2 Performance management and work motivation prescriptions

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Long before management became a field of scientific inquiry, practitioners were concerned with ways of increasing employee productivity (Latham, 1988). An understanding of how to do so has evolved as behavioral scientists have conducted empirical experiments and developed theories that now enable evidence-based practice (Rousseau, 2006).

Conventional management wisdom advocated the division of labor whereby employees specialized in one aspect of the production process so as to enhance their skill, dexterity and judgment (Smith, 1776). Based on this wisdom, engineers in the opening of the twentieth century sought "the one best way" to manage workers. The focus was on identifying, through time and motion study, the most efficient method for maximizing labor productivity (Taylor, 1911/1947). An understanding of the importance of the role of cognitive processes in motivation did not occur until the mid-twentieth century.

Roethlisberger and Dickson (1939) and their colleagues conducted a series of experiments at the Hawthorne plant of the Western Electric Company. They found that employees increased their performance despite unfavorable working conditions simply because their performance was being observed/assessed by the researchers – hence the term, the Hawthorne effect. Although these experiments can be criticized for their lack of methodological rigor, they are nonetheless considered seminal because they showed the necessity of taking into account the effect of cognitive processes, in addition to work place design and the use of monetary incentives, on an individual's behavior in the workplace (Latham, 2007a).

Before an employee can be motivated to become a high performer in the present century, performance itself must be defined. Once this step has been taken, the second and third steps can be taken, namely, appraising a person's performance and then coaching an employee based on that appraisal to instill the desire for continuous improvement. Thus the present chapter examines research that provides a foundation for performance management, namely, defining performance, conducting an appraisal of an employee's performance, and then ways of coaching/motivating an employee to become a high performer. With regard to the latter, this chapter examines (a) who should assume the role of coach: boss, peer, self or someone external to the organization; (b) the frequency with which a person should be coached; and (c) motivational frameworks for guiding the
coaching process; namely, goal setting, social cognitive theory job characteristics theory and principles of organizational justice.

Performance management

Performance management is a HRM process that involves a shared understanding of goals that need to be achieved, and then coaching people on what they need to start doing, stop doing and continue doing to attain these agreed upon goals (Armstrong, 2000; Fletcher & Williams, 1996; Latham, 2003; Latham, Almos, Mann & Moore, 2005). In order to engage in performance management, the first step, as noted above, is to define job performance.

Job performance

Job performance has at least three dimensions (Conway, 1996, 1999; Van Scoter & Motowidlo, 1996). Task performance, as the name implies, consists of behaviors critical to completing task assignments. Contextual performance, often referred to as organizational citizenship behaviour (OCB), is defined as extra-role behaviors, as they are typically viewed within an organization as discretionary rather than required. This is because they are considered “above and beyond the call of duty” in enhancing the welfare of the employing organization or the individuals within it (Borman & Motowidlo, 1993; Latham & Skarlicki, 1995; Organ, 1988). Counterproductive performance consists of negative discretionary behavior that is deleterious to fellow employees or the employing organization (Rotundo & Sackett, 2002). An appraisal instrument used for assessing and then managing an employee’s performance should encompass these three dimensions.

Performance appraisal

The purposes of a performance appraisal are at least two-fold (Latham & Mann, 2006; Latham & Wexley, 1994). One is administrative. An appraisal of a person’s job performance is a basis for subsequent managerial decisions as to whether the person will be promoted, demoted, transferred, laid-off or terminated. An appraisal of an individual’s performance is a basis for deciding if that person should receive a salary increase, monetary bonus or other forms of recognition. In western society, a performance appraisal is often a legal requirement for giving an employee feedback (e.g., 1977 Civil Service Reform Act in the U.S.A.).

A second purpose of performance appraisal is developmental. It is to instill in an employee the desire for continuous improvement. While the first objective for conducting an appraisal is arguably attainable, there is widespread dissatisfaction among employees with the use of a performance appraisal for attaining the second objective. Among their complaints is the belief that they are often assessed on the wrong things (Salter, 1996), their appraisal from their boss is biased (Lance, 1994; LeKkowitz, 2000; Strauss, Barrick & Connerley, 2001), and the appraisal/feedback they receive is not timely. Hence they are frequently surprised by positive results as well as feedback that is critical of their performance. Thus it is not surprising that there is evidence that subsequent to receiving an appraisal, an employee’s performance sometimes decreases up to 12 weeks following the appraisal (French, Kay & Meyer, 1966; Kay, Meyer & French, 1965; Meyer, Kay & French, 1965).

