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Standing out: the influence of organizational culture and cultural values on a manager's willingness to meaningfully differentiate employee performance

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STANDING OUT: THE INFLUENCE OF ORGANIZATION CULTURE

AND CULTURAL VALUES ON A MANAGER'S WILLINGNESS TO

MEANINGFULLY DIFFERENTIATE EMPLOYEE PERFORMANCE

A Research Project

Presented to the Faculty of

The George L. Graziadio

School of Business and Management

Pepperdine University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

in

Organization Development

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by

Mercedes McBride-Walker

August 2013

This research project, completed by

MERCEDES MCBRIDE-WALKER

under the guidance of the Faculty Committee and approved by its members, has been

submitted to and accepted by the faculty of The George L. Graziadio School of Business

and Management in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

IN ORGANIZATION DEVELOPMENT

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Faculty Committee

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Abstract

This mixed-methodology study investigates the degree to which dominant organization culture and cultural values influence a manager's willingness to differentiate employee performance for the purpose of making meaningful talent decisions. Data were collected from 26 companies and a total of 45 individual participants. The findings suggest that specific values play a significant role in influencing a manager's willingness to differentiate employee performance regardless of dominant culture. All organizations have high and low performers, yet being willing to make tough performance calls for greater talent decision effectiveness may require embodying values that are considered countercultural. We argue that these values may need to be translated in the dominant culture for greater acceptance and assimilation, and recognize that companywide performance management programs may best be viewed as a collection of individual decisions that carry with them great tensions. Implications and limitations of the study are discussed.

Acknowledgments

I praise Jesus Christ for this opportunity to further my education and for blessing me with immense learning and joy. I am grateful to my husband, Chad, for his love and sacrifice so that I could fully dive in. I am grateful to Dr. Ann Feyerherm, my Thesis Advisor, for her wisdom and counsel and for equipping me for the future. I am grateful to Dr. Owen Hall for his expertise and generosity of time.

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Chapter 1

Introduction

Employee performance evaluation is one of the most important of human resource

systems (Ferris & Treadway, 2008; Judge & Ferris, 1993) because it provides feedback to

individuals and groups (Cummings & Worley, 2009). Job feedback is a strong predictor

of work behaviors and has the potential to increase work productivity and satisfaction

(Cummings & Worley, 2009; Longenecker, 1989; Longenecker, Sims, & Gioia, 1987).

Performance evaluation can be a very powerful communication and management tool

(Banks & Murphy, 1985), delimiting performance levels among the employee population

to send distinctive messages. Therefore, a key component of performance evaluation is

operational discriminability (Kane & Lawler, 1979), the degree to which the appraisal

system is used to distinguish performance levels of members within a given population.

The primary purpose of operational discriminability—more widely known as

performance differentiation—is to identify high and low performers (Carroll & Schneier,

1982; Lawler, 2003; Scullen, Bergey, & Aiman-Smith, 2005) so that managers can make

meaningful business decisions relative to rewards allocation, retention of high

performers, and consequences for poor performers (Blume, Baldwin, & Rubin, 2009;

Cleveland, Murphy, & Williams, 1989; Coens & Jenkins, 2000; Guralnik, Rozmarin, &

So, 2004; Judge & Ferris, 1993; Lawler, 2003; Pearson, 1987).

Rater evaluation effectiveness is critically important to the performance

evaluation process and performance feedback needs to be accurate (Cummings &

Worley, 2009). However, rater *willingness* to accurately evaluate performance and

identify employees as high and low performers is different than rater *ability* to rate

performance (Banks & Murphy, 1985; Longenecker & Gioia, 2000). Raters will be

motivated to differentiate when it becomes an attractive option for them (Barnes-Farrell, 2001; Longenecker & Gioia, 2000) and when they understand the compelling reasons to do so (Cummings & Worley, 2009). The values, norms, and assumptions that make up the organization's culture (Schein, 2010) may play a role in both motivations. Organizational culture influences the manager-employee relationship, the overall performance evaluation process, and the rater's judgment (Magee, 2002; Murphy & Cleveland, 1995).

Wilkins and Ouchi (1983) identified organizational culture as a dominant form of control within an organization. Organizational culture is also a significant influence on member behaviors (Cabrera & Bonache, 1999; Cameron & Quinn, 2011; Magee, 2002; Schein, 1996; Schwartz & Davis, 1981). A growing body of research substantiates organizational culture as an important context for performance management, which includes rater evaluation effectiveness (Banks & Murphy, 1985; Landy & Farr, 1980; Magee, 2002; Murphy & Cleveland, 1995). Rater judgment to differentiate high and low performers could be perceived as risky, political, or even countercultural (Longenecker & Gioia, 2000; Longenecker et al., 1987; Magee, 2002). This evolving body of research heavily influenced the conception of the current study, which focuses on the degree to which culture and cultural values influence a manager's willingness to meaningfully differentiate employee performance.

In a dissertation that examined organizational culture as context for the implementation of performance management, Magee (2002) cited several studies that linked culture and performance yet lacked the "so what" relative to practical implications. The importance of the present study rests in knowing that all companies have high and low performers (Colvin, 2001). However, if raters do not feel supported by the

organization and its culture to make the tough calls there is potential for significant error, disparity, and even legal ramifications in conjunction with critical talent questions.

Background

Many books, articles, and cautionary tales have been written on the controversial subject of employee performance evaluation. Related articles and studies have titles referencing mystery, conflict, and political intrigue, such as "Behind the Mask: The Politics of Performance Appraisals (Longenecker et al., 1987), "Confronting the 'Politics' in Performance Appraisal: An Uneasy Look at Performance Appraisal" (Longenecker & Gioia, 2000), "Forced Ranking: Behind the Scenes" (Grote, 2002), "Delving into the Dark Side: The Politics of Executive Appraisal" (Gioia & Longenecker, 1994), *Abolishing Performance Appraisals* (Coens & Jenkins, 2000), and "Games Raters Play" (Kozlowski, Chao, & Morrison, 1998). A common thread in the literature is manager fear and trepidation when evaluating employee performance, even with the proven benefits of feedback (Coens & Jenkins, 2000; Longenecker & Gioia, 2000). Findings from a 2003 study of 121 organizational sponsors and Fortune 500 companies conducted by the Center for Effective Organizations indicated that only 27% utilized a relative comparison forced distribution model (i.e., interpersonal comparisons with a required performance distribution), and only 26% utilized their performance management system to make termination decisions to a moderate or greater degree (Lawler & McDermott, 2003).

Although there are various methods of differentiating performance, the present study points to meaningful differentiation where the resulting performance distribution can be used to guide and inform key talent decisions, regardless of the particular instrument. Even though certain experts are opposed to methodologies such as forced

distribution or forced ranking, they still recognize the benefits of meaningfully differentiating performance for reasons including continuous organizational improvement, allocation of rewards, and identification of high and low performers (Kohn, 1993; Lawler, 2003; Pearson, 1987). It may be enough to simply meet and engage in a "powerful, skilled discussion" to dependably identify extreme performance (Coens & Jenkins, 2000, p. 173). The purpose of this study is not to judge the value or constraint of any one particular method of performance differentiation.

Numerous studies cite barriers that impede rater ability and/or willingness to differentiate performance. These impediments include human challenges such as protecting self-interests (Barnes-Farrell, 2001; Longenecker et al., 1987), avoiding confrontation (Longenecker et al., 1987), and missing quality of relationship between the superior and subordinate (Pichler, 2012). There are impediments related to program design, such as competing uses of performance appraisal outcomes (Banks & Murphy, 1985; Cleveland et al., 1989; Jawahar & Williams, 1997; Mohrman & Lawler, 1983), lack of goal clarity (Abboud & Kemme, 2010), unreliable performance assessment process (Abboud & Kemme, 2010), and perceived bureaucracy (Longenecker et al., 1987). Legal ramifications, such as the challenge to defend against perceived adverse impact, are of no small consequence and must be considered as well (Lawler, 2003; Olson & Davis, 2003).

Additional impediments fall under what could be categorized as cultural norms, including political manipulation of ratings and widespread cynicism (Longenecker et al., 1987), functional silos (Grote, 2002), the exchange of favors—as opposed to assessing performance (Longenecker et al., 1987), and tolerance of marginal performance (Guralnik et al., 2004; Olson & Davis, 2003). Furthermore, multiple studies found overall

organizational culture—specifically a relationship-oriented culture—as a barrier to successfully differentiating performance (Barnes-Farrell, 2001; Guralnik et al., 2004; Magee, 2002; Olson & Davis, 2003).

There are many definitions of culture (Cameron & Quinn, 2011; Hofstede, Neuijen, Ohayv, & Sanders, 1990; Schein, 1985). For example, Hofstede et al. (1990) provided the following definition as one most authors agree upon relative to national culture: "It is (1) holistic, (2) historically determined, (3) related to anthropological concepts, (4) socially constructed, (5) soft, and (6) difficult to change" (p. 286). Cameron and Quinn (2011) defined organizational culture as "the taken-for-granted values, underlying assumptions, expectations, and definitions that characterize organizations and their members" (p. 18). This study primarily utilizes the latter definition to focus the organizational culture research.

Researchers have heavily debated both the content and study of culture (Martin & Frost, 1996). In some of their seminal work, Ouchi and Wilkins (1985) prophesied that the study of organizational culture would likely be "marked both by dissension and by creativity" (p. 479). Although culture can be studied in many ways, the method should be determined by its purpose (Schein, 2010). Organizational cultures are deeply complex and contain multiple layers of subculture (Cameron & Quinn, 2011; Lawrence & Lorsch, 1967; Schein, 2010). Attempting to profile organizational culture at its highest level (i.e., creating a typology) neglects the variation of values, assumptions, and norms throughout and across these subsets (Martin, 1992; Schein, 2010). However, typologies are useful to compare across organizations (Schein, 2010). The present study is meant to be comparative in nature across multiple organizations. Therefore, the research design incorporated certain cultural drivers from the Competing Values Framework (Cameron &

Quinn, 2011; Quinn & Rohrbaugh, 1983) to help identify a specific underlying value set that supports rater willingness to differentiate performance (referred to as supportive value set [SVS]) and employed the Organization Culture Assessment Instrument (Cameron & Quinn, 2011) to identify the dominant cultural profile (see Figure 1).

Flexibility & Discretion

Clan Profile	**Adhocracy Profile**
<u>Values</u>	<u>Values</u>
Open Communication	Continuous Improvement
Long-term Employee Development	Risk Taking
Collaboration	Innovation
Harmony	Individual Employee Initiative
Hierarchy Profile	**Market Profile**
<u>Values</u>	<u>Values</u>
Efficient Processes	Results Orientation
Stability/Structure	Aggressiveness
Dependability	Competition
Control	Winning

(left axis: **Internal Focus & Integration**; right axis: **External Focus & Differentiation**)

Stability & Control

From *Diagnosing and Changing Organizational Culture* (3rd ed.), by K. S. Cameron & R. E. Quinn, 2011, San Francisco, CA: Jossey-Bass. Copyright 2011 by John Wiley & Sons, Inc. Adapted with permission.

Figure 1: Competing Values Framework with Dominant Values by Typology

Study Purpose and Methodologies

The present study looks at the degree to which culture influences a manager's willingness to meaningfully differentiate employee performance through the exploration of specific cultural values relative to the dominant culture of the organization. The literature indicates the importance of organizational culture to support the adoption of performance differentiation practices (Grote, 2002; Guralnik et al., 2004; Longenecker &

Gioia, 2000; Magee, 2002; Murphy & Cleveland, 1995; Olson & Davis, 2003). Yet the literature also reflects, both explicitly and implicitly, that it is the rater willingness to adopt those performance practices that truly serves as the conduit between organizational culture and effective performance management (Kozlowski et al., 1998; Longenecker, 1989; Longenecker & Gioia, 2000; Pearson, 1987).

The methodology is both quantitative and qualitative in nature. Data gathering included the Organization Culture Assessment Instrument (OCAI), additional survey questions constructed in part by key drivers from the Competing Values Framework (CVF) to identify the SVS, and in-depth interviews for outlying responses and emic perspective. The present study specifically looks for relationships between the SVS and the dominant culture typology relative to effective and meaningful talent decisions based on performance distribution.

Heads of human resources (HR), rewards, and/or organization development departments were invited for full survey participation ("primary participant") based on the assumption that these individuals typically have the most information on performance evaluation practices and have access to the most relevant data, although concerns existed as to the willingness of participants to disclose specific information given the sensitivity of the topic (Grote, 2005). Participants came from publically traded, privately held, or nonprofit organizations across multiple industries. The study excluded governmental bodies given the prevalence of unions in governmental entities and the desire to minimize any influence from labor negotiations around performance management parameters. The ideal participation included at least three additional managers ("secondary participants") to also complete the OCAI to round out any single cultural perception. However, the request for multiple participants from one organization did pose the risk of actually losing

participation given the potential for primary participants to hesitate involving other managers.

Organization of the Study

This chapter provided the introduction to the study and the background on which the study is based. In this case, the research looks to find a relationship between the SVS and the dominant culture relative to effective and meaningful talent decisions based on performance distribution.

Chapter 2 provides the literature review. Highlighted are those literary works and research studies that support the present study, informing the line of inquiry and framing its importance. The primary literature covers topics of performance evaluation, performance differentiation, and rater behavior. In addition, the literature review covers organizational culture as concept and context for performance-related practices as well as ideologies and values. The research also uses other relevant sources for additional context. The chapter outlines any assumptions underlying the research as well.

The third chapter specifies the methodologies utilized in the research and organization culture assessment. Rousseau (as cited in Cabrera & Bonache, 1999) held that less observable elements of culture, such as values and assumptions, are better studied using qualitative methods while more observable attributes of culture, such as artifacts and behaviors, can be studied quantitatively as through a questionnaire or survey. This study employs both methods, including surveys and follow-up interviews for outlying responses and greater clarification. In addition, this section provides the detail on sampling and associated measurements and data analysis plan.

Chapter 4 articulates the analysis and results of the study. The analysis includes quantitative results from SPSS based on data gathered through survey responses, as well

as tabular results of the qualitative coding from the data gathered in interviews. The results include acceptance or rejection of the hypotheses and summary tables of both the qualitative and quantitative findings.

The final chapter summarizes the research findings and draws conclusions. It also includes supplementary and/or complementary discussion points as well as limitations of the study and potential areas for further research. The findings will ideally supplement the literature in the broader field of organization development with the intent to deliver positive impact.

Chapter 2

Literature Review

The present research studies specific cultural values that foster rater willingness to meaningfully differentiate performance relative to the dominant culture of the organization. Therefore, the literature review first examines the concepts of performance evaluation, performance differentiation, and rater behavior, followed by a review of organizational culture as a concept as well as a context for the adoption of performance differentiation practices.

Performance Evaluation and Differentiation

Every organization has high and low performers (Colvin, 2001). The termination of underperformers correlates with marked improvement in overall workforce performance, especially within the first 2 years after termination (Scullen et al., 2005). Yet, the identification and differentiation of high and low performers through some form of performance appraisal or evaluation system has been the subject of great academic, legal, and practical debate for decades (Banks & Murphy, 1985; Coens & Jenkins, 2000; Grote, 2005; Kohn, 1993; Kozlowski et al., 1998; Longenecker & Gioia, 2000).

