ASPECTS OF ORGANIZATIONAL CULTURE THAT WILL MEANINGFULLY ENGAGE PEOPLE IN A PERFORMANCE MANAGEMENT SYSTEM

By

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Abstract

The goal of this research project was to increase the understanding of what type of organizational culture will sustain a performance management system. The research project also covered the identification of the barriers to implementing a successful performance management system and what key components need to be included in an effective performance management system. The literature review included a review of performance management, culture, change, leadership and research methodology. Appreciative Inquiry was the research methodology of choice and included 11 interviews (managers, employees and union members) and circulation of 288 questionnaires to managers and employees. The research study findings lend themselves to drawing four conclusions and four related key recommendations structured around a change in cultural, senior management leadership stability, workload issues and the development of a new performance management system.

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CHAPTER ONE – STUDY BACKGROUND

The Problem/ Opportunity

Research Question

Performance management systems have the "...power to transform organizations and focus the energy of every organization member toward the achievement of organizational goals" (Grote, 1996, p. XV). The purpose of this research project was to determine which aspects of organizational culture would meaningfully engage all employees in a performance management system. The long-term goal will be to develop and implement one regional performance management system. This system needs to be aligned with the needs of the employees and managers in order to assist the North Okanagan Health Region (NOHR) in meeting the goals of the strategic plan and, ultimately, improve the quality of healthcare delivery.

For purposes of this project, the culture of an organization will be defined as a "system of shared values and beliefs that produces norms of behavior and establishes an organizational way of life." (Gilbert & Sneed 1992, p. 155) As well, a performance management system will be viewed as a process that includes a planning phase, an execution phase, an assessment phase, a review phase, and a renewal and re-contracting phase (Grote, 1996, pp. 19–20). Inclusive of this definition is that both the manager and the employee actively participate in all phases of this process.

Description of the Problem

Currently very few managers in the North Okanagan Health Region (NOHR) are meeting the existing standards for an annual performance evaluation with their

direct reports. This situation exists despite policies, some Master Collective Agreements and recommendations from the Canadian Health Association Accreditation Standards process for annual performance appraisals. NOHR is not alone in this situation as this lack of commitment to and dissatisfaction with performance management systems in organizations is prevalent throughout the literature. (Bernardin, Hagan, Kane & Villanova, 1998, p.3; Grote, 1996, p. 4)

In addition, there are a variety of performance management systems in place across the region, which can lead to inconsistencies, and confusion in measuring performance.

The purpose of this project and the potential variables convey the multifaceted dimensions of the problem. A system approach to developing a performance management system is required to effectively find the solutions to manage the challenges presented in a complex evolving organization.

Potential Causes of the Problem

Root causes for the low compliance rate with the performance management systems within the NOHR are although there is much speculation. Managers are often heard discussing the lack of accountability, citing the following issues:

- inadequate training and education
- accountability
- uncomfortable with the process
- reward systems or lack there of
- the increase in span of control for managers due to restructuring and flattening of the organization makes it more difficult to find the time to meet with employees
- a highly unionized workforce that brings challenges from the unions over performance and discipline issues

- decreased level of respect and trust
- multiple and changing leadership styles
- the process itself is not user friendly and
- increased workload for managers and supervisors resulting from legislated mandates such as Workman's Compensation Board (W.C.B.), increased fiscal accountability and regionalization processes.

The literature continues to proliferate and debate the reasons why performance management systems or performance appraisals have failed to live up to their expectations. In a 1993 study, the Society for Human Resources Management (SHRM) and Development Dimensions International (DDI), suggested some key findings in relation to compliance and non-compliance with performance management systems (Grote, 1996 p. 6). This report said that organizational readiness, integration and alignment with other systems in the organization, training for both employees and appraisers and evaluation of accountability play a major role in the quality of a performance management system.

Training:

Most organizations provide the initial training when a new PM system is developed and implemented but fail to provide the ongoing training for new managerial recruits and employees. (Grote, 1996, p. 270) As indicated before there have not been ongoing formal learning opportunities for new managers and employees in the NOHR. Kozlowski, Chao and Morrison state (1998):

> ...training issues should cover more that how to use a particular system. Frank discussions on political manipulations of performance evaluations can educate managers on their short- and long-term consequences...Formal training programs can reinforce organizational support for the appraisal system...Furthermore,

> informal training or socialization that reinforces good evaluation practices can maintain a positive climate for evaluation. (p.195)

Accountability:

Haddock, Nosky, Fargason and Kurz also write, "The readiness of an organization is critical to successfully implement a change as radical as the model (Employee Feedback Model) represents." (1995, p.148) The Bretz and Milkovich Study, "Is Performance Appraisal Beneficial?" (Cited in Grote, 1996, p. 8) found ownership a significant factor in why both managers and employees are uncomfortable with the process. This study also identified difficulty in delivering bad news in the written form and a lack of awards or repercussions as roadblocks to compliance.

"The most important factor in determining whether appraisers will take their performance management responsibilities seriously and devote a substantial amount of time to the system and its requirements is whether they themselves are held accountable for using the system well." (Grote, 1996, p.263) Currently there appears to be no consequences for managers who do not meet the performance management system standard in place in the NOHR. Further, some NOHR managers are not the recipients of a performance management review from their own supervisor and therefore lack positive modeling of performance management processes. "Unless managers perceive support from top management for the appraisal system, they may not be motivated to use that system" (Dickinson, 1993, p.155).

Span of Control:

With the elimination of some management and supervisory positions within the NOHR in the last few years, there is a significant increase in the span of control for some managers. For example two chief operating officers, responsible for direct service delivery in the region, have replaced the roles of four chief

operating officers. Reorganization in the Vernon, Armstrong, Enderby, and Spallumcheen acute, extended, intermediate and continuing care areas has recently added one if not more areas of responsibilities to all the director positions.

Some mangers have as many as 60 to 70 direct reports and as many indirect reports. This problem is further complicated by the confusion over the degree of responsibility and involvement of unionized supervisors in performance management systems. Consequently some managers are finding themselves with an expectation of reviewing the performance of as many as 100 to 150 employees. In a review of the literature, this variable of increase in span of control contributing to non-compliance has not been apparent.

Impact of the Union in NOHR:

Managers often raise the question of how a union might influence a performance management system. While a search of the Canadian literature failed to document this concern, Ng and Maki's (1994) research concluded unionization leads to more formal management practices. It has been suggested within the NOHR that a highly unionized environment may increase the challenge of providing relevant and accurate feedback to an employee. Managers, employees and union stewards may have a difference of opinion as to the right of an employee to have a union steward present at a performance review. For example, in the Prince George Regional Hospital and HEU Arbitration Case ruling of March 1992, the grievance was dismissed. "The arbitrator held that there was no right to union representation in a meeting respecting a performance evaluation" (HEABC, 1997, p.5) although the employee does have the right to have a union steward present at a discipline meeting.

Strategic Alignment of Performance Management:

The literature frequently comments on the necessity for aligning all human resources practices, including performance management, with the organizations

strategic plan and the needs of the internal and external customers. (Davis, 1998, p.122; Stephen, & Roithmayr, 1998, p. 247; Ulrich, 1997, p. viii) Stephen and Roithmayr believe by linking individual employee expectations with the desired outcomes, "The employee's objectives are no longer set in a vacuum; they are linked to the larger operational context." (Stephen, & Roithmayr, 1998 p.247) Given the limited adherence to the regional performance management systems currently in place, it would appear there is limited linkages established between the goals of the organization and the individual employee.

McChesney states "...the performance measurement system must support the 'right' behaviors. Each measurement should be a reflection of an executable goal that has been established by mutual agreement between the person or group responsible and their leader or sponsor." (McChesney, 1996, p.88) He also goes on to say the goals need to be aligned with the desired outcomes of the organization. If employees do not have a clear understanding of what is expected of them, they may not be working to their full potential and/or working on the wrong priorities. As a result the opportunity for delivering a high standard of care and service delivery is diminished.

Impact/Significance of the Problem/Opportunity

Grote states "More than any other action management can take, the development or redevelopment of a performance appraisal procedure can focus the attention of every stakeholder on exactly those ends that must be achieved for the enterprise to survive." (Grote, 1996, p. XI) A lack of commitment to a performance management system could then limit opportunities to maximize the potential for quality client driven services.

Regardless of how well they are done, performance appraisals contribute to grievances over the status of an appraisal, job promotions or selection decisions. The difference is that well-done performance appraisals provide a defensible strategy towards an award in favor of the organization. For example, in the Arbitration between Yaletown House Society and the British Columbia Nurse's Union (BCNU) December 1995, the BCNU grievance succeeded "...because the Employer utilized an unfair process in carrying out its evaluation of the grievor's work performance..." (Kinzie, 1996, p. 24).

While there are a number of different performance appraisal policies and forms in place in the NOHR, the majority of the processes share in common the use of the appraisal process to define the individual developmental needs and potential career development opportunities. There is a growing acknowledgement of the importance of the developmental function of the performance appraisal process and one that will be "...more critical than ever in tomorrow's workplace." (Squires, & Adler, 1998, p.445-446) Cost-effective employee development strategies could result from a quality performance management system. Given this growing trend, there is lost opportunity in the NOHR for effective development of employees when performance appraisals are incomplete or absent.

Healthcare is moving into an era when retention of employees will be critical due to the escalating shortages of professionals, and in particular Registered Nurses (RN's). As more opportunities for employment surface, dissatisfied employees will resign, thus increasing the cost of recruitment, hiring and orientation. Sibbald (1998) stated that by the year 2011 there be will a short-fall of up to 113,000 RN's in Canada unless nursing, government and educators collaborate now in finding solutions. This shortage of RN's will be even more critical in the specialized areas of nursing (Sibbald, 1998, p.22).

Poor performance that is not monitored and managed formally increases the risk of legal implications for the organization. Malos states "I found almost five

hundred published judicial and arbitration decisions from just the last several years that involve performance appraisals in one form or another!" (Malos, 1998, p.49). Jonathan Segal, attorney, also agrees "Many organizations consider protection against liabilities one of the top priorities of their performance appraisal systems..." (Cited in Lee, 1996, p. 59). While these are American references, there is no reason to believe that the problem does not exist in Canada to some degree.

Information Review

The Organization

The North Okanagan Health Region (NOHR) encompasses the communities of Vernon, Lumby, Armstrong, Enderby, Spallumcheen, Salmon Arm, Sicamous and Revelstoke and their surrounding municipalities. The services to these communities include acute care, long term care, continuing care, public health, mental health and some community-related services. There are approximately 1926 employees throughout the region providing these services, with the majority working in the Vernon area.

There is one regional board governance structure in place with the membership appointed by the provincial government. Community Advisory Committees have also been established to create a mechanism for community in-put. The region's mission is "To promote health; to prevent disease and injury; to provide Health Care Services; and to monitor and assess community needs." (Appendix A-1) The vision has been replaced with "Key Directions 2000, The Region's Long Term Goals" (Appendix A-1).

The region is divided into two areas, each with a Chief Operating Officer, who reports to the Chief Executive Officer (CEO). Also reporting to the CEO is the Chief Finance Officer, the Chief Human Resources Officer, the Chief Operating Officer for Regional Programs, the Director of Planning and Performance, the Medical Director and the Medical Health Officer (Appendix B-1). Payroll, human resources, education, occupational health & safety (OH&S) and staffing functions report to the Chief Human Resources Officer (Appendix B-1).

History

There has been considerable change in the organization of the health care delivery system in British Columbia in the last 4 to 6 years. While there has been a decentralization of a provincial structure of authority and accountability, there has been centralization of authority and accountability within regions. Individual hospitals and long term facilities have moved from the traditional structure of individual boards to Community Health Councils, to the present system of one Regional Health Board. Along with this move, the public service component, which consisted of public health, continuing care, dental health, speech pathology, audiology, mental health and environmental services was decentralized from the Provincial Ministry of Health to the regions.

The long term care, continuing care and the home support programs in the region have recently been reviewed and will be aligned with the acute care programs in Vernon/Armstrong/Enderby/Spallumcheen Health Services and the Revelstoke/Shuswap Health Services. The mental health program has also been reviewed and will remain a regional program but will integrate community and facility mental health programs. A palliative care review, a regional laboratory services review, and major implementation of new information systems to meet the year 2000 requirements have also taken place and implementation strategies are ongoing at this time. The changes in structure and

reporting have triggered many challenges in communication, technologies, alignment of systems and changes in senior management.

CHAPTER TWO – LITERATURE REVIEW

Review of Organization Documents

Long Term Goals

The North Okanagan Regional Health Board reviewed the strategic plan for the region in the September of 1999. At this time the existing vision was replaced with 'Key Directions 2000'. The key elements of the strategic plan (Appendix A-1) include:

- Client centered organization: minimizing barriers to health service and developing a 'seamless' system for the delivery of service.
- Appropriate and effective utilization: eliminate unnecessary duplication of services and systems while working within the allocated resources.
- Quality improvement: ensure continuous improvement in the delivery of health and support services, achieve 'best practices', and facilitate staff development.
- Plan: use evidenced based principles, address future needs, reflect needs and priorities of the population and develop alternatives to existing modes of service.
- Integrated care and support services: enhance continuity of care and strengthen links to services outside of our region and with allied agencies.
- Health promotion and illness/injury prevention: emphasize health promotion and illness and injury prevention throughout the spectrum of services, partner with agencies to address determinants of health and foster individuals' ability to make informed choices.

The NOHR underlying values (Appendix A-2) of the mission and long term goals were reviewed and approved by the NOHR Board October 6, 1999. They include:

- The preservation of the five principles of the Canada Health Act;
- The awareness and acceptance of the far-reaching effect and wide-ranging nature of the determinants of health;
- A consumer and community centered focus of health and health services concern;
- The ensuring of optimum standards and public accountability in health and health services;
- An ongoing concern for partnership and collaboration with health providers and other agencies; and
- Open communication.

The majority of the long term goals and values reflect an emphasis on what and how the region will deliver client services and limited reference to daily operating values of employees directly. Within the framework of the planning goal, facilitating staff development is identified as well as the value of partnering and collaborating with health providers and open communication. There is no reference to trust, respect and performance management systems in the NOHR's long term goals.

Performance Management System Policies

Currently the NOHR has approximately six to eight different performance management policies, which are reflective of their individual organization's culture. There has been no attempt at this point to amalgamate the policies or develop one new performance system for the region. The emphasis in Human Resources (HR) has been on administrative concerns, labor relations, improving the recruitment process and developing a regional orientation program.

The compliance rate for each individual system is low despite managers being asked to continue with their current systems. The actual compliance figure is difficult to determine, as there are also a number of different Human Resource information management tracking systems within the region, and they differ in their ability to provide accurate data. The goal is to have one computerized Human Resource Management System, with the ability to provide a wide range of accurate data by December of 2000.

Performance appraisals are not used to determine pay increases but can be used for reference checks if an employee is applying for another job within the organization. A critique of the policies and related forms has revealed the following:

- All organizations within the region had a performance management policy in place although accountability for the policy was not in evidence for most organizations.
- The policies directed managers to complete a probationary evaluation review as well as an annual one thereafter and if appropriate based on the negotiated union contract.
- The approach to performance management reviews ranged from establishing key results to rating performance factors such as job knowledge, safety, quality of work, quantity of work, work organization, attitude, attendance, interpersonal skills, initiative, delegation and problem solving.
- The majority of organizations within the region have one form for documentation with the exception of one facility, which has a standard policy but leaves it up to the individual manger how the performance review will be documented.
- All the performance management review approaches include the option of agreeing with the manager's review or not agreeing.
- To some degree all policies related to the need to look at developmental needs for the next performance review period.

- There is no direction in any of the policies to link the individuals performance expectations with the strategic direction of the organization.

Performance management guidelines for new mangers include an orientation to the policy and support from human resources officers at their individual sites. There is no formal training program in place at this time for developing manager's skills in performance management. An educational session is planned for May 2000 that will assist managers in developing skills in the area of performance management and disciplining procedures.

Union Collective Agreements

The Association of Unions includes four healthcare subsections: Facilities, Nurses, Paramedical and Community. Facilities include all nonprofessional and non-paramedical workers who provide a service within a facility such as care aids, clerical staff, and housekeeping. The unions in Facilities are predominantly Hospital Employees Union (HEU) and BC Government Employee's Union (BCGEU). The Nurses sub-sector includes BC Nurse's Union (BCNU), Health Science Association (HSA, nurses only), and the Union of Psychiatric Nurses (UPN). Paramedical includes allied health care professionals such as laboratory technicians and physiotherapists who are members of Health Science Association (HSA) or BC Engineers (BCEU) as appropriate. The Community subsection includes nonprofessional and non-paramedical employees who provide a service in the community versus in an institution.

The collective agreements vary in their reference to performance appraisals. The Provincial Collective Agreement between Health Employers Association of British Columbia (HEABC) and the BC Nurses' Bargaining Association states in Article 16-Employee Evaluation, "Formal written performance evaluations of each

employee shall be carried out during the probationary period and not less than annually thereafter." (April 1, 1998 to March 31, 2001 p. 27)

The other three Provincial Collective Agreements between HEABC and the Paramedical Professional Bargaining Association (April 1, 1998 – March 31, 2001, p. 65), the Health Services & Support Facilities Subsector (1998-2001, p.21), and the Health Services and Support Community Subsector (1998-2001) do not specifically state that a performance evaluation must be done. They do say that if they are done they must follow the established process criteria.

The Canadian Council of Health Services Accreditation Survey Report

The Canadian Council on Health Services Survey for the NOHR was completed in June 1999. By invitation this organization sends in a team to survey all services and programs in the region against a set of standards that are based on best practices. These standards support the practice of all employees receiving an annual performance review. The June 1999 Accreditation Survey was the first one completed as a region and the first for community services and some long term care facilities. The Canadian Council of Health Services Accreditation Survey Report granted the NOHR a three-year accreditation status. One of the recommendations was "...that processes to address the issue of compliance with performance evaluation be improved, and that additional strategies be developed to ensure that all employees receive an evaluation within the next 12 month period." (NOHR, May 30-June 4, 1999)

The first step to standardize performance management in the region is the completion of this research study followed by the development of a new performance management system that is based on the recommendations from

the participatory action research study. The recommendations will also include strategies to address any cultural discrepancies that are identified by this study.

Review of Supporting Literature

Performance Management

Introduction

Some form of performance management and its precursor performance appraisal, have been in existence since the days of Frederick Taylor at the beginning of the century (Stephen & Roithmayr, 1998, p. 232). "It has been a staple of Human Resources research and practice for more than half a century, and the bane of HR professionals for roughly the same period." (Stephen & Roithmayr, 1998, p. 329) Despite this longevity, many agree there is widespread dissatisfaction by both managers and employees alike with the processes and outcomes of many existing performance appraisal systems. (Clevand & Murphy, 1992, p. 122)

Definition of Performance Appraisal/Management

Performance appraisal has been viewed by many as a single event controlled by the supervisor. The evolving concept of performance management has taken on a systems approach with more input from the individual employee. Long defines performance appraisal as the "...procedure for collecting and interpreting data about the performance of individuals over time." (1984, p. 375) Blair, Fordyce & Barney define performance management as "...a process by which employee performance within an organization is planned, managed, and evaluated." (1993, p. 18) They also emphasize the traditional approach is based on supervisor to

subordinate communication that includes supervisory leadership, supervisory oversight, supervisory monitoring and supervisory judgments (1993, p. 18).