The appraisal scale

To ensure that an employee is appraised on “the right things,” a job analysis must be conducted. A job analysis is a procedure for identifying the activities and attributes that are necessary for becoming a high performer (Sackett & Laczko, 2003; Wilson, 2007). Typically, a job analysis identifies behaviors and cognitive competencies required to implement an organization’s vision, strategy and values with excellence. To the extent that employees see the relationship between what they are doing and the implementation of these three variables, they are unlikely to question the relevance of the appraisal scale (Latham & Latham, 2000).

In their review of the literature on reactions to different appraisal instruments, Tziner and Kopelman (2002) recommended the use of behavioral observation scales or BOS (Latham & Wexley, 1977, 1994). This is because, as the name implies, these behavioral scales specify what an employee “must do” to implement the organization’s vision, strategy and values effectively. The feedback, based on BOS, is perceived by employees as factual, objective and unbiased. Moreover, the BOS are found to be conducive to setting specifically high performance goals, a topic discussed subsequently in this chapter.

The coach

The shift in emphasis from performance appraisal to performance management was the result of the fact that an appraisal alone is rarely a stimulus for increasing a person’s performance. A key explanation is the lack of timeliness in providing feedback. Feedback is a basis for goal setting and gauging goal progress (Locke & Latham, 1990a). Performance appraisals are typically conducted on a fixed interval, that is, only annually, bi-annually or quarterly. Performance management, unlike performance appraisal, is done on an on-going basis by someone who takes the role of a coach. Hence performance feedback is timely.

A coach in an organizational setting is a person who works with others to develop and implement strategies to improve their performance (Hall, Otazo & Hollenbeck, 1999; Latham, 2007b). Who should that person be? Both social comparison theory (Festinger, 1954) and socio-technical systems theory (Trist, 1977) suggest the answer is one’s peers. Social comparison theory states that people use subjective criteria in ambiguous settings to assess their abilities in comparison to others in their group, and then take steps to become as good as, if not better than, the people with whom they identify. Socio-technical systems theory stresses the importance of the group monitoring an individual’s contribution to a team’s task performance and OCB, as well as correcting any counterproductive behavior.
Empirical research in social psychology suggests the value of using an external agent as a coach. Indeed this is common practice in coaching executives (Smith, 1991; London, Flatt, Vargas & Kucine, 2003). Most people value the expertise of an authoritative figure because the expertise the person possesses allows them to make quick and educated decisions on whether and how to change their behavior (Cialdini, 2001).

Aronson’s (1999) self-persuasion theory suggests that self-coaching is highly effective. Specifically, the theory states that persuasion of oneself by oneself creates powerful long-lasting changes in behavior, more so than persuasion from other sources.

Sue-Chan and Latham (2004) investigated the relative effectiveness of these three coaching sources. The first field experiment involved MBA students in their respective study groups in Canada. The results revealed that those who were coached by an external individual, a visiting professor who was not teaching in the MBA program, exhibited more team-playing behavior in their respective study groups than their counterparts who were either self-coached or coached by peers. The second study involved managers in an EMBA program in Australia. In this, as well as in the first experiment, the external coach was perceived to be more credible than peers. In addition, satisfaction with the coaching process was highest when the coach was external to the organization. However, self-coaching was as effective as external coaching on the subsequent academic grades their managers earned in the EMBA program.

The contradictory finding of the first study regarding the efficiency of self-coaching might suggest a boundary condition for self-persuasion theory. In Aronson’s experiments, the participants already possessed the requisite ability to perform the task (e.g., conserve water). The phenomena of interest in his experiments are solely choice, effort and persistence rather than the acquisition of knowledge to perform requisite behavior. The MBA students in the Sue-Chan and Latham experiment reported that they lacked the knowledge and skill on their own to become effective team-players in their study group. Hence they were not credible to themselves when they self-coached. The people in the second experiment were experienced managers who were confident they could do what was required of them as soon as they were given the BOS for self-coaching purposes. Consequently their academic grades improved.

