

**THE INFLUENCE OF INDIVIDUAL EMPLOYEE PERFORMANCE METRICS ON A  
SUB-CULTURE IN A PROFESSIONAL SERVICES FIRM IN DURBAN, SOUTH  
AFRICA**

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## **I. INTEGRATIVE SUMMARY**

In today's fast paced and global economy, competitive advantage is increasingly focused more on organisational behaviours rather than on the traditional tenets of land, labour and capital. Going beyond the traditional, organisations that are best able to get the most and the best out of their people are the ones most likely to perform better. This study aims to build an understanding of how culture is influenced by individual employee performance metrics that are used in an organisation.

Previous research has been done in the broad fields of organisational culture and employee performance metrics separately, but no studies were identified in literature that focused on the interaction of the two concepts specifically. Therefore, this study seeks to answer the following research question:

**How do individual employee performance metrics influence sub-culture in the context of a professional services firm in Durban?**

This study predominantly focused not on performance at the organisational level, but rather the more granular level of individual employee performance metrics and sub-culture in one of the divisions of a professional services firm.

This qualitative study explores the multiple perspectives of reality of ten of the 32 managers in the Advisory division of a professional services organisation, regarding how individual employee performance metrics influence their world view of work, or the way they perceive, think, feel and interact in the world of work. The focus of the study was limited to one department, in one branch of a multinational organisation and focused only on the horizontal layer of the "manager group" within the staff levels.

Semi-structured, in-depth and face-to-face interviews were conducted with these managers as a means of gathering and saturating data. Interviewees were identified using a stratified sampling from the group of managers in the Advisory division. Open coding and constant comparison was used to analyse data.

The results of the study show that managers had very varied and complex perceptions of how the individual performance metrics used to assess their performance influence the sub-culture of their world of work. The key findings manifested that misuse and abuse of performance metrics by leaders, leadership bias in respect to recognition, reward and remunerations, the predominant focus of the division on the bottom line and emphasis on success at all cost, and low employee morale were all aspects of performance that impacted on how employees behaved in the division. The effect of these factors on the managers operating in this division was that there were low levels of employee commitment which were experienced through low morale and reduced productivity; managers felt that there was a restriction in the development of their careers, all of which resulted in a disregard to values of the organisation.

This study reflects how the reward and recognition system using the balanced scorecard has shifted the focus of the department away from the organisation's espoused values. This has resulted in various leadership and management questions for the leadership of the division in this study. This research also adds to existing literature that links performance and culture within the organisational context that it goes beyond the prevalent themes in literature which focus on performance at the organisation level. This study focuses on performance at the employee level and in particular in a professional services firm in South Africa.

The study has three interrelated sections which are however considered as standalone. The first section is an evaluation report based on the Advisory division of a professional services firm in Durban, South Africa, and consists of a literature review, the methodology followed in conducting the study, results and the discussion thereof. The report also highlights limitations of the study, recommendations and the perceived value of the study. The report ends with a summary in the form of a conclusion. Section 2 comprises a more comprehensive literature review while Section 3 documents the research methodology followed in the study.

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This thesis is dedicated to Tanatswa Alexandra Yaa Zvarevashe, born 11 October 2012. As one adventure ends, another one begins!

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# **SECTION 1: EVALUATION REPORT**

## **1.1 ABSTRACT**

This qualitative study aims to understand how the individual employee performance metrics used in a professional services firm in Durban, South Africa influences sub-culture. Previous research done on the broader concepts of organisational culture and performance has been based at organisation level and not at the divisional and employee performance metrics level of an organisation.

As culture may also exist at different layers within the organisation, data was gathered only from employees who were managers in the Advisory division of the firm. Semi-structured and in-depth interviews were conducted with ten managers', selected using stratified sampling to gauge their perceptions of the influence of individual employee performance metrics on the culture of the division. Interviews were stopped when there was evidence of data saturation. Open code and constant comparison was used to develop themes. The study was based on the group of employees who are managers from the Advisory division of one office of a professional services firm in Durban, South Africa.

The key findings of this study reflect that (a) performance metrics were misused and abused by leaders, (b) there was leadership bias, (c) division focused on the bottom line and emphasized on success at all cost, and (d) low morale of employees was evident. The effect of these findings were manifested in the culture of the division through; low morale and reduced productivity, restriction in career development and a disregard to values of the organisation.

This research adds to existing literature that links performance and culture in that it focuses on performance at the employee level and sub-culture in particular in a professional services firm in South Africa. This study has practical implications on how performance metrics could be used to create a more morale boosting culture within a division of a professional services firm.

## **1.2 INTRODUCTION**

The process of culture creation, transmission and maintenance is one that determines what employees do, values and also how they perform within an organisational setting. Furthermore, Schein (1984) asserts that what leadership of an organisation values and how they recognise and reward or punish group members creates the culture of that organisation. In this way the two concepts of culture and performance are intertwined. This study adopts the definition of organisational culture that was proposed by Schein (1984), in which he defines culture as a “pattern of basic assumptions, that a given group has invented, discovered or developed, in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”.

Giving privilege to the perspectives of managers as a group, this study focuses on a division of a professional services firm which uses the Balance Scorecard as an employee performance tool. It is notable that this tool developed by Kaplan and Norton (2005) is adapted in this professional services firm for purposes of evaluating individual employee performance. In this regard, the aim of this research was to determine the extent to which individual performance metrics have an influence on the culture of the Advisory division, within a professional services firm in Durban.

This evaluation report commences by reviewing literature which exists in the field of organisational culture and individual performance employee metrics. Fundamentally, the review of literature will seek to establish gap(s) and then detail the merit of the current study.

The next part of this report then describes the method applied in conducting the study in respect of the research paradigm, description of participants, data collection and analysis. Finally, the results of the study are then discussed before drawing recommendations and conclusions.

### **1.3 LITERATURE REVIEW**

In some organisations, employee's individual performance metrics are typically linked to the targets of the organisation. The professional services firm under study is one of such organisations. In the light of this, the premise of this study is that these performance metrics may influence the sub-culture of a division within an organisation in which employees operate.

On this basis, this part of the section seeks to explore literature on the two concepts, namely organisational culture and performance metrics. The discussion will give some broad background and definitions of these two concepts.

#### **1.3.1 CULTURE AND ORGANISATION CULTURE**

##### **1.3.1.1 *National Culture***

Organisational cultures are very often closely linked to national culture according to Hofstede (1985: 347). Indeed Sackman (2007: 144) suggests that organisational cultures can be identified at the intra-organizational, organizational, trans-organisational and supra-organisational level as a result of the global nature of organisations in today's economy. In support of this idea of national cultures, several theoretical constructs have been developed which are now described below.

The Five Dimensions Model by Hofstede (1991) focused on patterns of thinking, feeling, and acting that form a culture's mental programming (Beaman, 2008: 37; Hofstede, 1984: 81 - 99).

The High and Low Context Culture Model by Hall (1979) is based on the concept of communication and determining what releases the right response rather than what sends the right message (Beaman, 2008: 37; Scheffknecht, 2011: 74).

Characterising culture as an onion with several layers, the Onion Model by Trompenaars and Hampden-Turner (1997) deals with the way in which a group of people solves problems through a multi-dimensional approach (Beaman, 2008: 39).

The GLOBE study by House (2004, cited in Scheffknecht, 2011: 74) examined the inter-relationships between societal culture, organisational culture, and organisational leadership. The following table represents some of the models of culture, reflecting the various dimensions of culture in each model.

Hofstede / Hofstede / Minkov (2010)	Hall / Hall (2011)	Trompenaars / Hampden-Turner (TU Chemnitz 2011)	GLOBE (House 2004)
Power distance		Equality vs. hierarchy	Power distance
Uncertainty avoidance		Analysing vs. integration	Uncertainty avoidance
Individualism vs. collectivism		Individualism vs. communitarianism	Institutional collectivism
		Inner-directed vs. outer-directed	In-Group collectivism
Masculinity vs. femininity			Gender egalitarianism
Long term orientation	Time (monochromic vs. polychromic)	Time sequence vs. time synchronization	Future orientation
Indulgence vs. restraint			Humane orientation
	Low vs. high context	Universalism vs. Particularism	
	Space	Achieved status vs. ascribed status	Assertiveness Performance orientation

Figure 1 : Cultural Dimension Models

Source: Adapted from Scheffknecht (2011: 75)

As noted above, culture can be seen at the national and organisational level. The values espoused at the national level can be cascaded down to the regional, provincial, societal and ultimately to organisational level and also sections or layers of the organisation (Hofstede, 1990; Schein, 1984). It is worth highlighting that the focus of this study will not be on the broad concepts of culture or national culture but rather the sub-culture within one division in one location of an organisation.

### 1.3.1.2 Organisational Culture

The multitude of definitions that are abounding in literature show the absence of consensus on what organisational culture is. For example Straub *et al.*, (2002) classifies the various definitions of culture into three categories; (a) those based on shared values in a group setting, (b) those based on problem solving which are more goal oriented and geared to the corporate arena, and (c) those that are all encompassing that do not fall into the two categories and are more abstract or

theoretical in nature. What follows is a sample of some definitions of organisational culture that have been identified in literature.

#### 1.3.2.2.1. Defining Organisational Culture

Pettigrew (1979) defines organisational culture as a common set of core concepts that include symbol, language, ideology, belief, ritual and myth (Ilies and Gavrea, 2008: 322 - 325; Hellriegel *et al.*, 2004). With cognitive emphasis on pattern, Schein (1984) defines culture as a “pattern of basic assumptions, that a given group has invented, discovered or developed, in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”.

Focusing on levels, Hofstede (1990) developed a model that uses four levels of culture; values, rituals, heroes, symbols much like an onion with values being at the centre and symbols being at the outermost layer (Hofstede *et al.*, 1990: 286). Refer to Figure 3 below which depicts the layered nature as proposed by Hofstede’s (1990) model.

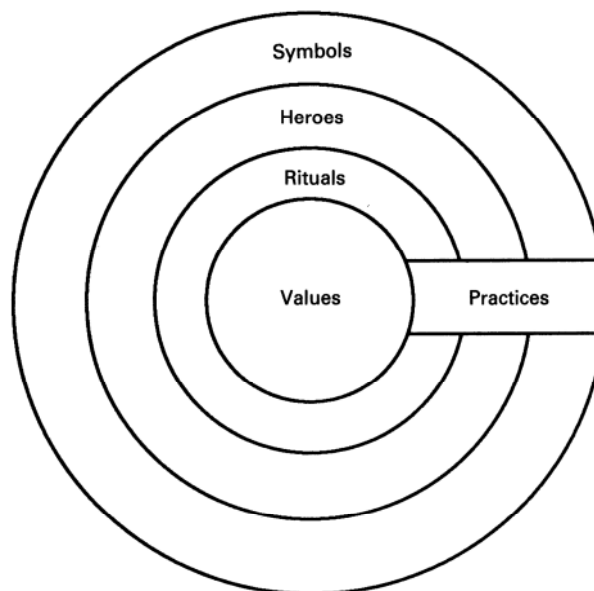


Figure 2: Manifestation of Culture: From Shallow to Deep Source: Hofstede et al. (1990: 286)

Furthermore, Kreitner and Kinicki (1998) suggest that firstly, organisational behaviour has an influence on behaviour in the work place and secondly

organisational culture has two levels at which it operates; shared values and normative behaviour patterns.

In a slightly, different perspective, Deal and Kennedy (1982) propose that organisational culture is the informal cultural elements of an organisation that can be described as “the way things are done” in that organisation. To further reflect the differences in how culture is defined, Newman and Chaharbaghi (1998: 514 - 522) see organisational culture as “a by-product of a technology that has been developed in exploiting an opportunity”. Conceptualising culture as dynamic, Brinkman (1999: 674) proposes the idea of an evolving corporate culture that is constantly interacting with its environment to create new knowledge and corporate power by using technology as an enabler.

#### *1.3.2.2.2. The Organisational Culture Terrain*

There are three organisational culture schools of thought: Integration, Differentiation, and Fragmentation perspectives (Scheffknecht, 2011: 75; Martin, 2004: 4; Alvesson, 2002: 166).

##### *Integration Perspective*

This perspective is characterised by consistency, organisation-wide consensus and clarity through the values of people at higher levels of the organisation (Martin, 2004: 4, Robertson and Swan, 2003: 839). This view of organisational culture does not cater for ambiguity and focuses more on the single or unitary culture.

##### *Differentiation Perspective*

According to Martin (2004: 7), differentiation is based on the lack of consistency of values at the organisation level, with the existence of common values only at the sub-culture level and ambiguity occurring where these sub-cultures overlap (Martin, 2004: 10). For example sub-cultures exist among engineers in an organisation, or people working in the same location like head office which may be different from the sub-culture of field offices. Johnson (2000: 406) suggests that while there must be consensus in respect of a common set of values in a group, this consensus exists within sub-cultures or sub-groups. It is with this in mind that this study focuses on the sub-culture of managers within a specific division of an organisation. Alvesson

(2002: 156) suggests that in reality organisations that have a unitary set of beliefs are rare primarily because organisations are segmented at different levels to ensure operational effectiveness. In supporting this claim Van Maaen and Barley (1984, 1985 cited in Alvesson 2002: 156) suggest that segmentation occurs at the following levels: Division of labour; Importation; Technological innovation; Ideological differentiation; Counter-cultural movements; and Career filters. In a slightly different way Parker (2000 cited in Alvesson 2002: 157) identifies three areas of differentiation: Spatial/functional; Generational; and Occupational/professional.

### *Fragmentation Perspective*

This perspective is defined by the existence of ambiguity resulting in the existence of multiple meanings, paradox, irony and inescapable contradictions (Martin, 2004: 10). Ambiguity tends to be manifested in organisations in which there is a high degree of individualism, high professional and personal values and highly autonomous employees (Robertson and Swan, 2003: 838). Alvesson (2002: 166) refers to this lack of structure as “bounded ambiguity”, referring to groups coming together in attempt to share in their ambiguity.

### *Multiple Perspectives*

In reality an in depth study of any organisation will reveal that all three perspectives exist in one form or another (Martin, 2004: 12). To neatly classify organisations into these three perspectives will not fully explain the culture within an organisation.

#### *1.3.2.2.3. Focus of the Research*

With recognition of culture as a group phenomenon, this study employed Schein's (1984) construct of organisational culture which focuses on a “pattern of basic assumptions, that a given group has invented, discovered or developed, in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”.

This study is more inclined to the differentiationist view of organisational culture as described above, bearing in mind that it recognises possibility of a mix of sub-

cultures. Martin (2004: 13) suggests, however, that no one organisation will experience just this one perspective as different groups may exhibit all three perspectives.

This study will be focused at the organisational unit level using segmentation as suggested by Van Maaen and Barley (1984, 1985 cited in Alvesson 2002: 156). In this case, the segmentation is a horizontal one as it includes one peer group in the organisation. In another way, this can also be classified using Parker's (2000 cited in Alvesson 2002: 157) differentiation method in terms of occupational/professional.

### **1.3.1.3 Understanding Organisational Culture**

Having defined what organisational culture is, it is important to understand the process of how organisational culture comes to exist.

### **1.3.1.4 Creation of Organisational Culture**

Schein (1983: 14) suggests that a group's culture is invented, discovered or developed in order to deal with both internal and external factors. Robbins and Judge (2011: 686) shares Schein's (1983) view on culture creation and believes that the leader plays a crucial role in the organisational culture and proposes a similar structure of formation.

### **1.3.1.5 Maintenance of Organisational Culture**

As groups evolve and new members join, culture becomes embedded based on how the leader's values are firstly shared with group members and then secondly if these values provide solutions to the organisation's problems (Schein, 1983: 21).

Robbins and Judge (2011: 530 - 532) add that transmission occurs via a number of forms that include stories, rituals, symbols, and languages, which are closely related to some of the formal definitions discussed above. The maintenance of culture is based on the three processes of: the selection process, actions of top management, and socialisation methods (Robbins and Judge, 2011: 527).

Deal and Kennedy (1982: 86) propose that up to 90% of what happens in an organisation has nothing to do with the formal events and rather that the cultural

network is where the true communication of beliefs, values and assumptions are generated and transmitted.