More recently Stephen and Roithmayr define performance management as a "...set of practices through which work is defined, reviewed and rewarded, and employee capabilities are developed" (1998, p. 229). They also advocate for a high degree of involvement and personal employee responsibility. This more recent definition adds employee development to the performance management framework. Lee (1996) from a macro perspective further describes performance management as a:

> ...blueprint for the classic approach to effective management....It [PMS] provides a way to build accountability into the goal-setting and feedback process, and it can encourage manager and employee to share responsibility for understanding the business, gathering data, and evaluating performance. (p. 48)

Bevan and Thompson's (1991) literature review indicated a 'textbook' performance management system (PMS) includes the following:

- the organization has a shared vision of its objectives, or a mission statement, which it communicates to all its employees.
- the organization sets individual performance management targets which are related both to operating unit and wider organizational objectives
- it conducts a regular, formal review of progress towards these targets
- it uses the review process to identify training, development and reward outcomes

- it evaluates the effectiveness of the whole process and its contribution to overall organizational performance to allow changes and improvement to be made. (p. 37)

Purposes of Performance Appraisals/Management Systems

Douglas McGregor (1957) writes performance appraisal programs are designed to meet three needs. First, they provide a mechanism for decisions about salaries, promotions, transfers, demotions and terminations. Secondly, they are a mechanism for informing an employee as to how he is doing in relation to the behavior, attitude, skills and knowledge that are needed for the job. Thirdly, they are used as a mechanism for coaching and counseling an employee. (McGregor, 1957, p. 89)

Over forty years ago McGregor was calling for performance appraisal reform. He stated "...the conventional approach to performance appraisal stands condemned as a personnel method. It places the manager in the untenable position of judging the personal worth of his subordinates, and of acting on those judgments." (1957, p. 94) McGregor also endorsed Drucker's concept of management by objectives. In addition he advocates for the endorsement of 'subordinate' responsibility, analysis versus appraisal, emphasis on the future rather then the past and an accent on performance relative to goals versus an assessment of the employee's personality. (1957, p. 91-92)

Cleveland & Murphy (1992) also agree performance appraisals were used for administrative decisions such as salary management, promotion, and retention and dismissal. With the advent of management by objectives in the 1950's and 1960's, organizational planning was added to the list of rational for performance appraisals. Increasingly in recent years, performance appraisal and management systems are also being used for safeguarding organizations

against discriminatory practices and for feedback and development of employees. (1992, p. 136)

Cleveland & Murphy (1992) state:

> ...organizational uses of performance appraisal can be grouped into: (1) between-person uses, including salary administration, promotion, retention/termination, recognition of individual performance, layoffs, and identification of poor performers. (2) within-person uses, including identification of individual training needs, performance feedback, determining transfers and assignments, and identifying individual strengths and weaknesses, and (3) systems maintenance uses, including use of appraisal for manpower planning, determining organizational training needs, evaluating goal achievement, assisting in goal identification, evaluating personnel system, reinforcing authority structure and developing organizational development needs. (p. 137)

The Bevan and Thompson study also found objective setting and formal appraisal were at the center of a cycle that:

> ...typically results in two broad human resources outcomes affecting individual – what could be termed 'assessment' and 'coaching' activities. 'Assessment' concerns itself with aspects such as compensation, succession planing and disciplinary measures, whereas 'coaching' identifies means of improving performance through training and development or discussions about career potential and promotion opportunities. (1991, p. 37)

While the literature proposes there are many purposes for performance appraisals, it also clearly states "...when several uses are incompatible, or in

conflict, attempts to use performance appraisal as an all-purpose tool may fail." (Cleveland & Murphy, 1992, p. 138) Haddock et al. (1995) and Kirkpatrick, (1986) also agree that performance management systems with too many purposes increase the potential for failure of the whole system.

Within the literature authors debate whether there is any measurable data to link the role of performance management with organizational effectiveness. Dickinson writes, "Performance appraisal is integral to the successful operation of most organizations." (1993, p. 141) Numerous authors talk about the importance of performance management to organizational success but there are still a lot of unanswered questions.

For example, performance management processes have been linked to financial performance. In a 1994 study, Hewitt Associates Ltd. found "Sales per employee were a third higher at companies with performance management processes than at companies without them. Operating income as a percentage of total assets was 45% greater at companies with performance management processes." (Stephen & Roithmayr, 1998, p. 235)

In contrast, a United Kingdom study found "...no evidence to suggest that improved organizational performance in the private sector is associated with the operation of a formal performance management system." (Bevan & Thompson, 1991, p. 37) Bevan and Thompson do acknowledge the findings may be a result of young performance management systems and/or the pre-tax profit growth is an inappropriate measure. They state "...organizational effectiveness is affected by such a wide range of factors that trying to measure the effects of just one of them will never yield conclusive results." (1991, p. 38) They recommend further research studies in the area of the impact of performance management systems on organizational effectiveness.

The potential legal implications of performance management systems also need to play a significant role in the review, development and implementation of systems. Martin and Bartol (1991) state:

> Although defense strategies must differ somewhat depending on the types of human resources decision under litigation, employers generally are able to provide more convincing arguments for the legitimacy of their actions when they can offer performance appraisal documentation. Of course, the value of such systems has been carefully designed to be fair to both the employer and employee. (p. 257)

Martin and Bartol discuss the reasons for the increase significance of performance reviews in relation to litigation. The advent of Human Rights legislation and the downsizing of organizations have motivated employees to seek recourse from discharge decisions and the lack of promotional opportunities. They state "...employers generally have been able to mount more convincing arguments regarding the legitimacy of their actions when they are able to provide a series of performance appraisals that document the performance issues related to the case." (1996, p. 282) The performance appraisals, if done right, will also document areas where the employee was given feedback about improving their performance and what strategies were put in place to help the employee improve.

Within the NOHR there is a lack of a clear understanding of the purpose(s) for the existing performance management systems. In part this is due to the relatively short period of time the region has existed and the other priorities that have taken precedent. There is also a lack of agreement within the smaller facilities and groups who, until this time, have all had their own approach to performance management.

In discussing the purpose of performance management systems with managers, their comments have been very diverse. They ranged from "it doesn't serve any purpose", "we only do it to meet external requirements", "it is only for dealing with problem employees", "it helps with internal selection" and "it is a valuable tool for coaching". The only agreement is that it is not used for pay determination as the collective agreements for union employees and the Hay Compensation system for non-contract staff determines the pay structure. One of the goals of the research project is to clarify the purpose of performance management in the region.

The Challenges of Performance Management Systems

Stephen and Roithmayr (1998) found the reasons for lack of success with traditional performance management was not because of the theory and good intentions, but because of execution problems. These execution problems included the following:

- The employee's objectives were set in a vacuum and not linked to the larger business context for the department, division or company;
- Employee's objectives were not representative of the whole job;
- Objectives were often kept a secret and not shared between individuals and teams to give people a better understanding of relationships, hand-offs, and overlaps;
- Feedback, to the extent provided, was usually one way only, from manager to subordinate;
- The key components of the process were not aligned to operate interdependently as a whole system; and
- Development planning was at best secondary, and often forgotten. (p. 232)

A 1993 survey by Development Dimensions International (DDI) and the Society for Human Resources Management (SHRM) found significant dissatisfaction by both employees and managers alike with their performance management systems. (Cited in Lee, 1996, p. 47) Lee (1996) states the top frustrations included:

- Lack of ongoing review.... Without periodic updates, people don't have the information they need to understand their ratings or to improve their performance.
- Lack of employee involvement. Respondents didn't feel they had control over their goals and objectives, nor did they understand how their objectives related to the organization's overall business goals.
- Lack of appropriate rewards. Respondents complained that they were neither compensated nor recognized for good performance. (pp. 47- 48)

During a move at Quorum Health Resources from a traditional Human Resources practices to a continuous quality improvement approach, a number of factors became apparent as to why the old performance appraisal (PA) system was not working. Haddock et al. (1995) stated "...performance appraisal is perhaps the most significant area of conflict between the principles of CQI [Continuous Quality Improvement] and traditional HR practices." (p. 143)

There are several reasons employees in Haddock et al's. research (1995) gave for their dissatisfaction with the traditional performance appraisal systems. They included being evaluated against inaccurate and often outdated job descriptions and by supervisors who were unfamiliar with their work or seldom available to observe work practices. Employees also cited as other sources of dissatisfaction is that the process lacked input, it had an evaluative rather than a developmental approach, and it was an annual event rather than an on-going process. Other

difficulties included the credibility of the rating system and multi-purpose use of the PA for wage increases and job promotions.

Cleveland and Murphy concur: "Regardless of the technical sophistication of an appraisal system, the system will not work if the raters and ratees do not accept or believe in the system." (1992, p. 157) From a landmark study of performance management in the United Kingdom, Fletcher and Williams also concluded employee attitudes and commitment were strong in organizations taking performance management seriously (1992, p. 42).

Banner and Cook (cited in Longenecker and Ludwig, 1990) discuss a number of ethical dilemmas encompassing performance appraisal processes. The procedural aspects include the following:

- The problematic use of trait orientated and subjective evaluation criteria
- Problems in the writing of performance standards and measurement indicators
- The use of different performance appraisal systems within the same organization
- How the results of the performance appraisal will be used
- Who determines the objective standards to measure performance. (p. 67)

Longenecker and Ludwig (1990) support Banner and Cook (cited in Longenecker and Ludwig, 1990) but feel they have not gone far enough in addressing the process it self. They state "...current research shows that a procedurally sound system alone will not necessarily produce effective, accurate, ethical performance ratings." (p. 68) The 'even application' of the performance appraisal procedure is then very dependent on the person doing the rating. Longenecker and Ludwig (1990) state:

> Most managers do not describe their ratings of subordinates in performance appraisals as completely honest or accurate. The accuracy is often in the form of inflated ratings. They justify the inaccuracy by citing, among other things, the need to avoid confrontation with subordinates, damaging working relationships, and creating permanent written documents which may later harm a subordinate's career. (p. 66)

Dickinson agrees attitudes towards a performance appraisal system play a major role in the success or failure of any performance appraisal system. He believes they are determined by the characteristics of the appraisal system, the individual, and the organization. The performance appraisal system characteristics include the rating source, rating form and the interview itself. The organizational characteristics include policies, programs and the favorable or unfavorable context of performance appraisals within the organization. The individual characteristics of the employee being assessed include personality, age job experience and feedback-seeking behavior. (1993, p. 156-157)

Dickinson (1993) states:

> Perhaps the single most important determinant of employee attitudes about performance appraisal is the supervisor. When the supervisor is perceived as trustworthy and supportive, attitudes about performance appraisal are favorable. Specific attitudes about performance appraisal must be viewed as tied to the general issue of supervisory effectiveness. (p. 157)

Bevan and Thompson (1991) caution the general application of performance management systems from organization to organization. They state "There is almost an implicit assumption that the model can fit all situations. However,

there are differences between highly centralized and decentralized organizations that are unionized and those that are not." (p. 37)

LaVan, Katz and Carley's research study (1993) found "Public sector union representation was significantly and negatively related to grievances involving performance evaluation, when compared to non-public sector unions." (p. 439) Ng and Maki's (1994) research supports previous findings that concluded unionization leads to more formal management practices (p. 132). Specifically in relation to performance management they write (1994):

> The evidence also indicates a decrease in the importance of the performance appraisal function in a union organization, since appraisal records are not considered important in pay, promotion, and layoff decisions in such an environment. This is not surprising, given trade unions' preference for using objective criteria (for example, seniority) in employment decisions. Implicit in this argument is that performance is not easily quantifiable and involves an element of subjectivity on the part of the evaluator. Union firms are, however, just as inclined as nonunion firms to use performance appraisal records in developmental and disciplinary decisions. Trade unions' opposition to the use of performance records is therefore a qualified one. (p. 133)

A final challenge is to recognize the performance management of people can't improve systems. Scholtes (cited in Lee, 1996), states, "... you can't improve the performance of a system by improving the performance of individuals. Above average, outstanding or even heroic efforts on the part of the individuals can't compensate for an inadequate and dysfunctional system." (p. 46)

Performance Management Systems of the Future

Human Resources needs to move from a focus on 'doables' to deliverables and this includes performance management. Ulrich (1997) writes;

> HR practices are organizational processes that can enhance individual competencies and organizational capabilities.... When HR practices are aligned with the needs of internal and external customers, firms are more likely to succeed. HR departments must be held to a higher standard than they have been up until now. They must move their HR professionals beyond the roles of policy police and regulatory watchdogs to become partners, players, and pioneers in delivering value. (p. viii)

In a review of the literature and relevant studies Grote concludes, "Performance appraisal is here to stay....and there is little discussion of abolishing it" although he goes on to say "There is widespread dissatisfaction with almost everything concerned with performance appraisal." (1996, p. 15) In contrast, Scholtes (cited in Lee, 1996) believes "Performance appraisal is inherently the wrong thing to do. The alternative is not some other form of performance appraisal, but an entirely different way of thinking about work." (p. 46). Gill, (cited in Lee, 1996) vice president of human resources at Parkview Episcopal Medical Center in Pueblo, CO concurs. She believes in replacing the old appraisal system with one that has more of a focus on discussion and dialogue and no ratings. (p.47)

With the rapid increase in the pace of change, performance appraisal strategies have not kept pace with the demands of new ways of working. Performance appraisals were developed in the traditional hierarchy that called for top-down decision making. The environment was stable, there were fewer employees for each supervisor to appraise, and there was time for planning and passing on

directions. Today's environment calls for new paradigms. Stephen and Roithmayr (1998) state:

> ...performance management *IS* about running the business. It is not a peripheral issue, but central to the *everyday* work of managers. Equally important, we will argue that we must shift from the traditional performance management focus of managing people – in effect, trying to gain some control over their activities to elicit suitable performance – to concentrating on managing the work context so that staff can be free to perform at their best. (p. 230)

Stephen and Roithmayr have developed a performance management model called The Peak Performance Model. This model helps managers to "...focus their energies on managing the context and conditions of work, so that employees can thrive in the performance partnership." (1998, p. 236) The manager's role is to ensure that the employee knows what to do, is able to do it, wants to do it and is equipped to do it. These conditions are connected and interdependent and like the human body if one system is not working there is an impact on the other systems. The manager's role is one of support through feedback, coaching and communication. They also stress the importance of aligning the overall business direction with the day-to-day operations. Stephen and Roithmayr state, "The manager acknowledges that subordinates are fellow adults, worthy of trust and capable of high performance." (1998, p. 244)

Haddock et al. (1995, p.146) have also developed a model to change from the traditional performance management approach. They are very clear it is not a tool for discipline, promotions and wage and salary decisions. Their model starts with the employee and manager meeting to plan the feedback session. During this meeting they determine what areas of the job they would like feedback on. The second phase is to gather data from customers and suppliers, identify barriers and think about ways to eliminate or reduce the barriers as well as

developing a learning plan. In the third phase the employee and manager meet and follow the agenda agreed on at the planning meeting.

Haddock et al. (1995, p.146) have also abolished the formal rating system. In its place is a one-page form for summarizing the session's agenda, with room for both signatures. The form is then placed on the employee's file. The final phase of their model is an evaluation of the feedback session by the manager and the employee with the goal of improving the process for the next time. (1995, p. 147-148) They also state "The readiness of an organization is critical to successfully implement a change as radical as the model represents." (1995, p. 148)

The DDI and SHRM 1994 study findings on performance appraisal recommend concentrating on four areas (cited in Grote, 1996, p. 7):

First, organizational readiness is critical to the success of any program. This is demonstrated through senior management's commitment to modeling appropriate behavior and involving employees in the development of the process. The process must be communicated to the employees and a link to the organizational values established.

Second, the performance management system must be aligned with all systems within the organization, especially those having a direct affect such as employee selection, manpower planning, strategic planning and training.

Third, the organization needs to commit to a high level of training for both manager and employee alike in order to effectively benefit from the process. Managers also need training in coaching and interpersonal skills.

The fourth recommendation is to ensure there is an evaluation phase that includes holding managers accountable for the effectiveness of the process. The DDI and SHRM study (cited in Grote, 1996) found:

> In only 22% of the Fortune 100 sample ...were managers evaluated on how well they conduct performance appraisals. Basic motivational theory as well as a common sense suggests that managers will devote little effort to a somewhat unpleasant chore for which they are not held accountable. (p. 8-9)

The Bretz and Milkovich study (cited in Grote, 1996, p. 11-12) also has five recommendations, many supporting the findings in the DDI/SHRM study. The study recommends getting the employees involved both in the development and the implementation of the process to increase the commitment to the process. Training of managers and employees in all relevant aspects of the process is also critical to success. They recommend "Top managers must create a climate in which accurate and timely performance appraisal is expected of all managers, is taken seriously, and is rewarded." (Grote, 1996, p. 11-12) They also advocate for employees being responsible for the performance appraisal. Finally, they recommend multiple sources of feedback be utilized to reduce the dependence on one source.

Malos (1998) suggests there are also a number of economic factors that are driving changes in direction for performance management frameworks. These include the move towards service industries, global competition that is driving a customer focus and continuing quality improvement orientation, an increase in flexible job designs, security and privacy issues and workplace violence. (p. 89-92) Malos (1998) concludes his recommendations by stating:

> Employers should review appraisal procedures to ensure that employees are provided with an oral interview and a written statement of their appraisal, as well as the opportunity to acknowledge, in writing, receipt or review of the appraisals; that managers are encouraged to support candor in appraisals, to avoid

> central tendency or 'friendliness' errors that can make subsequent demotions or discharges difficult to defend; and that appraisers are trained – and spot-checked from time to time—to identify and correct practices that might generate legal liability. (p. 92-93)

Summary

A review of the performance management literature sheds some light on why the current performance management situation exists in the NOHR. First, with the amalgamation of many organizations into one region there is a lack of consensus as to what performance management is, and why a performance management system is needed. Second, there are many different policies within the region as well as many different formats for documenting the final appraisal, which can lead to confusion. Third, when appraisals are done, the majority are a one-time event controlled by the supervisor with little input from the employee.

Fourth there is minimal or no training and education for managers/supervisors and none for the employees. Fifth the performance management system is not aligned with the strategic direction of NOHR and other systems within the organization. Sixthly, the span-of-control for some managers exceeds 100 employees. Finally there is no accountability in the system when standards are not met and there is minimal role modeling. As the literature review has clearly indicated, left unresolved this situation has the potential to increase confusion over performance expectations, increase litigation and the number of grievances, and ultimately reduce the quality of service delivered to the customers.

In summary, Smither states there "... is no easy recipe for the perfect appraisal system." (1998, p. 538) He adds, "...no performance appraisal and management system is ideal for all jobs, for all purposes, in all organizations." (1998, p. 538) He believes that the practice of appraisal can be well served by paying attention to the research and be advanced through further research on performance management.

Organizational Culture and Performance Management

Fundamentally, performance management systems exist within, are manifestations of, and are powerful mechanisms for supporting the organization's work culture. Therefore, any discussion of performance management systems would be incomplete without a review of what we mean by culture, how does it impact on a PMS, what kind of culture would support a PMS and, if required, how do you change a culture.

Definition

According to Gilbert & Sneed (1992), culture is one of four dimensions of an organization. The other three are structure, systems and people. Organizational culture is a "system of shared values and beliefs that produces norms of behavior and establishes an organizational way of life." (p. 155) Culture manifests itself through the beliefs, values, norms, rituals, stories and other symbols within an organization.

"Schein defines the culture of a group or organization as shared assumptions and beliefs about the world and their place in it, the nature of time and space, human nature, and human relationships." (Cited in Yukl, 1998, p. 329) Schein also distinguishes between underlying and stated beliefs. Underlying beliefs may be unconscious and in conflict with the stated beliefs and are learned responses to problems of survival. (Cited in Yukl, 1998, p. 329)

A more detailed definition of culture is based on del Bueno and Vincent's (1986) work. They state:

> Culture includes both implicit and the explicit contracts that include what is expected of members and the rewards or sanctions associated with compliance or non-compliance. Culture is a pattern

> of basic assumptions or behaviors that have worked in the past and are taught to new members as the correct way to perceive, to think, to feel, and to act. (p. 15)

Levels of a Culture

Schein (cited in Hackett, Lilford & Jordon, 1999) defines culture on three levels: basic assumptions, values and artifacts. Hackett et al. (1998) state:

> The deepest and most difficult element of culture to change are basic assumptions – 'the correct way to do things around here'. Values are the next level and describe a sense of what ought to be within an organization. Finally, artifacts are overt beliefs and physical manifestations of culture, e.g. procedures; technology used; and size of offices which are the easiest to change. (p. 100)

The established culture is communicated through myths, stories, rituals and ceremonies that reflect the values and beliefs about an organization. New employees are indoctrinated into the culture through the use of organizational metaphors. Metaphors can take on a militaristic, sports, anthropological, and mechanistic implications. For example a military metaphor refers to leaders as chief or captain of the ship and employees will hear such comments as "...it's a battle zone out there...and we run a tight ship here." (del Bueno & Vincent, 1986, p. 16-17)

Three outside forces have been identified by Hackett et al. (1999) as significantly influencing the culture in organizations. They are customer requirements, the competitive environment, and societal expectations. These authors believe that societal expectations may have the greatest effect within their study domain of healthcare. "Society increasingly expects doctors and clinical professionals to be competent, capable and caring." (Hackett et al. 1999, p. 100) Stakeholders'

involvement can play a major role in the formation and/or changing of a culture. They can provide tools to focus on change and be a source of power to support the change. (Hackett et al. 1999, p. 100)

A Learning Organization Culture

Over the past decade an increasingly discussed topic in the literature on organizational culture and leadership is that of the learning organization, a term first made popular by Senge (1990). It would be helpful to the project to explore a more specific type of culture, the learning culture and its relationship to the principles of a quality performance management system.

Senge defines a learning organization as "...organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together." (1990, p. 1) A learning organization values challenges, promotes flexibility, innovation and creativity, treats mistakes as stepping stones of development and encourages individuals to think.