Further evidence of the effectiveness of self-coaching when only choice, effort, persistence, the three cornerstones of motivation, are required rather than the acquisition of knowledge, can be found in a series of field experiments conducted by Latham and his doctoral students. State government union workers were taught self-management skills for increasing their job attendance (Frayne & Latham, 1987). Employees who were told to write a behavioral contract with themselves had significantly higher attendance than those who were randomly assigned to a control group. The contract involved setting a specific high goal for attendance, self-monitoring (i.e., measuring one’s attendance), self-rewarding goal pursuit (e.g., having a beer after work), and self-punishing (e.g., cleaning the attic) for lack of goal progress. When the people in the control group received the training nine months later, their job attendance increased to the same high level as the originally trained group (Latham & Frayne, 1989).

Millman and Latham (2001) trained displaced managers, who had been out of work for 13 or more months, to change their dysfunctional self-talk for finding a job (e.g., “no one will hire me”) to functional self-talk (e.g., “I have the experience and skills organizations need”). Training in verbal self-guidance (VSG) resulted in higher job seeking self-efficacy and the attainment of more jobs than that which occurred in the control group. The benefit of training in VSG has been replicated with regard to the team-playing behavior of MBA students (Brown & Latham, 2006) and the employment of high school Native North Americans (Latham & Bidwell, 2006). Morin and Latham (2000) taught supervisors to visualize (i.e., mental practice) the steps they can take to work effectively with union leaders in their plant site. Those who engaged in mental practice were evaluated by anonymous peers as more effective than their colleagues in the control group.

That peers in the two field experiments conducted by Sue-Chan and Latham (2004) were not effective as coaches is due to the fact that they were not perceived as having subject matter expertise. Subsequent studies on the effectiveness of peer coaching should be conducted in contexts where their subject matter expertise is acknowledged by the people who are being coached. In addition, individual differences as a moderator of the effectiveness of peer coaching should be explored. Employees with a high social comparison orientation (Gibbons & Hunkel, 1999) may be more likely to improve their performance on the basis of coaching by peers than their colleagues who score low on this disposition. The importance of taking into account individual differences in the dispositions of managers who coach their employees is discussed subsequently in this chapter.

Hiring an outsider to coach people below the level of senior management is prohibitively expensive. Hence in many organizations, coaching is considered to be a core competency of a leader (Latham, 2007b). How good is the boss in fulfilling this role? Colloquially speaking, the answer depends on the boss’s answer to the following question: Can a leopard change its spots? Psychologically speaking, the answer depends on the boss’s implicit person theory.

Dweck’s (1986, 1999) implicit person theory states that people who hold fixed entity beliefs view abilities as innate. Hence they believe an individual’s ability is very difficult to change because it is relatively fixed. People who hold incremental beliefs view abilities as malleable; they believe that with practice abilities can be improved. A series of experiments, (Heslin, Latham & Vandewalle, 2005; Heslin, Vandewalle & Latham, 2006) found that managers with fixed entity beliefs do not spend time making suggestions to their subordinates relative to their colleagues who are incrementalists. This is because managers with fixed entity beliefs form strong opinions of people. Their opinions are resistant to change even when they are presented contradictory information regarding their earlier assessment of an individual. This is because they are convinced that people essentially do not change. Hence it is the implicit theory of the observer rather than the leopard that determines the answer as to whether the spots have changed.
Managers who have incremental beliefs do take into account information that is inconsistent with their earlier evaluation of an individual. This is because, as noted earlier, they believe that employees can and do change their behavior. Fortunately for employees, managers with fixed entity beliefs can be trained, using principles adapted from Aronson’s self-persuasion theory, to adopt an incremental belief about people (Heshia et al., 2005).