A typical performance appraisal starts with questions regarding the employee's responsibilities and accountabilities (Bernardin, 1984; Frink & Ferris, 1998; Kane, 1986). Organization leaders must know their customer expectations and business strategy to be able to define how the work will get done (Cabrera & Bonache, 1999; Carroll & Schneier, 1982; Smither, 1998). Goal setting is then accomplished with ideally both manager and employee involvement (Cummings & Worley, 2009).

Performance appraisals were much more subjective through supervisor essays and trait labels in the early 1900s, slowly graduating to more complex psychometric judgment

systems in between World War I and World War II (DeVries, Morrison, Shullman, & Gerlach, 1986). In 1954, Peter Drucker coined the concept of Management by Objectives as a more sophisticated and less subjective methodology to gauge employee performance against stated objectives in part by involving the employee more heavily in the design process (Cummings & Worley, 2009; Drucker, 1954). From there, many methodological variations emerged from the growing bodies of knowledge of performance evaluation, rating scale, and rater bias (DeVries et al., 1986; Murphy & Cleveland, 1995).

Although some form of performance evaluation has likely been around for centuries, the form performance evaluation took in its earliest recorded years was primarily administrative, for instance enabling management to justify disciplinary actions (Murphy & Cleveland, 1995). In the 1950s, performance appraisals came to be used for counseling and development. In the 1960s, appraisals also became useful for management planning purposes. A key milestone in the evolution of performance appraisals was the usage of performance evaluations as tests for the purpose of making certain personnel decisions. This brought performance evaluation into the legal arena, shaping much of how performance appraisals are used in the United States.

Today, the uses of performance evaluations are many, including supporting managers in making key business decisions related to rewards allocation, succession planning, promotions, layoffs, and terminations (Blume et al., 2009; Cleveland et al., 1989; Guralnik et al., 2004; Judge & Ferris, 1993; Lawler, 2003; Pearson, 1987). It is widely reputed that organizations can reap significant benefits from the information provided via employee performance evaluation (Cleveland et al., 1989; Grote, 2005; Lawler, 2003; Longenecker et al., 1987), including the ability to motivate performance, foster development, attract candidates, and help build business strategies.

The framework of performance evaluations is evolutionary in nature. The more we learn about the positive and negative impact of certain aspects of employee performance evaluation, including the neurological impacts of feedback (Vorhauser-Smith, 2011), the more the field will continue to change.

Performance differentiation, the act of making performance comparisons between employees (Grote, 2005; Olson & Davis, 2003), has been highlighted as critical to building a performance culture because it enables the identification of high and low performers (Carroll & Schneier, 1982; Lawler, 2003; Scullen et al., 2005). There are many methods by which performance can be assessed and distinguished across the organizational member population, including rating scales, checklists, and ranking techniques (Carroll & Schneier, 1982). It is outside the scope of this study to go into significant detail on each performance evaluation method, yet a brief definition of the most popular forms of performance evaluation are provided below.

Ranking techniques are typified by relative forms of appraisal including forced ranking and paired comparison (Carroll & Schneier, 1982). Ranking methods include forced distribution, totem pole (i.e., seriatim ranking), and quartiles (Olson & Davis, 2003). Forced distribution requires that management slot a certain percentage of the employee population into one of the predefined categories (e.g., A-B-C, Top 20%-Middle 70%-Bottom 10%). In the totem pole method, management ranks employees sequentially from top to bottom. Quartiles and quintiles are similar to forced distribution in that management slots employees into a particular segment. Differentiation effectiveness was found to be greater in organizations that had forced distribution attached to the performance management system (Lawler, 2003; Scullen et al., 2005). Management is typically required to remove the lowest performers from their positions—if not the

organization—when utilizing forced ranking programs (Grote, 2002; Scullen et al., 2005).

More widespread usage of performance evaluation systems comes in the form of rating scales, typically used by managers to characterize each employee along a performance score continuum (Carroll & Schneier, 1982; Landy & Farr, 1980), and often accompanied by guidelines to indicate the expected percentage of the population receiving each rating category (e.g., model distribution). One of the primary complaints of such a system is the need to funnel hundreds of performances over a certain period of time into one employee performance rating on a set continuum (Kane & Lawler, 1979). However, even the more vocal opponents of performance appraisal still see the benefit of evaluating performance to "successfully identify only the employees on the outer fringes, that is, those who are truly outstanding or potentially poor performers" (Coens & Jenkins, 2000, p. 219), even if simply in the form of a discussion. It is based on this identification of highest, moderate, and lowest performers that organizational leaders are then able to make key decisions regarding allocation of rewards, succession planning, development resources, promotion opportunities, and disciplinary or terminable actions (Grote, 2005; Guralnik et al., 2004; Judge & Ferris, 1993; Lawler, 2003).

Performance ratings and rating systems were studied in-depth throughout the twentieth century (Landy & Farr, 1980; Murphy & Cleveland, 1995), and continue to be studied today. Rating scales are one of the most widely-used forms of performance appraisal to evaluate employee performance against certain criterion (Carroll & Schneier, 1982; Landy & Farr, 1980; Murphy & Cleveland, 1995). However, despite the widespread usage of performance ratings as judgments of performance, there is significant discontent with this form of appraisal by employers, employees, and

researchers (Landy & Farr, 1980; Longenecker & Gioia, 2000). In part, this discontent stems from the limited view that performance appraisal is simply a measurement tool. Much of the former performance appraisal research had been on the measurement instrument itself as opposed to the social-psychological context of the performance evaluation process and, more specifically, on rater behavior (Banks & Murphy, 1985; Kane & Lawler, 1979). The specific vehicle is less important, however, since the preference of instrument has not shown significant influence on the performance appraisal process (Landy & Farr, 1980), although empirical studies on responses to certain ranking methodologies have found strong relationships between specific design measures and perceptions of the fairness and effectiveness of the performance evaluation process (Blume et al., 2009). As mentioned previously, this study does not support any one particular practice but rather seeks to explore the degree to which culture and cultural values guide rater behavior toward meaningful performance differentiation.

Rater Behavior

Landy and Farr (1980) provided an extensive review of literature related to performance rating influences up to that point in time, including research on the evaluation process. They noted many influences—including demographic, cognitive, and social—on the process raters go through to provide performance judgment. However, not until the end of their analysis did they raise the issue of environmental context, recognizing "organismic characteristics such as the sex, race, or age of the rater are peripheral" (Landy & Farr, 1980, p. 100). They specifically invited the question of cognitive operations relative to group membership. [Consider in 1980, the term *organizational culture* was neither well-defined nor mainstream. In 1983, only three

primary collections of articles existed to build the foundation from which contemporary organizational culture has since evolved (Ouchi & Wilkins, 1985).]

Around the same time, Landy and Farr (1980) were focusing on the information process approach to performance evaluation, Feldman (1981)—in his seminal work on rater cognitive processes—was proposing a singular framework to address what cognitive processes are brought about by rating scales in use, how informal employee evaluations are made, and how a singular tool can have both valid information and evaluator bias. Feldman estimated the act of performance appraisal as a collection of cognitive processes and to understand it, such processes needed to be considered. The specific processes seen as pertinent to evaluation were (a) recognition and collection of relevant information, (b) storage and organization of information, (c) information recall, and (d) integration of summary judgment. Feldman only tangentially referenced cultural attributes suggesting a "disrespectful" manager may show bias in his evaluation of the "friendly" employee. Not until his recommendations for further research did Feldman raise the issue of organizational atmosphere as an important issue in implementing performance evaluation.

The above-referenced works of Feldman (1981) and Landy and Farr (1980) fall under the category of *cognitive processes*, one of two classes of characteristics Carroll and Schneier (1982) believed to explain rater judgments. Cognitive characteristics include impression formation and attributions under the heading of implicit personality theory, the body of knowledge to help explain how raters form certain impressions or inferences of the ratees, and motivation theory, which helps explain how the rater concludes certain motives or causes of ratee behavior.

The second category of judgment characteristics was *noncognitive processes*, including sex, race, experience, performance level, role, and personality (Carroll & Schneier, 1982). Katz and Kahn (as cited in Carroll & Schneier, 1982) recognized that beyond the role of the rater, the organization was operating as a role system to provide a "framework necessary to explain why various rater groups disagree as they evaluate performance and how to build agreement" (p. 84).

Within the organization-as-role-system framework, the organization sends the set of expectations to each role occupant via formal sources, such as employee handbook, communications, and directions from supervisors. Carroll and Schneier (1982) went on to suggest that expectations are also remitted through informal sources such as "hints given by peers on policies and procedures" (p. 84), and self-discovery, including experience and socialization. Coupled with reward and punishment, the socialization process is an effective method to reveal deeper assumptions about culture (Schein, 1985). Although Carroll and Schneier did not explicitly reference an organization's culture, culture can be seen as beginning to surface primarily through these informal and self-discovery channels as an influence in rater behavior and as the underpinnings of the implicit norms and expectations that in part make up the overall organizational culture.

Banks and Murphy (1985) also acknowledged the cognitive approach to performance evaluation, yet saw research up to that point as missing a focus on methodology for valid and accurate performance appraisal and the appraisal content itself. They forewarned their audience that a principal focus on cognitive process may create a wider gap in research-practitioner agreement and usefulness. In addition, they noted that while the cognitive process research potentially aided in rater *ability* to fairly and accurately judge performance—the cognitive process model was focused primarily

on behavior observation (Feldman, 1981; Landy & Farr, 1980), it did not address rater *willingness* (Banks & Murphy, 1985). The willingness of the rater to make quality interpersonal judgments regarding the behaviors and performance of the ratee is critical to the effectiveness of performance evaluation (Barnes-Farrell, 2001). For example, Mohrman and Lawler (as cited in Banks & Murphy, 1985) concluded "raters are often motivated to avoid giving low ratings regardless of how poorly the ratee performs" (Banks & Murphy, 1985, p. 338).

With the intent to further study cognitive processes, Longenecker et al. (1987) interviewed a number of company executives regarding how they appraised their subordinates. The findings resulted in a storyline thick with politics and manipulation—anything but conscious rater cognition toward the accuracy of performance evaluation. After a high level review of performance appraisal research, the researchers concluded rater accuracy may simply be the "wrong goal to pursue" (p. 183). Rather, their results focused on the organizational environment in which the appraisals took place. The researchers concluded that manager "discretion, effectiveness or, more importantly, survival" mattered most (p. 185). The most notable finding from this study as it relates to the present research was that the more political the organizational culture, the more political the appraisal process—including rater behavior.

In related studies on the political influence of rater behavior, the difference between rater willingness and rater ability emerged again as a key distinction in the pursuit of greater performance evaluation and rater effectiveness (Longenecker, 1989). Longenecker developed a model to show the relationship and effect of rater willingness and ability, recognizing they both need to be present and be applied to at least some degree for optimal evaluation effectiveness (see Figure 2).

		Manager's Performance Rating Ability/Skill	
		Weak	Strong
Manager's Willingness to Provide Accurate Ratings	Strong	Unintentionally Inaccurate Ratings	Brutally Accurate Ratings
	Weak	Inaccurate Ratings	Politically Influenced Ratings

From "Truth or Consequences: Politics and Performance Appraisals," by C. O. Longenecker, 1989, *Business Horizons*, *32* (November/December), pp. 76-82. Copyright 1989 by Kelley School of Business, Indiana University. Reprinted with permission.

Figure 2: Relationship and Effect of Rater Willingness and Rater Ability to Accurately Assess Performance

The research reached a turning point when it looked less for a solution by increasing psychometric rater accuracy (e.g., leniency, halo effect) and more at the organizational culture as context for an environment in which raters would be willing to be objective, honest, and accurate in their evaluation of ratees (Longenecker, 1989). Although the findings lent themselves to specific roles and responsibilities of the manager (i.e., rater), they also identified the organization as playing a key role in the health of performance evaluation. Specifically, the organization (i.e., its leaders) must upgrade rater training to increase rater skill level and subsequently "create an organizational culture that stimulates appraisal effectiveness" (p. 81).

In preparation for what was for sure to become a much broader body of work, Cleveland, Morrison, and Bjerke (1986) categorized the emerging contextual variables as either *proximal* or *distal*. Proximal variables include those variables that directly influence the rater such as direct interactions, rating consequences or outcomes, and type of task or job. Distal variables are broader organizational characteristics that influence

rater judgment more indirectly, including such things as the organization's structure, value system, and culture (Murphy & Cleveland, 1995). Two decades later, Tziner, Murphy, and Cleveland (2005) expanded on the distinction of proximal and distal by looking at them from the vantage point of the rater and his or her process of evaluating employee performance. In this context, the proximal influences include "various beliefs raters have about the process of performance appraisal" (p. 90). Distal influences then represent "rater concerns that relate to perceptions of the broader organizational context" (p. 91).

Research continued to turn more toward the social-psychological context for rater behavior in a study by Judge and Ferris (1993) on nurses and their supervisors inside an Illinois hospital. Although the research was limited to very specific social contexts (e.g., rater-ratee demographic similarity, rater-ratee relationship, rater inference of ratee self-rating), it continued to move the body of knowledge forward by looking at several social contexts, as opposed to isolated elements. Importantly, the research substantiated that beyond cognition, social context has a strong influence on rater behavior. This realization opened up greater possibility to empirically explore other noncognitive influences.

Kozlowski et al. (1998) grabbed the noncognitive baton, drawing from the works of Judge and Ferris (1993), Longenecker et al. (1987), Murphy and Cleveland (1995), and others to further empirical research on rater ability versus rater willingness to accurately evaluate and differentiate performance. They were specifically interested in learning more about the distal organizational influences on intentional rating distortion, positing that the performance evaluation practices must be adaptive in form to work with the ingrained cultural politics and norms.

Kozlowski et al. (1998) studied appraisals conducted by 167 raters for 602 ratees through public archival records of a military concern. The uniqueness of the study rested in the data coming from a natural (i.e., organic) environment as opposed to a laboratorial experiment. The researchers used a methodology similar to policy capturing to derive definitive patterns of rating distortion and categorize raters by distortion strategy. The four dominant strategies included extreme leniency-restriction (e.g., less than 2.5% of the ratee population received ratings less than the top 1% for four of the performance dimensions), group size (i.e., manipulability of ratings when raters had more than one subject), evaluation-comparison (i.e., manipulability of comparisons with other raters), and promotion-comparison (i.e., manipulability of comparisons with other ratees for purpose of promotional assignments).

The researchers concluded through the significant sample of data and high prevalence of distortion strategies that such strategies would have been employed and reinforced through the organizational system, which—given the appraisal system had been in place for some time—allowed for the "creative distortions to develop and become institutionalized" (Kozlowski et al., 1998, p. 187). Recognizing the underlying culture and politics are very difficult to change, the researchers removed from their conclusions any judgment of bad or good or wrong or right. Instead, they focused anthropologically and sociologically on the adaptation of performance evaluation and rater strategies to best align with the dominant culture as opposed to reflexively prescribing that the deeply ingrained organizational culture change. Murphy and Cleveland (1995) also emphasized the adaptive nature of rater discrimination amongst levels of employee performance.