Dixon defines organizational learning as "...The intentional action of an organization to continuously transform itself through both adaptive and innovative learning." (Cited in Calvert, Mobley, & Marshall, 1994, p. 40) Dumaine provides a skeleton version of Senge's book the Fifth Discipline when he states (1994):

> To radically oversimplify his [Senge] work, his precepts boil down to the assertions that people should put aside their old ways of thinking (mental models), learn to be open with others (personal mastery), understanding how their company really works (systems thinking), form a plan everyone can agree on (shared vision), and then work together to achieve that vision (team learning). (p. 148)

To move towards a learning organization, ways must be found to make learning more intentional and systematic. Calvert et al. (1994) state learning organizations learn:

- to use learning to reach their goals
- to help people value the effects of their learning on their organizations
- to avoid making the same mistakes again (and again)
- to share information in ways that prompt appropriate action
- to link individual performance with organizational performance
- to tie rewards to key measures of performance
- to take in a lot of environmental information at all times
- to create structures and procedures that support the learning process
- to foster ongoing and orderly dialogues
- to make it safe for people to share openly and take risks. (p. 41)

The term 'dialogue' plays a significant role in the learning organization and refers to reflective learning process. Senge's belief that organizations can learn to dialogue stems from observing primitive cultures which made talking a way of life and have demonstrated success without agendas and a specific leader. He does acknowledge the high degree of organizational commitment it would take to provide time for collective thinking. (Cited in Galagan, 1991, p. 43)

Issacs writes, "Dialogue is not merely a set of techniques for improving organizations, enhancing communications, building consensus, or solving problems. It is based on the principle that conception and implementation are intimately linked, with a core of common meaning." (Cited in Senge, Kleiner, Roberts, Ross & Smith, 1994, p. 358) People collectively begin to think, feel, and

act together in an aligned way when they spend time dialoguing. The responsibility for creating and sustaining a learning organization is, to quote Senge, "Everyone's. I'm not saying that everyone will have the same appetite for it. But it is the work of everyone in the organization." (Cited in Galagan, 1991, p. 38)

From the review of the literature on a learning organization culture and the criteria for a successful performance management system, it becomes apparent there are a number of similarities between the two concepts. Both refer to the importance of a common vision, awareness of and aligned systems, improved communication (dialogue), emphasis on learning and coaching and managers spending time managing the work environment versus the employee. It would seem that by creating a learning culture, a performance management system would prosper.

Empowerment

From descriptions in the literature it is clear that the concept of empowerment or self-governance and human potential is inherent in a learning organization and a quality performance management system. The goal of empowerment is to increase accountability and responsibility at all levels of the organization. What has been very clear is that empowerment hasn't always worked for a number of reasons. Two significant reasons are those at the top don't always want to let go of the power and those in the middle do not always want more responsibility. (Block, 1987, p. xiv)

Glasser states the basic tenet of control theory is "You cannot make anyone do what he or she does not want to do. You can only teach him a better way and encourage him to try it. If it works, there is a good chance he will continue." (1995, p. 50) Empowerment is a response to the autocratic and patriarchal top-down management of traditional organizations. It was meant to "...instill in our

institutional life the same values of individual freedom, dignity, and self-governance that we readily embrace as a society." (Block, 1987, p. xiii)

Carr observes that "... empowered organizations value autonomy as an end in itself– an end that contributes to personal fulfillment and advances democratic ideas in organizations....respond effectively to rapid changes in the business environment." (1994, p. 39) He believes empowered organizations respond differently to change on six dimensions. They have moved from (1) a traditional to a customer focus that looks at effectiveness versus efficiency measures, (2) external versus internal standards, (3) support versus control, (4) free access to information versus a controlled approach, (5) permeability to the environment versus insulation from approach and (6) flexibility versus stability. (Carr, 1994, p. 40)

Fundamental to empowerment is leadership. Carr states leadership functions to support organizational goals include (1994):

- to define the organization's mission and align employees with that mission
- to develop and maintain trust throughout the organization
- to facilitate the coordination of organizational activities in support of the mission
- to facilitate communication at all levels so that information is widely available and used
- to ensure learning so that all transactions become opportunities for improvement
- to ensure creativity to continuously create new practices, processes, products, and services of value to the organization and its customers. (p. 40)

Developing trust in organizations is a major challenge because of all the changes downsizing and lack of promotions has created in today's work environments. You cannot have empowerment without trust. Block states "Trust is almost universally built or destroyed on the basis of justice and integrity." (1987, p. 138) Glasser equates the building of trust with leadership. "To establish this trust, the manager must learn to be warm, friendly, and supportive and to give up the traditional boss prerogatives of criticizing and coercing the workers." (Glasser, 1995, p. 11) The foundation of any successful organization is based on the values of trust, openness and honesty. (Abernathy, 1998; Kouzes & Posner, 1995; Bennis & Nanus, 1985)

Empowerment in its self is not enough. The overworked and stressed individual who doesn't want to take on additional responsibilities may definitely resist any further concept of empowerment. Interrelated and equally important is enablement. Barner states "Enabling people involves helping them develop the competencies they need to manage additional power and autonomy." (1994, p. 34)

Barner shares his model of empowerment and enablement as a matrix (Table 1). If a person falls into the low empowerment and low enablement quadrant they are 'entrenched bunkers'. If they fall into low enablement but high empowerment quadrant they are considered 'loose cannons'. If they fall into low empowerment and high enablement quadrant they will be 'caged eagles'. The goal is to be both high in empowerment and high in enablement as a fully empowered individual. (1994, p. 34) The role of the leader is to create a culture that supports empowerment and then ensures employees are competent to meet the performance expectations.

Table 1: Model of Empowerment and Enablement

High empowerment & low enablement: **Loose cannon**	High empowerment & high enablement: **Fully empowered**
Low empowerment & low enablement: **Entrenched bunkers**	Low empowerment & high enablement: **Caged eagles**

Closely linked with enablement is the theory of human potential. Covey (1989) believes in the human potential of all individuals. He contends that we as individuals can choose to "open the gate of change" and pursue our own individual potential for growth and self-determination. (1989, p. 61) Schutz (1994) uses the theory of the principles of truth and choice to explain the quest for reaching our potential. He states, "Understanding the concept of choice is essential for the full realization of my potential." (1994, p. 34) Schutz goes on to assert that if we believe and act on the principle of choice then we empower ourselves to reach our potential.

Gardiner (cited in Kouzes & Posner, 1995), also refers to human potential when he speaks about the four moral goals of leadership. They are "...releasing human potential, balancing the needs of the individual and the community, defending the fundamental values of the community, and instilling in individuals a sense of initiative and responsibility." (Cited in Kouzes & Posner, 1995, p. 338) Kouzes and Posner agree but go on to say that all individuals, not just managers, are responsible for the four moral goals of leadership. (1995 p. 338)

Looking at the concept of empowerment from a different angle, Bardwick writes about and advocates for breaking the entitlement habit that exists in American business. Entitlement is a cultural belief of employees in an organization that says that they are entitled versus need to earn

compensation and rewards. She states "The only way to energize lethargic organizations and people is to push them into the psychology of Earning. It usually takes some shaking up—perhaps even a crisis. But after years of avoiding risk, people find any risk frightening." (1991, p. 77)

If an entire organization is in an entitlement mode, strong senior leadership through applying pressure while offering support is required to move an organization through fear to an earning culture. Bardwick discusses three strategies for executives to use. The first is to confront along with support to increase the focus on what is important and to establish accountability. The second strategy is to confront with a focus on evaluation to ensure rankings are reflective of actual performance. The third strategy is to challenge by pushing power down and expecting everyone to have an opinion. (1991, p. 79-80)

Changing the Culture

If an empowering, enabling culture is both a requisite for and is supported by an effective performance management system, then the issue of change to that type of culture becomes important to this project. Identifying successful change strategies from the literature would assist in developing recommendations to ensure the cultural transition occurs.

Yukl states "By changing or strengthening the culture of an organization, a leader can indirectly influence the motivation and behaviors of its members." (1998, p. 329) Vestal, Fralicx & Spreier also agree on the role culture plays in change. They (1997) state:

> ...it is clear that the 'culture piece' is critical for driving and supporting sustainable, high-impact change,....Indeed, as more and more healthcare organizations are discovering, even the best

> restructuring and reengineering initiatives frequently fail if the right values, behaviors, and organizational and individual competencies--in short, the culture--- aren't in place to support them. (p. 340)

Hackett et al. describe two critical measures that will assist in changing a culture. Deciding whether the work is employee or job-oriented and whether it is process or results oriented enables leaders "...to focus on changing practices (behavior and performance) and then values which are more difficult to measure and change." (1999, p. 100) The emphasis needs to be on changing practices through bringing groups together, creating an excitement and commitment to the change and ensuring all individuals involved have the appropriate training and development to ensure competencies are aligned with the cultural change. (Hackett et al. 1999 p. 101)

To support an empowered culture, Block's recommends a shift in the role of the supervisor. He believes when direct report's goals are clear and accountability is in place, the supervisor's role is one of consultation and then by invitation only. He also believes the performance management system should be reversed, giving the employee the responsibility for doing their own appraisal as well as giving feedback to the supervisor on their support. (1987, p. 74)

A performance management system is central to mobilizing the workforce within an organization to achieve its strategic direction and vision. Vestal et al. (1997) state the success of any changes depends:

> ...on changes in the values, competencies, and behaviors...of employees. For the transformation to succeed, people will have to work differently. Ideally, entitlement should be replaced by empowerment. Risk-taking, decision making, and the outstanding--not steady---performance of individuals and teams are values that should be sought during hiring, instilled through training and

education, and rewarded through performance management and compensation strategies. (Vestal et al, p. 362)

Summary: Culture and Performance Management

Given the above, one objective of this project will be to examine the Health Region's current work culture and its potential impact on and readiness to implement a performance management system. Such a system would be designed to both empower and enable employees to be successful, as a team, to deliver quality care and services.

Leadership and Performance Management

Introduction

Previously in the review of the literature, the essential connection between a learning culture and a performance management system was established. A third fundamental question that needs to be addressed is what style of leadership will facilitate the development of a culture that will engage all stakeholders in a performance management system. This function of leadership can be supported by and operationalized through a well-designed performance management system.

Yukl writes, "Leadership is a subject that has long excited interest among people. The term connotes images of powerful, dynamic individuals who command victorious armies, direct corporate empires from atop gleaming skyscrapers, or shape the course of nations." (1998 p. 1) History and literature have documented stories and myths about famous leaders. Some leaders are remembered for their heroic accomplishments and others for their devastation. The questions always arise as to why some people evolve as leaders and others don't, what behavioral characteristics or traits make successful leaders and why

do some leaders who have been successful all of a sudden find themselves disposed. (Yukl, 1998, p. 1)

Leadership Defined

The definition of leadership is dependent on context, and can be arbitrary and difficult to define. Morrison, Jones and Fuller define leadership as "...the ability to influence a group toward the achievement of its goals." (1997, p. 27) A more complex definition of leadership is "the pivotal force behind successful organizations and that to create vital and viable organizations, leadership is necessary to help organizations develop a new vision of what they can be, then mobilize the organizational change toward the new vision." (Bennis & Nanus, 1985 p. 2)

Lippitt adds a different perspective on the definition of leadership. She states, "Leadership can be defined as getting people moving in a direction, making a decision and supporting paths they typically wouldn't have selected." (1999, p.19) In Lippitt's definition, leadership is not just equated with positional power in an organization. She advocates the responsibility of leadership at all levels of the organization.

In support of Lippitt's approach, Yukl (1998) defines leadership as,

> ...the process wherein an individual member of a group or organization influences the interpretation of events, the choice of objectives and strategies, the organization of work activities, the motivation of people to achieve the objectives, the maintenance of cooperative relationships, the development of skills and confidence by members, and the enlistment of support and cooperation from people outside the group or organization. (p. 5)

Bennis distinguishes between leaders and managers. He writes, "Leaders are the people who do the right thing; managers are people who do things right." (1989, p.18) He also believes that organizations are over managed and under led. Bennis states, "Leadership can be felt throughout an organization. It gives pace and energy to the work and empowers the work force. Empowerment is the collective effect of leadership." (1989, p. 22) In organizations with effective leadership people feel significant, learning and competence matter, people are part of a community and work is exciting. (1989, p. 23)

In summary, a definitive definition of leadership appears impossible. The concept of leadership is diverse and complex. In the context of performance management, leadership is inclusive of all employees in the organization as well as senior management's championing of the process. Also critical in an effective performance management system is holding everyone in the organization accountable for its success. The system in turn provides the tool to enable leaders to carry out the leadership roles Yukl identified, as summarized above.

The Forces Driving the Changes in Leadership

There are a number of social and economic forces driving changes in leadership. Bridges states "That much sought after, much maligned social entity, a job is vanishing like a species that has outlived its evolutionary time" (1994 p. 62). Second, demographic changes have created a more diverse society. Carnevale and Stone (1994) state, "Workers in an environment receptive to diversity are empowered to use their full capacity. As a result, they, their work, and the organization as a whole benefit." (p. 24)

The third significant change is a shift from what was referred to as the baby-boomer generation to the gold collar worker. "When demand for talent so outstrips supply, startling salaries, bonuses, and mimosas are just the beginning. -- Work is not about paying the rent; it's about self-fulfillment" (Munk, 1998, p.65).

Stuller states, "The need to cultivate and aggressively use those brains is evolving into a business religion." (1998, p. 30) This will become increasingly difficult as there is a growing shortage of skilled labor and it will require strong leadership skills to attract the best individuals to organizations (Lee, 1997, p. 28). Once attracted to an organization it will also mean creating a culture where creativity, cooperation and resiliency are the operative words.

A fourth factor driving leadership changes is what Drucker refers to as "...the tremendous implication of demographic change." (Cited in Galagan, 1998, p. 26) The demographic changes he talks about includes a significant reduction of people working with their hands in unskilled labor jobs, a shift from rural living to cities, and a very fast decrease in the number of young people.

Bennis also agrees there are significant changes driving the evolution of leadership. He (1989) states:

> What's going on is that the people in charge, particularly in business and government, have imposed change rather than inspiring it. We have had far more bosses than leaders, and so, finally, everyone has decided to be his or her own boss. This has led to the primitive, litigious, adversarial society we currently live in. (p. 26)

In summary, the forces driving change in leadership: job changes, diversity issues, increased demand for skilled labor, demographic changes and lack of strong leadership skills are significant and need to be addressed. It is no wonder it is difficult to define what is meant by leadership because the context is constantly changing and demanding new ways. An effective performance management system recognizes these changes and provides a framework for meeting the leadership challenges of a changing workforce.

Leadership versus Management

The differences and similarities between leadership and management continue to be debated in the literature which raises the question: 'Is performance management a leadership or managerial function?' Newberry (1989), Gardiner (1989), Bolman & Deal (1990), Kouzes & Posner (1987), and Bennis & Nanus (1985) believe management and leadership have some very distinct differences, although they all recognize the link between the two conceptual roles is important to the success of any organization. (Cited in Picard, M., Gibson, G. & MacIver, S., 1998, p. 5-3) Yukl agrees the limitations of looking at leadership and management as mutually exclusive would be providing an incomplete picture, and there is no purpose to be gained by doing so. To do so would create simplistic stereotypes to label people as a manager or a leader when both are needed to be successful. (1998, p. 5)

Covey believes that "...management and leadership are not mutually exclusive; in fact, it might be said that leadership is the highest component of management" (1991, p. 246). He also relates leadership to right brain thinking and management to left brain thinking. The left brain deals with logic, words, parts and specifics, analysis, sequential thinking, and is time-bound. The right brain works more with emotions, pictures, wholes and relationships, synthesis, simultaneous and holistic thinking and is time free.

There is a declining need for the traditional manager. "The massacre of middle managers over the last decade or so is going to continue, says Alvin Toffler prophetic author of Future Shock and Powershift." (Cited in Zenger, Musselwhite, Hurson, & Perrin, 1991 p. 47) The traditional role of managers continually fails to meet the demands of today's leaders because functional experts are no longer required, the under utilization of the intellectual strengths of the workers is changing and because teams of subordinates are acquiring the skills that managers previously had the sole ownership over. There is no need to devalue

the role of the skilled manager but "What's called for now is a different kind of manager – more strategic, more collaborative, more facilitative, and more responsive to customers, employees, and organizational imperatives." (Zenger et al, 1991, p. 48)

This demand for a new kind of manager or leader as noted above is in keeping with the changes that are evolving with the newer approaches to performance management discussed earlier. It would appear that driving these changes is the transitions occurring in the workforce that necessitate new ways of working to meet the needs of an evolving new kind of worker.

Whether leadership and management are distinctly different or exists as different points on a continuum of management to leadership, it is often difficult in the real work world to say where one begins and the other leaves off. Peter Drucker states:

> And as for separating management from leadership, that is nonsense—as much nonsense as separating management from entrepreneurship. Those are part and parcel of the same job. They are different to be sure, but only as different as the right hand from the left or the nose from the mouth. They belong to the same body. (Cited in Galagan, 1998 p. 26)

The concept of management and leadership, whether distinct or on a continuum, both have their place in determining the success of a performance management system. Grote identifies six responsibilities in performance management. (1996, p. 24) The responsibilities for observing and documenting performance, updating and revising objectives and performance standards could be thought of as at the managerial end of the continuum. Motivating, coaching, providing developmental experiences and reinforcing behavior could be thought of as at the leadership end of that continuum. It would be difficult to be definitive about where one starts

and the other ends. However, from the foregoing, it would be reasonable to conclude that effective performance management requires that managers can move comfortably throughout the continuum of managerial and leadership behaviors with equal ease.

Leadership Theories and Performance Management

Situational Leadership theory (Yukl, 1998) provides a framework for considering the supervisor's role in the overall performance cycle. It attempts to explain a correlation between the time the leader spends on task related versus relationship related behavior with employees and the readiness level of the direct reports to perform the work. The more confident and capable the direct report is to complete a task or function successfully, the less time the leader has to spend on task and relationship behavior. As the direct report needs less guidance on the task, there is a period of time when the leader will need to spend more time on the relationship side of development. Eventually with a confident and capable individual, the leader will spend minimal time with the employee unless there is some intervening crisis that will dictate a return to a more supportive role for the leader. (Yukl, 1998, p. 272-273)

Yukl concludes that research on situational leadership finds very little support for the model because of a number of conceptual weaknesses. He states however, "...the theory has made some positive contributions to our understanding of leadership in dyads. One contribution was an emphasis on flexible, adaptable leader behavior." (1998, p. 272-273)

Covey's 'P/PC principle', balancing production with production capability, is similar to situational leadership theory, as they both share a triad of a leader, direct report(s) and the task or production. The P/PC principle is "to always treat your employees exactly as you want them to treat your best customers." (1989, p. 58) To ensure organizational effectiveness, leaders in organizations need to

influence the impact of intervening variables to help employees balance production with the production capability. Effective performance management systems provide a framework for the ongoing dialogue, planning and priority setting that are necessary if this production/production capability balance is to be achieved in the day to day activities of the organization.

Yukl's discussion of transformational versus transactional leaders is also relevant here. Yukl writes, "Transformational leadership is defined in terms of the leader's effect on followers: they feel trust, admiration, loyalty, and respect toward the leader, and they are motivated to do more than they originally expected to do." (1998, p.324) Kouzes and Posner state transformational leaders inspire "... others to excel, giving individual consideration to others, and stimulating people to think in new ways. Transactional leaders, on the other hand, tend to maintain a steady-state situation and generally get performance from others by offering rewards." (1995, p. 321) They also go on to say that transactional leaders closely resemble the traditional manager but a leader will use both approaches, dependent on the situation.

Bass (cited in Yukl, 1995, p. 325-326) was the originator of the transactional/transformational theory. He included four components of transformational leadership behaviors: idealized influence (charisma), inspiration, intellectual stimulation, and individualized consideration. Morrison et al. (1997) also state:

> Idealized influence (charisma) is a process whereby the leader provides followers with a vision and a sense of mission and gains respect, trust, and confidence from followers. Inspirational leaders engage in confidence building of their subordinates, thereby influencing their ability to perform assignments and tasks successfully. Transformational leaders use inspiration to increase optimism and enthusiasm of the followers to view problems from a

> new perspective. Finally, individualized consideration includes providing support, encouragement, and developmental experiences for followers. (p. 28)

Transactional behaviors include contingent reward, active management by exception, passive management by exception and laissez-faire leadership. Contingent rewards include the clarification of the work to be done and the motivation to receive rewards. Passive management is the use of punishment for less then acceptable work practices. Active management includes monitoring and corrective action to ensure work standards are met. With a laissez-faire leadership style the leader does not monitor work, does not respond to problems and ignores subordinates needs. (Yukl, 1998, p. 326)

"Empowerment is perhaps the most widely discussed influence transformational leaders have on followers." (Morrison et al. 1997, p. 28) Empowerment further explains the groundwork needed to balance the issues of task and relationship to create a culture that supports the individual employee to become self-determined and accountable. Covey, Merrill, A. and Merrill, R. (1994) state:

> Empowerment can't be installed; it has to be grown. It's a matter of maturing the conditions that create it. The more these conditions are present, the more empowered the culture will be....At the heart of empowerment is trustworthiness, which is a function of character and competence. (p. 239-240)

Covey et al. go on to say character consists of integrity, maturity, and abundance mentality, while competence consists of technical, conceptual and interdependent competence. Character and competence relate directly to willingness and readiness in situational leadership theory (1994, p. 240).

To feel empowered, Block states we need to "Feel our survival is in our own hands ... We have an underlying purpose... We commit ourselves to achieving that purpose, now..." (1987 p. 69-70). The role of a leader is to create a culture that supports the individual employee to become self-determined and accountable within a performance management system. It is also very clear from the literature that the "Alignment of an organization's culture with its business strategy, work processes and roles, and its human resources strategies, is critical to organizational success today." (Vestal, et al, 1997, p. 341) The organization's performance management system can be a powerful tool for achieving this alignment.

