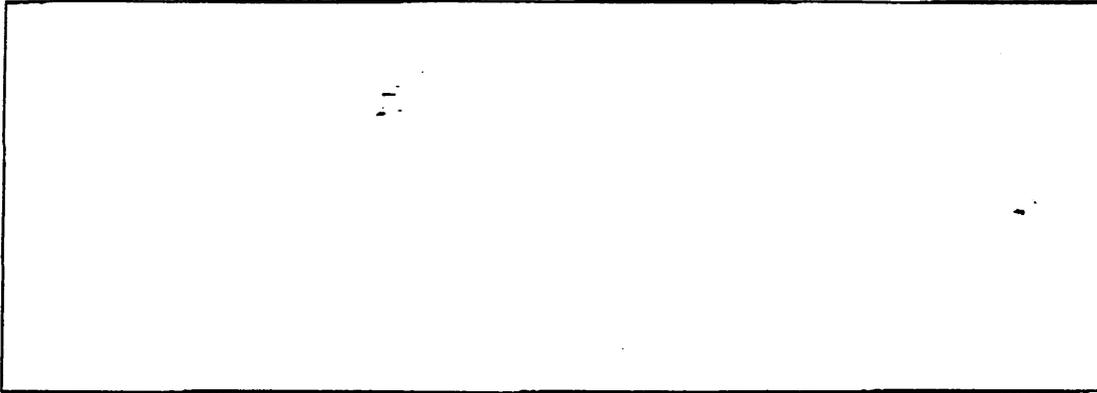
# TRAINING AS THE LINE MANAGERS RESPONSIBILITY



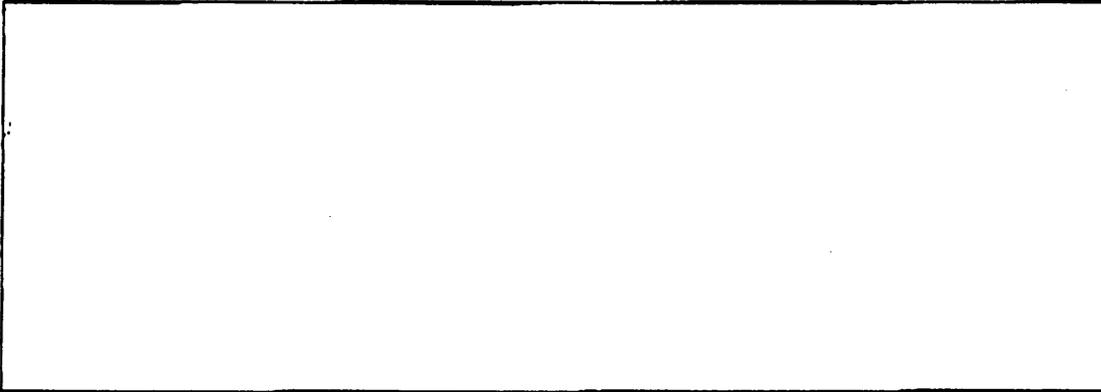
Use this sheet to plan the appraisal interview. Write in as much detail as you think appropriate.

