Why does performance management not perform?

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Abstract

Purpose – The purpose of this paper is to ask why poor performance management practices persist in Portugal, in the middle of claims to increase productivity.
Design/methodology/approach – An inductive micro-practice analysis is used to understand barriers to management practice that do not require massive institutional changes.
Findings – The practice of performance management in Portugal typically displays three weaknesses: (1) insufficient planning (2) process and integrity issues, and (3) a non-meritocratic logic.
Research limitations/implications – The paper discusses the important topic of persistence of bad practices, showing how institutionalized patterns might be difficult to eradicate even they are suboptimal.
Practical implications – The authors identify key issues in the functioning of performance management, therefore helping managers in developing remedies to improve the quality of their practice.
Originality/value – The paper explains the persistence of bad management practice whose continuity hinders not only organizations’ effectiveness but also that of their members.

Keywords Performance management, Portugal, Meritocracy, Management practices in society

1. Introduction

Human resource management (HRM) practices are conventionally thought of as being important for both individual and organizational performance, as well as for national economic development (Bloom et al., 2012; DeNisi and Smith, 2014; Posthuma et al., 2013; Rynes et al., 2002). Estimates suggest that around a quarter to a third of cross-country and within-country “total factor productivity” gaps can be explained by people management practices (Bloom et al., 2014). Portugal, where productivity levels consistently rank modestly in comparison with countries in the same socio-economic bloc, illustrates this problem. The productivity factor is one of the most recurrent explanations for the poor performance of the Portuguese economy, especially as it became visible during the recent Eurozone crisis.

According to OECD (2016) statistics, in 2015 Portugal ranked 23rd out of the 35 member countries in terms of GDP per hour worked. The IMD World Competitiveness Center (2014) presents Portugal as much better positioned in terms of the “investment and development factor” (i.e. how the country invests in home-grown talent: no. 11, among 61 countries) than on the “appeal factor” (i.e. ability to attract overseas talent: no. 38) and the “readiness factor” (i.e. availability of necessary skills and competencies: no. 33). Investment in talent is
therefore modestly made profitable; there is an input-output imbalance). In The Global Talent Competitiveness Index (Lanvin and Evans, 2015), Portugal ranks 37th (amongst 109 countries) in terms of productivity per employee. In this report, the imbalance between inputs and outputs reemerge: while the country is ranked in the 26th position in the input sub-index, it ranks in the 51st position on the output sub-index.

This modest position in terms of productivity and efficiency, at least within the Western context, has its roots in cultural features and HRM practices. In international cultural comparisons (House et al., 2004; Jesuíno, 2002), Portugal’s “performance orientation” rating is modest. In consonance with this data, the World Economic Forum’s (2013) Human Capital Report ranked Portugal in the 102nd position out of 122 countries in the category “Pay related to productivity,” which can be interpreted as an indication of poor performance management (93rd out of 109 countries in Lanvin and Evans, 2015). Data from Bloom et al. (2012) suggest that Portugal’s position in terms of productivity may be explained, at least partially, by HRM practices. Their study measured best management practices in three key areas (monitoring, targets, and incentives) to understand how organizations promote and manage employee performance. The study ranked Portugal well below most developed countries in terms of the quality of management, mainly in the area of “incentives.” According to Pulakos (2009), performance management is the “Achilles Heel” of human capital management. In Portugal, the intrinsic vulnerabilities of this demanding process are considerable.

Considering the link between management practices, employee contributions (Jiang et al., 2012) and organizational and economic development (Bloom et al., 2012; Posthuma et al., 2013; Rynes et al., 2002), the persistence of indifferent outcomes seems intriguing. The pertinent question is: taking into account the mentioned relationship between HRM practices and performance, why do Portuguese organizations fail to adopt HRM practices that evidence recommends? In posing this question, we focus specifically on performance management and, particularly, on performance appraisal, a process within the performance management system. Although we consider that different components of management may influence Portuguese economic performance, we see performance management and assessment as particularly salient factors. These factors are often a target of significant heated resistance, both in the public and the private sectors, an issue we discuss next.

In the public sector, the appraisal system for civil servants has been a target of great controversy, concerning not only some characteristics of the system but also how it has been implemented (Rego et al., 2010). For example, at the beginning of 2014, the Portuguese Government announced that performance evaluation would become the first criteria when dismissing civil servants (Silva, 2014b). In a country where job security has traditionally been high and layoffs difficult, the association of performance management with job termination enables it to be presented as a deeply ideological practice, especially in a state apparatus seemingly impermeable to change (Cunha and Tsoukas, 2015) and subject to widespread media criticism. In the national press, the ideological nature of performance management is denounced as another indicator of the “neoliberal” agenda of the government (Castilho, 2014; Malheiro, 2014). Ironically, despite these extreme reactions, the government introducing the new performance regime made performance appraisal a mere bureaucratic procedure: being assessed as having “excellent” or “poor” performance had no practical consequences.