Murphy and Cleveland (1995) developed a social-psychological model (see Figure 3) to represent the primary elements of performance evaluation as being a

strategic communication paradigm influenced by its context as opposed to a

psychometric paradigm influenced by cognitive process. The model visually depicted that

the organizational context influences the evaluation process, the rating process, and the

judgment process as the rater moves—consciously or unconsciously—from one phase to

the next. The question became, "Under what conditions will raters record their judgments

as opposed to ratings that may or may not correspond with actual observations of

employee performance?" One condition concluded by Mohrman and Lawler (1983), who

originally highlighted the distinction between rater judgment (i.e., private) and rating

(i.e., publicized), was the rater support for such honest assessments via institutionalized

organizational norms. Put another way, when actual performance ratings differ from rater

judgment, this does not necessarily constitute rater error and rather may reflect distal

influences or "forces in the organization that discourage accurate rating" (Murphy &
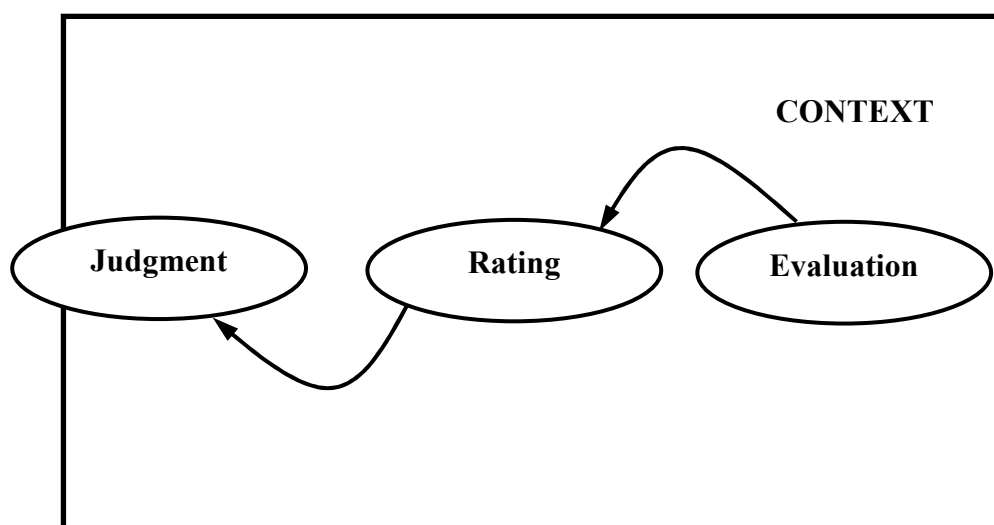
Cleveland, 1995, p. 29).

From *Understanding Performance Appraisal: Social, Organizational, and Goal-based Perspectives* by K. R. Murphy & J. N. Cleveland, 1995, Thousand Oaks, CA: Sage. Copyright 1995 by Sage. Reprinted with permission.

Figure 3: Social-Psychological Model of Performance Evaluation to Reflect Strategic Communication Influence as well as Cognitive Process

Organizational Culture

At the same time that performance evaluation research was moving from the measurement instrumentation and rater process cognition to the social and psychological contexts of rater behavior, the study of organizational contexts or forces was evolving under the heading of organizational culture. Schein (1985), Schwartz and Davis (1981), Trice and Beyer (1984), and Wilkins and Ouchi (1983) were amongst the foundational frontrunners with anthropological and sociological interests in organization as culture. Variations in the study of culture were as diverse as were the potential definitions of organization as culture (Martin & Frost, 1996).

Schwartz and Davis (1981) quoted anthropologist Clyde Kluckhohn's definition of culture as "the set of habitual and traditional ways of thinking, feeling, and reacting that are characteristic of the ways a particular society meets its problems at a particular point in time" (p. 32). Trice and Beyer (1984) referred to culture as having the components of substance (including the meanings within its norms, values, and ideologies) and form, the manifestations of which are expressed to and affirmed by other members. Schein's (1985) three dimensions of culture are often cited as a foundation for describing contemporary organizational culture and include artifacts (i.e., visible and observable), espoused beliefs and values (e.g., ideologies, goals), and basic underlying assumptions (i.e., unconscious taken-for-granted beliefs and values). Martin and Siehl (as cited by Murphy & Cleveland, 1995) added a fourth dimension of management practices that included, amongst other HR practices, performance appraisal. Cameron and Quinn (2011) offered a definition of culture that encompassed much of the essence of the above definitions, stating that organizational culture is "the taken-for-granted values, underlying assumptions, expectations, and definitions that characterize organizations and their

members" (p. 18). The present study utilized this latter definition as the basis for focusing the organizational culture research.

Inside the definition of organizational culture is the central concept of values. Schein (2010) references *espoused values* as being the explicitly communicated principles that groups attempt to achieve. Deal and Kennedy (1999) define values as "what we stand for as a group, what we're all about, what we rally around even when things get tough" (p. 4). Although espoused values are made explicit, the underlying or implicit values become institutionalized through repeated and shared behaviors affirmed by group members. Once the value moves from individualized to shared to *how things are done around here,* the transformation from value to underlying assumption is complete (Cameron & Quinn, 2011; Schein, 2010). The importance of values rests in their enduring quality: Behavior that goes against a particular value is vehemently rejected by organizational members, even though it may be completely unconscious. At the point a value is shared and assumed, the only real way to test the presence of a value is to challenge it (Cameron & Quinn, 2011).

Values also help distinguish organizational culture from organizational climate. Climate includes temporary attitudes, feelings, and perceptions (Schwartz & Davis, 1981) that help explain *how* the organization functions (Cameron & Quinn, 2011; Murphy & Cleveland, 1995). Culture refers to the implicit, underlying, and enduring beliefs and assumptions that help explain *why* the organization functions the way it does (Cameron & Quinn, 2011; Murphy & Cleveland, 1995). Many studies have been conducted utilizing values as the foundation for understanding and analyzing organizational culture (Linnenluecke & Griffiths, 2010; O'Reilly, Chatman, & Caldwell, 1991; Quinn & Rohrbaugh, 1983). In their study on organizational culture and sustainability,

Linnenluecke and Griffiths (2010) helped explain their choice of methodology by noting organizational values and ideologies stand in as reliable representation for an organization's culture, thereby providing a reasonable assessment and measurement of organizational culture. The study of culture must be framed in expressive manifestations of espoused values and beliefs, not the climate of the organization (Trice & Beyer, 1984).

Although culture can clearly be studied in many ways, the method should be determined by its purpose (Schein, 2010). Some researchers have focused on the study of rites and rituals (Trice & Beyer, 1984), while others have focused on the study of norms (Cabrera & Bonache, 1999). Many scholars have focused heavily on theoretical frameworks to focus the organizational culture research given the breadth and depth and ambiguity of the phenomena (Cameron & Quinn, 2011; Linnenluecke & Griffiths, 2010; Schein, 2010). Frameworks, often in the form of typology, can bring order to a wide range of abstractions. However, Schein warned against inappropriate usage of typology, stating that because of such significant abstraction in certain organizational phenomena typologies may skew observations within a single organization and are best used when comparing cultural characteristics across multiple organizations.

The substance of typology differs based upon what is being analyzed. For example, there are typologies that focus on assumptions about authority and intimacy, or corporate character and culture (Schein, 2010). The present study concentrates on those assumptions that focus on corporate character and culture. Specifically, the typologies used in the present study focus on specific dimensions or orientations created to empirically "capture cultural essences" (p. 166) within an organization. For example, Handy (1978) developed four organizational orientations: power, achievement, role, and support.

Harrison (1979) and Corlett and Pearson (2003) both developed archetypal profiles to describe the dominant corporate culture (i.e., utilizing Greek gods and Jungian archetypes, respectively). Wilkins and Ouchi (1983) established three forms of organizational governance to discern the most salient and efficient characteristics that strengthened organizational performance: clan, market, and bureaucracy.

Martin (1992) interpreted dimensions of organizations as being integrated or differentiated, having consensus or conflict, and being fragmented or ambiguous. Deal and Kennedy (1999) personalized four organization cultural types to think more creatively about the organization's environment and effectiveness: tough-guy, macho culture; work hard-play hard culture; bet-your-company culture; and process culture.

Competing Values Framework

The CVF (Cameron & Quinn, 2011; Quinn & Rohrbaugh, 1983) conceptualizes organizations along two primary continuums: external focus and differentiation versus internal focus and integration, and flexibility and discretion versus stability and control (see Figure 4). These two continuums result in four quadrants that archetype the core values of organizations (i.e., clan, adhocracy, market, hierarchy). And although organizations will exhibit characteristics and hold values from each quadrant, the framework is well suited to identify and characterize *dominant* cultures. A choice of framework "should be based on empirical evidence, should capture accurately the reality being described, and should be able to integrate and organize most of the dimensions being proposed" (Cameron & Quinn, 2011, p. 37). Cameron and Quinn's CVF was found best suited for the present study to discourse the relationship between cultural values and dominant culture of the organization relative to meaningful performance differentiation.
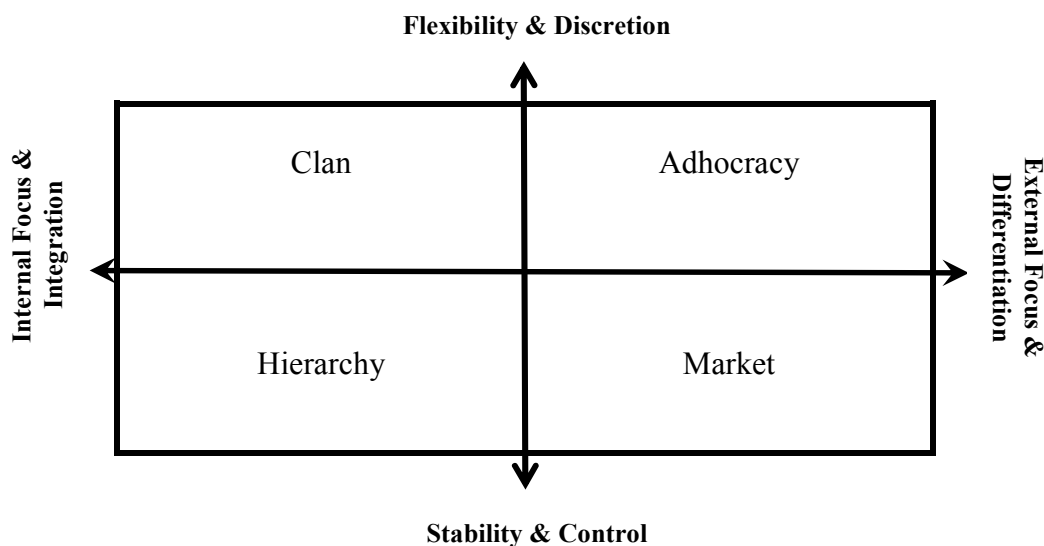
From *Diagnosing and Changing Organizational Culture* (3rd ed.), by K. S. Cameron & R. E. Quinn, 2011, San Francisco, CA: Jossey-Bass. Copyright 2011 by John Wiley & Sons, Inc. Adapted with permission.

Figure 4: Competing Values Framework

One of the defining elements of the CVF is the concept of antagonistic or competing values within the organization. The framework's two core continuums help differentiate competing emphases for how value is created (Cameron, Quinn, Degraff, & Thakor, 2006). The emphasis on and importance of specific values depends upon the company's strategic priorities, lifecycle development, and environmental conditions. Lawrence and Lorsch (1967) studied the states of integration and differentiation as they related to subsystems within an organization, substantiating the need for organizations to create value and maintain effectiveness in the midst of heterogeneous environments. They also posited that the more a company was capable of balancing these competing values, the more successful the company. In addition, they concluded integration and differentiation were in fact antagonistic, and one could only be achieved at the expense of

the other. These tradeoffs in value creation are embedded in the CVF (Cameron et al., 2006).

The following review of the individual CVF quadrants will serve as a basis for the study of specific values as well as the dominant cultural profile. Cameron & Quinn, 2011 is the general source for quadrant descriptions below, unless otherwise cited in a specific sentence below. The quadrants are:

- Clan. Typified by commitment, communication, and human development, the clan culture is often regarded as a family-like organization. Leaders expend great energy to maintain an environment free of conflict. Core values include collaboration, harmony, unity, teamwork, and consensus building. Loyalty and tradition run high. Organizational effectiveness is seen through the lens of human development and participant engagement. Consensual and cooperative processes rule (Cameron et al., 2006).

- Adhocracy. An adhocracy culture is predominantly associated with values of innovation, risk taking, continuous improvement, and stretching beyond barriers (Cameron et al., 2006). Adhocracies have decentralized sources of authority and thrive on creativity and adaptability. There is a commitment to experimentation and uniqueness is a sign of success. Individual initiative and freedom of thought are highly encouraged. Leaders extol the virtues of entrepreneurialism, vision, and constant change (Cameron et al., 2006).

- Market. The market culture is dominated by values of market position, winning, and productivity. Delivering shareholder value and maintaining the competitive edge is deeply ingrained in this culture typology. Leaders of this dominant culture type tend to be tough, hard driving, and competitive. Organization leaders within this culture are results oriented and focused on getting the job done. Reputation is important and so is success, which is typically defined by market penetration. Being aggressive and forceful in the pursuit of winning is encouraged; taking charge and moving quickly are valued (Cameron et al., 2006).

- Hierarchy. The hierarchy culture is typified by core values of predictability, control, and efficiency. The emphasis is on process and a smooth running organization. Formal rules and policies are the organizational glue. Organizations with a dominant hierarchy culture are formalized and structured places to work. Leaders are focused on efficiency and strong in coordinating and organizing. Improving processes is a core change methodology employed to improve organizational efficiency. Measurement is valued, as is quality control. Standardized procedures, rule reinforcement, and uniformity reign (Cameron et al., 2006).

Literature Review Summary

This section has reviewed the literature relevant to performance evaluation, rater behavior, specific cultural values, and dominant culture of the organization. Organizational culture is a strong influence on the performance evaluation system (Kane & Lawler, 1979; Magee, 2002; Williams & Hummert, 1990) and, more specifically, on rater behavior (Kozlowski et al., 1998; Longenecker et al., 1987; Magee, 2002; Murphy & Cleveland, 1995; Tziner et al., 2005). Organizations have the capability to create cultures in which people are motivated (Coens & Jenkins, 2000). In fact, organizational context exerts more influence on rater behavior than rater ability (Murphy & Cleveland, 1995). It is then incumbent upon the present study to identify the SVS (i.e., the value set most supportive of a manager's willingness to differentiate employee performance) and determine whether the associated values are in alignment or competition with the organization's dominant culture.

Chapter 3

Methodology

This chapter presents the methodology used in the current research, including hypothesis development, research design, data collection tools, sampling, and data analysis methodology. In tandem, these methodological elements are intended to extract data to inform and respond to the relationship between the SVS and the organization's dominant culture relative to an organization's degree of effectiveness in making talent decisions based on performance distribution. Ideally, a pattern of performance differentiation and subsequent meaningful talent decisions would surface, fostered by complementary rather than competing cultural values.

Hypothesis Development

The purpose of the present research was to study the degree to which culture influences a manager's willingness to meaningfully differentiate employee performance through the exploration of specific cultural values relative to the dominant culture of the organization (characterized by one of the four CVF quadrants). The four quadrants of clan, adhocracy, market, and hierarchy are each represented by certain dominant cultural values, characteristics, and leadership styles. The literature review substantiated that organizational culture is made up of values, assumptions, expectations, and definitions, and is a strong determinant of organizational behavior; therefore, it can be assumed that different behaviors will be influenced by different cultures. The sections below briefly highlight literature that potentially support or refute certain cultural values within each CVF quadrant as being in support of—or potentially competing with—the identification of high and low performers.