In a study conducted within a medical center, Morrison et al. (1997) found:

> Transformational leadership appears to have a powerful influence on job satisfaction both directly and indirectly through its influence on a person's intrinsic task motivation (empowerment). Transactional leadership, on the other hand, has no effect on empowerment, although it does have a direct effect on job satisfaction....The results also support Bass's suggestion that transformational leadership augments the effects of transactional leadership. (p. 31)

The study also found "...passive management by exception is negatively related to job satisfaction and empowerment. Therefore, regardless of the type of leadership style of the manager, the nursing staff in this sample preferred that their leaders take a more active role." (Morrison et al. 1997, p. 32)

In summary there is no one leadership theory that will provide all the answers to designing, implementing and engaging employees in a performance management system. Theories about appropriate emphasis on task and relationship, flexible leadership behaviors, productivity and capability,

transformation versus transactional leadership, empowerment and trust all provide clues to what makes a leader successful. Yukl states, "A more promising alternative is to view leadership in terms of several distinct but interrelated influence processes at the dyadic, group and organizational level." (1998, p. 341)

From the foregoing, while a diversity of views exists, it can be concluded that the forces for change from outside and within organizations are creating impacts. Workforces are changing in both diversity and in the expectations that are brought to the workplace, thus managers need to be able to move comfortably between transformational and transactional focuses. The culture and the performance management system selected as a result of this project will need to support this reality.

Change Management and Performance Management

As a set of recommendations is the deliverable for this research project there is potential for significant change within the NOHR if the recommendations are acted upon. The research specifically looks at the existing culture and compares it to a preferred culture where employees at all levels of the organization would enthusiastically engage in a new performance management system. To change a culture and develop a new PMS would require development and commitment to a strategic change management plan. A review of the literature on change management would assist in the understanding of and development of a change management plan and the role of Human Resources within that plan.

Cultures in healthcare organizations have moved from those based on rigid functional hierarchies to cultures focusing on processes with emphasis on quality service and customer satisfaction. Technological advancements and the pace of change are demanding the continuous evolution of healthcare cultures. Vestal et

al. state "Again, because of an increased focus on speed, flexibility, and the need for strategic alliances, healthcare organizations are becoming more time-based and network orientated." (1997, p. 349)

Definition of Change

Weiss differentiates between change and transition. He defines change as "...the *business* elements required when planning and implementing change. The business elements include understanding competitive forces, identifying the objectives of the change, developing a detailed implementation plan, and making the change happen." (1999, p. 193) He defines transition as "...the *human* elements that are important in change. The human elements include selecting the right change leaders; involving key stakeholders; communicating, training, and helping people adjust; and ensuring that the learnings from the changes are shared." (1999, p. 193) He argues for the significant role Human Resources can play in managing both the business and the human side of change.

Burns also agrees there are two parts to change management. She refers to the business or rational side (structural aspects) of change as the easier part of change to deal with and the people dimensions as the more difficult and challenging side of change. Burns states, "The new discipline of Change Management---that is the process of enabling people affected by organizational change to successfully transition to a new business or work environment---lays great emphasis on addressing the emotional challenges brought by business change." (1998, p. 149) She also advocates for Human Resources to play a significant role in managing and supporting major change initiatives.

Types of Change

Pascale, Millemann and Gioja discuss what is needed today is wide scale change called revitalization at the organizational level to deal with growing

competition, escalating costs and shrinking resources. They state, "...it [revitalization] means a permanent rekindling of individual creativity and responsibility, a lasting transformation of the company's internal and external relationships, an honest-to-God change in human behavior on the job." (1998, p. 168)

Burns presents a business case for change management because of the individual and organizational dynamics that occur during change. The individual's dynamics include feelings of betrayal, confusion, a decrease in trust, an increase in self-interest and reduced creativity. From an organizational view there is a decrease in decisiveness, degeneration of communication, decrease in teamwork, shift to an internal focus and stalled innovation. She believes 20%-25% of the time in large-scale change needs to be spent in transition management activities (1998, p. 150-152). Burns states (1998):

> Employing practical Change Management techniques continuously throughout a major change can minimize the productivity impact and can ensure a net gain in overall productivity. Without some specific Change Management activities in place, executives can expect at least a 20%-30% decrease in employee productivity. (p. 150)

Ulrich uses the analogy of the human body to describe three different types of change. Initiative changes, implementing new programs, projects or procedures, are the equivalent to the daily nourishment of the body. Process changes focus on how work gets done and are like the bodily systems that keep the body alive. "Cultural changes permeate the soul and the mind of the organization. They change how the organization thinks and feels about self." (1997, p. 151-152) Ulrich also supports HR professionals as change agents who increase an organization's ability to manage change by "...replacing resistance with resolve,

planning with results, and fear of change with excitement about its possibilities." (1997, p. 152)

The types of change discussed above are very relevant to the research project. On the large scale of change, a revitalization of the way NOHR does business, potential significant cultural change, is required to meet the demands of escalating costs and shrinking resources. As well, because of the low level of trust in the organization, a frequently discussed topic, there is a high need for what Burns (1998, p.150) calls transitional management activities to minimize decreased productivity. With the introduction of a new performance management system all three of Ulrich's (1997) types of change, (i.e. initiative, process and culture) will need to be addressed if the change strategies are to be successful.

Why Change is Difficult

Large-scale change such as would be involved in the development, implementation and sustaining of a new PM system in the region, is difficult because it demands a lot from individuals. Employees are expected to change their beliefs, attitudes and behaviors. The reporting and work relationships may change. Job satisfaction and how job performance is defined will probably be changed. New skills are often demanded in large-scale changes and the employee can be fearful of meeting these new expectations. (Burns, 1998, p. 151-153) To introduce a new performance management system and align the culture to support the direction would be considered a large-scale change because it impacts on everyone in the organization at all levels and will demand that people rethink and change what they believe and how they act.

Paterson describes two blocks that make change so difficult. "The first is the power of perception. The second is that all the rules, incentives and punishments that we use to operate the old system are still in place." (1998, p.

134) Employees are presented with two competing realities during change: the old and new. Individuals manage these opposing perceptions on a continuum of very easy to very difficult. The key factor in organizations that delineates how an organization will respond to change is its culture. The more bureaucratic, hierarchical, the more "workers are categorized in jobs that are defined by a set of tasks" (Paterson 1998, p. 138) and the more external stakeholders view the bottom financial level then the more difficult the change process. (Patterson, 1998, p. 138)

Why Change Strategies Fail

The culture in traditional organizations frequently consists of messages that convey control at the top versus flexibility, budgets versus value determine who has the power, bureaucracy versus creativity, jobs and tasks versus outcomes and the balance sheet versus quality outcomes. In response to poor change management Paterson states, "Many of the costs and pain felt in organizations today result from repeated reorganizations which are a sign of acting too late and with too big a response." (1998, p. 138) The previous statement might have some significance in the NOHR as there have been numerous re-organizations in the past five years both within some facilities and on a regional level.

Pascale et al. also uses a health care analogy to diagnose the culture of an organization, which they believe is the greatest predictor of successful change management. They use as examples the challenges faced by Sears, Roebuck & Company, Royal Dutch Shell, and the United States Army, "...the 800-pound gorilla that impaired performance and stifled change was culture." (1998, p. 169)

Pascale et al. state that the four vital signs: power, identity, conflict and learning are predictive of the overall health, adaptability, strength and vigor of the functional systems of a culture. Power is the degree employees believe they can affect change. Identity relates to an employee's ability to relate to the organization as a whole versus to their professions or working team. The third

vital sign refers to the organization's approach to conflict: Do they avoid or do they confront? The fourth vital sign answers the question, how does the organization learn. (1998, p. 169)

In young organizations, the vital signs are vibrant but often deteriorate, as organizations grow older. Employees are resigned to obstacles, there are turf wars, conflict is avoided and the organization is less receptive to learning or new ideas. (Pascale et al. 1998, p. 170) Pascale et al. state (1998):

> ...there are three concrete interventions that will restore companies to vital agility and then keep them in good health: *incorporating employees* fully into the process of dealing with business challenges, *leading from a different place* so as to sharpen and maintain employee involvement and constructive stress, and *instilling mental disciplines* that will make people behave differently and then help them sustain their new behavior into the future. (p. 168)

Introduction of a new performance management system within the region could be considered a positive intervention depending on the strategies used to develop and implement the new system.

Ulrich identifies ten reasons why change strategies fail. They fail because there is a lack of (1) leadership, (2) long-term perspectives, (3) measurable results, (4) flexible change designs and (5) linkages to strategies as well as (6) an inability to mobilize commitment to sustain the change. He says they also fail because (7) a quick fix approach is taken, (8) there are grandiose expectations, (9) there is fear of the , and (10) politics undermine the change. He states only, "Twenty-five percent of all reengineering efforts are judged to be successful. Understanding why changes fail may be a first step in overcoming failure." (1997, p. 157) For this reason, when this project was designed, a research team was established in order to gain commitment. Representatives on the team were selected from

throughout the region to assist with the development of the project communication strategies, interview questions and questionnaire.

Building Capacity for Change

Burns (1998) outlines four cornerstones of change management that will assist in building capacity. They are:

> A concrete Change Management plan must be integrated in the overall project plan. Human Resources must take on a key role in supporting the Change Management plan. The Change Management plan must be supported at every step by effective, targeted Communication and Consultation practices. The goals of Change Management are building commitment to the vision of change, confidence in the organization's capability to achieve the gains required, credibility that the gains from the change will exceed the pain, and capability to meet changing job requirements. (p. 152)

Weiss identifies four primary strategies to cultivate a flexible culture that "...increases the company's chances to change effectively, quickly, and repeatedly." (1999, p. 133) They include the co-creation of shared values, leadership dialogue about a flexible culture and the meaning of work, the creation of a organizational design that drives alertness and responsiveness and the rewards and recognition practices are aligned with a flexible culture. (1999, p. 134) Previously, in the literature review on culture, a number of other references to these same strategies were cited. Among these Gilbert & Sneed (1992) talked about shared values, Senge (1990) about vision, flexibility, creativity and dialogue and Carr (1994) has observed that empowered organizations respond more effectively to rapid change.

Weiss (1999) advocates for companies selecting one primary change process to prevent confusion and blockages to successful implementation. He identifies an eight-step model based on best practices for implementing change and transition process. Steps 1, 3, 5 and 7 are the business aspects while steps 2, 4, 6, and 8 are the human aspects of implementing change. The steps are (Weiss, 1999):

1. Understand competitive forces and customer value
2. Select change leaders and define accountabilities
3. Identify the preferred future and the urgency for the change
4. Engage key stakeholders in the change process
5. Plan the change in detail and anticipate contingencies
6. Roll-out: communicate, train and help people to adjust to gain commitment
7. Roll-in: implement the change and make it business as usual
8. Roll-on: measure results, share learnings and continuously improve (p. 194)

Summary

Based on the literature review on change there is clear support for the interconnectedness between change, culture, leadership and performance management. Strong leadership is needed to create a culture where employees at all levels are empowered and accountable for their own individual performance and where learning is valued and supported. An empowered culture responds quickly and effectively to the rapid changes that are prevalent in society and organizations today.

A quality performance management system would provide the foundation for ensuring the integration and alignment of the vision and strategic direction is incorporated into all employees' performance goals,

accountabilities and that recognition follows. Finally to ensure the changes can eventuate, a change management plan is needed to facilitate the change and sustain a culture in which a performance management system will thrive.

Action Research Methods and Performance Management

Historically four research epistemologies or "ways of knowing" have been identified (Palys, 1997, p. 4). They are authority, intuition, logic and observation, with observation being the one most frequently used by the social sciences. The researcher can use a quantitative or qualitative approach. Palys (1997) states the following:

> Quantitative researchers embrace a perspective known as positivism, borrowing from the natural sciences a realist epistemology or way of knowing, and arguing that human beings can be scrutinized in the manner of any living organism, because they are subject to and shaped by the laws of nature. (p. 35)

He also writes that the quantitative approach prefers observable variables, social facts, and aloofness as a way of being. "The hypothetical-deductive method is the foundation of this tradition: researchers specify a theory; deduce a hypothesis; and then gather data to test the hypothesis, and hence also the theory." (Palys 1997, p.35)

By contrast "Qualitative researchers assert that adequacy in the social sciences begins with acceptance of a more human-centered methodology, since social scientists in trying to understand *human* behavior, face challenges fundamentally different from those faced by the natural scientist" (Palys, 1997, p.16). Palys also

writes qualitative researchers have a responsibility to focus on people's own reality as they perceive it in their world and recognize that in a group of research participants each person may have a different reality that needs to be respected. (Palys, 1997, p. 35) A qualitative research approach is characterized by an inductive perspective, which believes that theory should be based on the everyday realities of those being studied.

Traditionally research has been carried out by so called 'experts' in a particular field and as a result of this type of research, programs and services have been established to address what was perceived as the problem by the 'experts'. (Stringer, 1996, p. 2) For the most part many of these solutions have failed miserably to keep pace with the rapid changes taking place in today's society (Stringer, 1996, p. 2). To change this approach, Stringer states "Service practitioners should strive to cultivate the skills that will help them to investigate and master systematically the issues affecting them and their constituencies" (Stringer, 1996, p. 3). This approach can be used to strengthen the day to day work practices, solve problems and develop projects and programs. It can also lead to more sustainable solutions towards improvement of quality of life in organizations because through involvement in solving the problems and determining the solutions, there is commitment to the solutions.

Stringer (1996) states:

> Community-based action research is always enacted through an explicit set of social values. In modern, democratic social contexts, it is seen as a process of inquiry that has the following four characteristics:
>
> 1. It is *democratic*, enabling the participation of all people.
> 2. It is *equitable*, acknowledging people's equality of worth.
> 3. It is *liberating,* providing freedom from oppressive, debilitating conditions.

4. It is *life enhancing,* enabling the expression of people's full human potential (p.10)

Stringer's model of community-based action research is "look, think, act...starts with a simple yet powerful framework and builds greater detail into procedures as the complexity of activities increases." (1996, p. 16) It is a continually recycling set of activities that includes in the 'look' phase, gathering data and building a picture; the 'think' phase, exploring, analyzing, interpreting and explaining; and an act phase, planning, implementing and evaluating (Stringer, 1996, p.16).

Action research can also be defined as "...a form of *collective* self-reflective enquiry undertaken by participants in social situations in order to improve the rationality and justice of their own social or educational practices..." (Kemmis and McTaggart, 1988, p.5). They also believe that those affected by the changes need to be involved in the determination and evaluation of the action and strategies selected. (Kemmis and McTaggart, 1988, p. 6) They describe "action research developing through the self-reflective spiral; a spiral of planning, acting, observing and reflecting." (1988, p. 22)

The role of the researcher in community-based action research is definitely different from the more traditional researcher role. The role is one of facilitator or consultant versus that of an expert and places the decision making in the hands of the stakeholders. Stringer states "Community-based action research seeks to change the social and personal dynamics of the research situation so that it is noncompetitive and nonexploitative and enhances the lives of all those who participate" (1996, p.19). In today's organizations this quality of enhancing peoples work life is imperative to the ultimate success of organizations.

"Appreciative Inquiry is a form of action research that attempts to create new theories/ideas/images that aid in the developmental change of a system" (Bushe, 1998, p.1). The approach is to have stakeholders tell their stories. For example

they may be asked to tell about the best experiences with performance appraisal. Zemke writes "Appreciative inquiry is a new approach to organizational development that focuses on what works rather than what doesn't". (Zemke, 1999, p. 26) Zemke quotes Cooperrider who defines appreciative inquiry (AI) as "...the art and science of ferreting out the best in an organization through skillful questioning, and bringing key stakeholders together with that knowledge to plan the future or change the present." (Zemke, 1999, p. 28)

Hammond and Hall state (1998):

> Appreciative Inquiry is a way of thinking, seeing and acting for powerful, purposeful change in organizations....a complex philosophy that engages the entire system in an inquiry about what works. The inquiry discovers data that is then analyzed for common themes. The group articulates the themes and dreams of 'what could be' and 'what will be'....The entire system maintains the best of the past by discovering what it is and stretching into future possibilities. (pp. 1-2)

Hammond and Hall believe that the key to change is honoring the past and discovering the underlying assumptions of the change, be they unspoken or unconscious. They state the underlying assumptions of appreciative inquiry are:

1. In every society, organization or group, something works.
2. What we focus on becomes our reality.
3. Reality is created in the moment and there are multiple realities.
4. The act of asking questions of an organization or group influences the group in some way.
5. People have more confidence and comfort to journey to the future (the) when they carry forward parts of the past (the known).

6. If we carry parts of the past forward, they should be what is best about the past.
7. It is important to value differences.
8. The language we use creates our reality. (1998, pp. 2-3)

Zemke summarizes what the academic adherents call the five principles of appreciative inquiry. First is the principle of constructionism, which says we create our own reality and the future of an organization is what the "collective we" agree it is. The second principle is simultaneity, which conveys the asking of the questions is not an indeterminate event and sets the direction of what information will be collected to create the future. The third is the poetic principle which states "Organizations must be studied as social systems, not machines....Eliciting stories, understanding their themes, and cataloging those stories and themes is key to grasping an organization's real capabilities." (Zemke, 1999, p.30) The fourth is the anticipatory principle, which states we get what we anticipate, in this case a positive future. The fifth is the positive principle, which believes problems "...are better solved by focusing on what should be rather than by focusing on what is wrong." (Zemke, 1999, p. 30)

Zemke believes appreciative inquiry is easier to understand when it is viewed as preparation phase followed by the "4-D" cycle of appreciative inquiry, Discovery, Dreaming, Design and Destiny. The preparation consists of choosing a topic and stating it in the affirmative and then creating questions that will elicit positive responses. The 'Discovery' phase "...explores the themes of the stories and includes consensus-building about the strengths of the organization." (Zemke, 1999, p. 30) The 'Dreaming' phase, also known as the envisioning phase, uses the information from the first phase to contemplate possible futures. In the 'Design' phase, "Based on the dream articulation, participants speculate on how the organization will look and agree upon its driving 'concepts' and 'principles'." (Zemke, 1999, p. 31) The 'Destiny' phase is the sustaining, empowering, learning and adjusting phase. This phase has evolved from what was previously

known as the delivery phase where action plans were developed to being more free form.

Bushe cautions the use of appreciative inquiry in an organization that may have deep resentments without first giving people the opportunity to debrief the feelings and come to some form of forgiveness (1998, p. 1). He also shares one technique of appreciative inquiry using the inner dialogue concept of an organization as a change strategy. The inner dialogue of an organization is often very different from what is consciously communicated at meetings and/or at any formal organizational business session. This technique suggests that a planned change in an organization will not take place unless you change the inner dialogue around the proposed change. Bushe states "The change theory is: If you change the stories you change the inner dialogue. Nothing the 'rational mind' decides it wants will actually happen if the 'inner dialogue' is resistant to it." (1998, p. 3)

Appreciative inquiry may use focus groups or one-to-one interviews. The advantages of these strategies is the higher rates of participation and the benefit of contact to explore and enhance the quality of the data gathering with the key disadvantage being the time and cost (Palys, 1997, p. 154). Stringer states "The interview process not only provides a record of their views and perspectives, but also symbolically recognizes the legitimacy of their points of view" (1996, p. 62).

The formulation of the questions for the interview is the challenge because of potential biases and perceptions of the interviewer. Stringer suggests the approach of the 'global tour' which provides direction without leading the interviewee and then adds prompts that will help elicit the information required (Stringer, 1996, p. 62).

Glesne and Peshkin (1992) recommend the interview questions be tested with others before actually being used in the targeted groups or individual interviews.

They also suggest that " However much you have done to validate the utility of your questions, you should think of them as tentatively, so that you are disposed to modify or abandon them, replace with others, or add new ones to your schedule" (Glesne and Peshkin, 1992, p. 64). This approach of rethinking your questions within the context of the interview aligns itself with the action research cycle of plan, act, observe, and reflect. The action research cycle is not a static process that once defined can't be changed.

Questionnaires, which can be a mail-out or completed with the researcher present, are another interactive method of obtaining information. The advantage of the researcher being present is a higher return rate and the opportunity to clarify questions for the participants (Palys, 1997, p. 146). The main advantage of questionnaires is the amount of data that can be collected if the return rate is high and the fact that people can be anywhere in the world and still complete the questionnaire. Kirby and McKenna recommend "...that surveys be developed with and for the research participants involved. This not only adds a spontaneity and uniqueness to such surveys but keeps researchers close to the data and encourages close contact with research participants" (Kirby and McKenna, 1989, p. 74-75).

In summary, a review of the research literature suggests that community-based action research and more specifically, appreciative inquiry, is the research methodology of choice to address the research question: "which aspects of organizational culture will meaningfully engage people in a performance management system?". "In other words, by inquiring into the successes rather than the problems of the organization, he [Cooperrider] discovered distinctive attributes that management could build upon to improve performance and create strategic plans." (Zemke, 1999, p. 29) If organizations adopt the concept of appreciative inquiry to change, they are providing the opportunity for organizational learning. Appreciative inquiry is built on the premise that every organization has pockets of excellence, and through sharing stories, individuals

can identify what works and then find ways to get more of what will work. "A good story taps into the intellectual and emotions of the audience; it leaves listeners enriched in their learning and feelings" (Kaye, and Jacobson, 1999, p. 45).