Higgins’ (Higgins, Shah & Friedman. 1997; Higgins & Tykocinski, 1992; Shah, Higgins & Friedman, 1998) self-regulatory focus theory states that people with a promotion focus strive to attain their goals. Those with a prevention focus strive to avoid failure. These two ways of regulating one’s behavior are considered to be primarily dispositional. Sue-Chan, Wood and Latham (2008) examined the effect of these two dispositions on the part of managers who coach their employees. This study took place in a Fortune 500 company operating in Malaysia; this company had a reputation of being a model organization for coaching its employees. Coaches with a prevention focus were found to have a positive effect on employees who hold entity beliefs. Coaches with a promotion focus had a positive effect on employees regardless of whether they held entity or incremental beliefs.

Continuous versus a variable interval coaching schedule

Performance management, with on-going coaching as its cornerstone, overcomes the problem of lack of timely feedback that hurts the effectiveness of the traditional performance appraisal in bringing about and sustaining high job performance. This emphasis on ongoing feedback, however, fails to take into account that most managers have very little time to interact with and hence observe a subordinate’s job performance. While a baseball coach is standing next to the players in the dug-out observing their on-going performance, and a hockey coach is standing behind the bench making suggestions to the players, the typical manager in the public and private sectors is more likely to be away from employees performing myriad job duties (e.g., strategic planning, budget reduction). Komaxi and Desselles (1994) found that supervisors typically spend less than 1/8 of their time observing their subordinates.

The necessity of providing on-going coaching for bringing about and sustaining high job performance was questioned by Latham, Ford, Tzabbar and Lemmon (2008). Studies involving animals as well as people show that only when they have yet to learn what is required of them is a reward (e.g., a food pellet given to a pigeon) administered on a continuous schedule (e.g., for every correct response) more effective than one that is provided on a variable schedule (Skinner, 1960). A variable ratio (VR) schedule reinforces both responding correctly and the speed of doing so. For example, a VR-8 schedule occurs when approximately every eighth response is reinforced. Sometimes three consecutive correct responses are reinforced; other times 11 correct responses in a row are not reinforced. Overall, however, every eighth correct response is reinforced (Ferster & Skinner, 1957). Because the animal has no way of discerning when the pellet will be administered, the animal learns that responding rapidly is beneficial.

Latham and Dossett (1978) replicated this finding with unionized employees in the forest products industry. The productivity of the inexperienced employees was higher when a bonus was administered in the continuous schedule, whereas the productivity of their experienced colleagues was much higher on the VR-4 schedule. A follow-up field experiment revealed that both the inexperienced and the experienced employees on this VR schedule reported feelings of task meaninglessness, accomplishment and recognition relative to those who received a monetary bonus on a continuous schedule (Saari & Latham, 1982). Moreover, the employees on the VR schedule began to set productivity goals (Latham, 2007a). As a result of these experiments, Latham et al. (2008) investigated the effect on employee’s performance of providing feedback on a variable interval (VI) schedule.

Similar to findings regarding VR schedules, laboratory experiments show that when an animal has yet to learn to emit a response, a continuous schedule for administering a reward, such as a food pellet, results in higher performance than a VI schedule (Ferster & Skinner, 1957). Once the correct response is learned, and an animal is subsequently administered food on a fixed interval (FI) schedule, such as once every minute, the animal’s responses increase rapidly as the end of the time period approaches (e.g., food becomes available at the end of 80 seconds), and drops rapidly to nearly zero immediately following the food. This is because the animal learns to estimate the intervening time interval between the availability of the food and making the response that will produce it. But, on a VI schedule, an animal responds at a high steady rate as it becomes impossible for the animal to discern when a given time interval has elapsed and a food pellet is available. The animal is rewarded after one time interval, then after a different time interval, and then after still a different period of time, the schedule being specified by the average time interval (e.g., once approximately every two minutes) predetermined by an experimenter. Consequently, the animal responds at a high steady rate in order to receive the food as soon as it is made available.

A VI schedule for providing employees with feedback does not by itself eliminate the problem of managers finding the time to coach all their employees. Hence, consistent with the recommendation of Hall et al. (1999) and the empirical evidence obtained by Sue-Chan and Latham (2004), an outsider was used as a coach, namely, a mystery shopper.