**APPRAISEE**

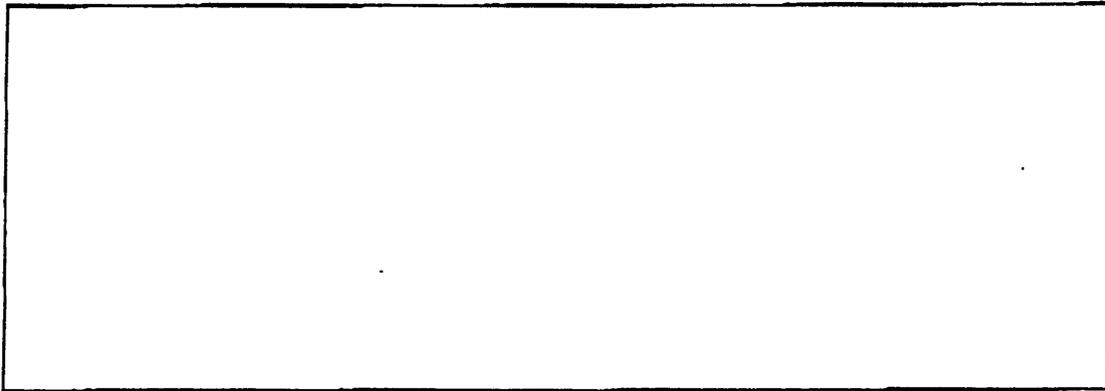
**AREAS FOR PRAISE**



**AREAS FOR IMPROVEMENT**



**OTHER POINTS TO DISCUSS**



## POST INTERVIEW ACTION

Use Self Assessment Exercise 3 as a guideline for discussion.

Show the example appraisal form and discuss.

## SUMMARY

Any questions?

A note on personal evaluation: After conducting each performance review discussion, the trainee should ask himself:

- What did I do well?
- What could I have done better?
- What did I learn about the employee and his/her job?
- What did I learn about myself and my job?

The trainee will, by asking these questions, find some learning points. It will be useful for them to discuss the "answers to the questions" with their line manager or with a member of Personnel/Training.

Say: Managers who prepare well for these discussions and who are able to keep the conversation to a 80-20 ratio find it to be a powerful motivation tool. The time it takes to prepare and conduct the interviews are paid back by the improved performance and motivation levels of team members, and will also assist your departmental planning for the forthcoming year. Good luck!

## SELF ASSESSMENT EXERCISE 3

### POST - INTERVIEW ACTION

- 1) State the purpose of appraisal documentation and the areas covered.
- 2) When should documentation be completed?
- 3) At which point does the appraisee record their comments and sign the form?
- 4) What happens to the form?
- 5) What next?

## SELF ASSESSMENT EXERCISE 3

### POST - INTERVIEW ACTION

1) State the purpose of appraisal documentation and the areas covered.

To record key points from discussion.  
- Areas for praise; areas for improvement;  
action plans

2) When should documentation be completed?

ASAP - try to do immediately after the interview.

3) At which point does the appraisee record their comments and sign the form?

When they see the written-up appraisal, to confirm it is an accurate reflection of the discussion.

4) What happens to the form?

Your line manager reviews the form; then pass to Personnel; then try record try needs; then on personal file.

5) What next?

?

**SECTION I JOB HOLDER'S REVIEW PREPARATION FORM.**

**This is for your use, to focus your thoughts on areas that will be covered at the performance review discussion.**

1. What were your main objectives since your last performance review?

2. To what degree do you think these have been met?

3. Were there any organisational or personal difficulties which prevented you from successfully performing tasks and/or achieving objectives?

4. What are your major strengths?

5. What are your personal improvement areas?

6. State your main objectives for the current year, for the Company, and for yourself at work.

The annual cycle of the performance appraisal process is set out below:

**January:** Managers are reminded that a new year for performance appraisal has started. Information pertaining to the availability of training workshops and refresher courses in performance appraisal is sent out to appraisers

**February:** performance appraisal forms are sent out.

**March/April:** performance appraisals should be completed in this period. Appraisals, particularly for sales staff, can run as late as July. Memos are sent out in April to remind managers to finish appraisals. Personnel should receive all appraisal forms by the end of April. In practice, May tends to be the deadline for receiving forms. Forms for appraisal done in June and July are returned as quickly as possible.

**June:** The situation regarding the progress of performance appraisal is reviewed and appraisers who have not submitted their reviews are asked to submit as soon as possible. Personnel collates forms and the Training Manager surveys them to evaluate training requirements .

**August:** A course calendar is produced from the survey of appraisal forms, it is circulated to line managers. Managers are expected to fill in request forms for courses. The annual appraisal process is now finished.

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