CHAPTER THREE – CONDUCT OF RESEARCH STUDY

Research Methods

Community-based action research and more specifically, appreciative inquiry (AI), was the research methodology chosen to address the research question: "Which aspects of organizational culture will meaningfully engage people in a performance management system?"

Community-based action research was the research method of choice because of the expectation that its "...primary purpose is as a practical tool for solving problems experienced by people in their professional, community, or private lives" (Stringer, 1996, p. 11). It goes beyond the traditional problem solving process which can be slow, looks backward at failures and causes, rarely results in a new vision and places blame which creates a defensive reaction. (Zemke, 1999 p.28)

Appreciative inquiry moves people from a negative to a positive stance and encourages an organization to look at its strengths and find ways to use the strengths to meet the challenges and opportunities. Zemke states, "...by inquiring into the successes rather than the problems of the organization, he discovered distinctive attributes that management could build upon to improve performance and create strategic plans." (1999, p. 29)

Appreciative inquiry also involves all the stakeholders in creating the future through a positive approach to defining what is needed and through the process gaining the commitment to execute the steps needed to accomplish the goal. The front-line workers are the experts in what will work. Cooperrider stated, "What we discovered, quite honestly, was that the momentum for change and long-term

sustainability increased the more we concentrated only on giving AI to everyone, then stepping back and letting them apply the process on their own throughout the organization..."(cited in Zemke, 1999, p.31).

There are approximately 1926 NOHR employees, of which approximately 107 people are directly responsible for completing performance appraisals within the currently designed supervisor-focused PM system. Twenty-five of the 107 are non-union members, otherwise known as non-contract employees. A mix of all groups located throughout the region was targeted for the interviews as well as all-107 managers and ten percent of the employees were randomly selected to complete the questionnaire.

The goal was to have a cross section of senior administrators, managers, front-line employees and union representatives throughout the Region participate in the participatory action research study. This approach enabled the researcher to obtain a broad perspective on the research question from all individuals who are impacted on or impact on a performance management system. The only individuals with access rights to the raw data were the principal investigator and the academic advisor. The aggregate data was circulated to the research team, organizational sponsor and the faculty advisor.

Data Gathering Tools

Interviews

The interview questions were developed in discussion with the members of the research team. The questions were pre-tested by members of the research team prior to interviewing identified participants. With the appreciative inquiry as the framework, the questions were as follows:

1. Tell me about the best experience you have had in receiving feedback from someone about something you did. Some of the probes used were, "What was it about what she/he said that made you feel good?", "What kind of impact did the feedback have on you?" and "How did it change how you worked in the future?".
2. Please share with me your best experience in receiving a formal performance management review. The same probes as above were often used as well as exploring the difference between feedback from a supervisor and a patient, friend or peer.
3. From your comments in question #1 & #2, what do you think we could do in the NOHR to support the kind of environment/culture that you are describing?

The one-to-one interview format was selected as the best way to obtain the most valuable information for the basis of the questionnaire. Given the current culture, frequent change, senior management turnover, and the regionalization process itself, it was felt that participants would be more comfortable in a one-to-one situation than in a focus group. Interviews also reduced the complexity of scheduling focus groups in a geographically diverse area. All participants agreed to have the interview recorded.

Interview participants were chosen from throughout the geographical region, community and facility, as well as from management, front-line employees (professional and support) and union stewards. Three chief operating officers for the region were, based on numbers of direct reports, asked to submit names to the researcher. The researcher contacted each person and explained the goals of the project and invited each individual to participate in an interview. The target was to interview sixteen employees but after eleven interviews it became quite clear that no new themes were emerging. The other five employees initially contacted for an interview were either on vacation or not available at the time. Five managers, three employees and three union stewards were interviewed.

The researcher traveled to the interviewee's place of work and the interview was conducted in a quiet location although in some cases there were some interruptions. The length of the interviews ranged from approximately 45 minutes to 75 minutes. Written consents (Appendix C-1), including the terms of confidentiality were obtained from each participant. The interview data from each participant was transcribed verbatim by the researcher and returned to the interviewee for review and confirmation of accuracy of the transcription. All participants gave their consent to have their individual data used for the development of the questionnaire and for direct quotes in the chapter on research findings. At no time was the identity of the interviewees made public.

Themes from the interview data were extracted through a process of reviewing the transcriptions and documenting words and phrases that were repetitious. "A theme can be defined as a statement of meaning that runs through all or most of the data or one in minority that carries heavy emotional or factual impact." (Ely, M., Anzul, M. Friedman, T., Garner, D. & McCormack Steinmetz, A. 1991, P. 150) Table 2 identifies a list of organizational cultural indicators that emerged as themes from the comments in the transcribed interview data.

Table 2: Cultural Themes

Cultural Indicator	Manager (5)	Employee (3)	Union (3)	Total
Open communication	4	2	2	8
Honesty	3	1	1	5
Trust	3	3	3	9
Respect	5	2	1	8
Positive environment	5	3	3	11
Confidence in employee	4	2	2	8
Impact of union	4	1	1	6
Appreciation for work	5	3	3	11

Table 3 identifies a list of potential components of a performance management system (PMS) that emerged as themes from the comments in the transcribed interview data. The numbers under each column do not necessarily indicate a positive or negative response unless otherwise indicated in the statement.

Table 3: Components of a Performance Management System

PMS Component	Manager (5)	Employee (3)	Union (3)	Total
Manager understands the job to be reviewed	5	2	3	10
Clear performance expectations are set	4	3	2	9
Manager/employee input	5	3	2	10
Impact of rating system	2	1	2	5
Positive feedback increases performance	5	3	3	11
Role of peer review	3	2	2	7
Impact of manager's span-of-control	2	2	1	5
Positive experience with a PM System	4	3	3	10

Questionnaire

The interview data, as well as the literature review, provided the foundation for the development of a questionnaire. Common themes were extracted from the

interview raw data (Tables 2 and 3) and presented as summary information at a Research Team Meeting in October 1999. The team discussed the themes and formulated the first draft of the questionnaire.

The questionnaire was divided into three parts. The first part addressed the preferred and existing cultural indicators. The second part of the questionnaire was aimed at identifying the cultural barriers that existed and the third part asked for feedback on what an ideal performance management system would look like. The questionnaire ended by asking what the respondents felt was the ideal ratio of employees to managers and what three things would have to be done to successfully implement a performance management system in the NOHR.

The questionnaire was developed and circulated to the research team and faculty advisor for feedback. Revisions were made based on the feedback and circulated again to the research team. The questionnaire was then tested on three individuals who had not been involved in the development process and the final format prepared for circulation. (Appendix D: copy of the survey and the cover letter of instructions)

The questionnaire was anonymous but asked whether respondents were a manager/supervisor or a non-manager/supervisor. Other demographics such as worksite, union affiliation, and length of service were considered but eliminated because the target group for the demographics was too small to ensure confidentiality would be maintained in some areas. The target group was also given the option of not ticking off the one demographic question. This created three groups of responders: managers/supervisor, non-manager/supervisor and a unknown group. The unknown group was the respondents that elected not to indicate whether they were a manager/supervisor or an employee.

A comprehensive mail-out of the questionnaires (107 questionnaires) was made to managers and supervisors through the inter-regional mail system and included a return self-addressed return envelope with the researchers name and business

address. The exception to this was Revelstoke who is not on the inter-regional mail system and therefore received their questionnaire by general post. The return rate for those that indicated they were a manger/supervisor was 48% (51 returned questionnaires). See Table 4 for the circulation and return rate for the individual groups.

Table 4: Circulation and Return Rate of Questionnaire

	Employee	Managers	Unknown	Total
Surveys Distributed	181	107	0	288
Surveys Received	35	51	40	126
Response rate	19%	48%	N/A	44%

For the non-managerial/supervisory group (employees) 10% of approximately 1819 employees were targeted to receive a questionnaire. The questionnaire was mailed to their home address, along with a stamped self-addressed return envelope. The questionnaire was mailed to their home address, as there was no method available to send to their worksite. The 181 recipients were selected to ensure all geographical and functional roles were covered. The percentage of potential recipients was determined by calculating the number of employees within each worksite over the total number of regional employees. Then based on the total number at each worksite the recipients were randomly selected. The response rate for employees was 19%. (See Table 4 for details)

Among the returned questionnaires, 22% did not indicate whether they were a manager/supervisor or an employee. While some of the respondents may not have wanted to indicate their status, there were a number of people who informally told the researcher they forgot to include the cover letter which contain the demographic question. The researcher was able to speculate that managers

and employees each returned approximately 50% of the unknown group questionnaires. This was determined because of the method of return (postage stamp versus in-house mail) but it is not conclusive as one worksite is not on the regional mail system. The overall return rate was 44% or 126 questionnaires out of 288 questionnaires.

Scoring of the Questionnaire

The data in questions one, two and three was tabulated in the three groups: managers/supervisors, non-manager/supervisors and the unknown group. While there was no specific place to write comments in questions one through four, some respondents chose to write comments in the margins. These comments were transcribed by question into the summary of the comments.

In question one, 'Work Cultural Indicators', there were two sections: preferred culture and existing culture. Each section had a rating scale of 1 (low) to 5 (high) for each work culture indicator statement. Initially the data was tabulated in each of the rating scales of 1 (low) to 5 (high). The researcher then totaled the scores from the rating categories of 4 and 5 in each section for each group and converted the data to a percentage for comparison between the groups. The researcher was then able to identify what the respondents believe is the difference between the preferred culture and the existing culture for each group.

In question two the respondents were asked to rate their degree of agreement or disagreement on a five-point scale with statements identifying potential barriers. The researcher tallied the data for each statement in each group and then converted the numbers from the strongly disagree/somewhat disagree and the somewhat agree/strongly agree ratings into percentages for comparison between groups. The researcher also tallied the scores from each group together and

converted the data to percentages to compare an overall score between strongly disagree/somewhat disagree, neutral, and somewhat agree/strongly agree.

In question three the respondents were asked to rate on a scale of 1 (non-essential) to 5 (essential) how important they thought each of eight components were to an effective performance management system. The data was compiled for each of the five ratings and summarized for each of the groups and converted to percentages for comparison between groups.

The data from question four, the ideal number of employees reporting directly to a supervisor or manager, was tabulated by the three respondent groups, summarized into categories of ratios and compared the groups within the categories. The data from question five, 'Please identify the top 3 things that would need to be done to successfully implement a performance management system in the NOHR' was transcribed verbatim and then grouped into themes.

Study Conduct

Based on the work of Kemmis and McTaggart (1988) the following model of planning, acting, observing and reflecting was used to define the action research steps taken:

Plan: Initiating Phase

- Submitted a draft of the project proposal with one literature review theme completed by July 5, 1999.
- Reviewed project proposal with faculty supervisor by July 7, 1999.
- Completed the requirements of the proposal during the residency by July 9, 1999.
- Established the research project team with the sponsor by August 31, 1999.

- Established the research team roles and responsibilities by September 13, 1999.
- Planned a project launch strategy with the research team by September 13, 1999.
- Completed the first draft of the literature and information review and signed off the Letter of Agreement with the project supervisor and sponsor by September 13, 1999.
- Developed a draft of the interview questions with the research team by September 13, 1999.
- Obtained approval for consent form and use in the NOHR by September 10, 1999.
- Selected the participants for the interviews with the help of the chief operating officers by September 24, 1999.

Act: Conducting Phase

- Initiated the project launch strategy with the assistance of the project team and project sponsor by September 27, 1999.
- The researcher piloted the interview questions and revised the questions as appropriate by October 5, 1999.
- The researcher completed the consents prior to each interview.
- The interviews were completed by October 10, 1999.
- Thank-you letters were sent to each interview participant by October 15, 1999.

Observe

- The researcher transcribed the data from the recorded tapes by October 10, 1999.
- The researcher analyzed the data and developed a number of themes common to all interviewees and reviewed with the research team by October 20, 1999.

Reflect

- The researcher sent each interviewee a copy of their own interview transcription and asked them to confirm and agree in writing that the transcription was accurate and the data could be used as long as their confidentiality was maintained. Completed October 15, 1999.
- The researcher reflected on the themes and compared the themes to the literature review by October 20, 1999.

Plan

- The researcher and the research team developed a questionnaire based on the themes from the interviews and the literature review by October 30, 1999.
- The researcher tested the questionnaire on the research team members and other individuals who were not familiar with the questionnaire and received feedback from the faculty supervisor by November 1, 1999.
- Sent a thank you to the participants who tested the questionnaire by November 3, 1999.
- Revised the questionnaire based on feedback from the test group by November 6, 1999.
- Identified the target group for the questionnaire by November 6, 1999.

Act

- The Organizational Development Administrative Assistant circulated the questionnaire to the target group by November 10, 1999.
- The researcher collected and tallied the return questionnaires to ensure a satisfactory response rate by December 10, 1999.

Observe

- Compiled the data from the returned questionnaires by December 15, 1999.
- Analyzed the data by December 30, 1999.

Reflect

- Reviewed and compared the analyzed data with the literature review and discussed with research team on January 11, 2000.
- Met with faculty advisor to review and discuss approach to presenting data on January 28, 2000.
- Met with the research team to identify and develop recommendations on February 1, 2000.

Plan

- The research team requested a meeting with the project sponsor to discuss the findings and recommendations.
- The first draft of the complete project report was submitted to the faculty supervisor and feedback received by February 24, 2000.
- Discussed the findings, conclusions and recommendations with sponsor and received agreement from the sponsor that he would meet with the research team.

Act

- Evaluated the status of the research project with the research team based on the objectives established at the first meeting and the written feedback received at each meeting from the members of the team by February 28, 2000.
- Submitted a second complete draft of the research project to the faculty supervisor by March 13, 2000.

Observe

- Compiled the project evaluation from the research team by March 2, 2000.

Reflect

- Reflected on the evaluation feedback and the comments from the February 28, 2000 research team meeting.
- Discussed the future direction of the findings of the project with the project sponsor by March 10, 2000.

Plan

- Developed a strategy with the project sponsor to convey the results of the research findings and recommendations to the senior management team by March 27, 2000.

CHAPTER FOUR - RESEARCH STUDY RESULTS

Study Findings - Questionnaire

Question 1: Preferred Versus Existing Culture

The summarized data for Question One is displayed in Table 5 below. The cultural indicator statements 1.1 through to 1.13 relate to the horizontal axis in Figures 1:1, 1:2 and 1:3.

Table 5: Question # 1 Preferred Culture versus Existing Culture

Work Culture Indicators	Importance in the preferred work culture: % rating of 4-5			The degree it exists in the NOHR work culture: % rating of 4-5			The % gap between the two ratings		
	Unknown	Emp.	Mgr.	Unknown	Emp.	Mgr.	Unknown	Emp.	Mgr.
1.1 A strong sense of trust in needed with in the organization	100	100	100	8	3	4	92	97	96
1.2 Employees & managers like being together and care about and support one another	83	87	78	10	12	18	73	75	60
1.3 Quality performance is valued and appreciated	98	100	98	20	6	28	78	94	70
1.4 A sincere and positive approach is taken to giving and receiving feedback between managers and employees	98	100	98	18	6	20	80	94	78
1.5 Managers and employees share and demonstrate mutual respect	93	97	96	13	15	22	80	82	74
1.6 Communication is honest, clear, open and timely.	98	100	98	10	9	18	88	91	80
1.7 Managers are encouraged to support the development of their employees.	95	97	98	25	6	22	70	91	76
1.8 Employees are encouraged to participate in the decision-making process within their work unit.	98	94	96	20	17	28	78	77	68

Table 5 Continued Work Culture Indicators	Importance in the preferred work culture: % rating of 4-5			The degree it exists in the NOHR work culture: % rating of 4-5			The % gap between the two ratings		
	Unknown	Emp.	Mgr.	Unknown	Emp.	Mgr.	Unknown	Emp.	Mgr.
1.9 Flexibility and creativity in work practices is encouraged and recognized.	83	94	94	20	11	12	63	83	82
1.10 Managers need to understand the work they are called on to review.	90	94	92	30	9	26	60	85	66
1.11 The manager has been in their role long enough to be familiar with the employee's performance.	90	86	90	44	23	35	46	63	55
1.12 Whenever a new manager comes into a unit, sufficient time is provided to become familiar with each employee's performance before they are called on to assess that performance.	97	91	92	26	19	28	71	72	64
1.13 Equipment/resources are available to do the job properly.	98	100	98	20	20	18	78	80	80

As can be seen from Figure 1, the difference between the preferred and the NOHR's existing culture is very large and consistent across all 13 descriptive statements rated by all respondents in the unknown group. As will be seen in Figures 2 and 3, this difference in ratings was equally large for both managers and employees. Respondents believe that if a new performance management system is implemented there will need to be some significant changes in the organization's culture for the new system to be successful.