Clan. Relationship-based cultures are theorized as being the cultural type most opposed to performance differentiation (Barnes-Farrell, 2001; Guralnik et al., 2004; Longenecker & Gioia, 2000; Olson & Davis, 2003). Although a rater judgment may accurately appraise an employee's performance as low and the rater may have the ability to accurately judge the employee's performance as low, the rater *willingness* to publicize will be low due to the countercultural nature of the action. Liden and Mitchell (cited in Murphy & Cleveland, 1995) noted that raters will be challenged to differentiate performance in a highly interdependent culture. Cultures that are conflict- or confrontation-averse are less likely to enable rater willingness to differentiate (Longenecker et al., 1987). The clan culture puts a premium on the value of harmony. Conversely, the value of open communication—predominantly associated with a clan culture—may actually support greater appraisal effectiveness (Kane & Lawler, 1979) and greater willingness on the part of the rater to differentiate amongst high and low performers (Blume et al., 2009; Longenecker et al., 1987; Tziner et al., 2005). Although the ability and perhaps even judgment would likely be present, overall it appears that the willingness to publicize performance differentiation would be challenging in a dominant clan culture.

Adhocracy. With its emphasis on flexibility and differentiation rather than stability and integration, it is possible that an adhocracy culture could enable a singular organization to have multiple adaptive performance appraisal systems (Murphy & Cleveland, 1995). When an appraisal system considers organizational culture at the outset, the chance of system effectiveness—including rater effectiveness—is increased (Longenecker & Gioia, 2000). The adhocracy culture places greater importance on the value of individual employee initiative than that of collaboration. From the same Liden

and Mitchell study cited in Murphy and Cleveland (1995), findings showed greater rater differentiation when group members were depicted as independent from one another. In addition, given the political nature of performance appraisals across organizations (Longenecker & Gioia, 2000), it could be assumed that one must be willing to take risks to honestly and accurately assess employee performance. Adhocracy cultures place a premium on risk taking. Although the willingness to differentiate appears plausible in an adhocracy culture, the value of innovation—predominantly associated with this culture typology—may decrease rater ability to differentiate. Especially within high technology firms that need to move and flex quickly, jobs and roles may continuously evolve; continuous change can create a challenge to define the role, much less effectively assess an employee's performance against it (Murphy & Cleveland, 1995).

Market. The ability to define goals and assess performance may become increasingly complex when there is a tendency toward fast moving environments (Murphy & Cleveland, 1995)—rater ability to differentiate between high performers and low performers could potentially be challenged. However, the values most correlated with the market culture (e.g., aggressiveness, competition, winning) are more likely to foster rater willingness to identify high and low performers and provide feedback—even when the messages are difficult—because tough-minded managers are more inclined to engage in frank discussion (Pearson, 1987). The market typology also falls on the stable and controlled side of the flexibility and discretion/stability and control continuum. Kane and Lawler (1979) asserted that the more objective the data, the more effective the performance appraisal and appraisal process. This assertion may well support the alignment between a dominant market culture and rater willingness to differentiate performance if in fact the organization is collecting valid and accurate data to relay level

of goal achievement. A fast-paced, growth-oriented organization is more likely to be successful in adopting a relative performance differentiation program (Guralnik et al., 2004; Longenecker et al., 1987). GE's dominant culture profile is market and is an example of an organization that has successfully adopted forced ranking and achieved significant performance differentiation to drive its talent decisions (Grote, 2005; Welch, 2001).

Hierarchy. The process culture identified by Deal and Kennedy (1999) is most closely related to the hierarchy typology, where the value emphasis is on low risk and deep process and procedure orientation; feedback is virtually nonexistent. If feedback is countercultural, it is reasonable to assume raters will be challenged to rate accurately and honestly if feedback is a required element of the performance evaluation system. Cultural values that dominate in a hierarchy culture could potentially create stumbling blocks for managers participating in the performance evaluation process (Longenecker & Gioia, 2000). Heavily centralized, bureaucratic organizations can make it difficult to make swift decisions and can impede performance (Pearson, 1987), making it more challenging for raters to take the risk to rate honestly and accurately.

Specific research hypotheses and corresponding null hypotheses are as follows:

Hypothesis 1 (H1): The value sets on the differentiated and externally focused ("Differentiated") side of the CVF, meaning {continuous improvement, risk taking, innovation, individual employee initiative} and {results orientation, aggressiveness, competition, winning}, will be most frequently identified as the SVS.

Null Hypothesis 1: The value sets on the Differentiated side of the CVF will either not be identified as the SVS, or be identified as most frequently in conflict with rater willingness to assess high and low performers.

Hypothesis 2 (H2): Rater willingness, by proxy via effectiveness of talent decisions based on performance distribution (i.e., meaningful performance differentiation), will occur to a greater degree within organizations that have an emphasis on external focus and differentiation, as identified by a market or adhocracy organization cultural typology.

Null Hypothesis 2: Rater willingness, by proxy via effectiveness of talent decisions based on performance distribution, will not be influenced by, or will occur less, within organizations that have an emphasis on external focus and differentiation, as identified by a market or adhocracy cultural typology.

Hypothesis 3 (H3): For those organizations that consider their talent decisions less effective or ineffective, the SVS will be in a different CVF quadrant than the dominant cultural profile of the organization.

Null Hypothesis 3: For those organizations that consider their talent decisions less effective or ineffective, the SVS and the dominant culture profile will either reside in the same CVF quadrant or will have no correlation to an organization's ineffectiveness of talent decision making based on performance distribution.

Hypothesis 4 (H4): The degree to which it is personally compelling to the manager to meaningfully differentiate performance will moderate effectiveness of talent decisions when the SVS and current culture compete.

Null Hypothesis 4: The degree to which it is personally compelling to the manager to meaningfully differentiate performance will not moderate effectiveness of talent decisions when the SVS and current culture compete.

Research Design

The research design defines the concepts and ideas the study intends to follow

(Punch, 2005). The strategy of the current research was to study the relationship of two

independent variables:

- dominant cultural typology, and

- SVS [the cultural value set that supports rater willingness to differentiate

  performance]

as well as study them in relation to the target (i.e., two dependent variables:

- effectiveness of overall talent decisions based on employee performance

  distribution (primary), and

- effectiveness of rewards allocation based on employee performance distribution
  (secondary).

Key moderators (e.g., score calibration, distribution parameters, personally

compelling) also were utilized to enhance understanding and test for additional

influences. Research design at its most specific level is intended to help the researcher

rule out alternative interpretation of the results.

A framework emerged from the literature and study variables to help focus the

overall research design and reinforce the research strategy. The research design acted as a

litmus test for any of the data collection and analytic tools to ensure alignment between

research design and chosen methodologies. Specifically, the research identified five core

areas of discovery with which all tools had to directly align (see Figure 5).
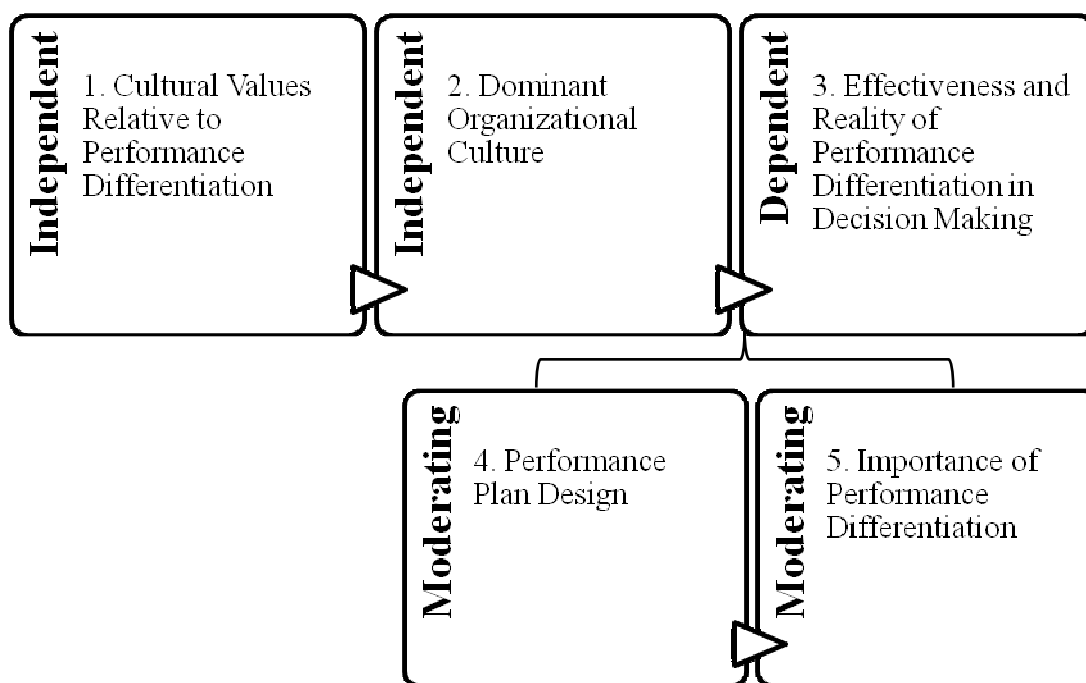
Figure 5: Research Design Framework and Areas of Discovery.

Five areas of discovery and associated questions for exploration were defined for this study (see Table 1). The areas include SVS, dominant organizational culture, effectiveness and reality of performance differentiation in decision making, performance plan design, and importance of performance differentiation.

Data Collection

The current research is mixed-methodology, employing both quantitative and qualitative methodology in an attempt to avoid oversimplification of cultural phenomena. Quantitative methodologies included both established and new survey instrumentation. The qualitative methodology involved semi-structured interviews.

An Internet-based survey was developed specifically for this study in conjunction with the research design framework (see Appendix A). Heads of HR, Rewards, and/or Organization Development from 227 targeted organizations were contacted. Each survey question was created to support one of the five core areas of discovery through the use of categorical or continuous variable typology:

Area of discovery 1: Supportive value set. SVS was developed utilizing descriptive values from the CVF. Four primary value sets—one relating to each CVF culture quadrant yet not labeled as being cultural or associated to culture typology—were listed and the interviewee was asked to what degree the value set supported, or conflicted with, manager willingness to identify high and low performers in their organization. In this way, the survey instrument helped uncover those values most influential in performance differentiation and allowed for later comparison against dominant cultural profile.

Table 1

Areas of Discovery for Study

Area of Discovery	Description	Questions for Exploration
Supportive value set (Independent Variable)	The value set noted as being most supportive of rater willingness to identify high and low performers.	• What cultural values most support a manager's willingness to differentiate performance for the purpose of making meaningful talent decisions (i.e., what is the supportive value set)? • Is there any relationship between this independent variable (i.e., supportive value set) and the dependent variables?
Dominant Organizational Culture (Independent Variable)	The organization's cultural typology (i.e., Competing Values Framework quadrant of clan, hierarchy, adhocracy, or market), determined via the Organization Culture Assessment Instrument.	• Is there any relationship between this independent variable (i.e., current culture) and the dependent variables? • Is there a relationship between the two independent variables?
Effectiveness and Reality of Performance Differentiation in Decision Making (Dependent Variables)	The degree to which the desired outcome—meaningful performance differentiation—occurs within organizations. Two dependent variables were created: • Primary: Overall talent decision effectiveness (includes all five decision categories of rewards allocation, promotions, succession planning, allocation of development resources, and retention) • Secondary: Rewards allocation effectiveness (less subjective variable with specific definitions for each level of effectiveness; for example, Great Degree means top performers receive >2x what average performers receive in salary increase)	• Is there a relationship of both independent variables and the dependent variables?
Performance Plan Design (Moderator)	Key design elements of the performance management program, including the inclusion or absence of performance distribution parameters.	• What moderating factors, if any, influence the dependent variables and under what conditions?
Importance of Performance Differentiation (Moderator)	The level of importance given to the differentiation of employee performance within an organization, represented in the inclusion of executives—or exemption of executives from—receiving a formal performance evaluation, the inclusion or exclusion of calibration of scores outside of a manager's department, and the requirement or lack thereof of any personnel actions based on a particular performance rating.	

Area of discovery 2: Dominant organizational culture. Dominant

organizational culture was identified via the OCAI. The OCAI is an empirically validated

diagnostic survey instrument built specifically to assess an organization's culture and

identify its current and preferred dominant cultural profile with the intent to create

cultural change (Cameron & Quinn, 2011).

The two main criteria for assessing quantitative data collection methodologies are

reliability and validity (Punch, 2005). In the appendix to *Diagnosing and Changing*

Organizational Culture, Cameron and Quinn (2011) cited several studies conducted to

test the reliability of the OCAI. These studies were shown to provide evidence of OCAI's

reliability using reliability coefficients ranging from .67 to .82. The OCAI was shown to

also have concurrent validity (Cameron & Quinn, 2011).

In its ideal form, the OCAI is administered to each member of a selected team

responsible for a cultural change, and from the resultant scores the team builds consensus

on current and preferred cultural states. The current research requested the participation

of three to five management team members ("secondary participants") to take only the

OCAI portion of the questionnaire to, at a minimum, gather several perceptions of

cultural values as opposed to only one point of view. In addition, the secondary

participants were asked a supplemental question regarding the SVS, again for the purpose

of gaining multiple points of view and increasing the validity of the intraorganizational

data. A clear limitation of the study is in the omission of a full consensus-building

exercise to agree upon the results of the multiple OCAI submissions within one

organization. Any supplemental consensus building would have been considered an

intervention in its own right and outside the scope of this study; however, some primary

participants indicated that they took it upon themselves to build consensus within their organizations before participating in the online questionnaire (see Appendix A).

Area of discovery 3: Effectiveness and reality of performance differentiation in decision making. The dependent variable questions were created as a signal of effective and meaningful performance differentiation. The primary participant survey included questions on the perceived companywide effectiveness of, and ability to send the right messages with, specific talent decisions. The importance of this line of questions largely rests in the knowledge that one of the key reasons for performance appraisal is to make meaningful business decisions relative to rewards allocation, retention of high performers, and consequences for poor performers (Blume et al., 2009; Coens & Jenkins, 2000; Guralnik et al., 2004; Judge & Ferris, 1993; Lawler, 2003). With regard to the secondary dependent variable of rewards allocation effectiveness, the choice of responses were built with clear, objective metrics for what constituted "great degree of effectiveness" (i.e., top performers typically get base salary increase of more than twice the average) and "reasonable degree of effectiveness" (i.e., top performers typically get base salary increase of 1.5 to 2 times the average). The ratio of 2x merit increase between top and average performers is often considered the industry standard for rewards that are considered truly differentiated (Kennedy, 2006; Sands, 2012).

Area of discovery 4: Performance plan design and 5: Importance of performance differentiation. Moderating questions associated with these areas of discovery were created to help identify any additional influences that might exist beyond values and culture in the relationship with meaningful performance differentiation. These questions helped to inform the research with additional factors in the effectiveness of performance management and differentiation and simultaneously mitigate any

defensiveness or disregard by participants. As an example, performance plan design includes a question on the inclusion or exclusion of distribution parameters (e.g., model, forced) given the empirical evidence that shows strong relationships between specific distribution system design measures and perceptions of the fairness and effectiveness of the performance evaluation process (Blume et al., 2009).

Interviews were selected as a supplemental, qualitative data collection tool so that insider voices could be heard and compared to the data extracted from the survey questionnaire. Schein (2010) indicated that for cultural studies, one "must talk to insiders" (p. 25). It is not enough to glean information from typology and rather the insider, or emic, view stands to provide additional discourse when studying organizational culture. In addition, unstructured interviews can generate particularly rich data by cultivating a more intimate dialogue (Punch, 2005).