Hatch (1993: 657 - 693) goes beyond the 'traditional' idea that culture is a static and isolated concept. Hatch (1993) posits instead that elements of culture exist in a dynamic relationship and ever evolving process.

The Cultural Web by Johnson (1992) links very closely with Hatch's (1993) model and comprises of six components which the authors called the paradigm (Johnson, 1992: 31). According to the authors, these six elements work in concert together or in a web in what ultimately generates organisational culture. In the light of this, any effective assessment of culture probably has to look at how each element operates together to form the paradigm. The concept of The Cultural Web is depicted in the diagram below (Johnson, 1992).

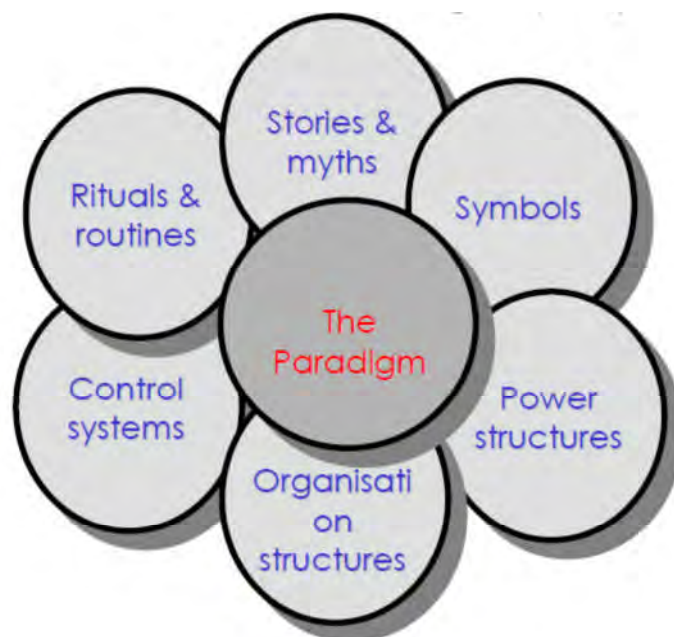


Figure 3: Cultural Web

Source: Adapted from Johnson (1992: 31)

### 1.3.1.6 Types of Organisational Cultures

Several authors have attempted to create what Saffold (1988) calls 'culture profiles' or organisational culture 'types'. This way of trying to understand culture is too mechanical and inflexible to understand what is a very complex phenomenon (Seel, 2000: 1). Table 1 below reflects some of these culture profiles identified in literature.

**Table 1: Types of Organisation Culture**

<b>Deal and Kennedy (1982: 107 - 108)</b>	<b>Hellriegel, Slocum and Woodman (2001: 523)</b>	<b>Harrison &amp; Stokes (1992)</b>	<b>Handy (1995, cited in Seel, 2000: 1)</b>	<b>Trompenaars and Hampden-Turner (1998: 274)</b>
<p><b>Tough-guy, macho:</b> high risk takers, seek quick feedback</p> <p><b>Work hard/play hard:</b> fun, seek quick feedback, high level of low-risk activity</p> <p><b>Bet-your-company:</b> high risk slow feedback system</p> <p><b>Process culture:</b> bureaucratic</p>	<p><b>Bureaucratic</b> predictability and stability</p> <p><b>Clan</b> teamwork, participation</p> <p><b>Entrepreneurial</b> dynamic, creative, risk takers</p> <p><b>Market</b> finance and market-based</p>	<p><b>Power</b> strong and autocratic leadership, centralised power</p> <p><b>Role</b> bureaucratic, rational, structures, procedures</p> <p><b>Achievement,</b> excellence of work,</p> <p><b>Support</b> consensus based decision making</p>	<p><b>Power</b> concentration of power and centralised decision making</p> <p><b>Role</b> bureaucracy based o system focused on specialism of function</p> <p><b>Task</b> subject to change, dynamic, close task based relationships</p> <p><b>Person</b> individualistic with few decision makers</p>	<p><b>Family</b> power oriented, hierarchical, non-threatening and personal</p> <p><b>Eiffel Tower</b> stable, rigid, robust, bureaucratic, structure more important than function</p> <p><b>Guided Missile</b> egalitarian, task oriented, impersonal</p> <p><b>Incubator</b> both personal and egalitarian,</p>

Source: Researcher's owns construction (2012)

### **1.3.2 PERFORMANCE MANAGEMENT**

The process of culture creation, transmission and maintenance is one that determines what employees do, what they actually value and also how they perform in the organisation. What the leaders of an organisation values or pays attention to is very important in creation of culture. For example, how leaders recognise and reward or punish employees creates the culture of that organisation. In this way the two concepts of culture and performance are intertwined and what follows is a brief assessment of the broad concept of performance and then a discussion on the link between the two.

#### **1.3.2.1 Definitions of Performance Management**

The following definitions identified in the literature attempt to unpack concept of performance in the context of this study.

Performance can be assessed using a diversity of criteria that includes among others employment creation, societal good, security of employment for the firm's personnel, providing a satisfying return to corporate headquarters, innovativeness in processes and products, and customer satisfaction (Lebas, 1995: 26).

Focusing on process, Bititci *et al.*, (1997: 522 - 534) suggest that performance management process is that process by which an organisation uses various systems to manage its performance in line with the overall organisation strategies and objectives. In a similar vein, Hellriegel *et al.*, (2004) define performance management as a process that begins with translating the overall strategic objectives of the organisation into clear objectives for each individual employee.

Another way of looking at performance management is to focus on the steps or sequences of activities that are conducted in managing performance. It can be noted that Rao (2007: 1812 - 1840) defines performance management as the ongoing process of "identifying, measuring and developing human performance in a given organisation".

A strategic leader will therefore reinforce a certain culture by setting goals for employees and paying attention to particular behaviours which impact on performance. As such, performance management also involves setting measurable goals at both the organisational and team/individual levels. In the context of this research, performance measurement will refer to the measurement of performance of the individual employee through individual performance metrics rather than the organisation. Neely *et al.* (2005: 1128 - 1263) suggest that performance measures at the individual employee level “influence what people do” and thereby having an influence on the culture of the organisation. In the context of this study, performance measurement will be based on the system of metrics used in the Balanced Scorecard as adapted and utilised by the professional services firm under study.

### **1.3.2.2 Individual Performance**

Employee performance measurement approaches can best be summarised as being either traditional, such as Management By Objectives, Trait based systems or Behaviourally Anchored Rating Scales, or Contemporary such as Balanced scorecard, 360 Degree Evaluation or Key Performance Indicators (Valerdi and Blackburn, 2010: 77 - 97; Buchner, 2007: 59 - 73; Bretz Jr. *et al.*, 1992: 321; Bible *et al.*, 2006: 18 - 23; Kaplan and Norton, 2005: 172 - 180; Kaplan and Norton, 2001: 147 - 160; Lipe and Salterio, 2000: 283 - 298).

In all these approaches, Kreitner and Kinicki (1998: 189) posit that motivation is the key to employee performance and suggest that managers need to understand the psychological processes that affect employees as they go about their operations. Performance measurement begins with the establishment of performance standards (Robbins, 1978: 393). Based on the set standard, the evaluation process should then follow a sequence which can be iterative if necessary.

### **1.3.2.3 Traditional Methods of Employee Performance Measurement**

The traditional methods of employee performance measurement were largely based on financial accounting and quantitative aspects (Valerdi and Blackburn, 2010: 77 - 97; Buchner, 2007: 59 - 73). The employee assessments tools here tended to be varied and included methods such as management by objectives (MBO), trait-based

systems and behaviourally anchored rating scales (BARS) (Bretz Jr. *et al.*, 1992: 321; Valerdi and Blackburn, 2010: 77 - 97).

#### *1.3.2.3.1 Management By Objectives (MBO)*

Robbins (1978: 393) defines MBO as a system where superiors and subordinate managers identify common goals and major areas of responsibility. MBO consists of four key processes: goal setting, action based planning, self-monitoring and periodic reviews (Robbins, 1978). The risk with MBO is that it typically breeds distrust and hostility between managers and subordinates even though this system is meant to be fair and transparent (Levinson, 1970: 2).

#### *1.3.2.3.2 Trait Based Models*

This evaluation method lends itself to a quantitative assessment as the degree to which an employee meets the pre-determined criteria can be quantified on a continuum between meeting (or not) the chosen criteria. Another method in this broad category is the Critical Incidents methods where an employee's behaviour is assessed over a period during the occurrence of critical events.

#### *1.3.2.3.3 Behaviour Anchored Rating Scales (BARS)*

This method of evaluation has been suggested to be used in conjunction with MBO as a complementary method of evaluating employee goals while BARS evaluates *how* those objectives were achieved and thus provide a more complete evaluation of performance (Robbins, 1978: 234).

### **1.3.2.4 Contemporary Methods of Employee Performance Measurement**

To counter the shortcomings of traditional approaches to performance measurement, qualitative factors were needed to be included in these measures to make them more comprehensive and holistic. The following is a section on some of the contemporary methods.

#### *1.3.2.4.1 Balanced Scorecard*

Kaplan and Norton (2005) formulated the balanced scorecard system which in addition to the traditional financial factors of assessing performance also included operational factors such as customer, internal business, innovation and learning.

Since its inception in 1992, the Balanced Scorecard (BSC) has had several iterations of review, each version trying to improve the previous one (Bible *et al.*, 2006: 18 - 23). In the third version of the BSC released in 1996, the focus was squarely on using the tool as a strategic enabler and stressing on core managerial processes that promote the realisation of strategic goals (Kaplan and Norton, 2001: 147 - 160; Kaplan and Norton, 2001: 87 - 104). Over time the BSC approach to performance measurement has been adapted by various organisations worldwide as it brings together in one tool, all the key aspects of strategy based decision making through the cause and effect of monitoring and measuring performance (Bible *et al.*, 2006: 18 - 23).

#### *1.3.2.4.2 360 Degree Evaluation*

The 360 Degree Evaluation is based on the premise that an employee is evaluated by their peers anonymously in order to increase objectivity and provide more honest feedback (van and Nijhof, 2004: 493 - 511).

#### *1.3.2.4.3 Key Performance Indicators (KPI)*

The Key Performance Indicator (KPI) is defined as a set of quantifiable targets that are set by an organisation in order that they meet their strategic objectives (Rajan and Reichelstein, 2006: 585 - 618; Bauer, 2004: 63 - 64).

#### **1.3.2.5 Individual Metrics using Balanced Scorecard**

The professional services firm being studied uses the Balanced Scorecard; a multi-perspective evaluation process based on the Kaplan and Norton (2005) model. Notably, this is adapted to assess the performance of each employee. In this professional services firm, each manager is assessed based on various weighted components of the scorecard that include: quality of work, utilisation (billable hours), sales, managed production, coaching, net recovery (debtors) and living the values (contribution to developing the firm).

### **1.3.3 THE LINK BETWEEN CULTURE AND PERFORMANCE**

The study by Dennison (1984) studied the financial performance of 34 companies across 25 countries, focusing on the existence of a link between strong cultures and

high performance. Schein (1984: 3 - 16) posits that the strength or amount of an organisation's culture is based on two factors; (a) the group's homogeneity and stability and (b) length and intensity of shared values. Thus, according to Schein (1984: 7), the argument is that the more stable and the longer the group members' relationships, the more strong the culture because the group has a longer time to pay attention to the group's values and beliefs.

Deal and Kennedy (1982: 5) disagree with this view and point to a direct link between strong cultures and performance, particularly in American organisations as "culture ties people together and give meaning and purpose to their day-to-day lives". It is instructive to note that scholars such as Kreitner and Kinicki (1989: 67) concur and add that there is a significant relationship between strong cultures and long term financial performance.

Subsequently, Saffold III (1988: 546 - 558) suggest that the link between strong cultures and long term financial performance is a tenuous one and puts forward his argument based on the following five weaknesses he points to over this link:

- Unitary Culture: does not exist in practice as organisations typically consist of more than one sub-culture;
- Strength as a Measure of Culture: the meaning of culture strength is ambiguous and difficult to define;
- Composite Culture Profiles: the modal profile approach generalises through an attempt to classify culture and thereby losing the richness found in the complexity of the topic;
- Culture-Performance links: tenuous link exists between culture and performance; and
- Inadequate Methodologies: no consistency in qualitative methodologies on culture studies.

Alvesson (2002: 54) notes that a strong culture is simply the result of a high performing team as opposed to the reverse. Alvesson (2002: 54) goes on to suggest two other views around the culture-performance link: one view suggests that cultures evolve in a more adaptive process to a company's environment through risk taking

and trust between employees. Another view is that a certain type of organisational culture is required in some organisations as the traditional methods of controlling and regulating activities would not be effective (Wilkins and Ouchi, 1983).

Literature reviewed shows a missing link between sub-culture and individual employee performance metrics. While performance of an organisation typically implies performance of employees, no studies could be identified where this link was studied directly.

The overarching theme in the available literature and the studies that have been performed is that there is simply not enough consistently validated evidence of the link between organisational culture and performance (Dennison, 1984: 5 - 22). The main challenge is the absence of common definitions and concepts around the two topics of performance and organisational culture. The cause and effect link according to Dennison (1984: 5 - 22) is thus tenuous. This means that measurability and comparison are all the more difficult (Dennison, 1984: 5 - 22).

A review of studies conducted in South Africa also showed that the majority of literature reviewed links organisational culture to organisational performance or primarily focused on the subjects of organisational culture and employee performance separately (Pittorino, 2009; Naicker, 2008; Van Rooyen, 2007). The literature reviewed reveals that more study is required in this area as organisations seek to gain competitive advantage in today's global economy through maximisation of their human capital resources.

#### **1.4 RESEARCH METHOD**

This qualitative and inductive research followed a constructionist paradigm to gain multiple perspective of reality from ten managers working in the Advisory division of a professional services firm in Durban, South Africa. In an attempt to understand multiple realities, the researcher interacted with interviewees to get their perspectives of both the sub-culture and performance metrics (Babbie, 2011: 34).

Managers in the division were stratified by the Line of Service (LOS), therefore [they were] divided into subsets of homogenous strata from which an appropriate sample was selected (Babbie, 2011: 203). The interviewees for this study were only the manager group within the employee structures of the organisation. The manager group consists of three employee grades: assistant managers, managers and senior managers. The homogeneous group of managers was chosen because they are of the same level and share similar work experiences and challenges. A total of ten managers were identified from a population of 32 managers as at 04 July 2012.

Data was gathered through semi-structured and in-depth interviews with the managers selected on a stratified sample basis. All interviewees were based in the Durban practice of the organisation in South Africa, and data collection took place between August and October 2012. Each interview took approximately forty five minutes. Data collection ceased when the data was saturated and there were high repetitions in what the interviewees said.

Refer to the interview guide below for initial questions posed to interviewees.

Table 2: Interview Guide

<p><b>Organisational Demographics</b></p> <ol style="list-style-type: none"> <li>1. How long have you been with the firm?</li> <li>2. What line of service within Advisory do you belong?</li> <li>3. How long have you been with your line of service as a manager?</li> <li>4. What is your job grade/title?</li> </ol> <p><b>Organisational Culture</b></p> <ol style="list-style-type: none"> <li>1. What do you understand to be the intended culture of the organisation?</li> <li>2. In your assessment what actions have been put in place to create this espoused culture?</li> <li>3. Based on your experiences with this organisation what is the actual culture of the organisation?</li> <li>4. How would you describe the culture of the Advisory department in KZN? Why would you describe the culture in that way? What demonstrates this culture?</li> <li>5. How different is the espoused culture of the organisation and the culture of department in KZN? In your opinion what is the reason for this?</li> <li>6. In your opinion, has the department intentionally created this culture and if so what do you believe are the actions that have resulted in the creation of this manifested culture?</li> <li>7. What in your opinion holds the department together?</li> <li>8. Can you describe the decision making process of how the department is run.</li> </ol> <p><b>Individual Performance Metrics Using the Balanced Scorecard</b></p> <ol style="list-style-type: none"> <li>1. Do you understand the mechanics of the performance evaluation using the individual performance metrics process? Can you describe it please?</li> <li>2. Describe how the balanced scored card tool used in the evaluation process works and is used in this process.</li> <li>3. Is the performance evaluation process effective in recognising and/or rewarding performance? If so why or if not why not?</li> <li>4. Is the performance evaluation process using the balanced scorecard effective in penalising</li> </ol>
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non-performance by employees? If so why and if not why not?