Figure 1. Work Culture Indicators: Unknown Group

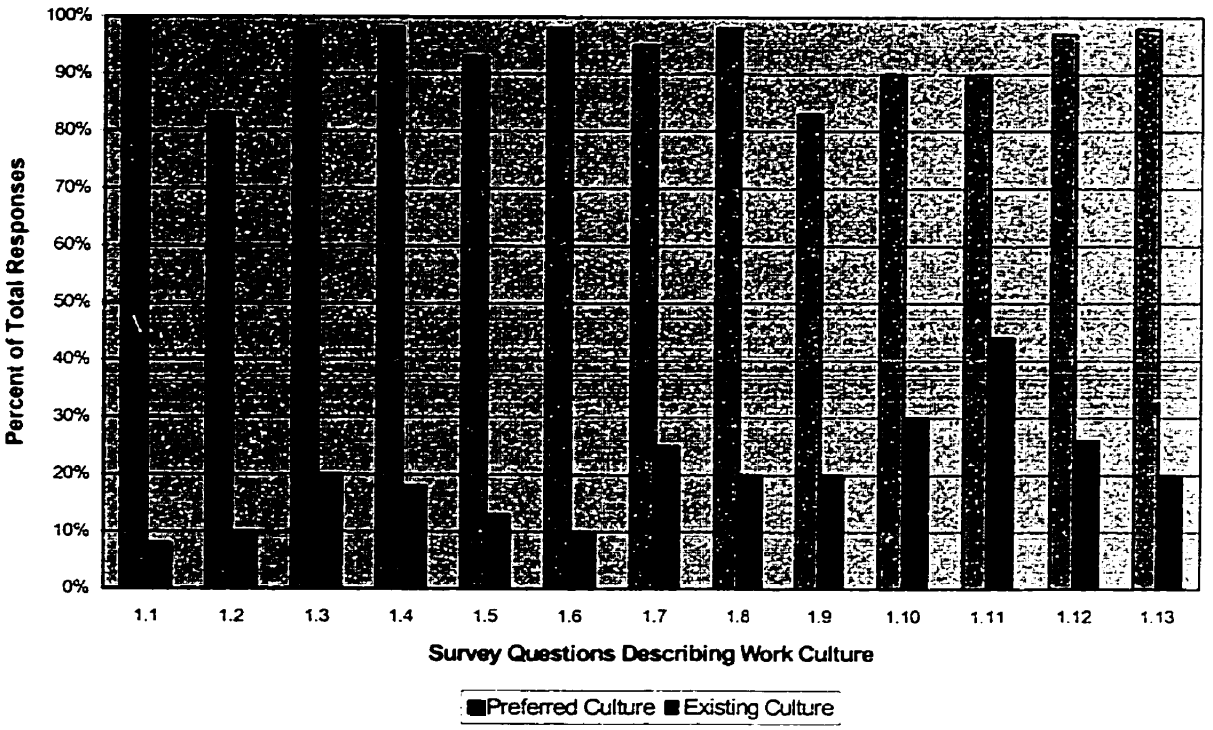


Figure 2. Work Culture Indicators: Managers Group

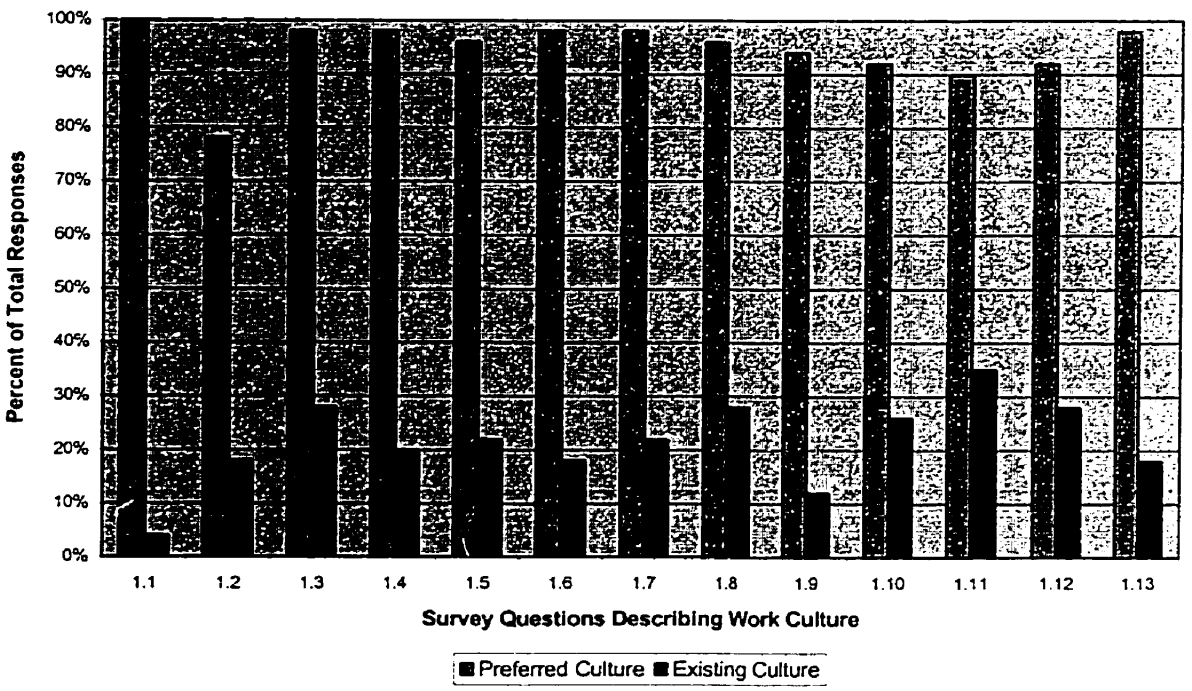
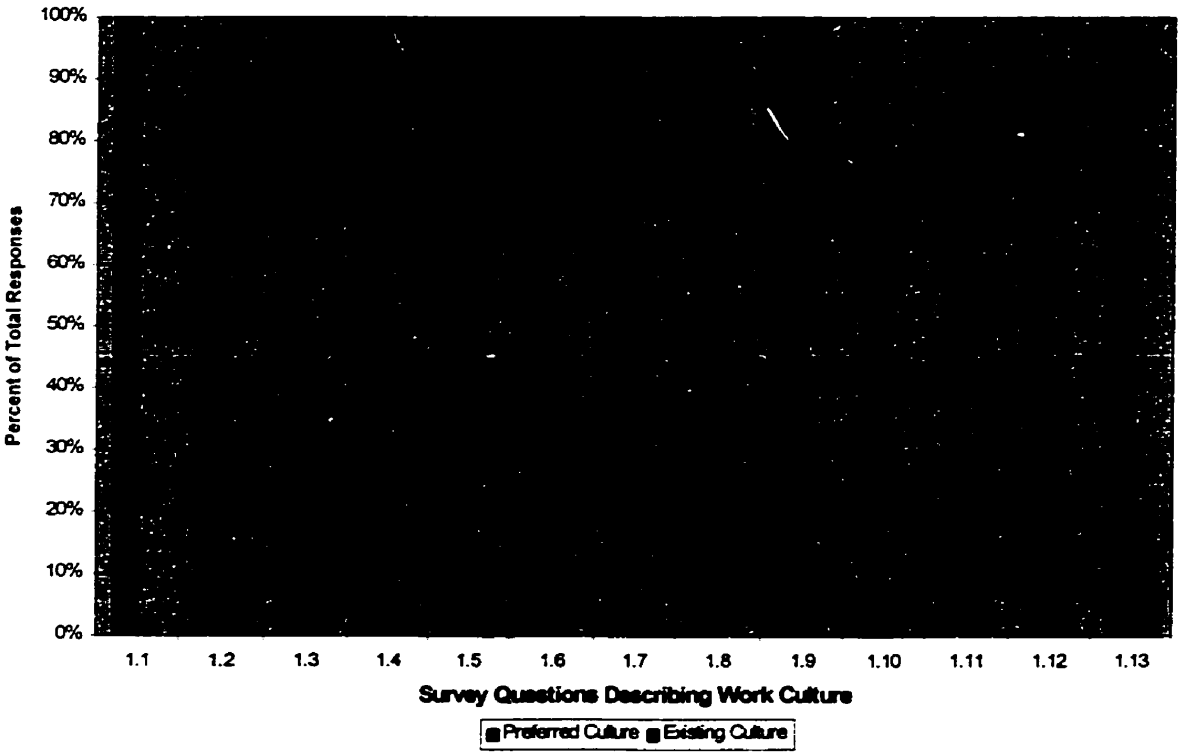


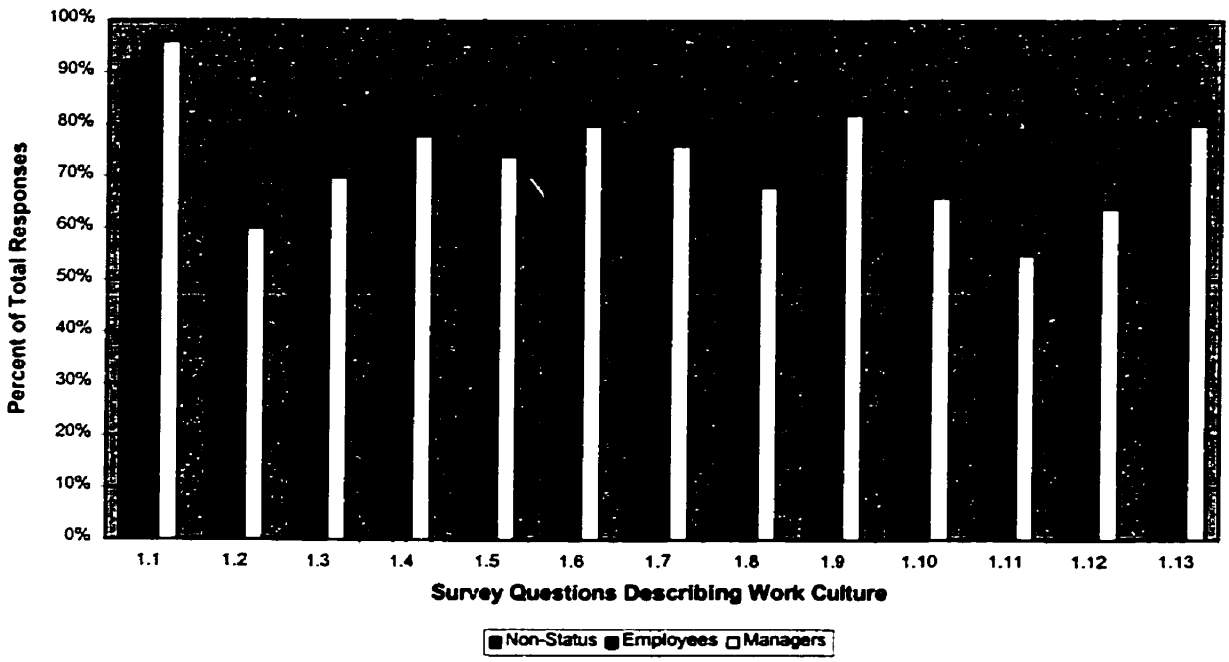
Figure 3. Work Culture Indicators: Employee Group



The overall percentage gap between what the respondents rated as important and what exists in the current NOHR culture ranges from 46% to 95% with the majority of the gaps over 75%. The largest gap was found in the statements dealing with trust, open and honest communication, sincere and positive approach to PMS, quality performance, respect, development and ensuring that equipment and resources are available to do the job properly.

Figure 4 provides a comparison of the percentage gaps in Question 1 between the three groups. In all questions, with the exception of Question 1.13, the employees have indicated by the data that the organizational cultural gap is greater than what is perceived by the managers. In Question 1.13, (Equipment and resources are available to do the job properly) both manager and

Figure 4. Work Culture Indicator Comparsion of the Percentage Gap Between Groups



employee responses reflect an 80% cultural gap. The most noticeable difference (24%) between the groups is reflected in Question 1.3, managers need to understand the work they are called on to review. In this case, managers rate the gap as less severe than do employees.

Question 2: Barriers

The goal of Question Two was to identify the barriers that may impact on the development and implementation of a new performance management system.

The data from the questionnaire is displayed in Table 6 and the 14 statements listed under the barriers in the left-hand column of the table relate to the horizontal axis in Figure 5.

Table 6: Question 2, Barriers to a Performance Management System

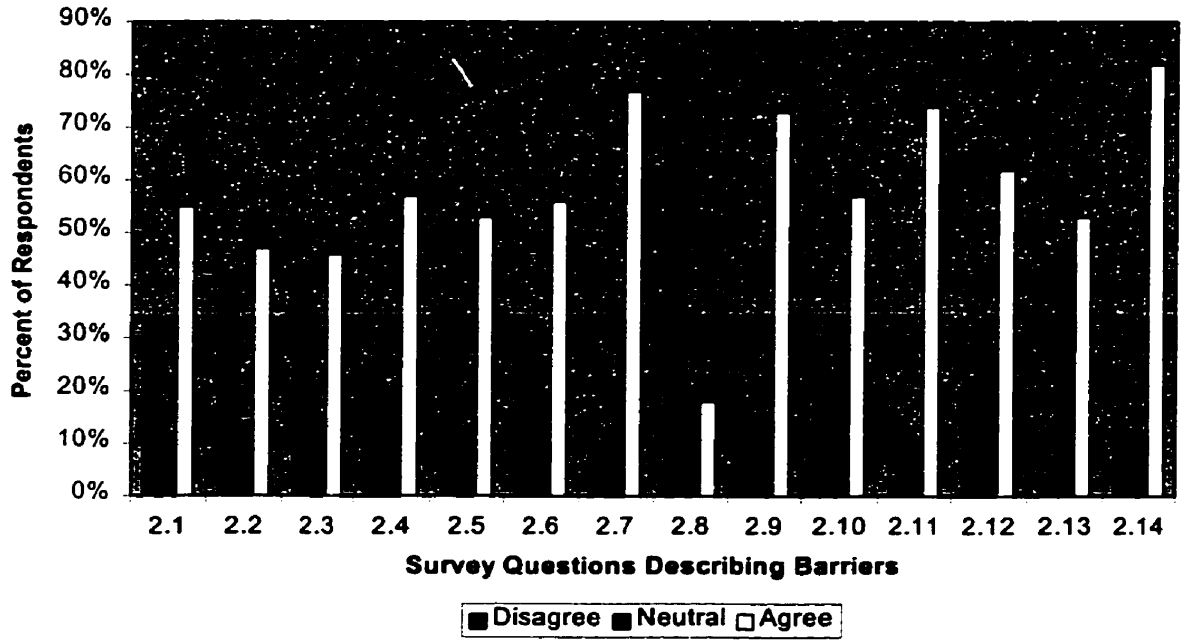
Question #2 Barriers	% of Responses that Strongly or Somewhat Disagree				% of Responses that Strongly or Somewhat Agree			
	Unkn own	Emp	Mgr	Total	Unkn own	Emp	Mgr	Total
2.1 Managers are uncomfortable with reviewing their employee's performance because of a lack of skills & knowledge in using effective performance management processes and systems.	19	14	43	33	57	40	43	55
2.2 Employees are uncomfortable with having their performance reviewed because of their own lack of skills and knowledge in using effective performance management processes and systems.	41	47	31	39	46	32	55	47
2.3 Managers find it difficult to be open and honest about performance because of the fear of a union grievance.	46	34	37	39	44	37	55	46
2.4 The differences between managing discipline and performance problems are unclear.	36	20	20	25	47	46	73	57
2.5 Employees only hear from a manager when there is something wrong.	33	29	43	36	56	60	45	53
2.6 A manager seldom receives thanks or positive feedback from an employee.	39	24	26	29	44	59	63	56
2.7 Individual personalities increase the barriers to effective performance reviews.	8	11	12	10	80	77	75	77
2.8 Employees are uncomfortable receiving positive feedback because we have been taught to "not blow our own horn."	69	63	67	66	23	26	9	18

Table 6 Continued Question # 2 Barriers	% of Responses that Strongly or Somewhat Disagree				% of Responses that Strongly or Somewhat Agree			
	Unknown	Emp	Mgr	Total	Unknown	Emp	Mgr	Total
2.9 The lack of confronting under performing team members sends a negative message.	14	18	10	13	73	67	80	73
2.10 Outdated job descriptions contribute to differences in interpretation of job duties between managers and employees.	23	23	22	22	69	60	55	57
2.11 Managers are often unable to observe work practices and therefore lack measurable performance data.	15	17	14	15	69	74	77	74
2.12 Rating systems (e.g. 1 or 2) contribute to the stress of a performance appraisal for both the manager and the employee.	21	18	8	15	53	67	65	62
2.13 There is no alignment of individual employee performance expectations with the NOHR's strategic direction.	2	0	6	3	63	39	53	53
2.14 The turnover of senior management in the past two years has contributed to the uncertainty of NOHR's future direction.	8	6	9	7	85	80	82	82

Note: The middle category of neutral in Table 6 isn't documented but accounts for the remaining percent.

The strongly disagrees and somewhat disagrees were combined together as were the somewhat agrees and the strongly agrees in all three respondent categories in Figure 5 to display a comparison. Of the fourteen statements, all but 2.8 (Employees are uncomfortable receiving positive feedback because we have been taught to 'not blow our own horn') received an average rating of somewhat agreed to strongly agreed 46% to 77% of the time. Sixty-six percent of the respondents disagreed with statement 2.8 while 18% agreed with the statement.

Figure 5. Barriers to a Perfromance Management System



Management Turnover:

The most important barrier is (Question 2:14) the turnover of senior management in the past two years which respondents believe has contributed to the uncertainty of NOHR's future direction. Eighty-two percent of the respondents somewhat agreed to strongly agreed this was a barrier to implementing a new performance management system. Respondents wrote, "Upper-management [need] to be more visible and share game plans", "Senior management need to establish trust and diminish the uncertainty within the organization" and "Show by example that NOHR knows which direction they are going".

Individual Personalities:

The second most important barrier is the impact of individual personalities (Question 2:7). Seventy-seven percent of the respondents somewhat agree to strongly agree that individual personalities increase the barriers to effective performance management system. Given the numeric data on this question it

was surprising to find that there were very few written comments that were related to personalities. Only one person commented that the reason that peer reviews would not be successful is because of personality conflicts.

Observation of Work Practices:

The third noteworthy barrier is management's inability to observe work practices (Question 2:11). Seventy-four percent of the respondents somewhat agreed to strongly agreed managers are often unable to observe work practices and therefore lack measurable performance data. This finding is also linked to the findings in Question 1.10 and Question 1.12. The respondents were quite clear that they want a manager to understand the job the employee is doing (Question 1.10) as well as ensure the manager/employee relationship has been in existence long enough for the manager to have enough performance data (Question 1.12).

Related comments were: "Managers shouldn't be assessing as they neither do the work or work with the employee." "They [employees] are uncomfortable with having their 'performance' reviewed by people who don't do the work", and "Managers need a better understanding of work on the unit...to effectively understand concerns and problems". Taken together, these certainly reinforce this issue as a barrier.

Confronting Under Performing Team Members:

The fourth notable barrier is the lack of confronting under performing team members (Question 2:9). Seventy-four percent of the respondents somewhat agreed to strongly agreed that the lack of confronting under performing team members sends a negative message and creates barriers. The perceived impact of the union on this barrier by some is reflected in the following comments: "Manager/supervisors cannot fairly assess a fellow employee in the same union because of the union's position", and "Negotiate an avenue with the unions so that slackers can be dismissed." One employee stated "Performance appraisals

done at this time are a joke and a waste of time for the employee and the supervisor because a true reflection of work habits cannot be given by the supervisor for fear of reprisal ...by the union." Supporting the employee's statement above one manager interviewed stated "When you have a union type situation you can't always get people to do what you really want them to do. People are not always willing to do their job when they know they can't get fired."

The comments above are not uniformly supported by the findings in Question 2.3, 'Managers find it difficult to be open and honest about performance because of the fear of a union grievance'. The findings from the question indicated there was little difference overall in the total between those who agreed and those who disagreed with the statement, although the manager group did have 18% more respondents agreeing with the statement than did the employees.

Question 3: Essential Components of a PM System

The goal of the third question was to elicit from the responders what components they felt were essential in a performance management system (Table 7 and Figure 7). All eight components listed in Question 3 were rated as essential by between 46% to 98% of those responding. The three most important findings are:

- Ninety-eight percent of the respondents felt it was essential that managers need to manage the work environment to ensure the employees have the right resources to do their job effectively (Question 3.5).
- Seventy-five percent of respondents indicated it was essential the supervisor assist the employee to ensure the performance plan is well aligned with the priorities of the work team and the larger organization as a whole (Question 3.2).

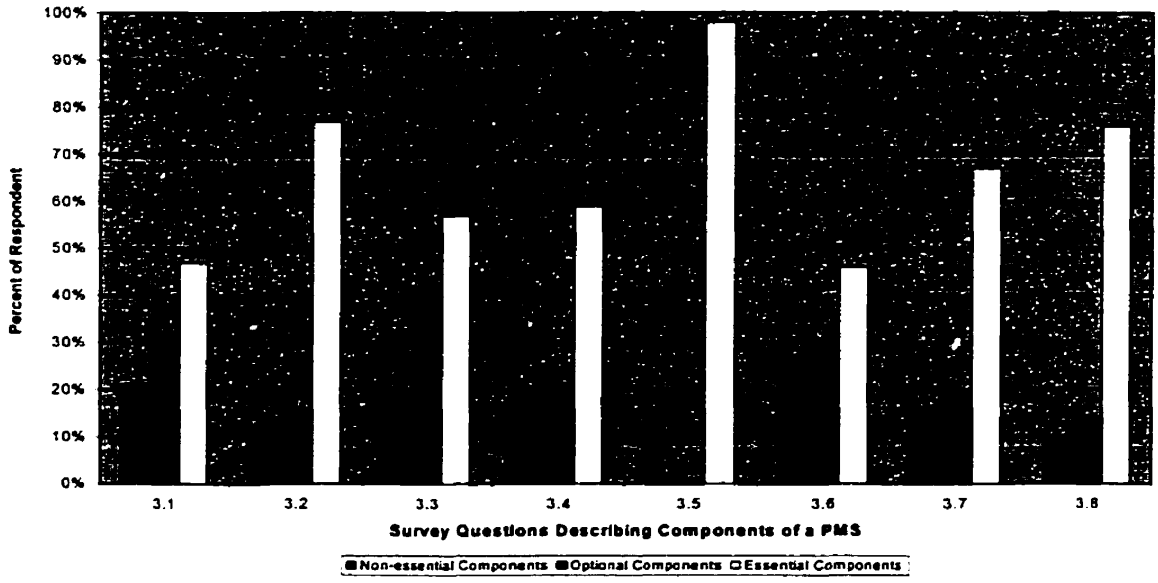
Table 7: Essential Components of a PM System

Legend: U (Unknown) E (Employee) M (Manager)

Question # 3 Components of an Effective Performance Management System	% Non-essential Components with a rating of 1 and 2			% Optional Components with a rating of 3			% Essential Components with a rating of 4 and 5			Overall % for all 3 groups	
	U	E	M	U	E	M	U	E	M	Non-ess.	Ess.
3.1 Each employee develops a performance plan at the beginning of the year and negotiates agreement with the supervisor.	35	15	14	30	41	28	35	44	58	21	47
3.2 The supervisor assists the employee to ensure the performance plan is well aligned with the priorities of the work team and the larger organization as a whole.	23	6	8	5	29	4	72	65	88	12	77
3.3 The performance plan includes a personal development plan (on and off the job training & professional development).	21	16	8	25	26	31	54	56	61	15	57
3.4 Several times during the year the supervisor and employee meet to informally review the status of the performance plan and to agree on any amendments required due to changes in the workplace priorities.	29	15	16	16	29	19	55	56	63	20	59
3.5 Managers need to manage the work environment to ensure the employees have the right resources to do their job effectively.	0	3	0	0	0	4	100	97	96	1	98
3.6 Toward the end of the appraisal year the employee prepares a report of the status of their performance plan for their supervisor to review.	44	21	14	23	44	23	33	35	63	25	46
3.7 The supervisor and the employee meet to discuss report and agree on a final assessment of the employee's performance.	28	9	6	8	37	16	64	54	78	14	67
3.8 They also agree on any actions that need to be taken to further enhance the employee's future performance.	21	5	4	5	26	14	74	69	82	10	76

- Seventy-six percent of respondents felt it was essential that both the employee and the manager agree on any actions that need to be taken to further enhance the employee's future performance (Question 3.8).

Figure 6. Components of an Effective Performance Management System



Question 4: Employee/Management Ratio

The goal of the fourth question was to ascertain the respondent's view on the ideal employee/manager ratio. Of the 127 responses, 40 respondents either did not answer the question or said they did not know. Of the remaining 87 respondents, 92% felt the ideal ratio was somewhere between four and thirty employees per manager and 79% felt the ideal ratio would be somewhere between four and twenty employees per manager. There were also over twenty comments relating to the workload of managers and the number of employees they supervise that make it impossible to currently manage a PM system effectively. Examples of such comments include: "The managers (especially ours) have way too heavy a workload to possibly have time to do anything like

this!", "Have more supervisory staff on at all times.", "Manageable number of employees to supervise" and "Reduce the number of people you are asked to review".