The study was conducted in three restaurants of the same company. Requiring a restaurant manager to provide on-going feedback to each server was not logistically possible because in most instances the manager is not present to observe a server–customer interaction. A server’s performance cannot be easily observed by anyone other than the customer who is being served. Because the server had been trained before being permitted to serve customers, continuous feedback was not necessary.

Feedback from a mystery shopper was used by each of the managers to coach employees. Hence, the objections that many employees have regarding performance appraisals from their boss were overcome. The performance feedback was given within 18 hours of the server–customer interaction; the customer completed a behaviorally based scale developed from a job analysis, and hence bias of the managers for or against the server was minimized. Because the servers did not
know the identity of the mystery shopper, nor the hour when a mystery shopper would appear in the restaurant on a given day, nor who among them would serve the shopper, all of them had to perform effectively all of the time in order to obtain positive and avoid negative feedback. Consequently, not only did employees’ performance increase in the three restaurants, so did the number of customers, as did revenue, due to the increase in customer satisfaction with server performance. Moreover, because a mystery shopper assessed the performance of only one server each day, a manager only had to spend a maximum of 30 minutes daily coaching an employee based on the feedback from this third party. This study was among the first to show the linkage between an organization’s performance and performance management of an organization’s human resources.

The Society of Human Resource Management (SHRM) identified several widespread concerns in the workplace (SHRM, 2007–2008). Among them are (a) skill shortages and hence an emphasis on talent management; and (b) a search for ways to enable employees to see the relationship between their performance and its impact on their organization’s productivity and profitability. A number of motivational theories provide the frameworks for doing so.

Motivational theories

Psychological theories that emphasize cognitive processes provide a basis for predicting, explaining, and motivating an employee’s behavior (Latham, 2007a; Latham & Pinder, 2005). Thus they are ideally suited to facilitating the practices of performance management.

Goal setting theory

A primary emphasis throughout this chapter is the importance of performance feedback. Goal setting theory (Latham & Locke, 2007; Locke & Latham, 2002), and the voluminous empirical studies that support it, states that feedback is indeed important, but only to the extent that it leads to the setting of and commitment to a specific high goal. This is because a goal affects a person’s choice or intentions. An employee can receive feedback and then choose to ignore or act upon it.

The theory further states that feedback moderates the effect of a specific high goal. This is because feedback provides employees knowledge of the effectiveness of the strategies they are using to attain the goal. In the absence of feedback, goal pursuit can become difficult, if not impossible.

Finally, the theory states that a specific high goal leads to higher performance than a low goal, no goal or a vague goal such as an exhortation to “do your best.” In setting a specific high performance goal, an employee is more likely to choose to direct attention and action to the task at hand than is the case when a vague goal is set. Furthermore, an employee is likely to mobilize and expend a higher level of effort, and persist in doing so until the goal is attained. The imprecision of a vague goal and lack of self-demand for attaining an easy goal fosters low performance (Latham & Brown, 2006).

Task complexity is another moderator of the goal–performance relationship. If the task is dynamic, if what is required to perform effectively is subject to change without notice, breaking a distal goal into proximal or sub-goals is advantageous (Latham & Sejits, 1999). The feedback that accompanies a proximal goal allows for changes in strategy that are necessary for distal goal attainment.

If the task requires the acquisition of knowledge before an employee can perform effectively, a specific high learning, rather than a performance goal should be set (Winters & Latham, 1996). A learning goal shifts an employee’s attention away from the performance outcome and toward the discovery of strategies or the procedures necessary for performing effectively (Sejits & Latham, 2005).

Olivero, Bane and Kopelman (1997) found that executives who received coaching where there was an emphasis on goal setting increased their performance. Similarly, Smith et al. (2003) found that managers who worked with an executive coach were more likely than other managers to set specific high goals, and then seek feedback on ways to improve their performance. Haslin and Latham (2004) found that only managers with high self-efficacy improved their performance following feedback from their subordinates. Self-efficacy is a variable central to social cognitive theory.

Social cognitive theory

Three variables central to social cognitive theory are goal setting, outcome expectancies and self-efficacy (Bandura, 1986, 1997). As noted earlier, Locke and Latham’s (2002) goal setting theory states that goal commitment is likely to occur if the goal is important to the individual, and the individual believes the goal is attainable. Difficult goals require more effort and hence are more vulnerable to failure than easy goals. When individuals are not convinced that the goal is important, they are unlikely to choose to exert the effort necessary for goal attainment. Similarly, they are unlikely to exert effort if they doubt they are capable of attaining it. Social cognitive theory explains ways to get people to exert the effort necessary to attain high goals.