5. To what extent are qualitative factors considered in the balanced scorecard?
6. In your opinion what carries more weighting (and why) between qualitative and quantitative factors over performance?
7. What do you understand to be the qualitative factors that are considered in the performance evaluation?
8. What are the quantitative factors that are considered in performance evaluation?
9. Does balanced scorecard system of performance metrics adequately record employees' performance? If so why and if not why not and what would your suggested alternative be?

#### **Influence of Individual Performance Metrics on Organisational Culture**

1. How are the individual performance metrics determined?
2. How does the department communicate individual performance metrics to its staff?
3. Is there a difference in culture when the firm is doing well or when the firm is not doing well? If so how is this difference manifested?
4. What in your opinion drives the behaviour of the members of the group?
5. Does the leadership of the department use the individual performance metrics to reward or penalise employees? How do they do this?
6. Given your experience in the overall performance evaluation process, how consistent is the balanced scorecard applied to the individual performance metrics during the evaluation process?
7. Do you believe that the performance metrics used to assess employee's performance are linked to the espoused values of the organisation: teamwork, excellence and leadership?
8. How has the performance metric affected how you feel, think or perceive this division? Why?

**Source:** Authors construction based in part on Daulatarm (2003)

It is instructive to note these were merely guiding questions as such and were not posed to interviewees in the same order or ways to all the participants at all times. This is because the focus was on identifying what the managers commonly shared or perceived as unique but deeply embedded in their division in terms of how performance metric shaped or influenced their perceptions, thinking, and feeling as managerial members of the Advisory division.

All interviews were transcribed from which themes were identified. Data was analysed using open coding and constant comparison technique to induce common themes (Babbie, 2011: 299). The specific details of the professional services firm have been deliberately withheld purely for ethical purposes. One potential limitation of the study is that the researcher is a manager in this organisation and at the same level with those that were interviewed. Although it is possible that this might have reinforced openness, it is also possible that some managers might have been reserved and may not have shared some of their intimate experiences.

## **1.5 RESULTS**

Results in this study indicate that performance metrics influence individual employee in various ways as they are subjected to (a) misuse and abuse of performance metrics, (b) leader bias towards some managers, (c) and the organisational focus on success at all cost which has been labelled as “success by any means necessary”, (d) and low employee morale. This section presents how the thoughts, emotions, and actions of employees are shaped as they learn to cope with these issues and have discovered what has worked well enough to be considered as valid and the persistently correct way for members of this organisation to behave and perform in their day-to-day work life.

### **1.5.1. PERFORMANCE METRICS MISUSE AND ABUSE**

By far the most prevalent and persistent theme that emerged from the interviewees revealed an apparent misuse and abuse of the balanced scorecard (BSC) system of evaluating employee performance through metrics. All managers unanimously felt that the system of individual performance metrics used as the basis for bonuses and salary increases was not being applied consistently or transparently. In this regard, what was evident from the interviewees was an overall apathy and loss of faith in the way the BSC was used and the evaluation process in general. Concisely, managers pointed to the following ways which the leadership misused and abused the process of evaluating an individual’s performance using the BSC:

- the metrics were seen to be unreasonable, resulting in little or no buy in by managers. Managers did not know how these metrics were derived to begin with as they were just cascaded down to them;
- the system did not appear to consistently reward or penalise staff appropriately as staff were unjustly rewarded or penalised;
- qualitative factors that are not part of the BSC were introduced in the evaluation process often at the detriment of the employee being evaluated; and
- the value of teamwork was stifled by certain metrics such as sales which were measured at the individual employee level and not based on teams.

In the light of this, the majority of managers complained that they did not know how the individual performance metrics were determined. Furthermore, these metrics were in most cases not realistic as they did not cater for the local market or the employee's strengths or weaknesses. Manager 1 expressed her frustration, and unhappiness with the annual targets which were just imposed on people without any consultation or proper communication as illustrated in this interview text:

*They just say, "Here's your numbers. This is what you need to meet for the next financial year." Instead of saying, "what drove us to those numbers?" Because they can't really say, "We've benchmarked it," because they don't have proper numbers to say, "This is what we've done," if they've just thumb sucked, based on or picked from a basket kind of thing. Again, it is not communicated very well. I mean, [name and title of person withheld], will send out an email saying it is on the shared drive. The managers start questioning partners at the partner or manager meetings and they sort of get sidelined. They like sort of brush it aside; like, "No, no, no; we'll address this. No, no, no, we'll address it." Instead of taking responsibility and taking ownership and say, "Guys, we set those targets. This is what we expect of you all." They sort of backtrack and blame it all on the National Office (to whom they report).*

Also expressing frustrations in a slightly different way, Manager 8 took this thought further and contextualised these metrics, emphasizing the lack of transparency and consultation when coming up with them:

*It's not realistic in certain respects. That's why I'm saying it has to be done based on some sort of transparency, discussion with individuals and understanding their strengths, you know and also taking into consideration the environment that we're in. This is KZN and I'm tired of drumming this into people's head. We're not Johannesburg where we can say 2 jobs and we have met the target. 3 months in that job, 8 months on that job and we're done for the year. No. KZN is different. People need to start understanding that, especially the public sector. I purely do public sector work most of the time and I can tell you now that the amount of effort, the amount of... (work). Even in terms of the recovery, we still try and make a good recovery and we're doing the same job as the R2m job in Johannesburg and in most cases, the number of people (clients) in KZN in a particular KZN department is greater than the ones in Johannesburg. So the amount of people you're interacting with is more.*

Even the minority of managers who felt they understood how these metrics were determined, shared similar emotions in respect of how those metrics are used in the evaluation process.

In respect of how the process was used to reward or penalise employees, most managers felt that the system could, if used correctly, accurately record an employee's performance. Nonetheless, the feeling that leadership was misusing it remained pervasive. There were some cases where the performance metrics were disregarded completely in pursuit of unjust actions by the directors or superiors. In the following quote, Manager 8's illustrates the frustrations, distrust and feeling of vulnerability which the "powerful" directors created through this evaluation process:

*I don't think they use the scorecard. I think the scorecard is kept aside and then if they want to penalise or reward a person unjustly, they do it with their strong personalities and nobody looks at the scorecard anymore.*

Focusing on ambiguities and division created by the misunderstanding of the balance scorecard, Manager 6 went on to add:

*No, I don't and it is not a balanced scorecard. You call it a balance scorecard but it is not, in the pure theoretical sense of what a balance scorecard is.*

The same manager further added unfairness and lack of opportunity for managers to defend themselves as another viewpoint of misuse of the performance metrics:

*I understand what's above the surface but what is below the surface. After we sit on the evaluation panel and, you know, you are then asked to leave. I suppose you know because there's all this waiting and stuff so I suppose to some extent you can but you are not there to defend yourself. You are not there to put on the table mitigating circumstances.*

A consistent message coming from all the managers was that in addition to incorrectly using the BSC, the directors in general use their position and influence to force decisions on the evaluation committee in spite of the performance of an employee as reflected in their metrics. According to the managers, the directors do

so by introducing qualitative factors that are not standard and therefore not widely recognised in the evaluation process.

In this vein, Manager 5 had this to say:

*And it looks to me like sometimes they, from what I've heard, they bring up stuff during the evaluation. That stuff is not even contained in your actual performance appraisal. So, now when a person is agreeing to something, then something else gets mentioned. Then that shouldn't be taken into consideration.*

The following are also examples of similar sentiments shared by other managers to reflect how directors introduced new and previously unknown information into the evaluation process and also used the scorecard as an instrument to demonstrate how they like or dislike some employees:

Manager 9

*Leadership, personal opinions of individuals, lack of integrity, lack of commitment to the staff in terms of... Performance management is not a periodic thing. It's an ongoing thing. One is generally interested in individuals. Nothing should be a surprise at the end of the year – nothing – because the communication should be continuous. That never ever happens because individuals use it as an opportunity to backstab individuals that they don't like. It again comes down to the maturity of the individuals – a mature audience – but if you like an individual or not, performance management doesn't measure that. If the numbers are good and you follow the process, it should stick.*

Manager 7 espoused how the BSC was perceived as impeding and having negative effects such as making staff feel helpless, and unfairly treated by a process which is not transparent:

*I think it does have a negative impact on the staff. You feel like it is not a fair and transparent process. I mean it is kind of like, "Well, whatever you do you are sometimes just going to get stuck." If you have a personality clash with people above it can be a career limiting move.*

The result of this perception, according to some of the managers, is that some of the metrics used to assess performance and the way that the evaluation process is conducted would appear to be in contradiction to the values of the organisation. For example, some metrics such as sales or managed production are measured for the individual manager, which is contrary to the core value of teamwork. Several managers suggested that this was divisive and promoting competition and individualism rather than teamwork as noted by some of the selected comments below.

Focusing on the competition among staff and absence of clear ways of assessing individual contribution to teamwork, Manager 1 expressed his disillusion with this unique, unfair and chaotic situation in this particular way:

*There is no proper structure in place for that. It is like, he said, she said, especially where you have an assistant manager, a manager, a senior manager, and maybe the senior manager is the sort of manager on the assignment and this person says, "I contributed 50%," this one is 20%. There's no real formal structure in place for that. I feel that's the one driving factor that sort of divides managers up, in that process, and there should be a better way of evaluating that little area. And the same goes for the targets as well. There's a lot of, "I did the proposal. I'm the driver. I deserve 80%. I deserve 50%." Again, there are no real formal things in place, it is what the manager or the Associate Director or the Director says, "Give this person 10%. Give this person 20%." It is not fair.*

Manager 2 grappled with the incongruence of how high targets were given to the individual and yet the work required team work which was not measured at all. Furthermore, the same manager echoed how teamwork diluted these individual targets, ultimately affecting not just bonuses, but also career progression:

*If you look at the targets that are set for individuals; let's take one of the targets itself. You've got a target of sales. You are given a very high target, when you share the sales you are sharing percentages of the sales. If I had to worry about my balance scorecard, be more selfish about it; why should I have teamwork? Why should I share it with someone else? It is going to negatively affect me at the end of the year. It is going to negatively affect my bonus at the end of the year. It is going to negatively affect my career progression at the end of the year. It has got everything to do with me. It's got nothing to do with the*

*teamwork. It doesn't assess me on how did I push sales for the team; it is assessing what sales have I brought in that can be attributed to myself.*

Furthermore, the same manager lamented on how team work was creating a disadvantage rather than being an enabler to achieve individual targets:

*If I'm sharing it with the team, I am sharing a bigger value; I am making it harder for myself to get that target.*

In a slightly different view, Manager 5 pondered about the inadvertent focus on the individual rather than team work and concluded how this was a manifestation of lack of leadership:

*They look like they focus more on the individual, not teamwork. Leadership; I think in terms of leadership they are lacking.*

These results highlight that teamwork, according to the managers, was not an element included in the BSC and therefore not a focus of the evaluation process. The overarching effect again of this bias is that managers and staff alike have lost faith in the process used in evaluating employee performance. Indeed staff has lost trust in the directors themselves as they feel that regardless of how a person performs, it is ultimately the directors' decisions that override what should be an objective process based on the BSC. From the emphasis on leadership, this negative aspect of the evaluation process is further explored below.

### **1.5.2. LEADERSHIP BIAS**

Closely linked to the key theme of performance metrics misuse and abuse is the very contentious issue of leadership bias. All the managers concurred on this issue in general as they felt that there was some element of bias towards or against some managers by the directors. The following issues were identified under this theme by several managers:

- reward and penalty of employees is based on a leader's perception of an employee;
- directors used likeability of an employee to reward/penalise;

- assessment of performance and allocation of jobs was heavily influenced by which director an employee worked for; and
- gender bias had an influence on the performance of an employee.

The majority of the managers agreed that the perception the directors' have about an employee's attitude and personality seemed to override their actual performance as reflected by the BSC. Managers pointed to several instances where staff were not rewarded or penalised as a result of this perception. Typical of their feelings on this subject are the thoughts of Manager 9 who said the following:

*There are a lot of overriding factors like e.g. whether you like an individual or not, whether there's an impression that you have of individuals or whether there is any... I think the conversations – the environment that the leadership is trying to create, is one of authoritativeness. So you do not question. As soon as you question, there's a risk that you may become a victim. So as long as you keep quiet and do as you're told, it's well and good.*

Furthermore, the same manager also echoed the degree of subjectivity and vulnerability of the BSC to abuse by individuals with powers:

*It depends on the individual that's being assessed. These measures or means by which individuals use to justify to be deviating from the process. So it allows for a bit more subjectivity, interpretation of whether the effort is actually worth recognising or not. So it's open to abuse.*

Indeed a common message used by these managers was the idea of "likeability"... the employee had to be seen to be likeable to be in the good grace of the directors. This also affected the way work was allocated between the managers. Some of the managers interviewed felt that the directors had such an influence over the evaluation process that regardless of how they performed per the BSC, if they were not "likeable" then the evaluation of their performance tended to be negative and thus they did not get the reward or recognition due to them. To illustrate this point, Manager 8 suggested that:

*Even though the person's appraisals – he might have an excellent appraisal and the polar opposite is said about his person. So I'm asking if you have this tool, why isn't this tool being used. And then you have the opposite where sometimes the balanced scorecard is pathetic but then you're getting a person's perception or opinion which is the polar opposite where they're saying the person is excellent.*

A twist to this view of leadership bias was identified relating to gender, more specifically, managers and staff that are mothers. Two of the female managers felt that women in this environment were penalised for being pregnant and going on maternity leave. Managers felt that because they went on maternity leave, this was looked down upon firstly because they had less billable hours for the year and secondly, because they were not able to travel for out of town engagements.

Manager 5 expressed how some of the personal concerns were overlooked or relegated as the primary focus was simply on having the work done:

*It is like they are just worried about, "OK, when is the work going to be done? What is going to be the option? What is going to be this? What is going to be that?" And then also, I don't know if it is true, but when I came here there was somebody who worked very well, OK they've left now, and they had been pregnant during that financial year so they weren't promoted.*

In corroboration, Manager 1 asserted:

*I have now got about 2 cases I know of. They've been penalised for falling pregnant, just like that, and having issues with maternity leave, having issues with being out of town at the time and not taking into personal consideration the person needing to be working locally, needing to see their doctor every month, you know; those kind of things.*

This bias against managers who were mothers is also borne out in the allocation of jobs according to these managers. The feeling here was that female managers that were mothers were less likely to be allocated jobs that required overtime or out of town travel as their input on these jobs was restricted by their personal commitments as mothers. The effect is that the bigger jobs that require a heavier manager input were assigned to most of the male managers or female managers that did not have this seeming limitation.

### 1.5.3. SUCCESS BY ANY MEANS NECESSARY

Another prevalent theme that was identified during the study was that interviewees felt that the organisation was too focused on success at all costs. Manager 5 responded to the question of the culture of the department with one word... “money”. Manager 5 went on to qualify this statement by adding:

*We all walk around here with rand signs because you know when people have conversations, it is not, “How are you doing?” it is, “What are you working on? What’s coming next? What’s this? What’s that?”*

This idea that the organisation was focused on the bottom line and on success at all costs was shared by all but one of the managers. Most managers believed that Advisory was about getting the job done without concern for personal circumstances. The one manager who went against the grain felt that in her experience consideration was made for personal circumstances and that generally directors were accommodating in that respect.