Issues of performance management are not exclusive to the public sector (nor do they just occur in Portuguese companies: see Rynes et al., 2007). A similar scenario can often be found in the private sector. SHL Portugal, a consulting firm, indicates that a significant number of Portuguese companies (mainly the bigger ones; Silva, 2014a) have introduced performance evaluation and management programs in the private sector (Fernandes and Moreninho, 2012). Understood by those subject to them as a form of ritual, they are accepted, albeit with suspicion; when perceived as a management tool with performative effects, they are resisted. The general perception, corroborated empirically by Bloom et al. (2012), is that
in most Portuguese organizations, use of performance management is less a culture of practice than one of ritual; the consequence is that performance management programs are not achieving the results that they were designed for. In Posthuma and Campion’s (2008, p. 50) diagnosis, “too much attention has been placed on the design of a (performance management) system, and not enough on how it works when implemented.”

Considering the above, a performance management shortfall seems to exist. We explore the nature of the “problem” presented by this shortfall, its underlying reasons and possible solutions. We do so in order to develop understanding of accounts situated in the experiential life world rather than generate macro or statistical explanations geared at generalization, from which grounded conceptualization can follow. We complement existing macro evidence (e.g. Bloom et al., 2012), therefore adding conceptual granularity to the understanding of the problem.

The text is structured as follows. First, we review relevant performance management literature in order to discuss conditions that make performance management more likely to succeed. Next, we present the method, which follows the rules of inductive theory building, with data being collected via one-on-one in vivo information (Van Maanen, 1979) from in-depth semi-structured interviews with workers from different sectors and hierarchical levels. Through an inductive approach, we seek to understand the main problems identified with regards to performance management. Finally, we present the findings and discuss their conceptual, practical, and policy implications. The paper explains that performance management practices reflect and incorporate wider societal conceptions.

2. Theoretical background
2.1 A praised, criticized, and debated process

Performance management refers to the “continuous process of identifying, measuring and developing the performance of organization members and aligning performance with the strategic goals of the organization” (Aguinis, 2013, p. 2). Considering the inherent difficulties entailed in entraining subjectivities, it is not surprising that performance management “has been one of the most praised, criticized, and debated management practices for decades” (Lawler, 1994, p. 16), and that many companies are abandoning the “traditional appraisal process” (Cappelli and Tavis, 2016, p. 60). “[I]t continues to be a major source of frustration for managers” (McDonald and Smith, 1995, p. 59). Some authors have suggested doing away with performance appraisal systems because of the evident problems (Pfeffer, 2009; Waite and Stites-Doe, 2000) centered on its fulcrum of superordinate-subordinate dyadic relations, its implications for perceptions of organizational fairness, as well as its role in the establishment of the organization’s meritocratic order.

The key questions that performance management addresses have been defined as how “to develop techniques that will help employees meet their personal goals (for growth, development and personal success) but which will also help the organization to function more effectively” (DeNisi and Smith, 2014, p. 128). There is an assumed homology between the two sides of the person/organization dualism that the techniques of performance management can bridge. Performance management is more than a mere technical function; it is also a culturally embedded practice, as Haines and St-Onge (2012, p. 1173) argue: “performance management effectiveness is not only a function of system design or best practices, but also of program implementation and execution in different organizational contexts.” The authors point out that organizational culture as well as factors operative at more macro levels of analysis might influence the effectiveness of performance management tools. Performance management effectiveness requires both implementation technique and cultural ideology. Given the focus of our study we concentrate on the latter.
2.2 Cultural ideology: internal factors

An ideology is a collection of ideas forming a comprehensive worldview, a way of looking at things. The dominant class of a society usually proposes ideology, as a set of ideas, for all members of this society. For example, the ideology of performance management that stresses individualism amongst the workforce could be seen to promote the particular interests of the business classes in dividing and ruling their employees whilst simultaneously maximizing the exploitation of their efforts. Organizations build, influence, and deploy ideology to provide a favorable environment for them. Performance management posits a certain kind of performative and individualistic ethic, one that is supported by the moral entrepreneurship of consultancies, politician, and international advisory bodies. Haines and St-Onge (2012) identify three internal contextual factors that have a strong correlation with the system effectiveness of performance management as an ideology at the organizational level: organizational culture, employee relations, and the strategic integration of HRM.

Organizational culture, as envisaged managerially, is the local and practical expression of the ideological messages encoded in more abstracted discourses associated with consultancy and other advisory bodies' influences. Creating the appropriate local ideological conditions is central to how performance management practices are accepted and perceived within organizations. An organization that symbolically and publicly appreciates employee engagement, development, and participation is seen to be more likely to foster individual commitment and motivation (Gallup, 2013). The quality of relations between employees and managers is vital: if seen as a punitive tool hierarchically imposed, performance management is just another instrument of exploitation and oppression, as Fletcher (2001) acknowledges. More than the technicalities of performance management systems, it is the way that local cultural ideologies embodied in the organization culture shape social relations involved in performance management practices that have the greatest influence on outcomes.