Question 5: Successful Implementation

The last question asked respondents to identify what top three things that would need to be done to successfully implement a performance management system in the NOHR. A summary of the comments identifies the following main themes:

- Identify ways to increase the level of trust and respect in the region.
- Develop a new performance management system that has a clear purpose, is aligned with the region's strategic direction and is more collaborative and positive. It needs to be standardized, user-friendly, consistently applied and involves employees throughout the process. It needs to be able to assist the manager in providing clear directions and clarifying expectations.
- Update and maintain current job descriptions.
- Find ways to reduce the workload of managers so that they have the time to become actively involved in a performance management process for all direct reports.
- Provide education and training on performance management systems for both managers and employees.
- All employees need to be held accountable for their performance and have the performance recognized and rewarded appropriately.
- Managers need to manage the work environment to ensure that employees have the resources they need to do the job effectively and safely.
- Improve the communication and relationships between managers and their employees.
- Collaborate with the unions to ensure they are committed to the process.

Themes

Trust

The single largest gap in the preferred versus existing culture was found in the statement dealing with trust. The average percentage gap between what respondents believe is important (100%) and what exists is 95%. This is further supported by 46% of respondents who believe that managers find it difficult to be open and honest about performance because of fear of a union grievance (Question 2.3). Trust issues are also reflected in the comments from Question 5 which asks the respondents to identify the top three things that would need to be done to successfully implement a performance management system in the NOHR.

At least thirteen respondents commented directly about the issue of trust and the need for it to be addressed before a new performance management system would evolve in a positive way. Respondents wrote, "A lack of consultation and representation leads to distrust", the "Executive team needs to establish trust – that has been eroded by not 'walking the talk'", and one respondent wrote:

> "The key is to have staff involvement and acceptance. At this point given the excessive workloads, lack of resources and lack of trust in an administration that seems remote and uncommunicative, another performance management system just does not seem very important."

In one interview a candidate stated "You need to be able to trust your supervisor, if you don't have trust your job would be a lot more difficult to do."

Communication:

The second largest gap identified by the questionnaire is the need for honest, clear, open, and timely communication. Ninety-nine percent of the respondents

rated the importance of communication a four or a five in a preferred culture while only 12% rated the degree it exists in the current culture as a four or five. The difference is an 88% gap between what the respondents believe is preferred and what currently exist in the NOHR culture at the time of the survey.

There were also numerous comments made about the need for improved communication especially during times of change. Comments such as "Include staff in any planning with open honest communication" and "Communication will have to be more than just memos. Feedback and participation in decisions will have to be encouraged", suggest employees want improvement in communication strategies and they want to be involved in decision making. One respondent wrote, "More personable communication skills. Most communication nowadays is done through e-mail, which is okay sometimes/most times, but to actually talk to a manager personally would help develop better employer/employee relationships in our working (very stressful) environment these days."

Sincere and Positive Approach:

A third finding is 99% of respondents believed a sincere and positive approach needs to be taken when giving and receiving feedback between managers and employees. Based on the respondent's feedback there is an average percentage gap of 86% between what exists and the preferred culture. Some of the written comments also expressed a need for a positive approach. One respondent talked about a more collaborative and positive approach, while another indicated it should be a positive experience. One interviewee stated "...getting positive feedback ...makes a big difference in my energy level, my ambition, my desire to continue working in an area."

Valuing and Appreciating Quality Performance:

The issue of valuing and appreciating quality performance (Question 1.3) provides a fourth major finding. Again all three respondent groups

communicated a strong (99%) belief that valuing and appreciating quality performance is important in a PM system. While the gap between the preferred culture and the existing culture remains high at 81%, there is a 22% difference between what managers and employees agree currently exists. Twenty-eight percent of the managers rated the statement at a four or a five but only six percent of the employees rated the statement in the same way.

There is also a difference in the employee and manager responses in Question 2.5, "Employees only hear from a manager when there is something wrong". Thirty-one percent more employee respondents agreed with the statement than disagreed while the manager's disagree/agree responses were 43 and 45 respectfully.

The written comments by the managers and employee respondents also reflect this difference. The manager's comments centered more on accountability for poor performance with comments such as "Consequence for poor performance", "Clear guidelines for discipline and process to change undesirable behavior" and "Support manager's decisions/appraisals when poor performers grieve their performance review". On the other hand the employee's comments centered on recognizing good performance. For example, "Identify what employees are doing well and recognize it, focus on excellence" and "Encourage, promote and praise".

Mutual Respect:

The fifth major finding is a desire for managers and employees alike to share and demonstrate a mutual respect for each other (Question 1.5). The gap between a preferred culture of mutual respect and the existing culture is 79%. There are also a number of written comments suggesting the need for increasing the respect between employees, between different departments and between the regional support services and the rest of the region. Specific comments included "Respect is needed from top management", and "There is a lack of mutual respect". One interviewee said, "Unless you can be open and when you are

open, your comments will be taken seriously and respected, you are not going to say much of anything of any consequences." Another interviewee described a performance review experience when she said, "It was positive and didn't focus on the negative but more on the emphasis of me achieving my goals. To have someone actually sit and talk to you about it provided recognition and respect for what you had planned."

Employee Development:

A sixth finding is the agreement between all respondent groups about the importance of managers encouraging employee development (Question 1.7). A 74% gap exists between what is at this time in the NOHR and the preferred culture. This strong belief in employee development is further demonstrated in responses to Question 3.3, 'The performance plan includes a personal development plan'. Fifty-seven percent of respondents believe in a performance development plan but 27% saw this part of a PMS as optional. There were also a number of written comments supporting employee development. For example: "The employee must feel supported in terms of skill enhancement and training", "Have the funds available for staff training and development" and "The region's assertions of support for employee's development should be backed up by more complete financial support for necessary educational activities."

The cultural components of trust, respect, and open and honest communication are not separate entities. They are inextricably woven together and impact on each other when one or more are missing. One respondent wrote,

> A poor time for this questionnaire as performance by the region is confusing as the acute care review was handled poorly causing much upset and worries for staff. We've yet to see anything in writing, except newspapers and verbally the stories vary depending on the manager you talk to. Trust is so important – honesty essential and vague reports are hard to support.

Equipment and Resources:

Responses to Questions 1.13 and 3.5 provide a seventh notable finding. Ninety-nine percent of the respondents rated the importance of employees having the right equipment and resources available to do the job at a four or five level on the rating scale in a preferred culture (Question 1.13). They also rated the degree it exists in the NOHR culture at an average of 19%, leaving a gap of 79%. Also, 98% of the responses to Question 3.5, 'Managers need to manage the work environment to ensure the employees have the right resources to do their job effectively,' were rated as essential. There were also numerous references to lack of staff, workload and equipment shortages and break downs in the written comment section. One respondent wrote, "Provide adequate staff so that the employees can have the chance to do their job and then and only then can you rate their performance."

Study Conclusions and Recommendations

The research study findings lend themselves to drawing four conclusions and four related key recommendations structured around cultural change, senior management leadership stability, workload issues and the development of a new performance management system. The recommendations are based on the study findings and the literature review.

Conclusion One:

The trust level in the existing NOHR culture is very low (95% gap) compared with what is rated as needed if a new performance management system is going to be introduced successfully. The lack of trust and respect (79% gap) can be expected to make it very difficult for employees and managers to establish a

relationship that is sincere and positive (84% gap) and to communicate in an open, honest and timely way (86% gap). Dickinson believes the supervisor must be viewed as trustworthy and supportive for a PM system to be received favorably. (1993, p. 157)

To introduce a significant change, such as would be represented by a new PM system, into a culture of low trust warrants careful consideration. Throughout the literature there are numerous references to the relationship between change and culture. Burns discusses the manifestations of poorly managed change, such as individual feelings of betrayal, chaos, distrust, increase in self-interest and reduced creativity while the organization experiences a decrease in decisiveness, degeneration of communication, reduced teamwork, stalled innovation and reduced productivity. (1998, p. 150 – 152) Yukl states "By changing or strengthening the culture of an organization, a leader can directly influence the motivation and behaviors of its members." (1998, p. 329)

Recommendation One:

The first recommendation is to develop specific strategies that will move the regional organizational culture from the existing culture towards the preferred culture. Ensuring the right culture is in place is critical for driving and supporting a sustainable change such as a new PM system would represent, especially during reorganizations. (Vestal et al, 1997; Yukl, 1998) The foundation of any successful organization is based on the values of trust, openness and honesty. (Abernathy, 1998; Kouzes & Posner, 1995; Bennis & Nanus, 1985)

The preferred culture supported by the respondents has many similarities with the culture of a learning organization and what the literature also states is needed to successfully implement a PM system effectively. A learning organization has a clear vision, aligned systems, improved communication (dialogue) and values challenges, promotes flexibility, innovation and creativity,

treats mistakes as stepping stones for development and encourages individuals to think. There is emphasis on learning and coaching and the manager spends more time managing the work environment rather than the employee. (Senge 1990) Employees want to know 'somebody is standing by us', they want to know they are being heard and supported.

The work cultural indicators and the relevant findings from Question 1 of the survey suggest some strategies that are also components of a learning organization. They are as follows:

- Value and appreciate quality performance.
- Use a positive and sincere approach to giving and receiving feedback between a manager and an employee.
- Demonstrate mutual respect between a manager and an employee.
- Provide open, honest, clear and timely communication that goes beyond the exchange of information and results in shared understanding.
- Support the development of employees to ensure they have the skills to meet their performance expectations today and in the future.
- Encourage employee participation in the decision-making process at the beginning of a change initiative.
- Encourage and recognize flexibility and creativity in work practices.
- Ensure that equipment and resources are available to do the job properly.

Conclusion Two:

It appears that the turnover of senior management in the past two years has impacted on the region by contributing to the uncertainty of the organization's strategic direction. Eighty-two percent of the respondents felt this turnover would potentially create barriers to a new performance management system. As well, 53% of respondents agree that a lack of alignment of individual employee

performance expectations with the NOHR's strategic direction creates barriers to a performance management system. One respondent wrote "Maintain management for longer periods, too much change over the past few years".

Senior management, in a new and unfamiliar position, might find it difficult to develop and maintain communication about the strategic direction with their direct reports and thus experience difficulties in ensuring employees performance expectations are aligned with the strategic direction. The literature review frequently pointed out the importance of a clear vision and strategic direction. (Weiss, 1999; Gilbert & Sneed, 1992; Senge, 1990; and Carr, 1994) Morrison et al. (1997) state, "...the leader provides followers with a vision and a sense of mission and gains respect, trust, and confidence from followers. Inspirational leaders engage in confidence building of their subordinates, thereby influencing their ability to perform assignments and tasks successfully." (p. 28)

Recommendation Two:

The goal of the second recommendation is to look at ways to address the uncertainty about NOHR's strategic direction created by the impact of senior management turnover. Following each change on the senior management team there has been re-organization of reporting structures leaving employees feeling uncertain about where they fit in, what is expected of them and the future direction of NOHR. Survey respondents stated, "Make sure that ALL employees are given a clear and complete description of the direction planned by NOHR", "Upper management need to be more visible and share game plans" and "A clear Mission Statement defining direction and strategy is needed for each department".

While the revised Mission and Key Directions 2000 (Appendix A) have been communicated through the NOHR Regional Newsletter, there does not appear to have been an opportunity for employees to engage in a dialogue with senior

management about the new directions. An interactive session between senior management and employees would provide the opportunity to share the meaning and the rational for the new directions, to stimulate passion for the changes and to develop an understanding of the impact of the changes on the employee's own role and future performance expectations. The NOHR value statements have been revised and the vision statement replaced by the Key Directions 2000 but, from conversations with colleagues at a middle management level, many are not aware of this change.

There are many references throughout the literature review that advocate for the need to ensure that the vision, mission, strategic direction and values are communicated in a meaningful way to all employees. (Senge, 1990; Kouzes & Posner, 1995; Yukl, 1998; Vestal et al, 1997; Carr, 1994) Gardiner refers to the four moral goals of leadership of "...releasing human potential, balancing the needs of the individual and the community, defending the fundamental values of the community, and instilling in individuals a sense of initiative and responsibility." (Cited in Kouzes & Posner, 1995, p. 338)

As previously discussed Stephen and Roithmayr (1998) found that the reasons PM systems fail is because of execution problems. The execution problems include a lack of alignment of the performance expectations with the business direction, poor communication, one-way feedback from manager to subordinate and minimal if any development planning.

Conclusion Three:

The data from the interviews and the questionnaire suggest the workload demands on managers, frequent changes in managers through reorganization, and increased span-of-controls will negatively contribute to the challenges of developing and implementing a new performance management system. With

some NOHR spans-of-control exceeding what the respondents felt would be a realistic employee/manager ratio, it would be difficult to implement a new PM system without first addressing this issue.

The respondents were also quite clear about the lack of a manager's ability to directly observe employee's work because of the number of employees, shifts with no manager or supervisor, and manager's involvement at meetings that take them out of the work area. There were many written comments both from employees and managers alike that speak to this concern over employee/manager reporting ratio. Some of them are "Examine workloads of managers to allow performance review to happen", "Managers are overloaded with meetings, union activities – staffing problems – not much free time for staff development" and "There needs to be enough supervisors to provide the time required for performance appraisal activities." Haddock et al (1995) also found one of the reasons employees were dissatisfied with their PM system was because supervisor were either unfamiliar with their work or seldom available to observe work practices.

Recommendation Three:

The third key recommendation is to look for ways to resolve the middle manager's workload issues. If this is done they in turn can manage the work environment in a manner that ensures employees have the right resources to do their jobs effectively. Overworked and stressed individuals, including managers, will be reluctant and even resistant to taking on the additional responsibilities required with the introduction of a new performance management system. (Barner, 1994) With a realistic workload, the leader can focus on the creation of a culture that supports empowerment and then ensures employees are able to meet their performance expectations. This can be done through a re-evaluation of the following:

- Establishment of a realistic standard for the ratio of direct reports to managers.
- Assessment of the current direct report/manager ratio and if above the standard, negotiation of innovative ways to meet the standard.
- Review the roles and responsibilities of anyone who is in a supervisory position to ensure the workload is distributed fairly and equitably.

Conclusion Four:

The findings from the study suggest that respondents are interested in a new performance management system and that they have some definite ideas about what it should look like. Question 3 of the questionnaire listed the components of an effective performance management system based on the literature. There were more respondents who believed all the components were essential than non-essential. Also there were over sixty-five written comments describing and suggesting what they would like in a new system and only one employee who didn't think it was necessary when PM systems are too time consuming.
In addition 57% of respondents in Question 2.10 believed outdated job descriptions contributed to differences in interpretation of job duties between managers and employees. If the job description is one of the tools used as the foundation for determining performance expectations then it needs to be current and mutually understood by both the manager and the employee.

There are also a number of findings in this study that suggest that there is an opportunity to increase manager's and employee's understanding and skill level in working within a performance management system. The data indicated 77% of respondents felt personalities increased barriers, 74% of respondents felt managers lacked measurable data, 73% of respondents believe lack of confronting under performers sends a negative message and 62% felt rating systems contribute to the stress of performance appraisals. In one of the

interviews a manager, in response to the question 'Can you remember a time when it was easy for you to give an employee a performance review', stated "That's a tough one, I have never enjoyed doing those things."

As mentioned earlier the overworked and stressed individual may not want additional responsibilities. Barner (1994) equates a highly empowered but low enablement (low competency) individual with a 'loose cannon'. He states "Enabling people involves helping them develop the competencies they need to manage additional power and autonomy." (1994, p. 34) Providing development and support opportunities for both managers and employees, may provide the skill set needed to resolve these challenges.

Recommendation Four:

The fourth key recommendation is to develop a new performance management system for the region. Based on the research findings the new PM system would need to include a purpose and standard criteria, be flexible and positive, and increase the confidence level of both the manager/supervisor and the direct reports. This can be achieved by:

- Involving employees, middle and senior managers and union representatives in the development and implementation of the new PM system. The DDI/SHRM 1994 study recommended senior management's commitment to modeling the appropriate behavior and involving employees in the process. (Cited in Grote 1996). LaVan et al's (1993) and Ng and Maki's (1994) research studies found that unions do negatively and significantly impact on performance evaluation. Getting the union's involvement in developing the PMS process might increase their commitment to the purpose of a PM system and decrease the traditional negative impact.

- Ensuring that the job descriptions are current and where appropriate, are based on accurate union benchmarks. The literature has also demonstrated that outdated job descriptions contribute to dissatisfaction with performance management systems. (Haddock et al, 1995) Current job descriptions are needed to provide a foundation for accurately reflecting the performance expectations.

- Exploring the feasibility of eliminating a rating system and if not feasible then ensuring the rating system accurately reflects the performance expectations. There are frequent references to the challenges of creating a fair and honest rating system as well as the challenges of inflated ratings by the rater. (Longenecker & Ludwig, 1990; Haddock, 1995) Removing the rating system has the potential to increase the dialogue between the manager and the employee, which ultimately increases a shared understanding of the performance expectations. People collectively begin to think, feel, and act together in an aligned way when they spend time dialoguing. (Senge, 1990)

- Ensuring there is both a realistic budget and time frame to develop and implement a new performance management system. The development and implementation of any change initiative takes resources. The costs would include bringing people together to develop the new system, the training and developments costs and during the implementation, the change management strategies. Burns states, "Without some specific Change Management activities in place, executives can expect at least a 20%-30% decrease in employee productivity." (1998, p. 150)

- Once the system is developed, providing all managers and employees with the appropriate training and education to gain the commitment to and be skilled in implementing the process. Through this process it would be important to clarify the roles of senior management, middle management and employees in the new performance management system. There were over

25 written comments about providing training and development opportunities to both managers and employees. Some of the comments include, "Education of managers and employees to the new system is needed, outlining clear expectations of both the manager and the employee" and "Get support and buy-in at all levels of management through education and indication of benefits."

DDI/SHRM study found that if managers and employees do not have the skills to participate effectively in a new performance management system, it will fail. (Cited in Grote, 1996, p.7) A learning organization uses learning to reach it's goals (Calvert et al, 1994) and as Glasser states, "You cannot make anyone do what he or she does not want to do. You can only teach him a better way and encourage him to try it. If it works there is a good chance he will continue." (1995, p.50)

- Developing an evaluation strategy for the organization to assess the impact of and accountability for, the new performance management system. The Bretz and Milkovich study (cited in Grote, 1996, p.11-12), the DDI/SHRM study (Cited in Grote, 1996, p.8-9) and Malos (1998, p.92-93) espouse the need for evaluating a PM system and determining accountability at all levels of the organization to the process.

Summary

Four recommendations from the research study have been presented based on the study findings and the literature review. One further recommendation, while not directly arising from the study results and is beyond the scope of the research project, warrants consideration. To maximize the likelihood of success with future changes, and in particular the development and implementation of a new performance management system, it is suggested the region review the current change management strategies.

There has been significant change in the region in the past two years. The regionalization process itself, new information systems, increased use of technology, reorganizations, acute care review, mental health review, continuing care review, palliative care review, and program management review at Vernon Jubilee Hospital are some of the more significant changes affecting the organization as a whole.

There were a number of comments made in the written section of the study results that suggest the current change strategies employed could be enhanced. One person wrote "When organizational changes are planned – involve frontline workers or if not possible, share timeline for change well ahead and explain rational for change and explain how change will be evaluated." There were also a number of other comments: "Too much change", "The region is confusing as the acute care review was handled poorly causing much upset and worries for staff", "Stabilize management positions", and "Regionalization has terribly affected the morale in our hospital all employees are very frustrated with the way this region is heading."

Weis advocates for companies selecting one primary change process to prevent confusion and blockages to successful implementation. (1999, p.194) Ensuring that all those driving and affected by a change process are skilled in change management will assist in minimizing the potential for failure as described by Ulrich in the ten reasons why change strategies fail. (1997, p.157)

The development of a communication strategy that meets the needs of all employees and includes a feedback loop from employees through to middle and senior management is critical to successful change management. There are many comments respondents shared that suggest the communication within the region could be refined. Some of them are, " We have no idea anymore who's who", "More personable communication skills", "Improve communication", and "Better communication and involvement from the top down". In their research

Caplan and Teese found that even companies that otherwise managed change well often did not provide effective communication strategies. (1997, p.73) They write,

> If communication is effective, it can clarify history and strengthen trust, facilitate transition, or support management. If ineffective, it can supplant history with myth and undermine credibility; foster animosities between those same departments, teams, and employees; impede change; and keep people from moving through transitions. (1997, p. 74)

In summary, to ensure that the implementation of a new performance management system will be successful it will be important to address the cultural discrepancies, the uncertainty of future NOHR direction, the manager's workload and span-of-control, and identify ways to enhance the NOHR change management strategies.

CHAPTER FIVE – RESEARCH IMPLICATIONS

Organization Implementations

As a result of the research project the North Okanagan Health Region (NOHR) has been provided with four key recommendations. The findings of this study have achieved the original expectation of determining what kind of organizational culture is needed to support a new performance management system. The study has also provided an assessment of the existing organizational culture compared with the preferred culture, identified the perceived barriers to implementing such a new system and the desired components of an effective performance management system.

The findings are not all that surprising considering the major changes that have taken place in the past four years, not only in the NOHR but in the provincial health care scene as well. The government's move towards regionalization has impacted on not only employees and managers but also the communities and the public that are served by the health care delivery systems.