Reflecting on his observation of different people in this organisation, Manager 6 put this clearly in focus when he noted the attitude of the directors in respect of personal circumstances where he said:

*I mean, you must have heard it. “We never see the senior managers or managers working late. You see the consultants working late”. We see the partners sitting late and, yes, I know it is important that we are here because we end up in discussions sometimes (and) you can resolve (issues) and have a nice chat to the partner a bit and he or she is a bit more relaxed. But, you know, if my circumstances don’t allow it then bear with me.*

Manager 1, a relatively new manager, simply shared similar feelings as follows:

*From what I’ve seen it is ‘everything at all costs’, you know. Like your personal situation is not really taken into account, from what I’ve seen.*

This inflexibility and single focus on success at all costs seems to permeate across the environment with the nuance that the softer and non-financial aspects of the organisation are not considered as much. When questioned about whether there

was a difference in culture between the bumper years and the leaner years, the majority of managers felt that there was no difference as the pressure on results was always there as expressed by some of the managers, a selection of whom are quoted below:

Manager 3 explained:

*Well, I think the biggest thing is we lose the people focus, when times are bad. And we are able to spend more time, on those aspects, when the financial aspects are performing better.*

In agreement, Manager 5 added:

*I don't think there's any remarkable change besides the fact that the staff feel the backlash [of] the partnership less in better times.*

Manager 10 emphasised the feeling of being pushed to do well at all times:

*No, I don't see a difference. I think it's the same behaviour all the time. It's – I think when we are doing well, we are pushed to do even better and if you are doing bad, you are pushed to do well. So we're always being pushed at the end of the day.*

In a similar vein, Manager 8 agreed and commented in this way:

*To me it's always 'wanting more', so when you're doing bad we need to do better. When you're doing good, we need more.*

A minority of managers felt that there was indeed a discernible distinction between the different economic circumstances. These managers felt that the pressure on performance was less during the better economic periods with the result that managers were more likely to share and collaborate. Manager 1 graphically expressed the differences in how partners behaved during different economic times:

*When there's big wins partners are like, "Ah, pizza day, muffin morning," that kind of thing. "GPS results are down, call in a meeting." Everyone is down. Guys they start analysing it. Managers start questioning partners. Partners can't really explain, you know. And then they sort of try to start covering up again. So you do see the differences. And, again, when*

*things are going bad, I see partnership very moody, very in an offish sort of mood, you know, I find them harder on their staff, harder on their PA's, on their managers, they get irritated with deadlines, the level of work that is coming out but if they were riding a high wave of success these other little things would just fall away.*

In essence, the managers felt that the firm was put first and their personal and family circumstances were secondary to that.

#### **1.5.4. LOW EMPLOYEE MORALE**

Most managers interviewed agreed that the general mood of the Advisory department was one of despondency and low morale due in part to the reward and recognition system in place. Employees believe that the system in general does not appropriately reward and recognise employees' efforts in any given year of evaluation. The managers pointed to the following effects of the way the current process was followed:

- disgruntled employees;
- loss in trust and faith in leadership; and
- staff are demoralised and have lost confidence in the system as the systems does not appear to consistently reward or penalise staff appropriately.

Comments typical of the managers' feelings are the following:

#### **Manager 3**

*That actually hits the morale more than anything else because you've spent a year believing that you have been performing really well; you come out with a great rating, which says you've done really well, and, ja, you get some peanuts at the end.*

#### **Manager 2**

*They look like they focus more on the individual, not teamwork. Leadership; I think in terms of leadership they are lacking because it seems to me that people, I don't know man.*

## Manager 8

*Quite simply put, you can hear good news and you take it well and you can hear something that's bad that you didn't want to hear, but you can accept that if it came from a place of sincerity. And to me, that's where it lacks.*

## Manager 9

*How can you forget what integrity is or treating a human being as a human is? You don't lose that intentionally. I think it's more the circumstances that they work in and the legal part of the partnership supports getting things done at any cost and they've lost what being a human being is. So there's nobody that has the courage to attempt to change it.*

One manager added that even when an employee generally does well, the leadership of the firm tend to focus on the few instances of failure. Manager 6 commented:

*I tend to find that the 9 out of 10 excellent things you do are forgotten by the 1 petty thing that you do wrong at the wrong time. And there's not that understanding.*

The general feeling was that there was a focus on the negative aspects of performance and that recognition for the success was limited and not celebrated enough. This, according to Manager 6, resulted in managers and staff disengaging with the firm and doing only the bare minimum as going beyond that did not yield any favourable results in terms of reward and recognition.

## **1.6 DISCUSSION**

Four key issues were identified in this study which impacted the culture of the Advisory division of a professional services firm, namely; individual performance metrics misuse and abuse, leadership bias, success at all costs and low employee morale.

The effect of these key findings on managers was varied and complex. The results of the study conducted reflect that organisational culture is influenced by individual performance metrics in the following manner:

- low employee morale;
- reduced productivity;
- arrested career development; and
- disregard to organisation values.

From the organisational culture perspective, these results are hardly surprising at all. The results are supportive of the differentiation school of thought in organisational culture studies. This school of thought, according to Martin (2004: 7), is “composed of overlapping, nested sub-cultures that coexist in relationships of intergroup harmony, conflict, or indifference”. This view is also supported by Bolon (1994: 23) who calls these sub-cultures, idiocultures that “would appear to emerge when a group of people in effective interaction identify a problem as similar among members of the group, and turn their collective attention to solving it”. This description caters for not just a single or mono culture, but a variety of cultures within cultures. The managers interviewed showed this through some of the feedback they provided in respect of their reality in the world of work. These different views also included shared problems, views, identities, values and beliefs.

Indeed this study applied the definition used in the various works of Schein (1996: 236) who described it as “the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about and reacts to its various environments”. In support of this Schein (2010) went on to add that strategic leaders create, reinforce and maintain culture through what they pay attention to, reward and recognise. These cultural aspects develop to become stable, acquire depth and breadth and also form patterns (Schein, 2010: 16 - 17).

The four key themes identified during the interviews conducted showed that there were deep and complex issues that were simmering in this environment. The following were highlighted as the predominant feelings of the manager group in this department:

- individual performance metrics misuse and abuse;
- leadership bias;
- success at all costs; and

- low employee morale.

The effect of these factors on the managers working in this environment will now be described below. In essence the following represents the manifested behaviours, feelings and effects of these four factors in the Advisory department of this organisation.

#### *Low employee morale*

The majority of managers expressed a deeply negative perception of the way that the individual performance metrics were used in assessing employee performance. Managers pointed out that the balanced scorecard used to record an employee's actual metrics was generally ineffective as the leadership did not use it as intended and often disregarded the metrics during employee evaluation. The introduction of subjective considerations that were at times implicit such as "likeability" resulted in manager losing faith in the process as there seemed to be no transparency in the performance evaluation process. Although the managers themselves are involved in the evaluation process, the way that the directors apply these unspoken undocumented considerations also results in a deep distrust in the reward and recognition system as they felt that performance is not being duly evaluated. This seeming injustice has also resulted in a lack of trust by the managers of the directors who are seen to make decisions that are not always backed by the appropriate individual performance metrics.

Given this scenario, the manager group's feelings are seen in their actions as they attempt to deal with this situation. The obvious evidence that the managers suggested was that they felt no loyalty to leadership or the firm itself as they did not feel that the directors or the firm showed their recognition of their effort over a period.

#### *Reduced productivity*

Based on points (a) and (b) above employee commitment has become a casualty in this environment as managers no longer believe in the current system of reward and recognition using the balanced scorecard. The majority of managers felt that their effort was not being duly recognised and rewarded and as such, did not feel that

they should put in more than the bare minimum effort. Managers also felt that the firm in KZN was more client focused and strove for success at all costs and as a result employees did not feel valued by the firm thus exacerbating the issue of low levels of employee commitment.

#### *Arrested career development*

One of the issues that the managers raised was the fact that work was not always equitably distributed between with some managers getting disproportionately larger, higher value or more prestigious jobs than others. The effect of this is that some managers felt that that they did not get the development and experience that they require while others were getting more than their fair share. Some of the managers therefore felt that job allocation was not based on ability or developmental needs but was more based on leadership perceptions and preference. Cumulatively this means that managers that are gaining more experience are more than likely getting opportunities for progression than others. The coping mechanism for managers in such an environment is two-fold: either managers resign themselves to living with the situation as they lose faith in the process or managers may feel that they need to raise their profile by being associated with directors that have influence over the development of their careers.

#### *Disregard to organisation values*

Perhaps the single most important aspect of the results identified, was that managers felt that the espoused values of the organisation were being eroded by the issues already discussed. One key value of the organisation, teamwork, especially was singled out as the one value that suffered the most as the managers believed that the current system promoted individualism and competition rather than teamwork and collaboration.

As a result of the issues already discussed, some of the managers did not believe in or adhere to the values of the organisation. The consequence of this was that some managers rather relied on their own personal value systems rather than the espoused values of the organisation.

To bridge the gap between the research findings and existing academic theory, two key principles have been identified that attempt to explain these results. Theory around employee commitment attempts to address the issues relating to low employee morale and reduced productivity through a review of the literature of authors including of Becker (1960), Kanter (1968) and Allen and Meyer (1990). Though these can be viewed as standalone concepts, they ultimately contribute in part to the other key theoretical framework that was identified, the Competing Values Framework by Quinn and Rohrbaugh (1983: 363 - 377). Each of these will now be discussed in turn.

### *Organisational Commitment*

Kanter (1968: 500) defines organisational commitment as “the process through which individual interests become attached to the carrying out of socially organised patterns of behaviour which are seen as fulfilling those interests, as expressing the nature and needs of the person”. This definition brings together the idea that the individual’s interests within an organisation are combined with the interest of the members of the various social units within that organisation for the achievement of a common goal. This definition is closely linked with the definitions of organisational culture previously discussed which have at their heart common assumptions, values, symbols and beliefs. Kanter’s (1968) theory works on the premise that an employee’s commitment to the organisation is based on three levels of commitment: cohesion, continuance and control. Cohesion deals with the extent to which an employee combines and effectively works with a group of people (Kanter, 1968: 500). Continuance relates to the “cost” of that employee to leave the organisation, and where the perceived benefit outweighs the cost then an employee is likely to leave the organisation (Kanter, 1968: 501). Control on the other hand deals with maintaining the accepted norms and is heavily based on authority and compliance (Kanter, 1968: 501).

The two issues identified in this study relating to organisational commitment are low employee morale and reduced productivity. When one thinks of these two issues in the context of Kanter’s framework, it is easy to see that group cohesion is affected, as is continuance mainly through the attempts of the leadership to control or to ensure compliance. Some of the interviewees in this study pointed to leadership

bias and to the misuse and abuse of existing performance assessment mechanisms of which points to leadership abusing their authority and exerting control to the detriment of the managers and staff. Employees in this environment indicated that they felt that leadership bias ultimately results in push factors away from the organisation meaning less likelihood of an employee to stay with the organisation. So based on this understanding, employees within this organisation are experiencing low levels of morale as and reduced productivity.

Allen and Meyer (1990: 1 - 18) propose a model of commitment that is very similar to Kanter (1968) with three components: affective, continuance and normative. In Allen and Meyer's model the Affective level refers to emotional or affective attachment to the organisation (Allen and Meyer, 1990: 2). Continuance, akin to Kanter (1968) and Becker's (1960) concept of side bets, refers to costs associated with leaving the organisation (Allen and Meyer, 1990: 3). Lastly, Normative relates to the obligation employees feel to remain with an organisation (Allen and Meyer, 1990: 3).

Becker (1960: 35) put forward the idea that commitment relates to an employee making a "side bet" meaning that he/she puts something at stake in the organisation thus making it difficult for him/her to leave. Becker (1960:35) describes this bet as the level of commitment offered by an employee such that "The committed person has acted in such a way as to involve other interests of his, originally extraneous to the action he is engaged in, directly in that action. By his own actions prior to the final bargaining session he has staked something of value to him, something originally unrelated to his present line of action, on being consistent in his present behavior". This is very similar to Kanter's (1960) concept of "continuance". Both concepts perhaps explain why, despite their situations, the managers in this study, generally stayed with the organisation for a long time. It is possible that these managers see the cost of leaving and starting afresh as too high or in the case of Becker (1960) they have invested or bet so much that they cannot leave.

In related research, Porter *et al.*, (1974: 603 – 609) conducted a longitudinal study to study patterns in organisational commitment and job satisfaction and turnover. Their study focused on a one dimensional concept of employee attitudes at different points in their career. Indeed their results suggested that there was an inverse relationship

between favourable attitudes and turnover. In this study this finding points to a view of the culture that is affected by low morale which could point to unfavourable attitudes and which therefore could be a precursor to an increase in turnover.

### *Competing Values Framework*

Developed by Quinn and Rohrbaugh (1983: 363 - 377), the Competing Values Framework was developed to initially measure organisational effectiveness but which over time has been used to assess organisational culture. This framework uses four seemingly paradoxical values to measure organisational culture; control versus flexibility and internal versus external stakeholders. The framework is a graphical representation using three value dimensions or competing values. The first dimension is the organisational focus which ranges from the internal, employee focus on one hand and the external, organisation development focus on the other. The second value dimension is related to organisational structure, with a focus on stability and flexibility. The third value dimension is related to organisational means and ends: the focus here is on important processes (e.g., planning and goal setting) to final outcomes (e.g., productivity) (Howard, 1998: 231; Quinn and McGrath, 1985: 315 -334; Quinn and Rohrbaugh, 1983: 363 - 377).

When these axes or dimensions are plotted graphically they form a four quadrant graph that represents an organisation's prevalent culture by the values it spends its time and resources on. Aligned to these quadrants by extension are four different categorisation of organisational cultures; clan, hierarchy, adhocracy and market (Quinn and Rohrbaugh, 1983). These profiles are very similar to those proposed by Deal and Kennedy (1982), Harrison and Stokes (1992), Handy (1995), Trompenaars and Hampden-Turner (1998), Hellriegel *et al.* (2001) already discussed earlier.

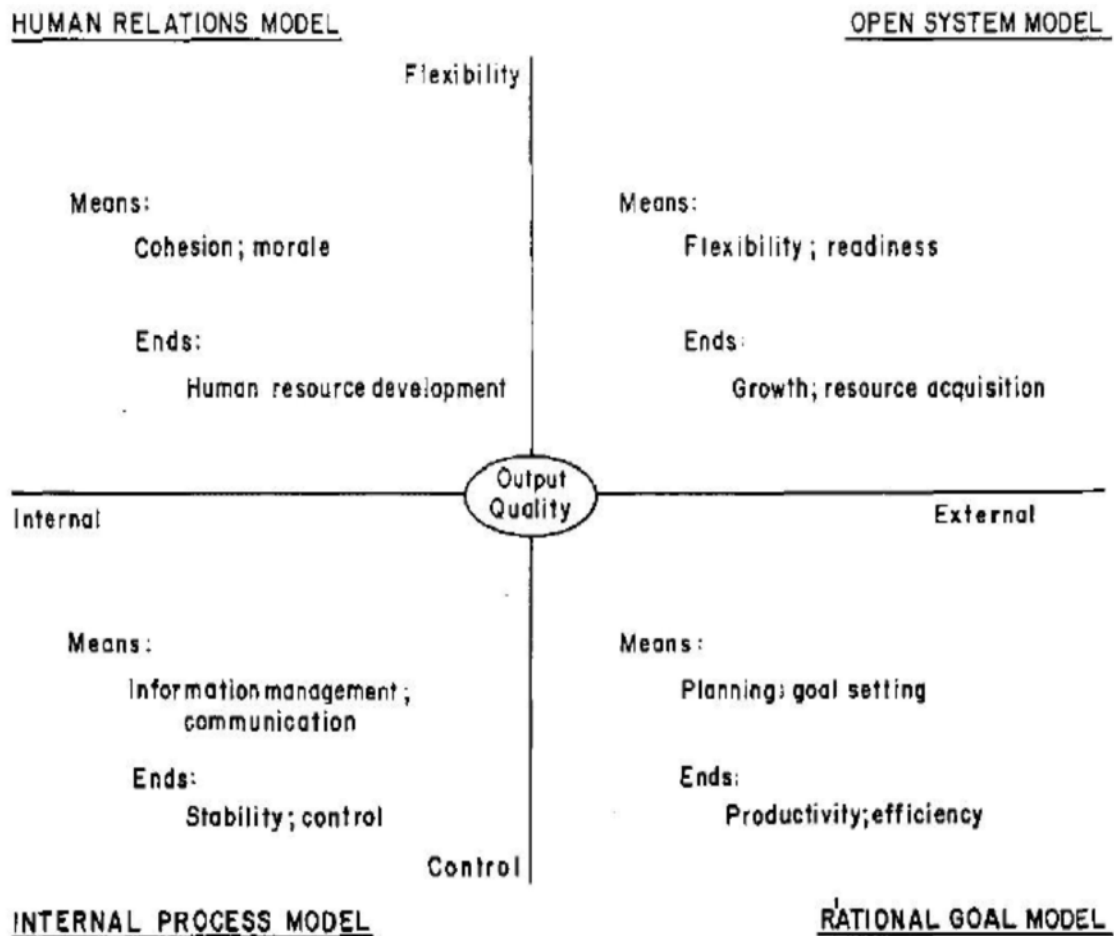


Figure 4: Competing Values Framework

Source: Quinn and Rohrbaugh (1983: 369)

These four profiles or categories merely help to highlight the focus of an organisation as it grapples with how to manage these competing values. Generally organisations find themselves sliding along each continuum as no one organisation is that static. Below is a brief explanation of these profiles as they relate to Figure 1 above (Igo and Skitmore, 2006: 124).