Organization culture, as a local ideology, strives to articulate energies around the key elements of managerial focus. Central to these is the alignment between performance management practices and the organizations' strategic goals and policies (Biron et al., 2011; Haines and St-Onge, 2012). The ability to link strategic with individual goals, the dominant ideology with individual performative practice, is presented as crucial for effective performance management because it informs employees about the contributions that they must make to achieve performativity in the local regime. It does so through creating a process of strategic congruence between individual goals and behaviors, and unit and organizational goals (Aguinis, 2009; Cappelli and Tavis, 2016). Abstract intentions expressed as strategic plans need to be translated into concrete actions shaping individual performativity. The key to doing this is the establishment of a local cultural ideology that stresses the paradox of organizational unity and individual competitiveness.

2.3 Cultural ideology: external contextual factors

External contextual factors complement internal ideological orientations. Management practices are deeply embedded in societies (Aycan et al., 2000; Bloom et al., 2012; Gerhart and Fang, 2005; Jackson, 2002), recursively constituting and reflecting dominant practices. Performance management practice, established as a textbook nostrum, reflects the individualistic, competitive ethos of the USA, whose practices of excessive individualism can be viewed with suspicion in cultures that are less individualistic and competitive (Barkema et al., 2015; Gerhart and Fang, 2005). Discussion of best management practices also involves historical, religious, and social dimensions (Guillén, 1994). Portugal, with its long history of collectivism and authoritarian dictatorship superseded by socialism and social democracy, engrained with strong Catholic culture of social justice, differs greatly, as
discussed in the introduction. Different cultures – understood as focused on work, organizational, and employee relations (Clegg, 2014) – develop and nurture different models of management. All management practices are local even as it seeks to translate what are promoted as universal tendencies (Czarniawaska and Sevón, 2005). In other words, practices vary as they undergo translation (Ansari et al., 2010). The emergence of presumed global “best practices” with their associated tools (such as prominently, ranks) seeks to transform the understanding of management from a local cultural to a global technical practice that will always run up against the limits of local realities.

3. Method
3.1 Inductive approach
To understand Portuguese performance management practices, we conducted an inductive, in-depth study, focusing on how managers interpret the dynamics of performance management as well as their understanding of its causes and consequences. We adopted an inductive approach in order to gain a rich, grounded, local, and lived understanding of the process based on the points of view of those experiencing performance management. Inductive research aims to study a phenomenon in context and makes no declarations about statistical generalizability. In this sense, we do not claim that we have untapped universal generalizations of performance management in Portugal, any more than we claim to offer a representative viewpoint. To do that, additional stakeholders, including trade unions, government and political parties, boards, and shareholders, would need to be involved. Our goals were more modest, namely, a situated, lived understanding of the process derived from engagement with subjects generating grounded theorizing. Our theory building efforts are thus based in the experiences of our informants. The study was conducted with recourse to information gathered face-to-face through one-on-one interviews with respondents from different hierarchical levels, stretching from top management to non-managerial positions, in different types of companies, from multinational corporations to SMEs and state organizations.

Methodologically, we collected information from people actually being performance managed and/or who were doing performance management (Van Maanen, 1979), constructing our theory on the basis of insiders’ perspectives. Having self-reported information together with a broad perspective on how different organizational members from diverse organizational cross-sections perform performance management helps understanding the process, as well as providing vivid articulation of intended, enacted, and experienced dimensions of performance (Farndale and Kelliher, 2013). Our aim was to construct explanatory patterns and ideas from the data via a “bottom up” approach, with no pre-conceptions. Therefore, an interpretive approach led us from first-order concepts obtained directly from the interviewees’ descriptions to deeper, more theoretical, and conceptually abstract interpretations (Van Maanen, 1979).

3.2 Research subjects
The research subjects composed a total of 32 individuals (18 female; ages ranging from 22 to 60) working in Portugal, both in local and international companies. The number of interviews was not determined a priori. The interviews were conducted until the point where it was considered that new informants were no longer adding new and relevant quantity and quality of information, signaling theoretical saturation. Of the 32 individuals, 4 had top management jobs, 10 were in middle-management positions, and the remainder held non-managerial positions in which they were not responsible for assessing other employees’ performance. Eight of our interviewees were currently working in the public sector, and three others stated they also had previous experience there.

To maximize the diversity of the sample in terms of hierarchical positions, industry, type, and size of the companies, a first set of 12 interviewees experienced in performance management
management practices was conducted. In line with the principle of diversity, this first set comprised two HR professionals (one top manager), two consultants (one senior and one junior), two public healthcare professionals, one top manager from a SME, one sales manager, one banking professional, one insurance professional, one professor from the public educational system, and a researcher at a public university. Using a snowballing approach, we requested our interviewees to indicate people with performance assessment experience that could potentially participate, a procedure that assured diversity by covering a wide range of experiences with performance management systems.