To improve goal importance, a person must see the relationship between pursuing the goal and the desired outcomes that can be expected. This is not a profound concept, but is one that many people overlook. When a person says “I don’t get it,” what the person is usually saying is that “I don’t see the relationship between what I am doing and the outcomes I am (not) obtaining.” The job of a golf coach is to help the person see the relationship between what one places the left foot and the flight of the golf ball after it has been hit. The job of a coach in the public/private sectors is to help a manager see the effect of what is said and how it is said on the behavior of employees. An understanding of the outcomes a person expects typically aids in understanding why that individual says what he says, and why she does what she does. Changing the outcomes an employee expects changes the person’s behavior (Latham, 2000).

Nevertheless, an employee may doubt that he or she can execute the behavior necessary to attain a desired goal. Hence the importance of a coach focusing on
ways to increase the employee's self-efficacy, namely a "can-do" mindset. This can be done in the following ways: enactive mastery, modeling and persuasion by a significant other. Enactive mastery involves a coach sequencing tasks in such a way that it all but guarantees goal attainment. Small successful steps toward goal attainment instill task specific confidence in an employee. Finding a model with whom an employee identifies, who has attained the goal or is in the process of doing so, increases confidence in an employee that he/she can attain the goal too.

Persuasion by a significant other is a third way of instilling confidence in an employee that a difficult goal is indeed attainable. A significant other is an individual who either energizes or de-energizes an individual. A coach is typically a significant other for the person who is being coached. A coach must be conscious of the words chosen to communicate to an employee. The words must increase confidence rather than instill discouragement. People tend to behave in accordance with the expectations of those who are significant to them. Among the most significant sources of influence on our thoughts, feelings and behavior are ourselves. Hence, the importance of the self-coaching methods discussed earlier in this chapter (e.g., self-talk, mental practice) for increasing self-efficacy for goal attainment. People with high self-efficacy remain committed to specific high goals despite obstacles to goal attainment. People with low self-efficacy are prone to abandon a goal when they encounter impediments to attaining it.

**Job characteristics theory**

Managing the environment where employees are performing is critical to ensuring a high performing workforce. Specifically, jobs should be designed that allow for recognition of employee accomplishments, opportunities for advancement, a sense of achievement, task variety, task identity (e.g., completion of an identifiable piece of work), task significance, and arguably most importantly, autonomy (Hackman & Oldham, 1976; Herzberg, 1966). Autonomy is motivating because it allows employees to take responsibility for the outcomes of their work. Piccolo and Colquitt (2006) found that these job characteristics mediate the relationship between transformational leadership and both intrinsic motivation and goal commitment. Goal commitment was positively related to task performance; intrinsic motivation was positively related to OCB as well as task performance. A coach should help an employee seek and act upon the work environment to create these job characteristics.

**The high performance cycle (HPC)**

The HPC (Latham, Locke & Fassina, 2002; Locke & Latham, 1990b) provides a comprehensive performance management framework for increasing both an employee's performance and job satisfaction. In addition to person variables, the HPC takes into account job characteristics. In essence, the HPC states that goals and self-efficacy affect the direction of an employee's behavior, the effort the person exerts and the discovery of strategies for attaining a desired goal. High performance due to attaining high goals on enriched tasks leads to high internal as well as external rewards, which in turn promotes job satisfaction. Job satisfaction encourages organizational commitment, which in turn leads to the seeking of subsequent high goals. Among the questions this framework suggests that a coach consider are the following:

1. **Does the person have a specific high goal?**
   
   a. Does the person have the ability to attain the goal?
   
   b. Is the person committed to attaining it?
   
   c. Is the person obtaining feedback on goal pursuit?
   
   d. Are there situational constraints?
   
   e. Should proximal goals be set?
   
   f. Should a learning rather than a performance goal be set?