- **Clan:** concentrates on internal maintenance with flexibility, concern for people, and sensitivity for customers. Belongs to the Human Relations model quadrant.
- **Hierarchical:** focuses on internal maintenance and strives for stability and control through clear task setting and enforcement of strict rules. Belongs to the Internal Process Model quadrant.
- **Adhocracy:** concentrates on external positioning with a high degree of flexibility and individuality and the willingness to act. Belongs to the Open Systems model quadrant.

- **Market:** clear and rational goals that are achieved through high productivity and economical operation. Belongs to the Rational Goal Model quadrant.

So applying the third dimension, the means-ends, in each quadrant, there are various activities or means that an organisation will undertake to reach a certain goal or ends. For example the desired end in the Human Relations or Clan Model is attaining human resource development and this is achievable by ensuring that the organisation has the appropriate means to achieve it, such as cohesion and morale. The focus for the human relations model is high flexibility with an internal focus.

The ultimate result here is that all four models contribute to the Output Quality, represented in the centre of Figure 1 above.

With that background to key theory behind the main results of the study, it can be seen that almost all the issues identified can be explained at some level by this framework. The overall consensus by the managers interviewed was that the professional services firm being studied was more focused on productivity and profit which places them into the Rational Goal setting or Market quadrant. The dilemma here is that this quadrant is the polar opposite of the Human Relations or Clan model which focuses more on the people aspect of an organisation. Indeed one of the findings showed that employee morale was low and that cohesion was not where it should be, also as supported by the principles around commitment discussed above. Generally information management is not being dealt with accordingly, a failing based on the Internal Process or Hierarchical model.

Leadership bias was a strong theme identified in the study and the prevalent perception being that managers felt that their career development was halted if the right director did not support their progression. The other effect was that managers felt that the espoused values of the organisation were not being adhered to by the leadership. Managers pointed to the values of teamwork, excellence and quality suffering as a result of the actions of the leadership. These issues in turn had the knock-on effect of affecting morale and productivity as already discussed above. The career development aspect of leadership bias is the desired end within the Human Relations or Clan Model. The means to achieve this end, however, are not

conducive as it appears that management's attempt for more control and for a more external and bottom line focused organisation is eroding the internal means required by the internal organisation. The leadership in this organisation also appear to lack adequate communication to their staff in respect of decisions made and why they are made.

Based on the various systems and processes that they have implemented in this environment, such as the performance management system which if used correctly is a very robust tool in assessing employee performance, the leadership of the professional service firm appear to want to be operating in the Open System or Adhocracy Model. As experienced by the interviewed the organisation is sitting at the bottom of the flexibility vs. control axis and generally meandering between the two bottom quadrants. This ideal is also evident in their core values, which are teamwork, excellence and leadership, and in their intended or ideal culture which encourages employees to demonstrate behaviours directly linked to the core values.

This location of the graph means therefore that in the quest for productivity and controls, the espoused values of the organisation are at times sacrificed as focus is on the bottom line. Teamwork, excellence and quality are not the priority when the pressure is on results which the two bottom quadrants of the Figure 4 suggest. Some of the sentiments shared by the interviewees support this notion as some managers felt that integrity was a casualty in the war for profit and success. In this environment, the interviewees felt that the focus was success at all costs.

### **1.6.1 LIMITATIONS OF THE RESEARCH**

This study was based on only one department in one location of the organisation and as such may not fully reflect the perspectives of managers in the Advisory division, at the same level, but at a different location. Future research should be considered to include looking at the same phenomenon across the different geographical locations but focusing on the same divisions to assess whether the findings are location specific.

The research conducted also explored the one directional effect of individual employee metrics on organisational culture, but a study on the reverse effect may yield different and potentially interesting results.

An identified limitation was that all data collected was based solely on interviews. Interviewees generally volunteered information and were comfortable sharing this information but this data of course was subject to various weaknesses such as perceptions and misperceptions on the part of the managers. A limitation identified was the inability of the researcher to conduct group interviews or focus group discussions. This may have allowed an evaluation of common beliefs and assumptions based on the manager's realities. This could not be performed due to the sensitive nature of topic; individual performance metrics. Here there was a risk of interviewees not discussing issues freely thereby compromising the data collected at the individual level and through more private interviews.

### **1.6.2 VALUE OF THE RESEARCH**

The study conducted was beneficial at different levels. The managers interviewed had the opportunity to clearly consider the implications of the research question posed. Indeed, most of them were surprised at their own responses to the questions posed and had perhaps not considered the existence of a link between sub-culture and individual performance metrics. The interviews appeared to be thought provoking and one hopes that it did so to at least get a dialogue started.

The researcher, being part of the professional services firm being studied, performed this study mindful of the potential that his perspectives would unexpectedly intrude into the study. As the study became close to saturation, the research also converted his perspectives to questions which were posed and responded by the interviewees. This was useful to ensure that data that only those perspectives of the researcher that were validated by interviewees found their way into this study. Additionally, this helped the study to be more robust as the researcher had inside knowledge and therefore could probe issues fully. In addition, the process of conducting the research itself was richly rewarding from a personal perspective. The study raised questions about leadership and management of people and it also established the

complexity of the different topics within the research question. The key learning point for the researcher here was the challenge of how a leader can best motivate his employee to perform at their optimum levels and at the same time recognising and rewarding their effort appropriately.

This study provides a practical view of the manager's in this department on how the reward and recognition system using the balanced scorecard has shifted the focus of the department from the organisation's espoused values. There is also practical value in understanding the perceptions of the managers with a view to resolving these issues to maximise on managers' commitment and performance.

### **1.6.3 RECOMMENDATIONS**

Consideration for further research should be made to extend this study to cover multiple locations in one country within the same firm to evaluate the extent to which this phenomenon may be systemic within one organisation. The premise here would be to verify whether the phenomenon identified is localised or is inherent within the sub-culture prevailing in the Advisory division of this organisation as a whole.

Another avenue worth exploring is doing the same research across organisations within the same industry to evaluate whether this phenomenon identified is specific to this industry within the same country.

The permutations for conducting research within this topic are varied and due consideration should be made to fully explore all possible avenues for a comprehensive evaluation.

The professional services firm being studied should consider reassessing their performance evaluation process and to implement appropriate actions around the issues raised in this study in particular:

- actively involving all stakeholders in the metrics setting process;
- transparency of the evaluation process;
- strict adherence to the balance scorecard metric;
- a revision of the system of recognition, reward and remuneration to motivate employees.

## **1.7 CONCLUSIONS**

The review of literature conducted showed that research in this area has predominantly been based on the link between organisational culture and organisational performance. This study on the other hand, went a step further and sought to evaluate how individual performance metrics influence sub-culture. No similar studies could be identified that have been conducted in Durban, South Africa in the professional services industry.

The results of the research showed that there was sufficient evidence to support that the manner in which individual performance metrics were used in the Advisory department had a predominantly negative impact on the managers. Four key issues were identified in this study which impacted the culture of the Advisory division in the professional services firm: individual performance metrics misuse and abuse, leadership bias, success at all costs and employee morale. In essence, the individual performance metrics while generally perceived to be accurate in reflecting an employee's performance, they were open to leadership override and thereby nullifying their effect in terms of recognition and reward. What is clear in this environment is that the metrics system in use is being abused and factors not on the BSC appear to carry more weighting rather than the metrics themselves.

The professional services firm needs to assess the manner in which they assess their employees' performance in particular the metrics they need to employ in this process. The organisation should consider including other non-financial metrics in their system of evaluating employee performance.

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## **SECTION 2: UNDERSTANDING ORGANISATION CULTURE AND PERFORMANCE**

### **2.1 INTRODUCTION**

Organisations that perform well have something that is uniquely inherent in their make-up that gives them the competitive edge required to succeed (Ilies and Gavrea, 2008: 322 - 325).

An employee's individual performance metrics are typically linked to the targets of the organisation. The premise of this study is that these performance metrics may influence the culture of the organisation or division in which the employee operates.

On this basis, this section seeks to explore the two concepts of organisational culture and individual performance metrics. The section will commence with a discussion contextualising organisational culture by understanding the overarching concept of culture. This is followed by an exploration of various definitions of organisational culture, a look at the typologies and models of organisational culture. The section then finally concludes with a description of the focus of the study conducted in relation to organisational sub-culture. Likewise, in respect of performance management, this concept is firstly defined and then the various models of this concept are discussed. This review of literature is motivated by the need to understand performance matrix and culture to ultimately answer the following research question:

**How do individual employee performance metrics influence sub-culture in the context of a professional services firm in Durban?**

## **2.2 CULTURE AND ORGANISATION CULTURE**

### **2.2.1. NATIONAL CULTURE**

Organisational cultures are very often closely linked to national culture according to Hofstede (1985: 347). Marcoulides and Heck (1993: 209 - 225) share this view and posit that organisational culture is a concept which requires an understanding of the broad concept of culture first before attempting to define it. Indeed Sackman (2007: 144) suggests that organisational cultures can be identified at the intra-organisational, organisational, trans-organisational and supra-organisational level as a result of the global nature of organisations in today's economy. Hofstede (1985: 347) suggests that the values of a leader are typically based on his nationality which ultimately transcend into the values of the organisation. This idea stems primarily from the success of Asian companies over their American counterparts during the 1980s under the premise that the national cultures of those organisations fostered their success as organisations as they simply transplanted the values espoused by their nationalities (Hofstede, 1986: 32 - 53).

This notion has resulted in several theoretical constructs being developed to try to explain the broad concept of culture which is described below.

The Five Dimensions Model by Hofstede (1991) that was based on his study of IBM employees across 53 countries, focused on patterns of thinking, feeling, and acting that form a culture's mental programming (Beaman, 2008: 37; Hofstede, 1984: 81 - 99). Based on this Hofstede (1984) developed his five dimensional model of cultural difference: Power Distance (large vs. small), Individualism versus Collectivism, Masculinity versus Femininity, Uncertainty Avoidance (strong vs. weak) and Short-term versus Long-term orientation. Hofstede's (1997) model expanded on his earlier thoughts to make use of a pyramid based model of culture with three levels of mental programming that attempts to explain the concepts at the personality, culture and human nature levels.

The High and Low Context Culture Model by Hall (1979) is based on the concept of communication and determining what releases the right response rather than what

sends the right message by looking at six dimensions; speed of messages, high context/low context (importance or otherwise of context), space, polychronic/monochronic time scheduled and serial vs. unscheduled and concurrent), information flow and action chains (Beaman, 2008: 37; Scheffknecht, 2011: 74).

The Onion Model by Trompenaars and Hampden-Turner (1997) is based on seven dimensions, five of which deal with how people relate to each other (Beaman, 2008: 37). Similar to Hall's model, this model essentially deals with the way in which a group of people solves problems through a multi-dimensional approach (Beaman, 2008: 39).

The last model worth mentioning in this area is the GLOBE study conducted by House (2004) in which he examined the inter-relationships between societal culture, organisational culture, and organisational leadership. Much like the models described before, House's model consisted of nine cultural models: Performance Orientation, Uncertainty Avoidance, Humane Orientation, Institutional Collectivism, In-Group Collectivism, Assertiveness, Gender Egalitarianism, Future Orientation and Power Distance (Scheffknecht, 2011: 74).

The following table represents the key dimensional models described above illustrating the similarities they contain.

Hofstede / Hofstede / Minkov (2010)	Hall / Hall (2011)	Trompenaars / Hampden-Turner (TU Chemnitz 2011)	GLOBE (House 2004)
Power distance		Equality vs. hierarchy	Power distance
Uncertainty avoidance		Analysing vs. integration	Uncertainty avoidance
Individualism vs. collectivism		Individualism vs. communitarianism	Institutional collectivism
		Inner-directed vs. outer-directed	In-Group collectivism
Masculinity vs. femininity			Gender egalitarianism
Long term orientation	Time (monochronic vs. polychronic)	Time sequence vs. time synchronization	Future orientation
Indulgence vs. restraint			Humane orientation
	Low vs. high context	Universalism vs. Particularism	
		Achieved status vs. ascribed status	Assertiveness
	Space		Performance orientation

Figure 1: Cultural Dimension Models

Source: Adapted from Scheffknecht (2011: 75)

As noted above, culture can be seen at the national and organisational level. The values espoused at the national level can be cascaded down to the regional, provincial, societal and ultimately organisational level to illustrate the level of complexity that this topic brings.

The brief discussion above was a preamble to set the context in which this study was based. The focus of this study will not be on the broad concepts of culture and national culture but will focus on sub culture which exists in an organisation.

## 2.2.2. ORGANISATIONAL CULTURE

Kroeber and Kluckhohn (1952), defined organisation culture in 156 different ways that were categorised into six broad headings (Seel, 2000: 2 - 9). Since then, a great deal of definitions have been developed and suggested by a variety authors. These various definitions demonstrate the complexity of the multi-faceted nature of the subject. What follows is a sample of some of these definitions that have been identified in literature.

### 2.2.2.1. Defining Organisational Culture

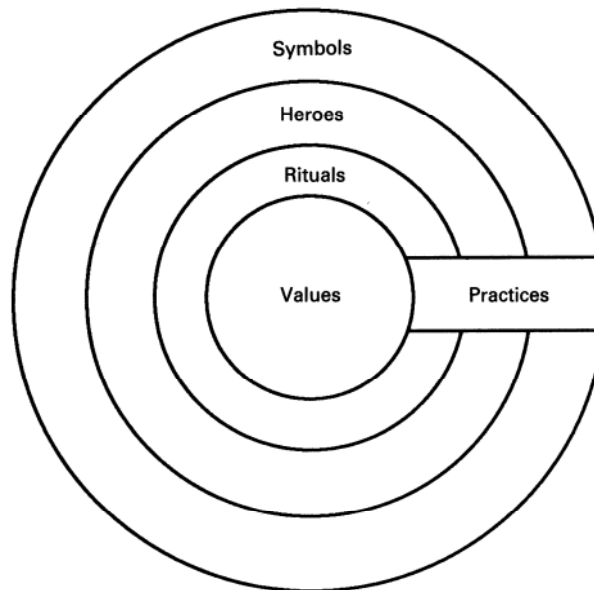
A review of literature on organisational culture reveals that the terms *organisational culture* and *corporate culture* are used interchangeably (Schein, 1996: 229 - 240;

Schein, 1990: 109; Schein, 1986: 30). This study will use the term organisational culture and the discussion that follows will define this term in the context of the research.

Pettigrew (1979) defines organisational culture as a common set of core concepts that include symbol, language, ideology, belief, ritual and myth (Ilies and Gavrea, 2008: 322 - 325; Hellriegel *et al.*, 2004)). Pettigrew's (1979) view is that these concepts are interrelated to form what becomes organisational culture.

From a cognitive perspective, Schein (1984: 3 - 16) considered one of the preeminent authors in the field of culture defines culture as a "pattern of basic assumptions, that a given group has invented, discovered or developed, in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

Hofstede's (1990) extended his 1980 study on national culture, and he developed a model for organisational culture. Much like Schien's (1990) model described above, his organisational culture premise was that culture is based on a set of layers like an onion with values being the deepest and symbols being shallow. At the heart of the Hostede's models is a meta model that uses four levels of culture; values, rituals, heroes, symbols (Hofstede *et al.*, 1990: 286).