3.3 Data collection
Total confidentiality about personal and organizational identities was assured, as frank opinions, ethically induced, were sought. The interviews were then held under a semi-structured format, with six main common topics: the interviewee’s personal experience with performance management; target setting and the quality of the definition of personal objectives; performance monitoring and feedback; implications of performance management; incentives definition and management; and general appreciation of the Portuguese performance management practices, including effectiveness and justice. These dimensions, based on Bloom et al.’s (2012) work, also covered the main aspects of due process in performance assessment systems (Folger et al., 1992; Taylor et al., 1995). Interviews were conducted over a period of three months and ranged between 20 and 45 minutes in length (average: 30 minutes).

3.4 Data analysis
The information obtained from interviews was used to construct a first-order analysis (Van Maanen, 1979) that consisted in identifying the common and recurring issues pointed out by different interviewees or the issues that seemed critical in interviewees’ experience. We then aggregated these common issues into 22 first-order concepts, trying to keep the concepts as close as possible to the “informants’ own language” (Clark et al., 2010).

The interviewing process revealed persistent themes and recurring patterns concerning performance management systems as seen from those working within them. As we progressed with analysis of the transcripts, we fine-tuned the initial patterns and considered conceptual relationships between first-order concepts. These relationships led to the creation of new thematic categories not evident in first-order concepts. From second-order analysis, six main themes emerged: (1.1) poor communication (1.2) unclear goal definition (2.1) transparency issues (2.2) lack of organizational commitment, (3.1) equality logic, and (3.2) inconsequentiality.

The third step of the analysis consisted in developing a higher-level interpretation of the second-order themes that resulted in three overarching dimensions (Gioia et al., 2013). These dimensions achieved a higher level of abstraction and comprised a deep understanding of the topic, using conceptual logics rather than the language of the informants. The six second-order themes were thus grouped in pairs of three overarching dimensions: (1) insufficient planning (2) process and integrity issues, and (3) a non-meritocratic logic. Each different dimension associates with a stage of performance management: the planning dimension relates to formulation, the process dimension to implementation, and the meritocracy dimension to consequences. The first of these relates to the techniques of formulation. The latter two deal with ideological aspects: process and integrity issues are expressions of dissatisfaction with the implementation of internal organizational ideology as manifest in the culture; the non-meritocratic logic indexes troubles with the dominant ideology behind the performance management regimes, in terms of its inegalitarian consequences.
Finally, to test the verisimilitude of our conclusions, we submitted the frameworks resulting from the analysis to a subsample of six of our interviewees to test the emerging conclusions (Miles and Huberman, 1994). It was imperative to confirm that the frameworks acknowledged the experience of the interviewees. Informants agreed that the interpretive work was faithful to their thinking.

4. Findings

Figure 1 shows the three interpretive orders of this methodological approach (O’Reilly et al., 2012). The first column displays the first-order concepts. The second column represents the main themes that articulate the first-order concepts in a theoretically integrated manner. Finally, the last column depicts the dimensions that resulted from the other two orders of analysis (Clark et al., 2010).

The dimensions in the final column are the last step of our analysis and comprise the deep, overarching causes for the fragility of performance management in Portugal. Figure 2 articulates these issues in a model that depicts the sequence comprising the diverse dimensions.

4.1 Insufficient planning

Two recurring themes referred to by informants were related to poor communication policies and to the process of goal definition.

Second-order theme: (1.1) poor communication. Communication is critical to organizations, to such a point that some authors argue that communication constitutes organization (Taylor and Van Every, 2000). Communication is essential if employees are to understand management expectations of their role and if management is to build commitment and engagement in these terms (Biron et al., 2011; Gallup, 2013; Gruman and Saks, 2011). Therefore, employees whose organizations fail to communicate properly with them experience uncertainty: “it would be nice to know what does the organization expect from me” (female, non-management position, private sector), as one of our informants expressed the point. When organizations implement performance management programs without addressing communication between employees and their superiors: “our superiors barely speak to us […] and they lack time to performance management duties” (female, non-management position, private sector).

The above evidence indicates that companies may improve performance management by communicating their ideological messages more effectively (Whitaker et al., 2007): a large majority of informants’ complaints about feedback related to their work were expressed in relation to the lack of information regarding performance management systems: “I wasn’t aware about performance evaluation criteria” (female, non-management position, private sector). A possible explanation for the lack of feedback might lie in a cultural preference for harmony and/or a modest level of assertiveness (Hofstede, 2001; House et al., 2004), which may restrain the willingness to transmit negative information. Interviewees indicated the need for more “negative” feedback that would help them to improve their performance, simultaneously recognizing that raters avoided doing so or lacked the abilities to provide it: “I like to receive feedback, especially feedback concerning what I did wrong and what can improve. […] however, it is not common to receive such a ‘negative’ feedback” (female, middle-management position, private sector). Such negative feedback is not only critical of the person but also implicitly critical of the organization for not achieving ideological hegemony over performative practice.