For those organizations where an extreme was found (i.e., very high differentiation or very low differentiation) or where significant outliers were found and additional clarification was needed (e.g., diversity in perceptions of culture), the same individuals who took either the full survey or the abbreviated OCAI survey were invited for an interview. The research design included a total of five interview questions to be asked of participating interviewees, ideally in a focus group setting. The questions were preset yet open ended to encourage as much elaboration from the insiders as possible and minimize interviewer bias or influence. See Appendix C for full list of interview questions.

Sampling

Data collection instrument(s) are only as powerful as the data collection procedures used to administer them. As much emphasis and effort as is put on the data

collection instrument(s) should also be put on data collection procedures (Punch, 2005).

For example, sampling is important because it is not possible to study everyone, everywhere, doing everything. Sampling is used to reasonably gather data in the hopes of generalizing to a larger population. Representativeness of the sample is a key consideration to assure that the findings are generalizable to a larger population. Representativeness in quantitative research typically is achieved through probability sampling. For qualitative research it is typical to use purposive sampling designed around a specific focus.

The research design followed a probability-focused approach (i.e., random sampling) to be able to support hypotheses testing—not only intraorganizationally, but also interorganizationally—with a goal of generalizing back to a broader population. A selection of 227 companies was chosen for whom the researcher had a contact through LinkedIn, an Internet-based professional networking site; WorldatWork, a Total Rewards professional association; and/or ODNetwork, an organization development professional association. Multiple industries, sizes of organization, corporate structures, and geographic footprints were included in the sample selection. Of these 227 targeted organizations, 26 agreed to participate for a participation rate of 11.5%.

Within each of the organizations, the primary participant for the full survey was either the head of HR, the head of rewards, or the head of organization development, as these individuals were most likely to have the information necessary to successfully complete the full questionnaire. Beyond the primary participant, a selection of up to five secondary participants was requested of each primary participant to have them participate in (a) an abbreviated questionnaire focused specifically on perceptions of culture and values, and (b) a group interview. The choice of additional participants was limited to

those individuals who would be capable of providing an overall organizational viewpoint; therefore, secondary participants were either managers with broad reaching scope or managers who had moved through the organization and held a broader perspective. Managers were defined as having at least two employees. All participants were required to have at least 1 year with the organization.

Unfortunately, most of the participants were unwilling to seek out secondary participants due primarily to time constraints. Only six organizations supplied additional participants to round out the cultural perceptions. The format of the study was subsequently modified to allow for primary participants only, at which point an additional 20 organizations were added, for a total of 26 organizations and 46 participants (one participant's responses were deleted due to several unanswered critical questions). With one exception, the organizations that had multiple participants did not produce extreme or significantly outlying aggregate cultural perspectives that would trigger a request for interview. Rather, the participants coded the dominant culture very similarly to one another. This could have been due to the level of strength of the dominant culture or the results of internal discussion prior to independently completing the questionnaire.

Although a number of participants agreed to participate in the online survey, their participation was not predicated on their willingness to also commit to participating in an interview. Binding the two together could have potentially further limited agreement to participate. The only participant interview took place with the primary participant from the one organization that reflected an extreme intraorganizational divergence in perceptions of culture. Other participants from the organization opted out of interview participation, primarily due to time constraints.

An additional five interviews were conducted with internal practitioners, external consultants, and academic experts in the field of culture, performance, and rewards to ensure the study was well rounded with dialogue. Some of the conversation included interviewee input into making sense of the quantitative and qualitative findings. All interviews were recorded and transcribed.

Data Analysis

The mixed-methodology approach of the current study required the data be analyzed in several ways to support or refute the study's four hypotheses. A combination of descriptive analysis, binary logistic regression, and Pearson correlation analysis was used to analyze the survey questionnaire data. Content analysis was utilized for the interviews.

Quantitative, nonexperimental social research is typically characterized by multiple variables (Punch, 2005); the present study is no exception. After initial descriptive analysis, multiple regression analysis was employed to identify how much of the dependent variable could be explained by a number of variables (Bommer, Rubin, & Baldwin, 2004; Cohen & Cohen, 1983; Hindo, 2010). Specifically, binary logistic regression was employed using the forward stepwise Wald method. Pearson correlation two-tailed analyses were also run on the multiple variables to determine correlative relationships in addition to any causal relationships potentially explained through regression.

As mentioned previously, although the OCAI results are not meant to be averaged in the instrument's ideal form, for purpose of the present study a mean was calculated for the multiple responses for any one organization, resulting in a culture profile (i.e., CVF quadrant) for each organization. This consolidated independent variable was the basis of

analysis against moderating variables (i.e., covariates) as well as against other independent and dependent variables when analyzing at the organizational level (i.e., primary participants, $n = 26$) versus individual level (i.e., all participants, $n = 45$).

The transcribed interview notes served as the body of data for the qualitative analysis. In general, the qualitative data was sorted, aggregated, and analyzed for patterns of responses. Because the interview questions were purely open ended, the question set served as a framework for categorizing the responses and then a more traditional inductive analysis was employed to code, develop categories of information, identify themes, and form any theoretical concepts. When looking at the qualitative data in conjunction with the quantitative data, some of the information was relevant only within one organization (i.e., not generalizable, specific to singular organization), while other information could be used to compare across organizations (i.e., generalizable, can be seen as patterns across multiple organizations).

Ethical Issues

Organization and participant names were kept confidential in this study. The research preserved the confidentiality of company information by aggregating all of the data. Only pseudonyms appeared on interview transcripts and submitted questionnaires. Taped interviews were kept secure and labeled with the interviewee's pseudonym. All participants signed an informed consent agreement (Appendices D and E); the agreement covered all points required by the Institutional Review Board to ensure the safety and protection of all individuals involved.

Methodology Summary

This chapter outlined the methodology used for the exploration of a relationship between the SVS and the dominant culture relative to effective and meaningful talent

decisions based on performance distribution. A research design defined and framed the concepts of the overall study. Hypotheses were formed on the basis of relevant literature to test specific value- and culture-based propositions. Data were collected through survey questionnaires and interviews. The methodology of sampling was reviewed, along with the methodologies for both qualitative and quantitative data analysis. Finally, the chapter ended with a discussion on the ethical standards with which the research has fully complied.

Chapter 4

Findings

The current research has been focused on the influence of dominant culture and cultural values on a manager's willingness to meaningfully differentiate employee performance. Four hypotheses were put forth. Twenty-six companies, with participants ranging from 1 to 5 people per company yielded a total of 45 individuals participating. Six individuals were interviewed. Although this constitutes a very small sample size, the findings suggest some important trends that have potential for practical implication in the design, communication, and implementation of performance management initiatives. The purpose of this chapter is to outline the findings in detail using the established research design framework.

As a convenience to the reader, the CVF is repeated from Chapter 2 for quick reference (see Figure 6). The CVF will be referenced throughout the data analysis, most notably when the data point to a specific quadrant, current culture, and/or the SVS as being Differentiated (i.e., on the differentiated and externally focused side of the CVF).
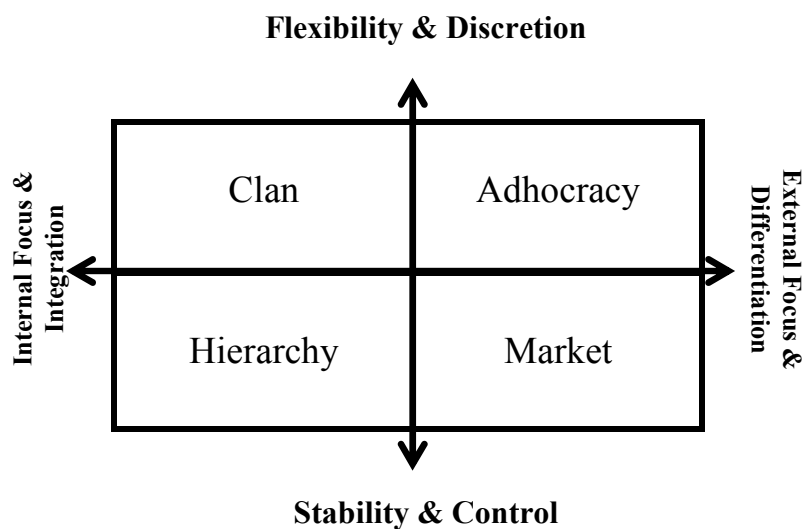
Flexibility & Discretion

From *Diagnosing and Changing Organizational Culture* (3rd ed.), by K. S. Cameron & R. E. Quinn, 2011, San Francisco, CA: Jossey-Bass. Copyright 2011 by John Wiley & Sons, Inc. Adapted with permission.

Figure 6: Competing Values Framework

Statistical Analysis (Quantitative Analysis)

SPSS was the statistical software package utilized for all quantitative analysis (a sample screenshot can be found in Appendix G). Descriptive statistics for the demographic survey questions are shown in Table 2 to highlight the makeup of the participating sample. Most of the respondents' organizations are US-based, multinational, publically traded, and employ 1,000 or more employees. In addition, one third of the organizations were identified as being in the All Other Manufacturing industry.

Upon running correlation and regression analyses, the results showed very few statistically significant relationships between demographic control variables and the dependent variable of overall talent decision effectiveness. The non-statistically significant Pearson correlations had probability values ranging from .083 to .800. The

multiple regressions resulted in probability values ranging from .118 to .809 using a

forward stepwise: Wald method. The exceptions in correlation analysis were inverse

relationships with gender and overall talent decision effectiveness (-.434, $p < .05$), and

number of employees and overall talent decision effectiveness (-.411, $p < .05$). The only

regression exception was gender as a causal factor for overall talent decision

effectiveness ($p = .048$); yet, the exponentiation of the B coefficient was only .097. See

Tables A.1 and A.2 in Appendix H for details.

Table 2

Demographic Data (n=26)

Demographic category	*M*	*SD*
Gender[a]	.50	.510
Location of Corporate Headquarters[b]	.88	.326
Located in US Only[c]	.35	.485
Organization Type		
Publically Traded[d]	.50	.510
Privately Held[e]	.38	.496
# of Employees[f]	.38	.496
Layers from CEO[g]	.31	.471
Industry[h]	.35	.485

Note. Primary participants only given that, with the exception of gender, the information was companywide. [a]0 = Male, 1 = Female. [b]0 = Outside US, 1 = Inside US. [cde]0 = No, 1 = Yes. [f]0 = 1,000 or more, 1 = 999 or less. [g]0 = Seven or more, 1 = Six or less. [h]0 = Other Industry, 1 = All Other Manufacturing.

Table 3 highlights additional descriptive statistics to further understand the

organizations that participated in the study. Of the CVF culture typologies, the market

typology was cited by nearly two thirds of the primary sample as being the dominant

current culture of the organization ($M = .62$, $SD = .496$). With great emphasis being

placed on innovation and risk taking in organizations today, it was surprising to find only

one organization in 26 that was identified as having a current culture of adhocracy (this

shifts to 9 in 26, or 34%, who reflected a p*referred* adhocracy culture). Also included in

Table 3 are the descriptive statistics for the full sample of 45 participants to show that there was general agreement intraorganizationally on current culture.

Table 3

Current Dominant Culture Type

Culture Type	Primary Participants ($n = 26$)		All Participants ($n = 45$)	
	M	*SD*	*M*	*SD*
Clan[a]	.12	.326	.11	.318
Adhocracy[a]	.04	.196	.04	.208
Hierarchy[a]	.23	.430	.20	.405
Market[a]	.62	.496	.64	.484
Differentiated Side of CVF[a]	.65	.485	.69	.468
Integrated Side of CVF[a]	.35	.485	.31	.468
Stable Side of CVF[a]	.85	.368	.84	.367
Flexible Side of CVF[a]	.15	.368	.16	.367

Note. CVF = Competing Values Framework. [a]0 = No, 1 = Yes.

The key predictive variable of the present study is the SVS, defined as the cultural value set most supportive of a manager's willingness to differentiate employee performance. The SVS of results orientation, aggressiveness, competition, and winning— extracted from the market quadrant—was identified most frequently as being the *most supportive of* differentiating employee performance for the purpose of making talent decisions ($M = .51$, $SD = .506$). Table 4 presents the results.

Table 4

Supportive Value Set by Culture Type (n = 45)

Value by Culture Type	SVS	
	M	*SD*
SVS: Clan[a]	.13	.344
SVS: Adhocracy[a]	.18	.387
SVS: Hierarchy[a]	.18	.387
SVS: Market[a]	.51	.506
SVS: Differentiated[a]	.69	.468
SVS: Integrated[a]	.31	.468

Note. SVS = Value set that supports rater willingness to differentiate performance. [a]0 = No, 1 = Yes.

Hypothesis (H1) predicted that the SVS: Differentiated, meaning {continuous improvement, risk taking, innovation, individual employee initiative} and {results orientation, aggressiveness, competition, and winning}, would be identified most often as being the most supportive of rater willingness to differentiate employee performance. The former value set (i.e., continuous improvement, etc.) contains values predominantly seen in an adhocracy typology; the latter value set contains values best representing a market typology. Both adhocracy and market typologies are on the Differentiated side of the CVF.

Conversely, the null hypothesis for H1 predicted these same value sets on the Differentiated side of the CVF to either not be identified as most supportive of rater willingness to differentiate employee performance or be identified as most frequently in conflict with rater willingness to differentiate employee performance. It is worth mentioning that the value set rated most frequently as being in conflict with a manager's willingness to differentiate performance comes from the clan quadrant (i.e., harmony, collaboration, open communication, and long-term employee development), which diagonally competes with the market quadrant on the CVF. Diagonal competition in the CVF indicates the strongest antagonistic properties. Therefore, it is not surprising that the values most in conflict with a manager's willingness to differentiate employee performance would be antagonistic of or directly opposed to the values most frequently identified as most supporting a manager's willingness to differentiate.

As seen in Table 5, we can accept H1 given that, when asked the single value set that most supports rater willingness to differentiate performance (i.e., SVS), the majority of the responses fell within one of the two Differentiated typologies ($M = .69$, $SD = .468$).

In addition, a Chi square test of independence for SVS: Differentiated resulted in a statistically significant result ($\chi = 6.422$, $p < .05$).

As part of the research design, it was also important to determine to what extent current culture correlates with the SVS and, ultimately, the dependent variables. Table 5 reflects the results of a Pearson correlation intercorrelating the two independent variables, SVS and current culture, with the dependent variables of overall talent decision effectiveness and rewards allocation effectiveness. These detailed results provide the answers for the next several research questions:

Is there any relationship between SVS and the dependent variables?

Is there any relationship between current culture and the dependent variables?

Is there a relationship between the two independent variables?

Is there a relationship of both independent variables and the dependent variables?