**Figure 2: Manifestation of Culture: From Shallow to Deep** Source: Hofstede et al. (1990: 286)

Schein (1996: 229 - 240) further qualifies his earlier definitions by saying that organisational culture is a, “set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments”. Kreitner and Kinicki (1998) suggest that this definition highlights two concepts. That firstly, organisational behaviour has an influence on behaviour in the workplace and secondly organisational culture has two levels at which it operates; shared values and normative behaviour patterns.

Focusing on informal aspects, Deal and Kennedy (1982) define organisational culture as the informal cultural elements of an organisation that can be described as the way things are done in that organisation. Deal and Kennedy (1982: 4) also add that culture exists in every organisation regardless of whether it is strong or weak, fragmented or cohesive and influences the success of an organisation.

A different approach sees culture as “a by-product of a technology that has been developed in exploiting an opportunity” ( Newman and Chaharbaghi,1998: 514 - 522). In this perspective, the premise is that culture is the result of human innovation resulting from the need to resolve problems. This notion of culture and technology is supported by Brinkman (1999: 674) who propose the idea of an evolving corporate

culture that is constantly interacting with its environment to create new knowledge and corporate power by using technology as an enabler.

It is notable that Straub *et al.*, (2002) classifies the various definitions of culture into three categories; (a) those based on shared values in a group setting, (b) those based on problem solving which are more goal oriented and geared to the corporate arena, and (c) those that are all encompassing that do not fall into the two categories and are more abstract or theoretical in nature.

#### **2.2.2.2. The Organisational Culture Terrain**

There are three organisational culture schools of thought into which most of the common definitions and concepts of the topic can be organised: Integration, Differentiation, and Fragmentation perspectives (Scheffknecht, 2011: 75; Martin, 2004: 4; Alvesson, 2002: 166).

##### *Integration Perspective*

This perspective is characterised by consistency, organisation-wide consensus and clarity through the values of people at higher levels of the organisation (Martin, 2004: 4, Robertson and Swan, 2003: 839). In support of this view, Schein (1990: 109), identifies three levels at which culture manifests itself:

- a) observable artefacts;
- b) values, the beliefs of the group; and
- c) underlying assumptions.

The integrationists believe that consistency only occurs only once the higher levels of management in an organisation articulate a set of espoused values to the rest of the organisation (Martin, 2004: 4). These values are then manifested in the organisation through various mechanisms that communicate how employees should behave, what symbols and beliefs are important (Martin, 2004: 4). This view of organisational culture does not cater for ambiguity and focuses more on the single or unitary culture.

Schein (1990: 111) then redefines his earlier view on culture as “(a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it

learns to cope with its problems of external adaptation and internal integration, (d) that has worked well enough to be considered valid and, therefore (e) is to be taught to new members as the (f) correct way to perceive, think, and feel in relation to those problems”.

Martin (2004: 4) suggests that while this is one of the more popular views of organisational culture, it is also the least supported by empirical evidence. Research in this area has proved to be challenging in providing empirical evidence to support it primarily due to the nature of the subject. Organisational culture studies in essence are of a qualitative nature and so the greatest challenge lies in trying to contrast and compare organisations. Empirical evidence is challenging in this regard also due to the lack of a consensus on how such studies should be performed in order that such evaluations are possible. Scheffknecht (2011: 77) points out that “the Integration perspective is probably nearest to what, from a pragmatic (and practical) point of view, is commonly understood under organisational culture”.

#### *Differentiation Perspective*

According to Martin (2004: 7) Differentiation is “composed of overlapping, nested subcultures that coexist in relationships of intergroup harmony, conflict, or indifference”. In essence this perspective is based on the lack of consistency of values at the organisation level, with the existence of common values only at the sub-culture level and ambiguity occurring where these sub-cultures overlap (Martin, 2004: 10).

Johnson (2000: 422) posits that organisational culture is about collective cognition, organised routines and the management of strategic change. While it is argued that consensus is in respect of a common set of values in a group, consensus exists within sub-cultures or sub-groups (Johnson, 2000: 406).

Various authors have identified organisational cultures that are differentiated by other factors such as the nature of industry and the size of the firm (Igo and Skitmore, 2006: 121 - 139; Schein, 1996: 229 - 240). In support of this view, Fine (1979: 734) refutes the existence of the monoculture and suggests the existence of idiocultures which they define as a “system of knowledge, beliefs, behaviours, and

customs shared by members of an interacting group to which members can refer and employ as the basis of further interaction". Bolon (1994) suggest that the term sub-cultures implies the nature of the sub-culture being borne of the main culture of the organisation which is not always the case. Rather, "Idiocultures would appear to emerge when a group of people in effective interaction identify a problem as similar among members of the group, and turn their collective attention to solving it." (Bolon, 1994: 23).

Alvesson (2002: 156) cautions that the prefix "sub" should be used appropriately as it implies the group subscribes to the organisation's beliefs. Alvesson (2002: 156) suggests that in reality organisations that have a unitary set of beliefs are rare primarily because organisations are segmented at different levels to ensure operational effectiveness. It is this segmentation that spawns different sub-cultures which may or may not subscribe to the overall values of the organisation.

Van Maaen and Barley (1984, 1985 cited in Alvesson 2002: 156) suggest that segmentation occurs at the following levels:

- division of labour: hierarchically and vertically;
- importation: mergers and acquisitions;
- technological innovation: creates new groups;
- ideological differentiation: based on new ways of doing work;
- counter-cultural movements: groups that are in opposition; and
- career filters: based on career aspirations.

In a similar way Parker (2000 cited in Alvesson 2002: 157) identifies three areas of differentiation:

- spatial/functional: geographically different locations;
- generational: based on age and duration of service; and
- occupational/professional: based on nature of work.

### *Fragmentation Perspective*

This perspective is defined by the existence of ambiguity resulting in the existence of multiple meanings, paradox, irony and inescapable contradictions (Martin, 2004: 10).

Unlike the *integration* perspective which is characterised by consistency and general consensus of organisational values and the *differentiation* perspective which is characterised by a set of overlapping subcultures, the *fragmentation* perspective does not demonstrate any levels of shared values or consensus, thus making the values ambiguous. Robertson and Swan (2003: 838) in their study of knowledge intensive firms, suggest that ambiguity will tend to be manifested in organisations in which there is a high degree of individualism, high professional and personal values and highly autonomous employees. Alvesson (2002: 161) thinks that this idea of ambiguity or fragmentation is the result of the “Zeitgeist” or postmodernism which stresses uncertainty and paradox. Studies in this area as a result tend to lend themselves to occupations and organisations that are ambiguous and contextual (Martin, 2004: 12). The challenge for this perspective of organisational culture is that the absence of consensus typically results in low performing organisations (Alvesson, 2002: 165). Alvesson (2002: 166) refers to this lack of structure as “bounded ambiguity”, referring to groups coming together in attempt to share in their ambiguity.

### *Multiple Perspectives*

In reality an in depth study of any organisation will reveal that all three perspectives exist in one form or another (Martin, 2004: 12). To neatly classify organisations into these three perspectives will not fully explain the culture within an organisation. Indeed, the reality is that these perspectives are not objective ones but rather any study conducted is heavily influenced by the researcher (Martin 2004: 14).

The definition of organisational culture used in this research paper is the definition proposed by Schein (1984: 3 - 16), in which he defines it as a “pattern of basic assumptions, that a given group has invented, discovered or developed, in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”.

According to Schein (2010) strategic leaders create, reinforce and maintain culture through what they pay attention to, reward and recognise. These cultural aspects

develop to become stable, acquire depth and breadth and also form patterns (Schein, 2010: 16 - 17).

This study employed Schein's (2010: 16 - 17) construct of organisational culture which focuses on stability, depth, breadth and patterning, as it suggests that culture evolves in a given social unit and that it will develop if stability is created first before it can evolve deeply in the social unit. Breadth is the concept inclusive in the group's functioning which ultimately fits into a larger picture of culture through patterning or integration (Schein, 2010).

This approach falls into the differentiationist view of organisational culture as described above as it includes a mix of sub-cultures. Martin (2004: 13) suggests, however, that no one organisation will experience just this one perspective as different groups may exhibit all three perspectives. So in this study while the definition used fits into the Integrationist view, key aspects of the study were based on the Differentiation perspective as organisational culture can be applied to various social units that include nations, groups, divisions, departments and religions (Schein, 2010).

Culture can therefore be studied at different levels such as the organisational unit level as suggested in the segmentation by Van Maanen and Barley (1984, 1985 cited in Alvesson 2002: 156). For example a study focusing on managers at the same hierarchical level reflects the horizontal segment as it includes one peer group in the organisation. In another way, this can also be classified using Parker's (2000 cited in Alvesson 2002: 157) differentiation method of occupational/professional.

### **2.2.3. UNDERSTANDING ORGANISATIONAL CULTURE**

Culture within one organisation or even one department can also result in organisations with a single culture that is devoid of diversity, a monoculture. Other theories suggest that there is an iterative process which involves the cultural life cycle of creation, maintenance and evolution (Johnson, 1992: 28 - 36; Saffold III, 1988: 546 - 558). Having defined organisational culture, it is important to understand the process of how organisational culture comes to exist.

### **2.2.3.1. Creation of Organisational Culture**

Schein (1983: 14) suggests that a group's culture is invented, discovered or developed in order to deal with both internal and external factors. Thereafter the group then begins to evolve in a multistage process using shared assumptions to apply to their values to create certain behaviours (Schein, 1983: 14). Schein (1983: 17) goes on to suggest a four stage process of culture formation as follows:

1. A founder develops an idea to begin a new organisation;
2. A group is formed on the basis of the founder's idea on the assumption that the idea is a good and a workable one;
3. The founding group begins to work towards achieving the objectives of the organisation; and
4. New members are brought into the group to further develop the organisation. These members are incorporated and assimilated into the group culture.

Robbins and Judge (2011: 686) share Schein's (1983) view on culture creation and believes that the leader plays a crucial role in the organisational culture and proposes a similar structure of formation.

### **2.2.3.2. Maintenance of Organisational Culture**

As groups evolve and new members join, culture becomes embedded based on how the leader's values are firstly shared with group members and then secondly if these values provide solutions to the organisation's problems Schein (1983: 21). According to Schein (1983: 22) the embedding and transmission of culture is based on explicit teaching of new members and implicit messages.

Robbins and Judge (2011: 530 - 532) add that transmission occurs via a number of forms that include stories, rituals, symbols, and languages, which are closely related to some of the formal definitions discussed above.

Deal and Kennedy (1982) suggest that each member of the organisation has an additional job, one that involves transmission of information and interprets information and determines its significance, a concept they call the cultural network. Deal and Kennedy (1982: 86) propose that up to 90% of what happens in an organisation has nothing to do with the formal events and rather that the cultural

network is where the true communication of beliefs, values and assumption are generated and transmitted.

Robbins' (2011: 527) view of the maintenance of culture is based on the three processes of selection process, actions of top management, and socialisation methods. The maintenance of an organisation's culture begins with the hiring process by ensuring that the right people for the group are hired in respect of values and beliefs (Robbins, 2011: 527 - 528). The old adage of leading by example is a powerful way that culture is sustained in a group. The actions of the senior personnel typically filter down the ranks and become the way things are done. The last component of this process, socialisation, is the way that new group members are introduced to and taught about the group values and how the reward system works.

To fully understand organisational culture and how it evolves, one must consider a more dynamic view of culture. Hatch (1993: 657 - 693) goes beyond the 'traditional' idea that culture is a static and isolated concept. Hatch (1993) posits that in terms of culture these elements exist in a dynamic relationship and ever evolving process.

The Cultural Web by Johnson (1992) links very closely with Hatch's (1993) model and comprises six components which the authors called the paradigm (Johnson, 1992: 31). According to the authors, these six elements work in concert together or in a web in what ultimately generates organisational culture and for any effective assessment, one has to look at how each element operates and effects the whole (Johnson, 1992). By looking at the six elements of symbols, power structures, organisational structures, control systems, rituals and routines, stories and myths, together form the paradigm and can be used to assess organisational culture as it is at a point in time or as an idealised structure.

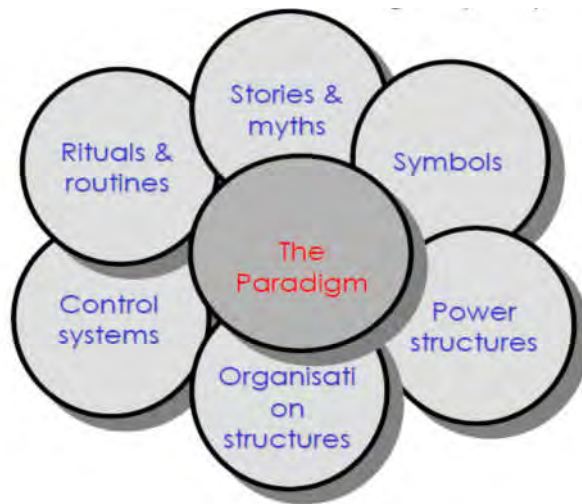


Figure 3: Cultural Web

Source: Adapted from Johnson (1992: 31)

### 2.2.3.3. *Types of Organisational Cultures*

What is clear thus far is that organisational culture is not a simple concept to understand and evidenced by the multitude of definitions and other concepts already discussed. This same ambiguity carries itself into the next key area on the subject. Several authors have attempted to create what Saffold (1988) calls culture profiles or organisational culture 'types'. Seel (2000: 1) suggests that this way of trying to understand culture is too mechanical and inflexible as a method of understanding what is a very complex phenomenon. The table below reflects some of these culture profiles identified in literature.

**Table 1: Types of Organisation Culture**

Deal and Kennedy (1982: 107 - 108)	Hellriegel, Slocum and Woodman (2001: 523)	Harrison & Stokes (1992)	Handy (1995, cited in Seel, 2000, 1)	Trompenaars and Hampden- Turner (1998: 274)
<p><b>Tough-guy, macho:</b> high risk takers, seek quick feedback</p> <p><b>Work hard/play hard:</b> fun, seek quick feedback, high level of low-risk activity</p> <p><b>Bet-your-company:</b> high risk slow feedback system</p> <p><b>Process culture:</b> bureaucratic</p>	<p><b>Bureaucratic</b> predictability and stability</p> <p><b>Clan</b> teamwork, participation</p> <p><b>Entrepreneurial</b> dynamic, creative, risk takers</p> <p><b>Market</b> finance and market-based</p>	<p><b>Power</b> strong and autocratic leadership, centralised power</p> <p><b>Role</b> bureaucratic, rational, structures, procedures</p> <p><b>Achievement,</b> excellence of work,</p> <p><b>Support</b> consensus based decision making</p>	<p><b>Power</b> concentration of power and centralised decision making</p> <p><b>Role</b> bureaucracy based o system focused on specialism of function</p> <p><b>Task</b> subject to change, dynamic, close task based relationships</p> <p><b>Person</b> Individualistic with few decision makers</p>	<p><b>Family</b> power oriented, hierarchical, non-threatening and personal</p> <p><b>Eiffel Tower</b> stable, rigid, robust, bureaucratic, structure more important than function</p> <p><b>Guided Missile</b> egalitarian, task oriented, impersonal</p> <p><b>Incubator</b> both personal and egalitarian,</p>

Source: Researcher's owns construction (2012)

## **2.3 PERFORMANCE MANAGEMENT**

The process of culture creation, transmission and maintenance is one that determines what employees do, values and how they perform in the world of work. What the leadership of an organisation places values on, and how they recognise and reward or punish creates the culture of that organisation. In this way the two concepts of culture and performance are intertwined and what follows is a brief assessment of the broad concept of performance and then a discussion on the link between the two.

### **2.3.1 DEFINITIONS OF PERFORMANCE MANAGEMENT**

Radnor and McGuire (2004: 245 - 260) suggest that the two concepts of performance management and performance measurement work hand in hand in an iterative loop although the terms are often used interchangeably. Lebas (1995: 34) differentiates between the two concepts in the following manner, "Performance Measurement: includes measures based on key success factors, measures for detection of deviations, measures to track past events, measures to track status potential, measures of output, measures of input, etc. and Performance Management: involves training teamwork, dialogue, management style, attitudes, shared vision, employee involvement, multi-competence, incentives and rewards etc." The following definitions identified in the literature attempt to understand and evaluate the concept of performance in the context of this study.