Second-order theme: (1.2) unclear goal definition. One of the pillars of performance appraisal is goal definition (Bloom et al., 2012; McConkie, 1979). A local ideology needs clear transmission. It was therefore intriguing to discover that so many issues discussed during the interviews were related to deficient or insufficient goal clarity. Some interviewees stated...
that their goals were vague, subjective, and unclear. One interviewee complained: “two different raters may grade the same employee with completely different grades […] due to the lack of clear goals” (female, non-management position, private sector). Another participant stated: “the goals that are defined are too vague and subjective” (male, non-management position, public sector).
Some said that their goals are barely related to their job: “We are not being evaluated for what is relevant for our job” (female, non-management position, public sector). Another emphasized the fact that “Most of my goals are defined in the middle of the year” (female, middle-management position, private sector) when performance has been long under way. In some cases, informants explained that evaluation did not include any form of goal setting at all: “There is no such thing as ‘goals’ in my organization” (male, middle-management position, private sector). Not only does this undermine the outcome of performance management (Locke and Latham, 2004) but also serves to signal its (ir)relevance for the organization. Organizations may profess ideologies but be very remiss in implementing the fine detail of their practice.

**Overarching dimension: insufficient planning.** The combination of these two themes underlines the dimension of insufficient planning (Aguinis, 2009). Defining goals and preparing managers and raters to properly communicate with organizational members is vital to involving people ideologically and to improving performance management through commitment to the organizational culture (Aguinis et al., 2012; Biron et al., 2011; Haines and St-Onge, 2012; Selvarajan and Cloninger, 2012). The problems with goal definition indicate that organizations do not establish what to expect from each employee, thus introducing flaws in performance management processes from the outset, because the abstract expression of the ideologically desired cultural objectives has not been translated into practical instruments.

### 4.2 Process and integrity issues

**Second-order theme: (2.1) transparency issues.** The lack of transparency was perhaps the most damaging legitimacy issue, according to our informants (also see Farndale and Kelliher, 2013). Lack of trust in performance assessment was due to a sense of favoritism or nepotism that, in their words, is prevalent in Portugal’s particularistic culture (Brewster, 2007): “[…] some people are favored, especially if they have a well-known family name” (female, middle-management position, private sector).

Our interviewees believe that performance appraisals are manipulated, with raters serving primarily personal interests and organizationally hidden agendas: “In the end, the graders may change grades to their own interest, to please someone or some unknown
interest” (male, non-management position, public sector). When favoritism was not an issue, informants still expressed doubts about performance evaluation outcomes, because of perceived biasing and political influence: “my colleagues complain that their personal relationship with their manager has had a negative impact on their final grades” (female, non-management position, private sector). For the interviewees, there was always a way to pervert performance management and assessment and consequently, there was always a reason for its questioning. By violating expectations of due process, such practices have negative consequences for employees’ satisfaction, commitment, engagement, and performance (Erdogan et al., 2001; Folger et al., 1992; Gruman and Saks, 2011; Taylor et al., 1995). To the extent that the norm of rationality does not inhere in the expression of an ideology that demands technical rationality, the culture that it builds will not be convincing.

Second-order theme: (2.2) organization’s lack of commitment. If the organization does not signal its commitment via correctly assessing and managing employee performance, it is difficult to convince an organization’s members of the merits of the instruments delivering the ideology (Biron et al., 2011; Cappelli and Tavis, 2016). Commitment can be expressed in different ways, for example, in the way managers and raters promote and apply performance evaluation, how organizations prepare people for the job, or how they plan the development of people. All these examples were indicated by employees as organizational flaws, and contributed to the idea that performance management was not a priority: “Managers just don’t care about assessing employees’ performance” (male, middle-management position, private sector) or “I doubt that my organization prepares raters to assess employees” (male, middle-management position, private sector). Informants believed that organizations felt the obligation more than the necessity to have a performance management policy, as an isomorphic ritual: “I believe that most of the companies do performance evaluation because they have to, so that they can say they have the best management practices” (female, non-management position, private sector), one of our informants pointed out, indicating that the process may be more ritualistic than substantive, a symbolic artifact rather than an improvement tool. Symbolic artifacts are an important part of organizational cultures, but where the symbol and the instrumental practice do not coincide then the ideological transmission of dominant meanings into everyday practices will be compromised.

Overarching dimension: process and integrity issues. This dimension covers facets of the systems’ implementation, namely, its credibility and reliability. Both second-order themes conceptually grounding this overarching dimension challenge the purpose and the outcomes of performance management tools. It is difficult to rely on and trust performance evaluation processes when their internal logic is viewed with suspicion and when crucial conditions for legitimate functioning are not guaranteed (Biron et al., 2011). Transparency issues raise doubts about the legitimacy of the process and the justice of its outcomes (Goler et al., 2016). Palanski and Yammarino (2009, p. 417) point out that “organization integrity will be positively related to absolute level of organization performance,” which indicates that performance management practices are ineffective when transparency issues are not cleared and the organization’s integrity is in doubt. As Aguinis (2009, p. 33) suggests, “good systems have no secrets.” A dominant ideology, even one that finds representation in purely local terms as an organization culture, needs to be legitimated. If it is not legitimated, then one can only expect cynical distance from its rhetoric as the normal employee response (Fleming and Spicer, 2003).