Table 5

Intercorrelations and Descriptive Results of Overall Talent/Rewards Decision Effectiveness and Current Culture Type/Supportive Value Set (n=26)

Variable	M	SD	1	2	3	4	5	6	7
1 Talent Decisions Effective[a]	.73	.452							
2 Rewards Allocation Effective[ab]	.70	.470	.568**						
3 Current Culture: Clan[a]	.12	.326	-.052	.141					
4 Current Culture: Adhocracy[a]	.04	.196	.121	.141	--				
5 Current Culture: Hierarchy[a]	.23	.430	-.285	-.568**	--	--			
6 Current Culture: Market[a]	.62	.496	.233	.384	--	--	--		
7 Current Culture: Differentiated[a]	.65	.485	.287	.468*	--	--	--	--	
8 SVS: Clan[a]	.12	.326	-.052	.204	.246	-.072	-.198	.038	.010
9 SVS: Adhocracy[a]	.19	.402	.076	.120	-.176	.410*	-.267	.185	.355
10 SVS: Hierarchy[a]	.12	.326	-.595**	-.586**	-.130	-.072	.374	-.209	-.243
11 SVS: Market[a]	.58	.504	.358	.182	.066	-.234	.099	-.037	-.132
12 SVS: Differentiated[a]	.77	.430	.491*	.339	-.088	.110	-.133	.130	.177

Note. SVS = Value set that supports rater willingness to differentiate performance. There was no need to go beyond variable #7 since the cross-comparisons across variables 8-12 would heed nonsensical results. [a]0 = No, 1 = Yes. [b]n = 23.
*p < .05. **p < .01.

Is there any relationship between supportive value set (SVS) and the dependent variables (i.e., overall talent decision effectiveness and rewards allocation effectiveness based on performance distribution)? As seen in Table 5, there was a statistically significant inverse relationship between SVS: Hierarchy and both overall talent decision effectiveness (-.595, $p < .01$) and rewards allocation effectiveness (-.586, $p < .01$). In addition, there was a statistically significant relationship between SVS: Differentiated and the primary dependent variable of overall talent decision effectiveness (.491, $p < .05$).

Is there any relationship between current culture and the dependent variables? As can also be seen in Table 5, there was no correlation between any one culture typology and overall talent decision effectiveness, which was unexpected and an important finding in and of itself. There was a statistically significant relationship found between current culture: Differentiated (i.e., market or adhocracy typology) and the secondary dependent variable, rewards allocation effectiveness (.468, $p < .05$). An inverse relationship was found between current culture: Hierarchy and rewards allocation effectiveness (-.568, $p < .01$).

Hypothesis (H2) expected that rater willingness to meaningfully differentiate performance, reflected by proxy via talent decision effectiveness (i.e., dependent variables), would occur to a greater degree within organizations that have a current culture emphasizing external focus and differentiation, as identified by a market or adhocracy typology. Conversely, the null hypothesis for H2 predicted that meaningful performance differentiation would occur less within organizations that have a current culture emphasizing external focus and differentiation. A Chi square test of independence was conducted to determine if there was a relationship between the two categorical

variables. Table 6 shows that we must reject H2 with regard to the primary dependent variable, overall talent decision effectiveness, since no statistically significant relationship was found. While still considering the small sample size, a statistically significant relationship was found, however, between current culture: Differentiated and the secondary dependent variable of rewards allocation effectiveness ($\chi = 5.033$, $p < .05$), indicating the ability to accept H2 relative to the secondary dependent variable.

Table 6

Chi Square Test of Independence - Current Culture: Differentiated and Overall Talent/Rewards Decision Effectiveness (n=26)

Variable	χ^2	df	Sig.
Overall Talent Decisions	2.148 [a]	1	.143
Rewards Allocation Effectiveness[b]	5.033 [c]	1	.025

[a]Two cells (50%) have expected count of less than 5. The minimum expected count is 2.42. [b]$n = 23$. [c]Two cells (50%) have expected count of less than 5. The minimum expected count is 1.83.

Is there a relationship between the two independent variables? In fact, there were no statistically significant relationships found between current culture and SVS, with the exception of current culture: Adhocracy and SVS: Adhocracy as previously seen in Table 5. This is also in and of itself an important find given that the data may suggest the SVS stays relatively constant irrespective of the dominant culture. Some themes from the qualitative data are presented later that potentially support this finding.

Although there was generally no relationship between the two independent variables, Table 5 also unexpectedly reflected a strong correlation (.568, $p < .01$) between the two dependent variables (i.e., overall talent decision effectiveness and rewards allocation effectiveness). This suggests that as effectiveness in allocating rewards based on performance distribution increases, so does the overall effectiveness of talent decision making. Again, we must consider the very small sample size ($n = 23$) and caveat that

further research is recommended. Having now established the descriptive and correlation statistics for the two independent variables, both independently and with each other, the next question may be considered.

Is there a relationship of both independent variables with the dependent variables? Hypothesis (H3) predicted that for those organizations that consider their talent decisions less effective or ineffective, the SVS would be in a different CVF quadrant than the current culture of the organization. Conversely, the null hypothesis for H3 stated that for those organizations that consider their talent decisions less effective or ineffective, the SVS and the dominant current culture would either reside in the same CVF quadrant or would have no correlation to an organization's ineffectiveness of talent decision making. A Pearson correlation found no statistically significant relationship between the current culture and SVS residing in different quadrants and overall talent decision ineffectiveness (.260, $p > .05$). Thus, H3 must be rejected. See Table A.3 in Appendix H for the full results.

Of interest was the correlation between responses where current culture typology and SVS were both on the Differentiated side of the CVF and the dependent variable responses. While still considering the small sample size ($n = 26$), Table 7 shows that a Pearson correlation produced a statistically significant relationship between current culture and SVS both being Differentiated and the primary dependent variable of overall talent decision effectiveness (.434, $p < .05$). Although SVS and culture being in different quadrants did not correlate to ineffectiveness of talent decision making, the SVS and culture both being Differentiated do relate to effectiveness of overall talent decision making.

In addition, when a binary logistics regression was run on responses where both current culture and SVS were Differentiated against overall effectiveness of talent decisions, almost 27% of the primary dependent variable was potentially explained (see Table A.4 in Appendix H).

Table 7

Intercorrelations and Descriptive Results of Current Culture/Supportive Value Set: Same Quadrant or Differentiated and Overall Talent/Rewards Decision Effectiveness (n=26)

Variable	*M*	*SD*	1	2	3
1 Talent Decisions Effective	.73	.452			
2 Rewards Allocation Effective[a]	.70	.470	.568**		
3 Current Culture and SVS are in Same Quadrant[b]	.50	.510	.260	.123	
4 Current Culture and SVS both Differentiated[b]	.50	.510	.434*	.182	-.231

Note. SVS = Value set that supports rater willingness to differentiate performance. [a]*n* = 23. [b]0 = No, 1 = Yes.
*p < .05. ** p < .01.

What moderating factors, if any, influence the dependent variables and under what conditions? Hypothesis (H4) forecasted that the degree to which it is personally compelling to the manager to meaningfully differentiate performance will moderate effectiveness of talent decisions when SVS and current culture compete, meaning they fall into different CVF quadrants. On the other hand, the null hypothesis for H4 indicated that the degree to which it is personally compelling to the manager to meaningfully differentiate performance will not moderate effectiveness of talent decisions when SVS and current culture compete.

To arrive at the results for this hypothesis, a filter was added so only those responses that indicated a current culture in a different CVF quadrant from the SVS would be included. This limited the sample to a very small sample size of 13 (or *n* = 11 in the case of rewards allocation effectiveness). Therefore, the reader is cautioned to

remember that very little can be extrapolated or generalized from a sample of this size. The analysis of H4 included a Pearson correlation of the five moderators with both dependent variables.

As seen in Table 8, performance rating calibrations outside of a manager's own department appears to have the greatest relationship to overall talent decision effectiveness when SVS and current culture compete (.693, $p < .05$). Whether or not it was personally compelling to a manager to meaningfully differentiate performance did not result in a statistically significant correlation to the overall talent decision effectiveness. However, that it was personally compelling for managers to differentiate employee performance was found to have a statistically significant relationship with the more specific and objective rewards allocation effectiveness (.624, $p < .05$) when current culture and SVS fell in different CVF quadrants. Therefore, H4 is supported relative to the secondary dependent variable.

Of additional note, there was a perfect relationship (1.000, $p < .01$) between an HR action required with a particular performance rating and the secondary dependent variable when the filter was on (i.e., only organizations with SVS located in a different CVF quadrant than the dominant culture).

Table 8

Intercorrelations and Descriptive Results of Five Moderators and Overall Talent/Rewards Decision Effectiveness (Filter On)

Variable	*n*	*M*	*SD*	1	2	3	4	5	6
1 Talent Decisions Effective[a]	13	.62	.506						
2 Rewards Allocation Effective[a]	11	.64	.505	.386					
3 Executives Exempted from Performance Appraisals[a]	13	.15	.376	-.539	.239				
4 Provide Performance Distribution Parameters[a]	13	.54	.519	.537	.214	-.461			
5 Action Required for Specific Score[a]	13	.62	.506	.350	1.0**	-.101	.220		
6 Score Calibration Outside Department[a]	13	.77	.439	.693*	-.239	-.778**	.592*	-.058	
7 Personally Compelling to Differentiate Performance[a]	13	.77	.439	.318	.624*	.234	.225	.318	.133

Note. Only those responses *w*here current culture and SVS are in different CVF quadrants were included. SVS = Value set that supports rater willingness to differentiate performance. CVF = Competing Values Framework.; [a]0 = No, 1 = Yes.
*$p < .05$. **$p < .01$.

When the filter was removed and all 26 organizations were included, distribution parameters became the most influential moderator (.482, $p < .05$) on the primary dependent variable (see Table 9). Calibration of scores across department again resulted in a statistically significant relationship as well (.414, $p < .05$). A statistically significant relationship remained—although not as strong—between required HR action and the secondary dependent variable (.509, $p < .05$) when the filter was removed. It was interesting to see the relationship between personally compelling and rewards allocation effectiveness disappear when the culture and SVS were no longer restricted to being in different CVF quadrants.

Table 9

Intercorrelations and Descriptive Results of Five Moderators and Overall Talent/Rewards Decision Effectiveness (Filter Off)

Variable	n	M	SD	1	2	3	4	5	6
1 Talent Decisions Effective[a]	26	.73	.452						
2 Rewards Allocation Effective[a]	23	.70	.470	.568**					
3 Executives Exempted from Performance Appraisals[a]	26	.19	.402	-.364	-.195				
4 Provide Performance Distribution Parameters[a]	26	.54	.508	.482*	.373	-.527**			
5 Action Required for Specific Score[a]	26	.62	.496	.233	.509*	.185	-.098		
6 Score Calibration Outside Department[a]	26	.73	.452	.414*	-.054	-.144	.134	.411*	
7 Personally Compelling to Differentiate Performance[a]	26	.69	.471	.347	.384	.114	.051	.329	.159

Note. Full primary participant sample. [a]0 = No, 1 = Yes.
p < .05. **p* < .01.

Distribution parameters and calibration of scores also showed a potential causal relationship to overall talent decision effectiveness when a binary regression was run using the forward stepwise: Wald method for all five moderators against the primary dependent variable. As reflected in Table 10, in the first step organizations that had distribution parameters were 13 times more likely to have meaningful performance differentiation. In the second step, the combination of distribution parameters and calibration potentially explained nearly 48% of overall talent decision effectiveness.

Table 10

Binary Logistic Regression of Moderating Variables on Effectiveness of Overall Talent Decision Making (Filter Off) (n=26)

Step/Variable	β	df	Sig.	Exp(B)	R^2
Step 1: Distribution Parameters	2.565	1	.031	13.000	.319
Step 2: Distribution Parameters	2.817	1	.039	16.734	.477
Calibration Across Departments	2.274	1	.072	9.72	

Note. Nagelkerke R Square used for all regression analyses. Full primary participant sample.
p = <.05.

The requirement of an HR action for a particular performance rating or score potentially explained 32% of rewards allocation effectiveness when the same multiple regression model was utilized for all five moderating variables on rewards allocation effectiveness (i.e., secondary dependent variable), as seen in Table 11.

Table 11

Binary Logistic Regression of Moderating Variables on Rewards Allocation Effectiveness (Filter Off)

Step/Variable	β	*df*	Sig.	Exp(B)	R^2
Step 1: Action Required at Certain Score	2.383	1	.024	10.833	.320

Note. Nagelkerke R Square used for all regression analyses. n=23.
p = <.05.

The same regression model was used to run the combination of the five moderating variables, current culture: Market, and SVS: Market (given their frequencies) against overall talent decision effectiveness. There were some interesting findings (see Table 12) with nearly 66% of overall talent decision effectiveness potentially being explained by the combination of distribution parameters, SVS: Market, and being personally compelling to the manager to meaningfully differentiate performance.

Although not related to any of the specific hypotheses, of potential future interest is a closer analysis of the individual elements that make up the OCAI (i.e., dominant characteristics, organizational leadership, management style, organizational glue, strategic emphasis, criteria of success): specifically, the relationship found between current and preferred organizational leadership and SVS. Upon analysis of the individual OCAI elements using the full sample, multiple correlations were found.

Table 12

Binary Logistic Regression of Supportive Value Set: Market, Current Culture: Market, and Moderating Variables on Effectiveness of Overall Talent Decision Making (n=26)

Step/Variable	β	*df*	Sig.	Exp(B)	R^2
Step 1: Distribution Parameters	2.565	1	.031	13.000	.319
Step 2: Distribution Parameters	3.278	1	.024	26.518	.510
SVS: Market	2.525	1	.056	12.487	
Step 3: Distribution Parameters	3.749	1	.026	42.470	
SVS: Market	3.204	1	.045	24.623	.659
Personally Compelling	2.940	1	.063	18.918	

Note. Nagelkerke R Square used for all regression analyses. SVS = Value set that supports rater willingness to differentiate performance.
$p = <.05$.

To combat against data fatigue, only the relationships related to current leadership are displayed and in Table A.5 in Appendix H. A correlation was found between Current Leadership: Hierarchy and SVS: Hierarchy (.534, $p < .01$), Current Leadership: Market and SVS: Market (.340, $p < .05$), and Current Leadership: Differentiated and SVS: Differentiated (.360, $p < .05$). In addition, there was an inverse relationship of Current Leadership: Market and SVS: Hierarchy (-.407, $p < .05$) and Current Leadership: Differentiated and SVS: Hierarchy (-.445, $p < .01$).

Of additional future interest is a more detailed analysis of the relationship between independent and dependent variables by singling out specific OCAI elements. Specifically, relationships were found between Current Leadership: Differentiated and overall talent decision effectiveness and rewards allocation effectiveness (both .679, $p < .01$, $n = 18$). There is also a significant inverse relationship between Current Leadership: Hierarchy and both overall talent decision effectiveness and rewards allocation

effectiveness (both -.679, $p < .01$, $n = 18$). The sample size becomes very small because of missing responses; therefore it is difficult to make any broad generalizations about the data, although the results potentially line up with some of the data gleaned from the qualitative interviews. See Table A.6 in Appendix H for details.

Specific requests for the quantitative data may be directed to the author. Table 13 provides a summary of key statistical findings.