Concisely, Lebas (1995: 24) identifies two key performance measure questions; (a) why do we want to measure? (b) what do we want to measure? These two questions are not easy to answer, but they form the basis of performance evaluation. (Lebas, 1995: 24). In the light of this, Lebas (1995: 26), asserts that performance can be assessed using a diversity of criteria that includes among others employment creation, societal good, security of employment for the firm's personnel, providing a satisfying return to corporate headquarters Innovativeness in processes and products, customer satisfaction.

Furthermore, it is instructive to note that Bititci *et al.* (1997: 522 - 534) suggest that the performance management process is that process by which an organisation uses

various systems to manage its performance in line with the overall organisation strategies and objectives. These systems typically encompass various aspects of performance which include but are not limited to: budget versus actual analyses, managerial accounting, management by objectives as well as qualitative measures (Bititci *et al.*, 1997: 522 - 534).

In a nutshell, the performance management process is the way in which an organisation manages its performance using various tools that include a performance management system or PMS (Bititci *et al.*, 1997: 522 - 534). A PMS is a set of systems that an organisation uses to measure performance (Bititci *et al.*, 1997: 522 - 534).

Alternatively, Hellriegel *et al.*, (2004) define performance management as a process that begins with translating the overall strategic objectives of the organisation into clear objectives for each individual employee. It is apparent that performance management is the ongoing process of “identifying, measuring and developing human performance in a given organisation” (Rao, 2007: 1812 - 1840).

A strategic leader will therefore reinforce a certain culture by setting goals for employees and paying attention to particular behaviours which impact on performance. As such, performance management also involves setting measurable goals at both the organisational and team/individual levels. In the context of this research, performance measurement will refer to the measurement of performance of the individual employee through individual performance metrics rather than the organisation. Neely *et al.* (2005: 1128 - 1263) suggest that performance measures at the individual employee level “influence what people do” and thereby having an influence on the culture of the organisation. In the context of this study, performance measurement will be based on the system of metrics used in the Balanced Scorecard as utilised by the organisation being studied (Kaplan and Norton, 2005: 172 - 180).

### 2.3.2 INDIVIDUAL PERFORMANCE

Employee performance measurement approaches can best be summarised as being either Traditional such as Management By Objectives, Trait based systems or Behaviourally Anchored Rating Scales, or Contemporary such as Balanced scorecard, 360 Degree Evaluation or Key Performance Indicators (Valerdi and Blackburn, 2010: 77 - 97; Buchner, 2007: 59 - 73; Bretz Jr. *et al.*, 1992: 321; Bible *et al.*, 2006: 18 - 23; Kaplan and Norton, 2005: 172 - 180; Kaplan and Norton, 2001: 147 - 160; Lipe and Salterio, 2000: 283 - 298).

In all these approaches, Kreitner and Kinicki (1998: 189) posit that motivation is the key to employee performance and they define motivation as “these psychological processes that cause arousal, direction, and persistence of voluntary actions that are goal directed”. Line managers need to understand the psychological processes that affect employees as they go about their operations (Kreitner and Kinicki, 1998: 189). Kreitner and Kinicki (1998: 193) further suggest that motivation is only one factor in the performance equation:

Performance = level of ability X level of skill X motivation X knowledge about how to complete the task X feelings/emotions X facilitating and inhibiting conditions not under the individual's control

Robbins (1978; 393) suggests a similar but simpler equation which is as follows:

Performance = Motivation X Ability

The premise behind both equations attempts to reflect the complexities of an employee's performance. Any change in one or a combination of the factors will have a direct impact on performance (Kreitner and Kinicki, 1998: 193).

In support of the idea of motivation influencing and affecting performance, four key theories were developed around the concept of motivation.

**Table 2: Theories of Individual Performance**

Theory	Characteristics
<b>Maslow’s Hierarchy of Needs</b> Abraham Maslow (1943)	<ul style="list-style-type: none"> <li>• Hierarchical approach based on fulfilling the following needs                             <ul style="list-style-type: none"> <li>○ Physiological: e.g. hunger, thirst, shelter</li> <li>○ Safety: e.g. security, protection</li> <li>○ Love: e.g. affection, acceptance</li> <li>○ Esteem: e.g. self-respect, autonomy</li> <li>○ Self-actualising: e.g. growth, self-fulfilment</li> </ul> </li> </ul>
<b>Motivation-Maintenance Theory</b> Frederick Herzberg (1968)	<ul style="list-style-type: none"> <li>• Job enrichment factors:                             <ul style="list-style-type: none"> <li>○ job dissatisfier</li> <li>○ job satisfiers</li> </ul> </li> </ul>
<b>Achievement Motivation Needs Theory</b> David McClelland (1961)	<ul style="list-style-type: none"> <li>• The needs for achievement</li> <li>• The need for affection</li> <li>• The need for power</li> </ul>
<b>Expectancy Theory</b> Victor Vroom (1964)	<ul style="list-style-type: none"> <li>• Expectation that an act is followed by a given consequence                             <ul style="list-style-type: none"> <li>○ Attractiveness of outcome/rewards</li> <li>○ Performance-reward link</li> <li>○ Effort-performance link</li> </ul> </li> </ul>

Source: Adapted from Robbins (1978:195 – 203)

Feedback is a mechanism that is used for instructing and motivating employees (Kreitner and Kinicki, 1998: 256). Feedback therefore is a tool used to derive better performance based on new and/or better instructions or motivation of employees.

Robbins (1978: 393) suggests that performance measurement begins with the establishment of performance standards. Based on the set standard, the evaluation process should then follow a sequence which can be iterative if necessary as depicted by Robbins (1978: 219) in the graphic below.

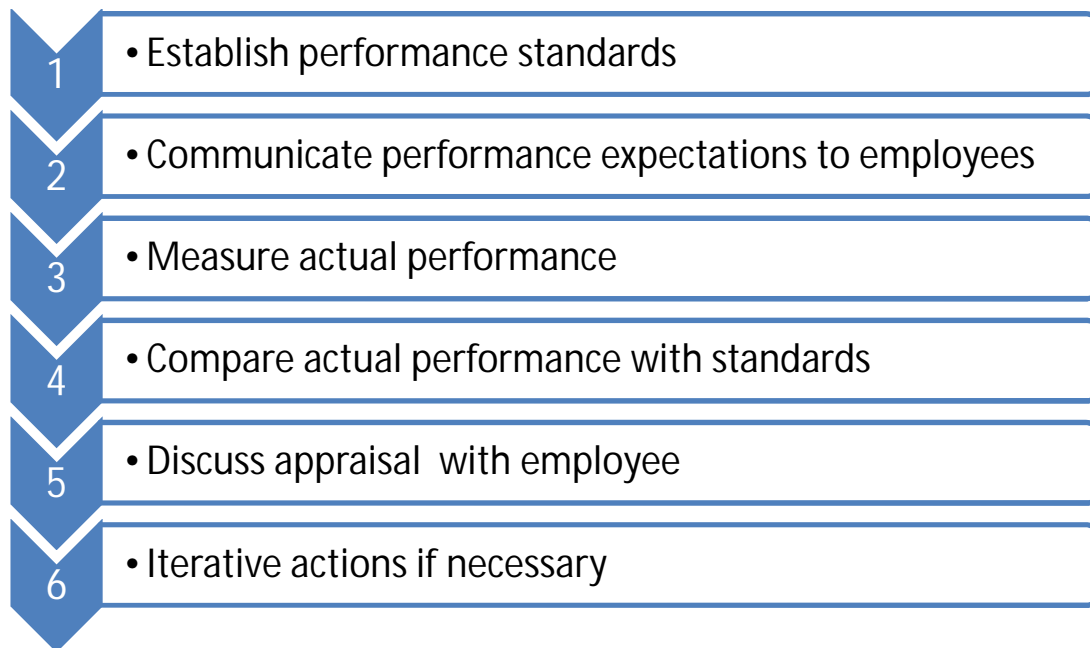


Figure 4: Evaluation Process

Source: Adapted from Robbins (1978: 195 – 203)

What is clear is that the employee must be made aware of the benchmark or objective against which he/she will be evaluated. It is also important to note that this process is an iterative one, thus encompassing a revision process to adjust objectives and assess performance regularly.

An individual's performance is also determined by the organisational climate which is in turn is influenced by environmental factors (e.g. social, political), organisational factors (e.g. structure, systems, size) and people factors (e.g. skills, personality), an idea of course, that ties in neatly with the objective of this discussion (Hansen and Wernerfelt, 1989: 399 - 411).

### **2.3.3 TRADITIONAL METHODS OF EMPLOYEE PERFORMANCE MEASUREMENT**

The traditional methods of employee performance measurement were largely based on financial accounting standards (Valerdi and Blackburn, 2010: 77 - 97). These methods typically involved measuring the quantitative aspects of performance in which the individual was assessed by his immediate supervisor (Buchner, 2007: 59 - 73). The formats of employee assessments tools tended to be varied and included methods such as management by objectives (MBO), trait-based systems and

behaviourally anchored rating scales (BARS) (Bretz Jr. *et al.*, 1992: 321; Valerdi and Blackburn, 2010: 77 - 97)

These more traditional methods of employee performance assessment focused more on the scales and the rater training rather than viewing the rater as a decision maker who made decisions based on various factors (Ilgen *et al.*, 1993: 321).

#### **2.3.3.1. Management By Objectives (MBO)**

Robbins (1978: 393) defines MBO as a system where superiors and subordinate managers identify common goals and major areas of responsibility. MBO consists of four key processes: goal setting, action based planning, self-monitoring and periodic reviews (Robbins, 1978: 222). Levinson (1970: 1 - 28) suggests that despite MBO being an integral part of corporate organisations for many years now, it typically breeds distrust and hostility between managers and subordinates even though this system is meant to be fair and transparent (Levinson, 1970: 2).

#### **2.3.3.2. Trait Based Models**

This evaluation method lends itself to a quantitative assessment as the degree to which an employee meets the pre-determined criteria can be quantified on a continuum between meeting (or not) the chosen criteria.

This basic premise is used in various trait based methods that include: paired comparison in which an employee's performance is compared against others in a group. Another method in this broad category is the Critical Incidents methods where an employee's behaviour is assessed over a period during the occurrence of critical events.

#### **2.3.3.3. Behaviour Anchored Rating Scales (BARS)**

This method of evaluation has been suggested to be used in conjunction with MBO as a complementary method of evaluating employee goals while BARS evaluates *how* those objectives were achieved and thus provide a more complete evaluation of performance (Robbins, 1978: 234). Bretz Jr. *et al.* (1992: 321) agrees and suggests that in practice, it is not likely that BARS would be used in isolation as this method is too one dimensional as the forced scales prevent a more accurate evaluation.

Bretz Jr. *et al.* (1992) note that performance measurement methodology remains fragmented as a result of the disparity between the research conducted in this field and the purpose of the measurement process by organisations. Issues such as rater/ratee training, gender bias, measurement format are just some of the many variables that made this field of study a difficult one to study effectively (Bretz Jr. *et al.*, 1992: 321).

#### **2.3.4 CONTEMPORARY METHODS OF EMPLOYEE PERFORMANCE MEASUREMENT**

To counter the shortcomings of traditional approaches to performance measurement, qualitative factors needed to be included in these measures to make them more comprehensive and holistic. The following is a selection of the contemporary methods currently in use.

##### **2.3.4.1 *Balanced Scorecard***

Kaplan and Norton (2005) formulated the balanced scorecard system which in addition to the traditional financial factors of assessing performance also included operational factors such as customer, internal business, innovation and learning.

The balanced scorecard as a result links these various views of performance with organisational strategy as a way of motivating managers to focus those organisational goals (Burney and Swanson, 2010: 166 - 181; Kaplan and Norton, 2007: 150 - 161; Kaplan and Norton, 1993: 134 - 147). Kaplan and Norton (2005) stress that the use of this tool should be tailored to each respective organisation for best effect and to this end various organisations have adopted and adapted it for their use and this including use for compensation and employee evaluation (Lipe and Salterio, 2000: 283 - 298).

Since its inception in 1992, the Balanced Scorecard (BSC) has had several iterations of review, each version trying to improve the previous one (Bible *et al.*, 2006: 18 - 23). While the first version of the BSC introduced the connection between performance and strategy, the second incarnation focused a bit more on this same connection with a caveat from Norton and Kaplan for firms not to simply implement it

wholesale without tailoring it to their needs (Kaplan and Norton, 1993: 134 - 147). In the third version of the BSC in 1996, the focus was squarely on using the tool as a strategic enabler and stressing on core managerial processes that promote the realisation of strategic goals (Kaplan and Norton, 2001: 147 - 160; Kaplan and Norton, 2001: 87 - 104). Over time the BSC approach to performance measurement has been adapted by various organisations worldwide as it brings together in one tool, all the key aspects of strategy based decision making through the cause and effect of monitoring and measuring performance (Bible *et al.*, 2006: 18 - 23).

#### **2.3.4.2      360 Degree Evaluation**

The 360 Degree Evaluation is based on the premise that an employee is evaluated by their peers. The hope is that this would result in increased objectivity and more honest feedback (van and Nijhof, 2004: 493 - 511). Typically these types of evaluations are done anonymously with the performer receiving feedback via report that shows collated results based on set carefully chosen criteria to get the best effect (van and Nijhof, 2004: 493 - 511).

Peiperel (2001: 69 - 83) identified four paradoxes based on the 360-Degree feedback:

- paradox of roles: the conflict of being a reviewer and a peer;
- paradox of group performance: individual assessments affect the group;
- measurement of Paradox: the difficulty of applying feedback; and
- paradox of Rewards: the converse relationship of peer feedback being needed but not always having the desired effect.

#### **2.3.4.3      Key Performance Indicators (KPI)**

The Key Performance Indicator (KPI) is defined as a set of quantifiable targets that are set by an organisation in order that they meet their strategic objectives. These typically are then cascaded down to individual level and about which employees are monitored and assessed with the view that if employees meet their targets then so does the organisation (Rajan and Reichelstein, 2006: 585 - 618; Bauer, 2004: 63 - 64).

### **2.3.5 PERFORMANCE METRICS USING BALANCED SCORECARD**

The professional services firm being studied provides industry-focused assurance (financial auditing), advisory (performance improvement) and tax services in 151 countries and with more than 163,000 employees across the world. In South Africa, this firm employs 4,400 staff in 21 offices. With such a geographically diverse national and global footprint, a full scale study would be too extensive. As such, this study focused on the Advisory Division in one location, Durban, South Africa. From an employee performance evaluation perspective, this organisation uses the Balanced Scorecard; a multi-perspective evaluation process based on the Kaplan and Norton (2005) model but adapted to assess the performance of each employee. Each manager is assessed based on various weighted components of the scorecard that include: quality of work, utilisation (billable hours), sales, managed production, coaching, net recovery (debtors) and living the values (contribution to developing the firm).

### **2.4 THE LINK BETWEEN CULTURE AND PERFORMANCE**

The quantitative study by Dennison (1984) which is considered as one of the pre-eminent studies in this area looked at this link by studying the financial performance of 34 companies across 25 countries. In the study, Dennison (1984) focused on the existence of a strong culture- high performance link. The premise here is that a company with a strong culture will produce high performance simply because there is greater goal alignment and high employee motivation.

Schein (1984: 3 - 16) posits that the strength or amount of an organisation's culture is based on two factors; (a) the group's homogeneity and stability and (b) length and intensity of shared values. Thus, according to Schein (1984: 7), the more stable and the longer the group members' relationships, the more strong the culture purely because the group has a longer time to pay attention to the group's values and beliefs. Schein (1984) and Robbins (2011: 522) posits that without these two variables, organisations are weak, the antithesis of a strong culture.

On the other hand, Deal and Kennedy (1982: 7) disagree and point to a direct link between strong cultures and performance, particularly in American organisations as

“culture ties people together and gives meaning and purpose to their day-to-day lives” (Deal and Kennedy, 1982: 5). Kreitner and Kinicki (1998) share this perspective in their attempt to explain the types of cultures. Kreitner and Kinicki (1989: 67) propose three types of cultures; strength, fit or the ability to be adaptive. In their strength perspective Kreitner and Kinicki (1989: 67) suggest that there is a significant relationship between strong cultures and long term financial performance.