4.3 Non-meritocratic logic
Two frequent themes, the logic of equality and the lack of consequences, were paired together as they refer to a system that does not make a distinction between individual contributions.
Second-order theme: (3.1) equality logic. One informant was very critical about the fact that performance raters often do not distinguish different performance levels, and adopt an equality approach instead of an equity one: “The problem of performance evaluation in Portugal is that there is a big fuss related to equality and equity” (female, non-management position, private sector). The perception was shared by many other informants, with most of them referring to their own organization as having an inclination toward an equality philosophy, despite the fact that almost all had performance management systems in place: “Grades are almost the same for every employee” (male, non-management position, private sector), or “we know that most of us will have a [score of] 2” (male, non-management position, private sector). This process results in several dysfunctional policies: “In my organization – more than 200 people – only one employee per year can have a grade of ‘Excellent’ [top grade]” (female, non-management position, public sector). In others, the dysfunction lies in giving the same grade to all employees, year in year out. Likewise, Portuguese organizations often seem uncomfortable with treating high performers as stars (Aguinis and O’Boyle, 2014).

Several reasons account for this practice. One informant theorized that “it may be because organizations have nothing to offer to high performers and this is a way to lower expectations” (female, middle-management position, public sector), and another pointed out that organizations believe that rewarding high performers will potentially allow them to relax their job duties (female, non-management position, public sector). The same informant noted that “Historically we [in the Portuguese society] are still very attached to recently acquired rights [by reference to the implementation of the democratic regime as recently as 1974] […] and we still believe that justice is to give all workers the same benefits and privileges” (female, non-management position, private sector). The overall norms of solidarism are more subscribed in the society than are the local manifestations of profoundly anti-solidarity practices represented by the ideology of performance management.

Second-order theme: (3.2) inconsequentiality. Several participants mentioned that the performance assessment system has no consequences, thus creating a culture that discredited performance policies. This is an implementation problem mentioned in literature about performance management systems in Portugal (Rego et al., 2010). One participant stated: “My evaluations never had any impact on career progression. […] I doubt that the end of year bonus is based on performance. This is very demotivating” (male, non-management position, private sector). Another participant complained: “In Portugal, [for] career progression […] performance is irrelevant” (female, middle-management position, private sector). Lack of consequences is perceived as a source of unfairness and inequity (Adams, 1965; Thurston, and Laurel, 2010). One participant clarified that “The bonus distribution is the same for everyone despite the evaluation” (male, non-management position, private sector).

Participants recognize that performance management consequences are key to engaging employees around a purpose, to create alignment between them and their organizations. People do not want “just” to be evaluated; they expect their performance to have an impact on their development, careers, and benefits: “The possibility of growth that is offered by performance management may be very interesting to employees, yet that is a very ‘romantic’ idea. In the end, what counts is the impact it has on people’s careers” (male, top management position, private sector). Lived experience trumps the attempts of performance management to structure it ideologically in large part because its devices are experienced as more symbolic, more ritual than as having real effects.

Overarching dimension: non-meritocratic logic. The final overarching dimension is the lack of a meritocratic context in Portugal (Charron et al., 2016; Lapuente, 2015), a finding consistent with the modest “performance orientation” that characterizes the Portuguese
meritocracy is a system where “merit or talent is the basis for sorting people into positions and distributing rewards.” The participants in the study suggested that such a “sorting” is rare and that an equality culture of social justice prevails. For our informants, meritocracy is a synonym for justice and that was precisely what most of the organizations lacked, as interviewees saw performance appraisals and consequently performance management as an intrinsically unfair process. According to them, introducing meritocratic procedures would not only legitimate and bring justice to performance management practices but would also stimulate people to improve their performance and grow as professionals. Legitimation is the core principle of successful ideology: if people define a system as real it will become real in its consequences.

4.4 Conceptualizing the persistence of poor performance management

We now integrate the emerging constructs in a conceptual model explaining the persistence of poor performance management (Figure 2). The model suggests that persistence may be the result of a vicious circle of status quo reinforcement and preservation. It highlights the lack of organizational commitment with performance management processes. Lack of commitment is a major organizational flaw, because it directly affects the formulation and implementation processes of performance management and, consequently, all its components. Three of the identified themes seem to be a consequence of such limited commitment: poor communication, unclear goal definition, and a transparency deficit. Biron et al. (2011) suggest that communication and goal definition are the building blocks of successful performance management, as these two categories signal commitment and therefore the importance of this type of programs. Transparency has the same effect: “When an organization does not fight the lack of transparency of its own performance management program, it becomes obvious that this program is a parody,” as one informant noted. When these practices fail, they critically compromise the credibility of the system.