Table 13

Summary of Key Statistical Findings

Research Design Framework	Question	Hypothesis/Result
AOD 1: Cultural Values Relative to Performance Differentiation (IV)	What cultural values most support a manager's willingness to differentiate performance for the purpose of making meaningful talent decisions?	Frequency - SVS: Market H1. The values most commonly associated with the Differentiated side of CVF would be most frequently identified as the SVS: Accepted
	Is there any relationship between this independent variable and the dependent variables?	Correlation between SVS: Differentiated and Overall Talent Decision Effectiveness Strong inverse correlation between SVS: Hierarchy and Talent Decision Effectiveness
AOD 2: Dominant Organizational Culture (IV)	Is there any relationship between the independent variable, current culture, and the dependent variables?	No correlation between current culture and Overall Talent Decision Effectiveness Correlation between current culture: Differentiated and Rewards Allocation Effectiveness H2. Correlation of current culture: Differentiated with Dependent Variables Rejected-Overall Talent Decisions; Accepted-Rewards Allocation Correlation between current culture: Adhocracy and SVS: Adhocracy only
	Is there a relationship between the two independent variables?	Unexpected correlation of Overall Talent Decision & Rewards Allocation Effectiveness
AOD 3: Effectiveness and Reality of Performance Differentiation in Decision Making (DV)	Is there a relationship of both independent variables and the dependent variables?	H3. For those organizations that consider their talent decisions ineffective, SVS would be in a different CVF quadrant than the current culture: Rejected Correlation between current culture/SVS both being on Differentiated Side of CVF and Overall Talent Decision Effectiveness Causal relationship found for current culture/SVS both being on Differentiated Side of CVF on Overall Talent Decision Effectiveness

Research Design Framework	Question	Hypothesis/Result
AOD 4: Performance Plan Design AOD 5: Importance of Performance Differentiation	What moderating factors, if any, influence the dependent variables and under what conditions?	H4. Whether it is personally compelling to the manager to meaningfully differentiate performance will moderate on effectiveness of talent Rejected-Overall; Accepted-Rewards Allocation

Note. SVS = Value set that supports rater willingness to differentiate performance. CVF = Competing Values Framework; AOD = area of discovery; IV = independent variable; DV = dependent variable.

Qualitative Analysis

There appeared to be significant intraorganizational agreement on the current culture using the OCAI, even within individual OCAI elements and even without a formal intervention to come to agreement. The single participant interviewed was from the one organization that reflected significant difference across participant perceptions of current culture. Two additional interviews took place with non-participating internal practitioners to give supplemental emic cultural perspective. Three external practitioners and/or academicians in the fields of performance management, culture, and/or rewards were also interviewed to gain insight on how to potentially make sense of the data and to provide feedback on the emerging themes from both the quantitative and qualitative data.

The internal participant interview supplied further understanding of the organization, its performance management practices, and the culture to make better sense of the quantitative data received online. The two interviews with internal practitioners who did not participate in the online questionnaire delivered additional insider data for the purpose of identifying potential themes through an insider's point of view. There were five questions posed to the internal practitioners. Inductive coding took place upon completing and transcribing the interview results (see Table 14).

Four open-ended questions were asked of the external practitioners and academicians. The questions were specifically designed to elicit responses to what the quantitative data was showing as well as to provide feedback on how the researcher was making sense of the internal interview data thus far. Therefore, these three interviews were intentionally scheduled after the insider interviews. Inductive coding was again utilized to categorize the external interview data for the purpose of identifying themes (see Table 15).

Table 14

Internal Participant/Practitioner Questions and Inductive Codes

Question	Code
1. Describe the rating scale and its meanings.	Quantitative Mindset Qualitative Assessment
2. What score does someone need to get to really be looked at as meeting or exceeding expectations?	Satisfactory Above Satisfactory
3a. If there are significant swings of rating differences between sub-organizations, divisions, groups, and/or managers, what do you think makes the difference?	Size Function Management Results
3b. How are they addressed, if at all?	Via System Via Management
4. What else would help me better understand the company culture?	Values/Norms/Beliefs Leadership Culture Typology
5. What does 'performance culture' mean to this organization, if anything?	Strong Tie to Pay Emphasis on Results Nonexistent

Table 15

External Practitioner/Academician Questions and Inductive Codes

Question	Code
1. What are your thoughts about the results indicating the value set most supportive of manager willingness to differentiate employee performance comes from the market quadrant {results orientation, winning, competition, aggressiveness}?	Geographic Individual Decision Making Results Oriented
2. What are your thoughts about the values of {open communication, harmony, collaboration, long term employee development} being the value set that most conflicts with a manager's willingness to differentiate employee performance?	Non Profit Clan Culture
3. What are your thoughts about the SVS staying the same irrespective of dominant culture?	Geographic Individual Decision Making
4. How do you introduce differentiation into a culture that may be resistant?	System/Structure Management

Codes are meant to be descriptive, allowing for the examination of lower levels of abstraction and, therefore, identifying more concrete or specific categories (Punch, 2005). After coding the data, significant time was taken to analyze the results, "developing

higher-order concepts to summarize and integrate more concrete levels of data" (p. 203),

not only by internal data and external data but also across both qualitative data sets.

Analysis of the full interview data set resulted in four themes:

a) Individual mindset and tension between personal values and judging
    employee performance

b) Significant variation in manager basis and application of performance
    evaluation

c) Leadership influence on performance culture (for better or worse)

d) Mitigating manager accountability through some form of compliance vehicle

A short description of each theme was developed to help accurately assign

interviewee quotes. Appendix I provides the qualitative analysis tables that include each

developed theme, a short description, and sample data to support the theme. See Table 16

for a summary of key qualitative findings.

The first theme, individual mindset, was the first to emerge. The data suggested

that it is largely left up to the individual managers—as opposed to an organization-wide

agreement—to make the ultimate assessment of an employee's performance, where the

resulting performance score is often times tied with compensation, an ability to be

promoted or transferred, and/or a one-on-one conversation with the employee being

evaluated. One interviewee described a comprehensive client project where calibration

was introduced and robust management level dialogues took place to get more objective

and performance-focused. The calibration discussions resulted in a report that reflected a

significantly differentiated population based on performance. The interviewee went on to

say:

> From a systemic standpoint [the management] had these conversations, but those
> decisions didn't carry over to influence the next step of [the] process . . . that data
> was only used in calibration [discussions]. It didn't then carry over to "okay so

now let's do your performance appraisal, I'm not going to make you a 10 because you really aren't a 10."

The second theme to emerge was significant variation. The data reflected a wide variance in manager basis for, and application of, performance evaluations, influenced by size, function, results orientation, management style, peer pressure, and budget constraints. One interviewee shared, "The criteria, the behaviors, the values [are] really left for each department head to do as they want and how they direct it, top-down, peer-to-peer, bottom-up, whether rigorous or informal or no review process. It's not uniform." Another interviewee told the following story, highlighting a performance evaluation conundrum managers may face when taking into consideration their peers may rate differently

> I work with various leaders who work hard to bring about organizational change; they're the ones that begin with implementing their values around performance and around feedback. . . . So on the one hand they're wanting to upgrade their department . . . have conversations with people about where they are . . . but then at their peer level when they have these conversations they're worried, "If I grade my people more challengingly than you do, then they could not be eligible for promotion. Because they can't transfer easily because they suddenly got rated a 2 and they can't get transferred to a job in your organization because you only take people who are 4s and 5s."

The third theme concerning leadership influence emerged through multiple conversations regarding the chief executive officer, the executive team, and/or the leadership of the organization. The influence of leadership on culture, performance management initiatives, and performance distribution itself—for better or for worse—surfaced a number of times. It was interesting to find that the influence could be as much because the leadership was absent as it was because of any specific actions taken. In response to the question about performance culture, one interviewee answered

> Unfortunately I've been at places where the culture—the fabric of . . . the team . . . the executive team has not really sponsored or has lagged leading by example

where they say, "Our culture is such that we value our employees . . . and this is what we stand by, and this is how we implement what we believe in . . . This is how the company implements our value set across the company. It's how we retain people, it's how we hire people, it's how we train people. Let me show you how we stand behind what we believe in." And I don't think I've seen that type of sponsorship—executive sponsorship—where I've worked to be able to influence performance, to be able to influence compensation and rewards.

The fourth theme to emerge was mitigating accountability. Originally, the theme was identified as being system related (i.e., the actual infrastructure of the performance management program) since both the word *system* and the concept of *forced distribution* were raised numerous times. Yet, upon further analysis, the conversations consistently migrated to taking managers off the hook. The construct of a forced distribution in a clan culture, for example, was a way to depersonalize the employee evaluation and blame the system. In addition, HR was raised as a conduit for compliance to ensure differentiation. Thus the depersonalization of evaluation and the ease for managers became the higher-level order for the purpose of identifying patterns. For example, one of the interviewees stated

> [The system] becomes a scapegoat. That's the, "It wasn't really my decision; I was forced to do it by these boxes," which in a clan environment . . . because relationship is so paramount. And so we need to have a way to get managers off the hook so we provide a way to do that by creating the structure this way.

This chapter presented the data from both the online survey questionnaire and the internal and external interviews. Of greatest note, SVS stems most frequently from the market quadrant. Moreover, those values (i.e., competitiveness, aggressiveness, winning, results orientation) appear to stay relatively constant regardless of the dominant culture of the organization. The dominant culture itself has less of a direct influence on overall meaningful performance differentiation. SVS: Differentiated coupled with specific

moderators have the greatest influence on the effectiveness of talent decision making—

both overall and rewards allocation.

Qualitatively, the data suggest that the performance evaluation process is an

individually based decision that carries with it significant tensions. In addition, systems

or surrogates can be utilized to depersonalize the evaluation and potentially assuage rater

accountability. Leadership was seen as having a significant influence on how

performance initiatives are carried out, whether through positive leadership or the lack

thereof. The final chapter is focused on conclusions, limitations of the research, and

recommendations for future research.

Table 16

Summary of Key Qualitative Findings

Theme	Findings
Theme 1: Individual Mindset	The act of evaluating people's performance is individual—a personal judgment of an employee's behaviors. There is a mindset and subsequent tension for a manager to judge individual employees when the judgment may conflict with the manager's or organization's values and/or create apprehension. The manager is the one ultimately making the evaluation decisions and subsequently communicating them, often times linking the decisions with levels of compensation.
Theme 2: Significant Variation	The degree to which the basis for, and application of performance evaluations vary from manager to manager, including factors of size, function, results orientation, management discretion, peer pressure, and budget constraints.
Theme 3: Leadership Influence	The chief executive officer, executive team and/or leadership of the organization influences the culture and, more specifically, the performance culture or lack thereof. Leadership has a strong influence on how performance initiatives are carried out, including the palatability of performance directives, through their involvement or absence.
Theme 4: Mitigating Accountability	As part of the evaluation process, managers may or may not be held accountable for the decisions they make. A system or surrogate compliance body can be constructed to facilitate performance differentiation, and can then be subsequently blamed to make the decisions less personal. Depending on the culture or the individual managers, organizations may look for a way to remove accountability for decisions they ultimately made.

Chapter 5

Summary and Conclusions

This study examined the degree to which culture and cultural values influenced rater willingness to meaningfully differentiate employee performance for the purpose of making talent decisions (e.g., allocation of rewards, advancement, development). The OCAI served as the tool to determine a participant's dominant culture typology, and four values from each CVF quadrant created four value sets from which participants identified the SVS, defined as the value set most supportive of a manager's willingness to differentiate. Four hypotheses were put forth; unexpected results surfaced. This chapter provides a discussion of the results, implications to practitioners and researchers, limitations of the study including its small sample size, and suggestions for future research.

Discussion

Cultural values. One of the primary expectations of the present study was to positively relate certain cultural values with meaningful performance differentiation. As expected, the results showed the value sets on the externally focused and differentiated side of the CVF (i.e., market or adhocracy quadrants) being identified most often as supporting a manager's willingness to differentiate employee performance (i.e., the SVS). More specifically, the value set of competitiveness, aggressiveness, competition, and results orientation—that is, the cultural value set predominantly characterizing the market quadrant—was selected most frequently. It was no surprise that participants chose SVS: Differentiated most often, given the primary intention of performance differentiation is to distinguish performance levels amongst employees. In an article on strengthening the organization through its people, Pearson (1987) indicated, "Upgrading the organization

. . . requires managers to make tough decisions: to fire some people, demote or bypass others, and tell poor performers where they stand" (p. 51).

The findings also surfaced a trend correlating SVS: Differentiated with overall talent decision effectiveness, suggesting that the more managers employ values inclined toward external focus and differentiation in their performance assessments, the greater the effectiveness of overall talent decisions based on performance distribution. In fact, Guralnik et al. (2004) indicated that companies with the greatest emphasis on performance differentiation for the purpose of making talent-based decisions "typically have fast growth and performance-driven cultures that belong to a highly competitive and demanding industry" (p. 344). Thus the cultural values of competitiveness, aggressiveness, competition, and results orientation make intuitive sense for being willing to distinguish employee performance levels for the purpose of allocating rewards, recommending promotions, etc. In addition, the nature of individuality and the emphasis on taking risks via the cultural values found most predominantly in the adhocracy quadrant more naturally support employee performance differentiation as well.

It was equally expected to see the values stemming from the clan quadrant identified most often as being the least supportive—or the most in conflict with—a manager's willingness to differentiate employee performance. The data did not disappoint: The value set from the clan quadrant (i.e., harmony, open communication, long term employee development, collaboration) was identified most frequently as being most in conflict with a manager's willingness to identify high and low performers for the purpose of making talent decisions. These findings appear to relate with a previous study by Liden and Mitchell (as cited in Murphy & Cleveland, 1995) that stated in highly interdependent environments it is more difficult for a manager to differentiate employee

performance. In addition, as posited in the hypothesis development, a relationship-oriented culture experiences the greatest struggle with the need to distinguish performance across its members (Barnes-Farrell, 2001; Guralnik et al., 2004; Longenecker & Gioia, 2000).

The findings may also shed some light on the qualitative theme regarding mitigating manager accountability through some form of compliance system or surrogate body. No less than three of the six interviewees highlighted an experience with an environment typified by a clan-like culture where an organization had successfully implemented either a forced distribution or forced distribution-like system with the effect of enabling their managers to differentiate employee performance. Longenecker and Gioia (2000) found the top reason why managers manipulated employee ratings to be avoidance of conflict and confrontation with an employee. And in the highlighted cases, the managers didn't need to manipulate ratings or avoid conflict. They could simply blame the system or blame HR to preserve a harmonious relationship with their employees in the face of delivering difficult news. One interviewee stated, "one might say forced distribution, especially in a clan [culture], is 'because we're trying to keep the team together, we don't have the courage to violate the norms.' . . . 'We're worried about emotions or compassion.'" Whether conscious or unconscious, the organizations designed a system to let the managers off the hook and maintain a peaceful environment.

Dominant culture typology. The present study also hoped to show that meaningful performance differentiation would occur to a greater degree within organizations that have a current culture: Differentiated (i.e., market or adhocracy quadrant). The results were split between the two dependent variables: overall talent decision effectiveness and rewards allocation effectiveness. Although a relationship was

not found between the current culture and overall talent decision effectiveness, a correlation was found between current culture: Differentiated and rewards allocation effectiveness. Previous research concluded, or hypothesized for the purpose of future research, that organizational context is a strong influencer of performance management (Magee, 2002; Murphy & Cleveland, 1995).

Differentiated side of the Competing Values Framework. The above findings give us two potential strains of relationship stemming from the externally focused and differentiated side of the CVF:

a) dominant culture typology correlates with reward allocation effectiveness, and

b) SVS correlates with overall talent decision effectiveness.

Why does the former, organization-wide independent variable correlate more closely with the more narrowly defined dependent variable, while the latter, individually based independent variable correlates with the more broadly-based dependent variable?