This view of culture is not widely accepted with authors such as Schein (1984: 7) who suggest and cautions that the strength of a culture is not always linked to the issues of problem solving and ultimately performance.

The link between strong cultures and long-term financial performance is a tenuous one and puts forward his argument based on five weaknesses he points to over this link (Saffold III, 1988: 546 - 558):

- Unitary Culture: does not exist in practice as organisations typically consist of more than one sub-culture;
- Strength as a Measure of Culture: the meaning of culture strength is ambiguous and difficult to define;
- Composite Culture Profiles: the modal profile approach generalises through an attempt to classify culture and thereby losing the richness found in the complexity of the topic;
- Culture-Performance links: tenuous link exists between culture and performance; and
- Inadequate Methodologies: no consistency in qualitative methodologies on culture studies.

Alvesson (2002: 54) also points to the existence of the reverse of this view saying that a strong culture is simply the result of a high performing team as opposed to the reverse. Alvesson (2002: 54) goes on to suggest two other views around the culture-performance link: one view suggests that cultures evolve in a more adaptive process to a company’s environment through risk taking and trust between employees.

The literature reviewed shows a missing link between organisational culture and employee performance. While performance of an organisation typically implies performance of employees, no studies could be identified where this link was studied.

The overarching theme in the available literature and the studies that have been performed is that there is simply not enough consistently validated evidence of the link between organisational culture and performance (Dennison, 1984: 5 - 22). The main challenge is the absence of common definitions and concepts around the two topics of performance and organisational culture. The cause and effect link according to Dennison (1984: 5 - 22) is thus tenuous. This means that measurability and comparison are all the more difficult for both concepts (Dennison, 1984: 5 - 22).

Indeed a review of South African literature also showed very little in the way of research in this area, a view shared by Pittorino (2008: 3) who found no studies linking organisational culture and employee performance. Rather, the majority of literature reviewed links organisational culture to organisational performance or primarily focused on the subjects of organisational culture and employee performance separately (Pittorino, 2009; Naicker, 2008; Van Rooyen, 2007). The literature reviewed reveals that more study is required in this area as organisations seek to gain competitive advantage in today's global economy.

## **2.5 SUMMARY**

This section started off by trying to understand the difference between national and organisational cultures. This necessitated the defining of each of these terms and the concepts that support them. The resultant analysis revealed a plethora of concepts and definitions found in the literature.

The concepts of performance and employee performance metrics were explored by looking at the various definitions found in literature and then analysing the various models used in employee performance metrics

The link between the organisational sub-culture and performance metrics was then explored and the effect of the former on the latter. The link between organisational culture and performance has largely been based on performance at the organisational level and not at the employee performance level. The review of literature conducted supported this view with very little in the way of a direct link between organisation sub-culture and employee performance. Various views on this link exist in literature with few authors agreeing on firstly its existence and secondly if it exists, how to evaluate it with the result that there are few empirical studies in support of it (Alvesson, 2002).

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## **SECTION 3: DESCRIPTION OF RESEARCH METHODOLOGY**

### **3.1 INTRODUCTION**

This section will describe the process that the researcher followed to answer the key research question:

**How do individual employee performance metrics influence sub-culture in the context of a professional services firm in Durban?**

To do so, the goals of this research conducted were firstly, to broadly understand the concept of culture and in more detail the concept of organisational culture. Secondly, the goal of the research was to understand performance measurement in general and then thirdly, how the individual performance metrics used in an organisation influence sub-culture.

This research conducted was a qualitative which sought to explore the multiple perspectives of reality. This research focused on the perspectives of managers in the Advisory division of a professional services organisation, regarding how individual employee performance metrics influence their world view of work, or the way they perceive, think, feel and interact in the world of work.

One division in one branch of the firm was used for this study as there is no consistent method of employee evaluation between the three divisions and between different branches of the same organisation. Within this division, individual employee performance metrics are used to evaluate performance done at three different levels of staff; consultants (junior staff), managers and directors. For the purpose of this study only the manager group was assessed.

As suggested by Remenyi (1996: 22) research is not only about asking why the research is done, but it is also about asking what to research and how to conduct the research. Thus, the section begins with a discussion on the research paradigm after which the research process will be described in respect of the interview guide, the sampling process, description of interviewees, data collection procedures, individual

interviews, data capturing and data analysis procedures. The section then concludes with a summary.

### **3.2 RESEARCH PARADIGM**

The research conducted in this study was an evaluation study that sought to understand the influence of individual employee performance metrics on sub-culture within an organisation.

Paradigm, according to Greene and Caracelli (1997: 6) frames the world into a set of interrelated concepts and assumptions that guides understanding about the world and how it works. It is a model for observation that allows researchers to assess reality so that they understand the reality that they see (Babbie, 2011: 32).

The real world consists of three world logical questions that help us understand the paradigms namely: ontology, epistemology and methodology.

Guba and Lincoln (1994: 108) suggest that ontology addresses the question of “what is the form and nature of reality”. The question of epistemology deals with nature of the relationship between the knower or the researcher and what can be known about reality (Guba and Lincoln, 1994: 108). Lastly, the methodology question seeks to understand how the researcher can go about finding out about reality (Babbie, 2011: 4).

Based on this understanding this research followed the constructionist paradigm to understand subjective ontology (Babbie, 2011: 34). In understanding reality, the researcher took a subjective epistemology which entailed interaction with interviewees (Babbie, 2011: 34). This research is based on an inductive approach to identify themes and common categories identified in interview data (Babbie, 2011: 299). Developed by Glaser and Strauss in 1967, grounded theory allows the use of a scientific and creative approach to research by using a six stage framework as follows (Babbie, 2011: 299 - 300):

- Think comparatively: compare various points of view to avoid bias;
- Obtain multiple Viewpoints: use different observational techniques;

- Periodically Step Back: check data against data interpretations of accumulated data;
- Maintain an Attitude of Scepticism: assess new data against data collected; and
- Follow the Research Procedures: make comparisons, ask questions and sample appropriately.

This study followed most of these steps mindful that the goal was not to develop a theory but rather induce common not only common but also unique and embedded themes from data.

### **3.3 POPULATION AND SAMPLING**

Remenyi (1998: 113) posits that the choice of a sample is a very key aspect of research as it can dramatically affect the outcome of a research effort. Qualitative research by nature is open to bias as it is primarily based on the perceptions of peoples' reality and as suggested by Remenyi (1998: 111) one of the keys to acquiring accurate and reliable data where qualitative research is involved, is to provide the informants several key assurances:

- the researcher should not have any hidden agendas;
- the researcher should be open and honest;
- the researcher should declare any conflict of interest that existed that may influence the data gathered; and
- the researcher should not gather evidence from informants that are under duress.

In this research, the sampling of interviewees was stratified by the Line of Service (LOS) within the Advisory department and the sample of interviewees was such that at least one manager from each LOS was selected to ensure that data was collected from all possible teams within the department. Therefore the population was divided into subsets of homogenous strata from which an appropriate sample was selected (Babbie, 2011: 203). A total of ten out of 32 managers were identified and interviewed in this study.

### **3.4 DESCRIPTION OF INTERVIEWEES**

All interviewees were based from the Durban practice of the organisation in South Africa, and the study took place between August and October 2012. Within this one practice, one division, Advisory, was used for this study as there is no consistent method of employee evaluation between the three divisions and between different practices across the country. In the Advisory division, performance measurement and evaluation is done at three different levels; consultants, managers and directors. The population for this study was based on only the manager group within the employee structures of the organisation primarily because they are the employee group that manages or run the department, thereby largely responsible for driving the culture of the department.

The field research performed in this study was informed by the accepted sampling guidance on qualitative research and based on a population of 32 managers from a total staff compliment of 101 as at 04 July 2012. The manager group consists of three employee grades: assistant managers, managers and senior managers. Performance measurement is done using the Balanced Scorecard; a multi-perspective evaluation process based on the Kaplan and Norton (2005) model but adapted to assess the performance of each employee. Each manager is assessed based on various weighted components of the scorecard that include: quality of work, utilisation (billable hours), sales, managed production, coaching, net recovery (debtors) and living the values (contribution to developing the firm). This assessment is conducted once annually by a committee of managers and directors of the firm. Over and above an employee's performance as per the BSC, in this process managers/directors can add comments about their experience with a member of staff.

Eaves (2001: 655) proposes that the grounded theory approach is useful for two main reasons are (a) to generate exploratory model of human social interactions based on observable data, and (b) to expand and modify on existing theories.

### **3.5 DATA COLLECTION**

Data was gathered through semi-structured, in-depth and face-to-face interviews with each of the ten managers to gauge their perceptions of the performance measurement system as it is currently used, as well as their perceptions of whether the metrics used in that system have an influence on the culture of the division. The interviews were conducted in Durban and all interviews were conducted in a secure and private setting to ensure confidentiality. Each interview took approximately forty five minutes. An introductory letter seeking informed consent from the interviewee was sent to the selected managers, outlining the nature of the study, and the associated ethical concerns (See Appendix A below).

Where necessary, follow up interviews were used to gather additional information or to clarify developing concepts and themes. This process was also used to validate data gathered during the preceding interviews with the same individuals. An interview guide was used in these interviews

The interview guide used was based on the key research question and its set of goals. The questions used relate to three key areas; Organisational Culture, Individual Performance Metrics and the influence of the latter on the former. The first set of questions sought to understand the interviewees' perception of the organisational culture of their department. The second part of the guide was centred on the interviewees' perceptions and understanding of the performance measurement system, how it works, and the last section of the guide revolved on the interviewees' perception of whether the way the performance metrics are used has an influence on the culture of the department.

Refer to the table below for the Interview Questions and to Appendix A for the invitation to participate that was sent to the interviewees.

**Table 2: Interview Guide**

**Organisational Demographics**

1. How long have you been with the firm?
2. What line of service within Advisory do you belong?
3. How long have you been with your line of service as a manager?
4. What is your job grade/title?

**Organisational Culture**

1. What do you understand to be the intended culture of the organisation?
2. In your assessment what actions have been put in place to create this espoused culture?
3. Based on your experiences with this organisation what is the actual culture of the organisation?
4. How would you describe the culture of the Advisory department in KZN? Why would you describe the culture in that way? What demonstrates this culture?
5. How different is the espoused culture of the organisation and the culture of department in KZN? In your opinion what is the reason for this?
6. In your opinion, has the department intentionally created this culture and if so what do you believe are the actions that have resulted in the creation of this manifested culture?
7. What in your opinion holds the department together.
8. Can you describe the decision making process of how the department is run.

**Individual Performance Metrics Using the Balanced Scorecard**

1. Do you understand the mechanics of the performance evaluation using the individual performance metrics process? Can you describe it please?
2. Describe how the balanced scored card tool used in the evaluation process works and is used in this process.
3. Is the performance evaluation process effective in recognising and/or rewarding performance? If so why or if not why not?
4. Is the performance evaluation process using the balanced scorecard effective in penalising non-performance by employees? If so why and if not why not?
5. To what extent are qualitative factors considered in the balanced scorecard?
6. In your opinion what carries more weighting (and why) between qualitative and quantitative factors over performance?
7. What do you understand to be the qualitative factors that are considered in the performance evaluation?
8. What are the quantitative factors that are considered in performance evaluation?
9. Does balanced scorecard system of performance metrics adequately record employees' performance? If so why and if not why not and what would your suggested alternative be?

**Influence of Individual Performance Metrics on Organisational Culture**

1. How are the individual performance metrics determined?
2. How does the department communicate individual performance metrics to its staff?
3. Is there a difference in culture when the firm is doing well or when the firm is not doing well? If so how is this difference manifested?
4. What in your opinion drives the behaviour of the members of the group?
5. Does the leadership of the department use the individual performance metrics to reward or penalise employees? How do they do this?
6. Given your experience in the overall performance evaluation process, how consistent is the balanced scorecard applied to the individual performance metrics during the evaluation process?
7. Do you believe that the performance metrics used to assess employee's performance are linked to the espoused values of the organisation: teamwork, excellence and leadership?
8. How has the performance metric affected how you feel, think or perceive this division? Why?

Source: Authors construction based in part on Daulatarm (2003)

### **3.6 DATA CAPTURING**

Each interview was recorded (with the permission of the interviewee) to ensure that the researcher was focused on the discussion and not on recording the responses of the interviewee. Thereafter the researcher recorded summary memos based on these audio recordings to ensure that any emergent themes were identified early. This was also useful in identifying required improvements in the interview process that were then used in subsequent interviews. All individual interviews were transcribed after each interview.

### **3.7 DATA ANALYSIS PROCEDURES**

The analysis of the data collected was based on the inductive approach to identify emerging themes. This was supported by coding to make sense of the results in terms of themes and issues.

Data analysis was based on the constant comparison technique between the different interviews with the view to categories similar and recurrent themes together.

Spiggle (1994) proposes that qualitative researchers work systematically using a series of stages namely (a) categorization, (b) abstraction, (c) comparison, (d) dimensionalisation, (e) integration, (f) iteration, and (g) refutation. This study did not follow all these stages, instead used only the following:

- Categorization: grouping and labelling themes and trends;
- Abstraction: goes beyond categorisation and involves expanding or collapsing categories into fewer more general ones;
- Comparison: assess data to uncover similarities or differences;
- Dimensionalisation: identified the attributes of each category;
- Refutation: deliberate and robust exposure to scrutiny to identify weaknesses in the research process.

### **3.8 ETHICAL CONSIDERATIONS FOR RESEARCH**

The key consideration over this research was the confidentiality of research data and results. The professional services firm is a partnership and by nature such organisations do not readily allow information about themselves to be released into

public arena as this may have an adverse effect on their reputation. However, prior to conducting the research, the researcher received formal permission to perform the research from the organisation.

The nature of the research topic may have resulted in bias or apathy from the research interviewees in fear of victimisation under the perception that the research was sponsored or requested by the organisation itself. To overcome this issue, participation in the research was voluntary and the safeguards described under the section on sampling as suggested by Remenyi (1998) were used.

Anonymity and confidentiality were guaranteed by the researcher to provide assurances to the interviewees in order that more accurate results were obtained.

The researcher is a consultant falling into the Manager category of the subject group and one who is actively involved in running and managing one of 13 lines of services. This meant that there was a risk of the researcher becoming a nuisance or providing unintended bias through the process of conducting the research. The creation of an open atmosphere and also by ensuring that the researcher used his inside knowledge of the organisation to probe issues but also validate his own perspectives by making them available for scrutiny by peers helped to mitigate this challenge.

### **3.9 SUMMARY**

This section discussed the methodology followed in conducting the research. The main discussion point in this section centred on the key tenets of qualitative research. The discussion focused on how the researcher conducted his research using qualitative data collection and analysis to reach his conclusions. The principles described in this section formed the basis of the discussion and the results of the research that follows.

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## APPENDIX A

### REQUEST FOR INTERVIEWEE PARTICIPATION

Dear Colleague

As some of you may know, I am reading for an MBA degree with Rhodes University. As part of my final assessment, I have to submit a dissertation of my choosing and I have chosen to evaluate the influence of individual performance metrics on organisational culture.

As you are part of the management team of *[name of firm withheld]*, I have selected you from your various lines of service in this study to see whether this link exists or not. To conduct this study, I will require approximately 30 to 45 minutes of your time for an interview at a time that is convenient to you. During this interview I will ask various questions to help me draw understand this topic. As the study focuses on your experiences, you alone can articulate them such that the questions do not have a right or wrong answer at all. As such, you do not need to make any prior preparation for this as it will be more of an in-depth discussion around some guiding questions.

I must point out that this study is a self-funded private study and has no connection with the partnership of *[name of firm withheld]*. In addition, any views you express will be strictly confidential. Anonymity is guaranteed and all discussions are purely for academic purposes only.

I must also point out that while participation in this study is voluntary, I would like to encourage you to accept my invitation to participate as I feel there is academic merit in this study. On the completion of my study you are welcome to have access to the final study should you wish.

I will be in touch in the next day or so to arrange a date and time for an interview.

I look forward to interacting with you on this study.

Yours sincerely

Marshall Zvarevashe