Mediocre performance management practices are unable to create positive consequences and to positively discriminate (Haines and St-Onge, 2012). Consequently, the organization’s commitment is perversely affected, since this practical facet discourages respect for performance management programs. At this point, the performance process gets caught in a vicious circle: programs are in place (in part motivated by imitation and fashion reasons, and by pressures to adopt and mimic internationally supported HRM practices; Abrahamson, 1996; Cunha, 2005), but given their lack of consequence, they lose respectability, which makes them even more inconsequential for all those involved.

Individual agents, including supervisors/raters, enact performance management systems. Even those managers who would wish to adopt appropriate, fair, transparent, and clear procedures may face assessment that is inconsequential. Managers may simply be unable to reward the best performers despite them both undergoing the rituals (Howell et al., 1986). The anticipation of such an outcome leads managers to avoid investing cognitive, emotional, volitional, and decisional resources in a system they do not trust. Setting clear goals, encouraging employees to pursue them, being transparent, and providing clear and regular feedback to employees may even be “dangerous” for the manager’s credibility if the employees eventually conclude that “nothing happens” as a consequence of performance appraisal. When the neutralizing effects reside in goal setting, communication, and transparency procedures that are outside their control, supervisors may avoid rewarding/punishing an employee (i.e. they embark on an inconsequential path) because they recognize that the outcomes cannot be fair when the procedures that led to such outcomes are not fair. A consequence is distrust and cynicism toward the performance management system, both among raters and the rated.
5. Discussion
5.1 Explaining for the persistence of poor performance management practices
The findings contribute to explain the persistence of poor performance management practices in Portugal. The major weakness of performance management is related to the process itself in its failure to effectively translate “foreign” ideological norms into “domestic” ideological practice. The adoption to the performance management system results often from the desire to adhere to management “fashion” (Abrahamson, 1996) than to implement genuine performance assessment processes and assume the respective implications. Often, in the Portuguese high power distance culture (Hofstede, 2001), the agents who advocate implementing performance appraisal (upon others) become themselves resistant to being assessed. This mindset nourishes a paradoxical situation: in a country with one of the highest levels of income inequality in Europe (Lance and Van Werfhorst, 2012), a mindset of equality prevails when rewarding performance is at stake. In such a scenario, “rewards” are unequally distributed, not according to performance criteria but following political, impression management, nepotism, and “ascribed status” criteria (instead of “achieved status”; Foladares, 1969; Piazza and Castelluci, 2014). Keeping the inequality in mind, status quo is achieved with an equality narrative, an intriguing observation that is in line with the importance of introducing paradox as a conceptual lens in the HRM literature (Aust et al., 2015), an interesting arena for future research. The consequence is more of a “performance administration” system than one that is “performance management” (Bouckaert and Halligan, 2008; Rhodes et al., 2012).

Performance management requires transparency, the countering of favoritism and nepotism, to promote outcomes perceived as legitimate (Goler et al., 2016). As a particularistic practice that differentially rewards and punishes, the ideology attached to it must be widely regarded as legitimate, otherwise it will fail. During interviews, managers were mainly concerned about reproducing whatever they took to be institutional messages about their organizations’ performance practices. If organizations aim to improve the quality of performance management, they will need to counter well-established traditions, by instituting a performative and individualistic culture of meritocracy over a more traditional solidarity (House et al., 2004; Jesuino, 2002; Lanvin and Evans, 2015). A penchant for equality over equity does not deliver success in ideological practices that aim to achieve micro-differentiation at the individual level.

It should be noted that, even in the USA, claims that performance management practices are equality oriented and that they often end up being no more than administrativia (Hammonds, 2005), suggest that our study portrays an extreme conceptual case rather than a mere example of bad practice. The emphasis on equality over equity, the suspicion of meritocracy, the adoption of nepotistic practices, these are all pervasive not only in Portugal but also in other parts of Southern Europe (Aram and Walochik, 1996; Patriarca, 2012; see also Goler et al., 2016, for the USA). The adoption of an ideology that pushes equity rather than equality perspectives that are premised on individual performativity being tightly coupled to ideological practices translated and embedded in an organizational culture can trigger resistance to and a persistent suspicion of performance management (Grant et al., 2007).

Portuguese culture is more (ingroup) collectivistic than individualistic. When this is the case, fitting into one’s group is more important than being different and unique. It is possible that the rejection of meritocracy as an individual characteristic and the corresponding need to adopt good performance management reflects this trait. Given this cultural condition, Portuguese companies could possibly render the system more transparent by comparing results with reference groups outside one’s ingroup. This can possibly mitigate the importance of comparisons with close peers and create more general terms of reference. This leads to another, possibly more important insight from the study: the fact that Portugal belongs to the West means that it should be prone to adopt Western best managerial
practices; however, the idea of the West itself can be a simplification (Barkema et al., 2015). The “West” (Barkema et al., 2015) is a too broad label to capture the subtleties of values embedded in different cultures and their implications for practice. The question then should focus on what and to what extent more culturally appropriate practices might respond better to productivity needs than presumed universal “Western” practices developed in highly individualistic US ideological contexts (Schein, 2015). In a sense, our informants seemed to be divided between the pressures to adopt “best practice” and the doubts cast by the cultural inappropriateness of the dominant discourse that remains ideologically unconvincing. These existential doubts can be difficult to articulate as the failure to implement effective performance management can always be potentially viewed as managerial incompetence; hence, its apparent failure can, paradoxically, accentuate its ideological necessity. If performance management, as technique and ideology, is failing, then the answer can only be to implement more of it!