2. **Can the person see the relationship between pursuing the goal and desired outcomes?**
   
   a. Are there internal/external rewards for goal attainment?
   
   b. Are there non-contingent rewards?

3. **Does the person have high self-efficacy for goal attainment? If no,**
   
   a. Has the task been sequenced in such a way as to all but guarantee "small wins"?
   
   b. Is there a model with whom the person can identify?
   
   c. Is there a 'significant other' who is energizing rather than de-energizing the person who is being coached?
   
   d. Is the person's self-talk functional or dysfunctional?

4. **Are the job characteristics growth facilitating?**

**Organizational justice**

In addition to taking into account the characteristics of a job that can facilitate or hinder managing for high performance, the organization too must be examined. The positive benefits accrued from following the research-based prescriptions in this chapter will be undone if employees perceive the organization as unfair and their leaders as untrustworthy. Again, theory provides a framework for implementing this prescription.

Organizational justice theory (Folger, 1977; Greenberg, 1987) states that in addition to being fair, an organization must take steps to ensure that it is seen as fair. These steps include principles of distributive procedural and interactional justice. Distributive justice, as the name implies, is concerned with what is distributed to whom (Adams, 1965). Who received the pay raise, promotion or corner office? Greenberg (1988) found that people who were moved to "bigger/better" offices improved their performance; those who were moved to "worse"
offices decreased their performance. In general, a decrease in performance due to perceptions of an unfair distribution is greater than the increase that occurs with a fair distribution.

As important as the distribution of outcomes on perceptions of fairness, if not more so, is procedural justice. Again, as the name suggests, procedural justice addresses the question as to whether there are systematic as opposed to idiosyncratic procedures, processes or systems for determining what will be distributed to whom. If the answer is yes, additional questions are asked by employees in discerning whether procedural justice exists: (1) Are the procedures representative of the thinking of the workforce? (2) Are they applied consistently? (3) Are they ethical? (4) Accurate? (5) Free of bias? (6) Correctable? (Leventhal, 1976; Leventhal, Karuza & Fry, 1980). Most important is the question of voice: “Did I have a say in the procedures?” “Did anyone take my viewpoint into account?” To the extent employees perceive they have had a “voice,” their negative reactions to an outcome they perceive as unfavorable to them are mitigated (Folger, 1977).

Interpersonal justice (Bies & Moag, 1986) is concerned with the interactions between a manager-coach and a subordinate. To the extent that a subordinate understands a coach’s logic and perceives a coach as sincere, trust is likely to occur (Shapiro, Buttnn & Barry, 1994).

Meta-analyses have shown that perceptions of organizational justice affect all three dimensions of performance. That is, they are positively related to both task performance and OCB; they are negatively related to counterproductive behavior (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter & Ng, 2001). Employees typically ask themselves if (1) the situation would have been better given alternative circumstances; (2) if an authority figure could have done something to alter the event; and (3) if someone in an authority position should have done something to alter the event. If they perceive that the organization would, could or should have behaved differently, perceptions of injustice are likely to be high (Folger & Cropanzano, 2001). As a response to injustice, employees are likely to be motivated to engage in counterproductive behavior because they believe they were treated unfairly. Thus for performance management to bring about a high performing workforce, the employee, the coach, the job and the organization must be examined.

Summary and conclusion

Performance management is similar to performance appraisal in that both involve conducting a job analysis to define what is meant by effective versus ineffective job performance. Both procedures require the development of an appraisal instrument for assessing an individual. The two methods differ in the frequency with which an employee is assessed. A performance appraisal is conducted on a fixed interval schedule (i.e., appraised the same time each year). Performance management occurs on an on-going basis. There is emerging evidence, however, that coaching employees on a variable interval type schedule increases employee performance and an organization’s revenue. Performance appraisal and performance management also differ in terms of who provides an employee feedback. An employee’s manager typically conducts the appraisal; performance management typically involves providing feedback from a third party with subject matter expertise. Self-coaching has also been shown to be effective in increasing performance. Work motivation theories provide frameworks for performance management prescriptions. These theories include goal setting, social cognitive theory, job characteristics, the high performance cycle, which encompasses these three theories, and principles of organizational justice.

References


Performance management and motivation