It was anticipated there might be some psychological risk for managers and supervisors in that the study might provide the momentum to establish consequences for continuing non-compliance with a performance management system. The research team participated in strategies to minimize this perceived risk by marketing a positive rational for developing a culture that would successfully engage everyone in a performance management system.

The potential benefits for the managers and supervisors, as well as for the individual employee and the organization as a whole, are many. The study also gave the participants the opportunity to be involved in identifying the future 'picture' of a performance management system and therefore will hopefully have

commitment to and accountability for the new process. The study findings and lessons learned may also be of value to other health regions.

As well, throughout the regionalization process, there has been frequent re-structuring of the organization with attempts to amalgamate over nine individual and distinct cultures. The assessment of the existing organizational culture has provided the unexpected opportunity for the region to examine their change management practices. Developing new practices for implementing change would also enhance future change endeavors. All managers and employees would need learning opportunities to develop effective change management skills.

There has been enthusiasm about team member's involvement, which will hopefully continue after the completion of the research project and into the second phase, acting on the recommendations. Utilizing appreciative inquiry for the research project through the use of the interviews, questionnaires and the involvement of the research team has ensured that employees at all levels of the organization as well as union members are involved. They have expressed excitement about the process and are anticipating that through action on the recommendations change will happen for the better.

Failure to respond to the recommendations has serious potential ramifications for the region given the current culture and the forces driving the changes in leadership mentioned earlier in the literature review. The forces, changes in the definition of the word 'job' (Bridges, 1994), a more diverse society (Carnevale & Stone, 1994), lack of skilled labor (Lee, 1997) and a change in demographics (Drucker, Cited in Galagan, 1998), will add to the current level of unhappiness with the existing culture. Unless action is taken to reverse the existing culture the morale will continue to deteriorate. Introducing a new performance management

system, without simultaneously changing the organizational culture, would meet with resistance and failure.

Future Research

A review of the literature and the research findings of this study suggest a number of other issues that justify further investigation to increase understanding of this complex and challenging topic of organizational culture and performance management. They are stated in a list of reflective questions:

- How does an organization going through constant change maintain and /or build the kind of trust and respect that is needed to engage employees and mangers in a performance management system? What types of behavior destroy and build mutual trust and respect during change?

- What is the relationship between successful organizational communication strategies and the effectiveness of a performance management system? How does a manager, in a meaningful way, link the vision, the mission and the strategic direction of the organization with the individual performance expectations?

- What is a realistic and effective ratio of direct reports to manager? Does it make a difference if the manager's area of responsibility is narrow versus broad or geographically central or spread over multiple sites? What is the impact of the complexity of a job? What is the relationship between the number of direct reports at the middle management level and the number of direct reports at the senior management level?

- What is the individual manager and employee impact of a highly unionized environment on a performance management system? Does a union improve or hinder open and honest communication within a PM system? If given the opportunity to explore the potential benefits of peer review, self-assessment and team assessment as alternatives to the traditional PMS approach, would the unions be more receptive to these approaches?

- What is the relationship between delivering appropriate learning opportunities to employees and managers on the topic of performance management and the success of implementing a new system? What type of learning strategies could be used to develop both the employee and the manager? What type of measurement indicators would be needed to determine the degree of success of a new PM system?

- What would be the advantages/disadvantages of a PM system that utilized a narrative approach versus a rating system to provide feedback? What would the union implications be? What would be the legal implications? Would employees and managers find it easier and more informative?

- What is the impact of individual personalities, of managers and employees, on the success of a PM system? Are there specific types of personalities that make it easier or more difficult to give and receive feedback? What is the relationship between an individual's self-concept or self-esteem and performance feedback?

- What is the impact of under performing behavior on the rest of the team? If the under performance is recognized but allowed to continue, what is the impact on the behavior of other employees? How does that impact on the culture and subsequent morale of the team?

- What is the impact of one professional supervising and giving feedback to a direct report that is of another profession? How much does knowledge and skill in a performance area increase credibility of the feedback process? Can a supervisor provide reliable feedback to a direct report if they never have the opportunity to observe the person directly?

- What is the role of job descriptions within performance management? Do we need job descriptions or have they outlived their usefulness with jobs changing so frequently? Could a set of clear, measurable and achievable performance expectations replace job descriptions?

- Can we measure the impact of a performance management system on specific outcomes of the organization? What would the indicators be to measure these outcomes? How would one distinguish between the other potential variables?

The evolution of performance management systems and the obvious dissatisfaction with many of the current options will demand and drive further research in this field. As the social and economical changes discussed earlier continue to escalate so too will the demands to act on finding ways to clarify performance expectations, exchange feedback and respond to current and future challenges.

CHAPTER SIX – LESSONS LEARNED

Research Project Lessons Learned

The process of evolving from a prospectus through to a proposal and finally to a research report has provided many opportunities to learn and grow both as a researcher and personally. It has been a positive experience and made more so by the challenges and lesson learned. The major lessons learned are outlined below.

- If the opportunity presents itself and the study topic is appropriate, then it would be helpful to involve the research team during the development of the prospectus. This would increase the commitment, help clarify the problem from other's perspectives and possibly help narrow the focus of the study.

- The literature review process would have been much easier and less challenging if there had been more time spent in reading about what a literature review was intended to accomplish. The initial approach was to write about each theme as if it was a separate university paper. While a draft of an outline was certainly used, there could have been more planned connections between the themes and the research problem in the beginning.

- It is better to use the original author's articles and books than to depend on the interpretation of another author. The added difficulty is that you don't always get the complete information and a second interpretation may take a concept out of context from the original author.

- A core group of the team members were able to participate in the research team meetings on a regular basis. While it appeared that all members were

interested in being on the team, prior or more pressing commitments took preference over attendance at the meeting for some members. The commitments were understandable given the change processes that were occurring during this project. Suggestions to avoid this is the future might be to invite twelve to fourteen potential members to the first meeting, review the goals and expectations of members and then give people the option to remain with the team or decline the invitation once they knew what the commitment included.

- It is also important to ensure that the research team membership includes employees and managers that are prepared to stand behind the recommendations and be willing to discuss the findings in an appreciative inquiry approach. Often there are unexpected findings that necessitate delivering unanticipated news. Members need to be able to do this in a respectful and positive way.

- The appreciative inquiry approach to interviewing individuals revealed some interesting lessons. Some of the interviewees found it more challenging to define what they wanted versus saying what they didn't like. They also found it more difficult to articulate what the ideal performance management system should encompass. This may be a result of limited experience with an effective performance management system. If I were to begin again I would circulate the questions ahead of time to give the interviewees the opportunity to reflect on the questions prior to the interview.

- Developing a questionnaire takes time. Leave enough time to ensure that it is tested thoroughly but recognize that there are going to be some people who will continue to believe the right questions were not asked. Based on some of the feedback from the questionnaire respondents did miss-interpret some statements. In selecting the terminology it is important to eliminate as much jargon as possible. If jargon is required, then clearly define. What may seem

very clear to the researcher because of their familiarity with the terminology is often confusing to the individual less familiar with the topic.

- It is important when the interview is being recorded for transcription that you communicate to the interviewees that the transcription will not read like a regular essay. Several interviewees gave permission to use their data but apologized for the way they had expressed themselves. It became apparent that when we communicate verbally we do not talk the same way we would write. Once this was explained they were comfortable with the explanation but it would have been better to prepare them ahead of time.

- Use a spreadsheet to tabulate your data so that when you want to develop charts to display the data it is ready to move directly into the charts, and saves time tabulating.

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Appendix A: Mission, Key Directions & Values

North Okanagan Health Region
MISSION STATEMENT
Board Approved, August 4, 1999

The Mission of the North Okanagan Health Region is:

- **To promote health;**
- **To prevent disease and injury**
- **To provide Health Care Services**
- **To monitor and assess community health needs**

LONG TERM GOALS
(Board Approved September 1, 1999)

CLIENT CENTERED ORGANIZATION

- Minimize barriers to health service.
- Develop a "seamless" system

APPROPRIATE AND EFFECTIVE UTILIZATION

- Eliminate unnecessary duplication of services and systems.
- Work within allocated resources.

QUALITY IMPROVEMENT

- Ensure continuous improvement in the delivery of health and support services.
- Achieve "best practice"
- Facilitate Staff Development

PLAN

- Use evidence based principles
- Address future needs
- Reflect needs and priorities of the population
- Develop alternatives to existing modes of service

INTEGRATED CARE AND SUPPORT SERVICES

- Enhance continuity of care
- Strengthen links to services outside our Region and with allied agencies

HEALTH PROMOTION
ILLNESS/INJURY PREVENTION

- Emphasize Health Promotion/Illness and Injury Prevention throughout the spectrum of services
- Partner with agencies to address Determinants of Health
- Foster individuals' ability to make informed choices

Appendix A: Mission, Key Directions & Values

Definitions

Appropriate:
That a particular procedure, treatment. Test or service is clearly indicated, not excessive, adequate in quality and provided in the setting best suited to the client's needs.

Effective:
Successfully achieving intended outcomes.

Continuity of Care:
That the sequence of care through our services and programs is coordinated to provide smooth transition from start to finish.

North Okanagan Health Region
VALUES
(Board Approved October 6, 1999)

The underlying Values upon which these statements of Mission and Long Term Goals are based include:

- **The preservation of the five principles of the Canada Health Act; respecting public administration, comprehensiveness, universality, portability and accessibility;**
- **The awareness and acceptance of the far-reaching effect and wide-ranging nature of the determinants of health;**
- **A consumer and community centred focus of health and health services concern;**
- **The ensuring of optimum standards and public accountability in health and health services;**
- **A comprehensive view of health and health services;**
- **An ongoing concern for partnership and collaboration with health providers and other agencies; and**
- **Open communication.**

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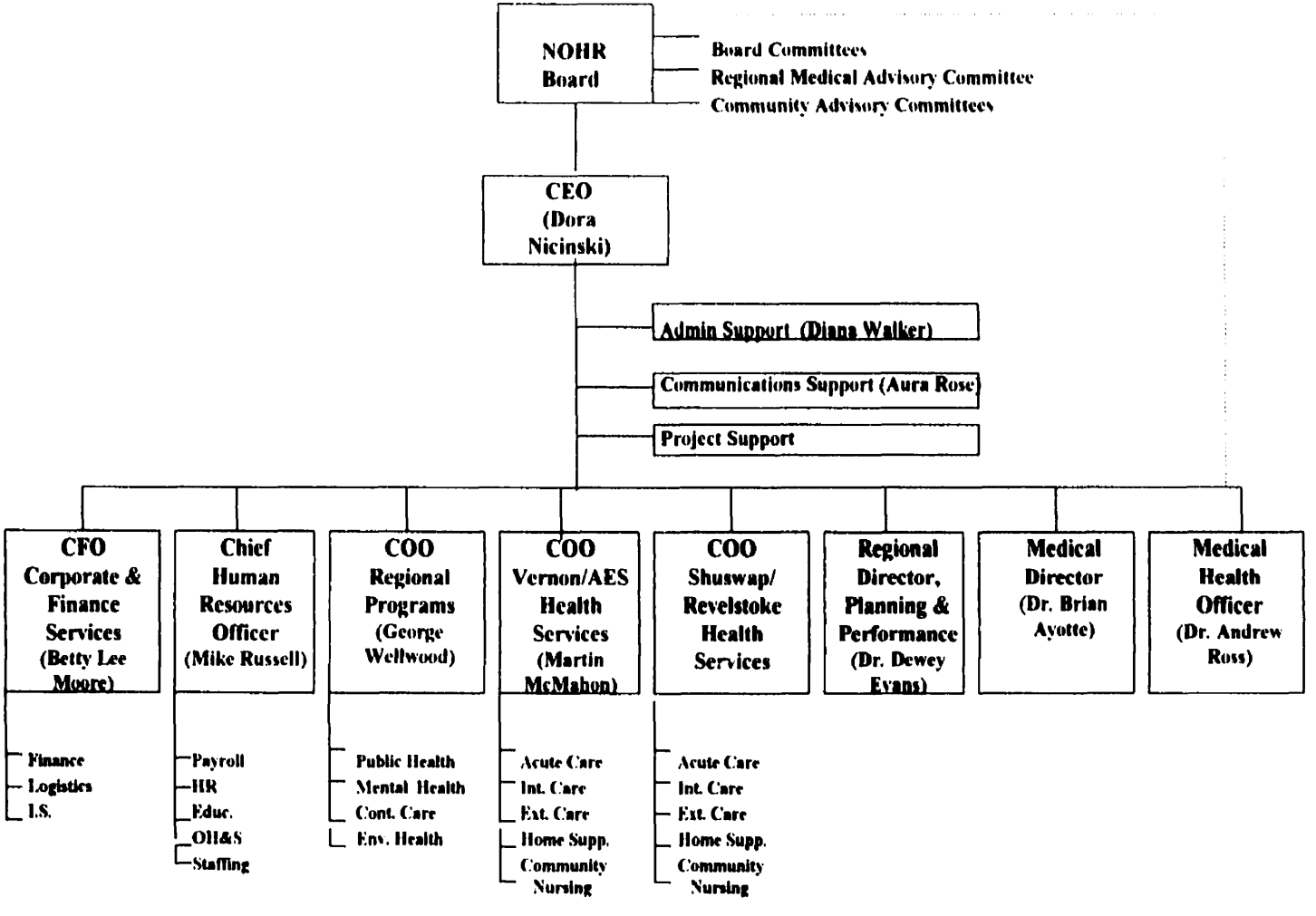
Appendix B: Regional Organizational Chart

North Okanagan Health Region



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Appendix C: Written Consent for Interview

Royal Roads University
Research Participant Consent Form

Research Project Title: Creating a culture that will engage managers and employees in employee feedback.
Investigators: Lynne Pentland, Masters student

Please read the following carefully and sign it if you give your consent to participate in the study, which will follow the methods described below:

- You will be interviewed in an initial interview approximately 90 minutes in duration.
- The interviews will be recorded with a tape recorder and through written notes. All tapes will later be transcribed into the written word.
- You will have the right to turn off the tape recorder at any time during the interview, or to request that the tape not be transcribed.
- All interview data and conversations will be kept confidential.
- Your participation is entirely anonymous. The researcher and the Project Faculty supervisor are the only individuals who will know of your participation. You will be identified throughout the research notes and transcripts through a pseudonym.
- You will be given a copy of any transcript created from the tape to review and verify. Following the approval of the transcript, the interview tape will be erased.
- The data from your interviews may be used in other forms such as submissions to professional journals, maintaining the same standards of confidentiality and anonymity.
- There will be no monetary compensation to you for participating in this study. However, a summary of the study results will be made available to you at the end.
- Your participation in this study is voluntary and you may withdraw at any time.

Your signature indicates that you have understood to your satisfaction the information regarding participation in the research project and agree to participate. You should feel free to ask for clarification or new information throughout your participation in this study. If you have further questions concerning matters related to this research, please contact Lynne Pentland at (250) 5462917, local 215.

_____ Date _____
Participant

_____ Date _____
Researcher

Appendix D: Cover Letter and Questionnaire

NOHR

North Okanagan Health Region **Corporate Office**

Dear Participant,

I would like to invite you to participate in a confidential survey that will assist in developing a North Okanagan Health Region (NOHR) performance management system. A performance management system can be described as defining the work you do, agreeing on performance expectations (goals and objectives), developing a learning plan, reviewing your work during the year and completing the cycle with a discussion of the outcome of your goals and objectives. Your participation, about 10 to 15 minutes to complete the NOHR sponsored survey, is critical to ensure that employees have input and are involved in the development of a system that will work best for us.

I am coordinating this project in collaboration with a project team that includes front-line employees, union stewards and managers. As a graduate student of Royal Roads University I am combining this workplace project with my research requirements by looking at the workplace cultural issues that may have an impact on the eventual success of a performance management system. A workplace culture is defined as the beliefs, values, rituals, stories and symbols of the organization we work in.

I have interviewed a number of employees, union stewards and managers from the Region to provide the foundation for this questionnaire. Your name has been randomly selected from a list of employees to complete the attached confidential questionnaire. There are no right or wrong answers to this type of survey – I am looking for your responses that reflect your honest opinion on each question. Please complete it and return it in the self-addressed envelope provided by no later than November 26th, 1999.

I would appreciate you completing the demographic information request below as it will assist me in compiling the data, but if you would rather not, then just leave it blank. If you have any questions please contact me before you complete the questionnaire. My work telephone number is 546-2917; local 215 or I can be reached at lpentland@nohr.org if you have any questions before you complete the questionnaire.

Please check one of the following demographic categories:
Manager/Supervisor _____ or Non-manager/non-supervisory position _____.

Thanks for assisting me in this project, your time and feedback is greatly appreciated!

Sincerely,

Lynne Pentland
Consultant, Organizational Development
Human Resources, North Okanagan Health Region

Appendix D: Cover Letter and Questionnaire

1. **Instructions:** In the section called '*Importance in the preferred work culture*', please rate the degree to which each of the indicators is important in an effective performance management system. Then under the section called '*The degree it exists in the work culture*', rate the same indicator as you feel it exists in the NOHR work culture today. For example I have rated the sample indicator as High Importance in the preferred work culture and a Medium in NOHR's work culture today.

Work Cultural Indicator	**Importance in the preferred culture**					**The degree it exists in the NOHR work culture today**				
	1 Low	2	3 Med	4	5 High	1 Low	2	3 Med	4	5 High
Sample: Regular work hours are respected for all employees.					X			X		
1.1 A strong sense of trust is needed within the organization.										
1.2 Employees and managers like being together and care about and support one another.										
1.3 Quality performance is valued and appreciated.										
1.4 A sincere and positive approach is taken to giving and receiving feedback between managers and employees.										
1.5 Managers and employees share and demonstrate mutual respect.										
1.6 Communication is honest, clear, open and timely.										
1.7 Managers are encouraged to support the development of their employees.										
1.8 Employees are encouraged to participate in the decision-making processes within their work unit.										
1.9 Flexibility and creativity in work practices is encouraged and recognized.										
1.10 Managers need to understand the work they are called on to review.										
1.11 The manager has been in their role long enough to be familiar with the employee's performance.										
1.12 Whenever a new manager comes into a unit, sufficient time is provided to become familiar with each employee's performance before they are called on to assess that performance.										
1.13 Equipment/ resources are available to do the job appropriately.										

Appendix D: Cover Letter and Questionnaire

2. Instructions: A number of barriers have been identified as possible reasons why managers/supervisors and employees in the NOHR lack commitment to reviewing employee performance. Based on your observations and experience please indicate to what degree you agree or disagree with the following:

Barrier	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
2.1 *Managers* are uncomfortable with reviewing their employee's performance because of a lack of skills & knowledge in using effective performance management processes and systems.					
2.2 *Employees* are uncomfortable with having their performance reviewed because of their own lack of skills and knowledge in using effective performance management processes and systems.					
2.3 Managers find it difficult to be open and honest about performance because of the fear of a union grievance.					
2.4 The differences between managing discipline and performance problems are unclear.					
2.5 Employees only hear from a manager when there is something wrong.					
2.6 A manager seldom receives thanks or positive feedback from an employee.					
2.7 Individual personalities increase the barriers to effective performance reviews.					
2.8 Employees are uncomfortable receiving positive feedback because we have been taught to "not blow our own horn".					
2.9 The lack of confronting under performing team members sends a negative message.					
2.10 Outdated job descriptions contribute to differences in interpretation of job duties between managers and employees.					
2.11 Managers are often unable to observe work practices and therefore lack measurable performance data.					
2.12 Rating systems (e.g. 1 or 2) contribute to the stress of a performance appraisal for both the manager and the employee.					
2.13 There is no alignment of individual employee performance expectations with the NOHR's strategic direction.					
2.14 The turnover of senior management in the past two years has contributed to the uncertainty of NOHR's future direction.					

Appendix D: Cover Letter and Questionnaire

3. **Instructions**: Many reference books include the following components in their description of a performance management system. Please rate on a scale of (1) Non-essential to (5) Essential, how important you think each component is for an effective performance management system for our Region.

Component	Non-essential 1	2	Optional 3	4	Essential 5
3.1 Each employee develops a performance plan at the beginning of the year and negotiates agreement with the supervisor.					
3.2 The supervisor assists the employee to ensure the performance plan is well aligned with the priorities of the work team and the larger organization as a whole.					
3.3 The performance plan includes a personal development plan (on and off the job training & professional development).					
3.4 Several times during the year the supervisor and employee meet to informally review the status of the performance plan and to agree on any amendments required due to changes in the workplace priorities					
3.5 Managers need to manage the work environment to ensure the employees have the right resources to do their job effectively.					
3.6 Toward the end of the appraisal year the employee prepares a report of the status of their performance plan for their supervisor to review.					
3.7 The supervisor and the employee meet to discuss the status report and agree on a final assessment of the employee's performance.					
3.8 They also agree on any actions that need to be taken to further enhance the employee's future performance.					

4. The ideal number of employees reporting directly to a supervisor or manager is ____.

5. Please identify the top 3 things that would need to be done to successfully implement a performance management system in the North Okanagan Health Region.