5.2 Limitations, implications and boundary conditions
We explored performance management practices in Portuguese organizations. While doing so, we were aware that not all Portuguese companies do underperform, which is possibly one of the most obvious limitations of the paper: there are others, however, that we discuss here. First, by design, we considered a very complex process in interaction with individuals whose views were strongly vested and necessarily offered only an incomplete representation. In addition, we selected our respondents in such a way that diversity was present. Our approach to analysis chose not to cluster themes according to rank and office, which could have added texture to the analysis by, for example, highlighting differences between types of respondents such as managers, HR professionals, etc. In addition, driven by our respondent understandings of the matters at hand, in some cases they referred to performance appraisal rather than to the process of performance management holistically, a choice that could be consequential in terms of the emerging findings. In our sample we included professionals from different areas, ages, backgrounds, and hierarchical positions. It is possible, considering the context of the interviews, that such a random approach under-represented the extent of the logic of equity and the institution of meritocracy.

As we were performing field research, it became clear that most top managers did not offer personal experience about performance management but instead transmitted ideological messages regarding performance, speaking in terms of recursive role expectations. Performance management processes were approached from the “intended” perspective (Farndale and Kelliher, 2013), as embodied in the formal organization that designed them rather than from the perspective of practice. Finally, this research was only meant to explore practices of performance management in the Portuguese context. Results are limited to the boundaries of companies operating in Portugal, a boundary that also opens possibilities for future research as it will be important to explore the reasons for persistence of low-quality management in different national contexts, given the correlation between management quality and economic development (Bloom et al., 2012). The study can serve, however, to stimulate research on how cultural, societal, historical, and ideological factors have an impact on management practice in other contexts. As management researchers, we are often inclined to explore management practices in general and HRM in particular as “generic capabilities,” applicable in different national and cultural contexts (e.g. Clegg, 2014; Mitchell et al., 2013). It will be equally important, however, to understand when and why sometimes they are culturally specific.

Our study articulates macro- and micro-level issues, suggesting that in a country with low levels of generalized trust (Rego et al., 2005/2006), an incipient experience with meritocracy, and ideologically expressed cultural traits orthogonal to those of the USA (Hofstede, 2001; House et al., 2004; Jesuino, 2002), the importation of management techniques
without necessary preparation can be condemned as an exercise designed only “for the English to see” (Caldas and Wood, 1997), i.e. as a façade of rationality and modernity in a country with still flagrant pre-modern traits (Cunha et al., 2009). On the other hand, the study might be perceived by some researchers (e.g. McKenna et al., 2014) as insufficiently challenging in its attitude toward performance management. We are, of course, aware of the potential for its panoptical intensification of individual governmentality at work; nonetheless, in some respects to at least have transparency about the techniques in use means that such practices can be challenged for what they are.

The research opens possibilities for practice. First, a culture of merit, often mentioned in public debate, implies transparency and process integrity in the performance of performance management. As we have concluded, these dimensions are often missing. Second, given the cultural background, team-level or hybrid evaluations can be considered as a form of countering individualistic assessments: team-level evaluations assume that merit can be taken as containing a collective dimension and that therefore collective outcomes should be rewarded; hybrid evaluations are those in which peers evaluate individual contributions to teams and teams evaluate individual contributions to team creativity, for example. Third, temporal consistency and consequentiality do matter, as the process is often viewed as formal rather than substantive.

6. Conclusion

We approached the topic of performance management practices as embedded, diverging from rationalist analyses of the individual-organizational link. Doing so allowed us to explain performance management practice in terms of three key dimensions (insufficient planning, process and integrity issues, and a non-meritocratic logic) that we were able to relate to broader ideological frames. We also speculated that these problems could be due to the lack of translation of the individualistic ethos of predominant performance management approaches into local cultural specificities, a possibility that tends not to be considered in the case of most Western countries. There may be more diversity within the West than is usually acknowledged.

While every year more Portuguese companies appear to be instituting performance management programs (Fernandes and Moreninho, 2012) if they are doing so for largely ritualistic reasons of institutional fashion and isomorphism, then actually improving productivity barely matters. If that is the case, nothing positive should be expected in terms of the quality of management and its societal implications: the translation that occurs is merely performative in a ritual sense. Under cover of such rituals, it is all too easy to celebrate local realities as a cover for the potential negative consequences of practices deemed “alien.” The future looks likely to be one of further translation in the face of presumed local intransigence, further ritual performativity and further failure calling forth yet more recursively vicious circles.

References


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Further reading


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