Competitive and/or differentiated organizations are poised to gain greater benefit from some form of distribution system (Guralnik et al., 2004). It is typical to see formulaic or model merit and/or bonus matrices associated with these types of systems. Therefore, the allocation of a finite resource must be shared in a systematic way across the broader organization, likely having greater implication for the dominant culture than any individually employed value sets. Rewards could be viewed as a distal factor— "forces in the organization that discourage accurate rating" (Murphy & Cleveland, 1995, p. 29)—while reflecting the companywide compensation philosophy. One of the Longenecker et al. (1987) interviewees stated, "[HR personnel] try and force you to make the ratings fit the merit allowances instead of vice versa" (Longenecker et al., 1987, p. 185). If the reward system is designed to be companywide and is more reflective of the

organization as a system, then it seems natural that dominant culture typology would have more of an impact at the reward system level. SVS would seem to have greater impact at the overall talent decision level, including not only rewards allocation but also promotions, development resources, succession planning, and retention (e.g., decisions related to layoffs). This assumes that although the nonmonetary resources of advancement and development may not be infinite, there may be greater opportunity to shape manager decisions given the more social and psychological context of these decisions, including the manager-employee relationship and the manager's own values.

Relationship of culture and values on meaningful performance differentiation. One of the key hypotheses of the present study was that both the dominant culture typology and the SVS would be in the same CVF quadrant for those organizations that identified themselves as making effective talent decisions based on performance distribution. Surprisingly, the data reflected the SVS staying fairly consistent (i.e., differentiated side of CVF) regardless of the dominant culture typology. This suggests that raters—managers of people—employ the same or similar values to differentiate employee performance regardless of culture, proposing that all but those managers in market and perhaps adhocracy-dominated cultures are drawing from countercultural values to be able to identify high and low performers. And, in most cases, they were able to employ these values successfully. As stated previously, the present research shows a correlation between SVS: Differentiated and overall talent decision effectiveness.

The qualitative data may also help make sense of the correlation between SVS and overall talent decision effectiveness. The findings suggest the act of appraising people's performance—that is, the assessment of an employee's behaviors and

commensurate discussion—is an individual undertaking. Results of the interviews submit that performance evaluation is grounded in an individual mindset: a personal judgment of an employee's behavior (Ferris, Munyon, Basik, & Buckley, 2008; McGregor, 1957) and, as Mohrman and Lawler posit (as cited in Banks & Murphy, 1985), a subsequent tension between private assessment and public rating (Banks & Murphy, 1985). As one interviewee noted, "people have to decide if they're willing to take this on or not." Managers are the ones making the ultimate decisions and holding the conversations where appraisal results get communicated. It is not surprising that performance appraisals are fraught with tension, politics, apprehension, and self-interest; rater judgment can be seen as risky and countercultural (Longenecker & Gioia, 2000; Longenecker et al., 1987; Magee, 2002). It stands to reason, then, that the values employed to make these difficult decisions (e.g., competitiveness, aggressiveness, winning, continuous improvement, individual employee development) are broadly shared by participants, regardless of dominant culture. These are the values that enable managers to, as one interviewee described, potentially "violate the norms."

In addition, these prevailing values likely play a role in the significant variance found in manager application of performance management, including the basis of manager evaluations—even though performance management programs are typically considered organization-wide initiatives. Relative to their model of key ratings outcomes (see Figure 3 on page 21), Longenecker and Gioia (2000) indicated managers may have the ability to rate performance accurately, yet the willingness to accurately assess employee performance "becomes subject to different standards; therefore, they fashion some necessary maneuvering room for themselves" (p. 21). The present study provides

further evidence of such "maneuvering room"; Longenecker et al. (1987) would likely say it is with the motivation of survival rather than accuracy.

Hierarchy and leadership. Two additional unexpected results of the present study were the strong inverse relationships of hierarchy-based culture and values with meaningful performance differentiation, and the correlation between current dominant leadership style (i.e., one of the six OCAI elements) and SVS. Upon further review of the data, these two findings appear to be potentially connected. Where participants identified their dominant culture typology as hierarchy, there was a strong negative correlation to rewards allocation effectiveness. There was also a significant inverse correlation between SVS: Hierarchy and both overall talent decision effectiveness and reward allocation effectiveness. In other words, the more hierarchical the organizational culture and/or the more likely managers were to employ hierarchical values (i.e., control, stability, structure, efficient processes, dependability) to make appraisal decisions, the less effective the organization's talent decisions based on performance distribution. One interviewee indicated from experience that, "…a command and control organization means that the [chief executive officer] is picking out high and low performers with no information." If this sentiment is more prevalent than this one individual's experience, it would stand to reason that the perception of talent decision effectiveness would be quite low. Given the predominance of rule reinforcement, efficiency-mindedness, and strong leadership focused on organizing in hierarchical cultures, it might not be much of a stretch.

Leadership influence surfaced through both qualitative and quantitative analysis, cross-validating both sets of results. From a quantitative standpoint, the current dominant leadership style: Hierarchy correlated with SVS: Hierarchy; dominant leadership style:

Market correlated with SVS: Market; and dominant leadership style: Differentiated correlated with SVS: Differentiated. Both market and hierarchy quadrants are found on the stability and control side of the CVF. In addition, strong positive or negative relationships were seen between current leadership and talent decision effectiveness, although the sample size became very small for this segment of the analysis. As discussed above, it is not surprising to find leadership influencing the performance management process—especially on the more controlled side of the continuum—and the findings are supported through previous studies linking leadership to performance management (Longenecker, 1989; Magee, 2002).

Qualitatively, leaders were seen as having significant influence on the culture and, more specifically, the performance culture through either their involvement or lack thereof. Most notably in a hierarchical or command-and-control environment, leadership is likely to assume a dominant, authoritarian role in how performance will be evaluated and, subsequently, how talent decisions will be made based in the resultant performance distribution.

The potential link of these two unexpected results was found in a post-hoc review of the online questionnaire data. The three participants who identified the SVS as the value set based on the hierarchy quadrant also showed extreme differences between current and preferred leadership styles, shifting away from hierarchical leadership. All three indicated it was either not really or not at all personally compelling for the managers to differentiate employee performance—in other words, there was nothing in it for them. One interviewee described a manager's attitude in a command-and-control culture as "…just take care of my stuff and keep my head down…" It is not difficult to envision a challenge identifying what is in it for a manager to identify high and low

performers in a hierarchy-driven culture, typified by command-and-control leadership; the leader sets the tone. Longenecker and Gioia (2000) stated that the "generation of an accurate appraisal must be an attractive option" (p. 20).

Implications for Practitioners and Researchers

Performance evaluations are an important element of employee development toward greater organizational productivity. They constitute a viable feedback vehicle—a strong predictor of work behaviors with the potential to increase productivity and employee satisfaction—and work to help managers identify levels of performance so that precious organizational resources like rewards, promotions, and succession nominations can be fairly and meaningfully distributed. The absence of a fair and meaningful performance management program can lead to communication breakdowns, demotivated employees, turnover, or even legal action. Therefore, it is important to strengthen and enrich an organization's performance management program to the greatest degree possible given its significant impact to employee engagement and the bottom line.

The original question driving the current research centered on the cultural success factors that better enabled performance differentiation for the purposes of making meaningful talent decisions. Although many of the hypotheses were accepted and reflected expected results, there were also unexpected trends resulting from the data that pointed toward SVS: Differentiated regardless of culture, supported by the qualitative insights relative to individual mindset and significant variation in a manager's application and basis for performance management.

The unexpectedness of these results stems from the issue being less cultural and more about the differentiated values employed by managers to make performance distinctions. Where Linnenluecke et al. (2010) did not find a single type of sustainability-

oriented culture, the present research did find a trend toward a predominant type of performance differentiation-orientation (i.e., differentiated side of CVF). So while the SVS by and large stays the same and is not directly correlated to the dominant culture, the implications are that communications and implementation of performance management initiatives must still consider the dominant culture since it is much more deeply ingrained than any individual value set employed to make performance distinctions. Culture is institutionalized into the fabric of the organizations (Deal & Kennedy, 1999; Schein, 2010). Managers and employees from different culture types may place emphasis on different aspects of performance, yet the SVS may or may not be countercultural.

We normally think of countercultural as bad; we see it as a negative—as going against what the culture stands for—and can often infer negative intention. Longenecker et al. (1987) discussed at great length the countercultural, political, and risky nature of performance appraisals and how managers manipulate the system for survival rather than accuracy; yet, the present research suggests being countercultural may actually enable challenging discussion or decision making. Those values not normally in use in certain cultures could potentially be translated for palatability to be employed by managers for making performance distinctions while still being able to connect with, and maintain membership in, the dominant culture.

In her dissertation, Magee (2002) stated, "Performance management . . . is also a social and communication process within organizations" (p. 160). Similarly, Murphy and Cleveland (1995) created a

> a social-psychological model rather than a psychometric model, and it treats
> performance appraisal as a communication process that occurs in a well-defined
> organizational context. Our key concerns are identifying what the rater is trying to

convey to the organization; what features of the rater, the ratee, and the context affect that message; and how organizations should evaluate the information that is communicated to them by raters. (p. 30)

The present research furthers the development of Murphy and Cleveland's model by shining a light on the relationship of culture, grounded in validated culture typology, to the specific values employed to differentiate performance. Thus performance appraisals can be viewed as an individually-based communication program, not just a companywide initiative. And although performance management programs are typically implemented and communicated organization-wide, even becoming a part of an organization's quarterly or annual rhythm, a manager's willingness to accurately evaluate and publicize their assessments is in fact a very individual, personal decision.

Murphy and Cleveland (1995) justifiably indicated the need to look beyond individual raters to organizational context to better understand the variation in effectiveness of the performance management system. The present research reflects the need to consider both contexts and has surfaced important patterns indicating the viability of the two contexts linking directly with the effectiveness of talent decision making based in performance. Therefore, the question practitioners must ask themselves is not, "What do we need to do with our culture to be successful at performance differentiation?" Instead, they should ask, "What do I need to do to make differentiated values palatable in my organization's culture?" They also should ask, "How do I support the managers in making what can be challenging, uncomfortable decisions given our dominant organizational culture?"

Culture matters; yet, it is the personalized messages made palatable for the dominant culture that can help managers best leverage the performance system. The focus becomes recognizing what it takes to be willing to differentiate, to which the

current research has added knowledge relative to the values most supportive of a manager's willingness to differentiate performance. If organization leaders recognize these values, they can translate them to their dominant culture. The good news is that an organization need not modify the entire culture to foster and/or strengthen its performance culture. Recall Kozlowski et al. (1998) recognized how difficult it was to change the underlying culture and, based on their research, focused instead on adapting performance evaluation and rater strategies to align with the dominant culture. It is the recognition and nurturing of the values that support differentiation, and subsequent values translation to the dominant culture, to increase effectiveness of the overall talent decisions based on distribution of performance. Figure 7 provides potential translation requirements of Differentiated values by quadrant. Future research will be necessary to uncover appropriate translation techniques.

Flexibility & Discretion

	Clan	Adhocracy	
Internal Focus & Integration	Translation required to maintain harmony; important to nurture relationships.	Translation may or may not be required; important to foster creativity and innovation.	**External Focus & Differentiation**
	Hierarchy	Market	
	Translation required to honor the structure; important to personally compel managers.	No translation required.	

Stability & Control

From *Diagnosing and Changing Organizational Culture* (3rd ed.), by K. S. Cameron & R. E. Quinn, 2011, San Francisco, CA: Jossey-Bass. Copyright 2011 by John Wiley & Sons, Inc. Adapted with permission.

Figure 7: Potential Translation Requirements of Supportive Value Set to Dominant Culture Typology

Limitations of Study

Several limitations of the study need to be noted. First and foremost, there is significant limitation on the ability to generalize the data given the small sample size of 26 organizations and 45 total participants. Stanford (2007) stated in *Guide to Organisation Design*, "It may be, for example, that people who do not provide information differ systematically from people who do provide information" (p. 134). Rather, the author hopes the results of the study are found to be thought provoking and the patterns emerging from the data are such that future research endeavors will garner greater statistical significance and overall generalizability.

The causal relationships developed from the quantitative data created another limitation. Only one degree of freedom occurred in each of the binary logistic regression calculations, indicating a need for a larger sampling and additional ways of asking similar questions to better validate responses. Thus, the causal inferences should be seen as suggestive only.

Results did not support all of the hypothesized relationships. Most notably, a study of the SVS did not result in statistically significant correlation to the dominant cultural typology, whether an organization identified itself as being effective or ineffective with making talent decisions.

As noted in the background to this study, an additional limitation is in the use of culture typology. Schein (2010) warned against the inappropriate use of typology, as it may skew observations within a single organization. Typology is best used when comparing cultural characteristics across multiple organizations. In addition, this study garnered dominant organizational culture from between one and five participants in a single organization and then averaged the OCAI results to arrive at the dominant culture

typology. Therefore, it is not considered a full and representative view of the company's culture and also excludes any differentiation or fragmentation of subcultures.

A further limitation includes the absence of a quality review of performance objectives, dimensions, or goals. Beyond that, "quality" and "performance standards" would be uniquely defined by each organization with the potential of being fragmented at the division or business unit level. A quality review of performance objectives was outside the scope of the study, yet performance objectives have important implications for performance evaluations and the requirement to differentiate performance. For purposes of the present study, an assumption was made that agencies are set up to measure the appropriate behaviors and outcomes for any single organization.

Suggestions for Future Research

The present study on culture typology and cultural values relative to meaningful performance differentiation contributes to the body of knowledge that moves beyond performance appraisal mechanics and cognitive processes to combine organizational culture with social-psychological perspectives in the context of performance management. However, the lack of generalizability of the current sample leaves multiple areas ripe for future research.

One clear area of future research would be to enlarge the sample and retest for SVS against dominant culture typology and talent decision effectiveness. Culture may be as psychological as it is sociological (DiMaggio, 1997). Although the present research suggests a very compelling trend toward a specific set of performance differentiation-oriented values to support a manager's willingness to differentiate employee performance regardless of culture, repeating the survey on a much larger scale would add greater validity to the results. In addition, a broader study could potentially allow for analyzing

subcultures of a single organization as well as slicing participant data by industry, geography, and size. Future research is encouraged to include the public sector and non-governmental organizations as well.

Additional research should explore forced distribution-like systems and/or surrogate agencies in a clan environment as vehicles to maintain harmony. While a system or surrogate may preserve relationships for a period of time, it would be of great interest to understand the long term implications of mitigating personal accountability for making performance distinctions within a clan culture.

Given that some of the strongest correlations of the present study were found in inverse relationships between either hierarchy culture or hierarchy quadrant-based values and talent decision effectiveness, it would seem worthwhile to pursue future research on this topic. What is it about utilizing the values of stability, structure, control, dependability, and efficient processes to differentiate performance that so dramatically resists effective talent decision making? Additional research on hierarchical leadership and the degree to which it may or may not be personally compelling for a manager to differentiate performance in a hierarchical environment would also be a valuable line of research.

Finally, and of particular interest to the researcher, is a connection to neuroscience and neuroleadership. Much of the related literature review to the present study spoke to cognitive processes as a way to understand rater behavior. Kozlowski et al. (1998), Murphy and Cleveland (1995), and others expanded the study to other proximal and distal factors, yet much seems missing from the equation like emotion, intuition, and physiological and neurological factors. For example, borrowing from Ringleb and Rock (2008):

With leadership and management theorists showing that an overwhelming majority of top managers consider it a sign of immaturity to express sentiments during decision-making meetings (Argyris, 1966; Argyris, 1971; Holloman, 1992; Martin, 1993), what does social cognitive neuroscience have to say about the use of such suppression mechanisms to inhibit personal feelings, particularly in those situations where personal values and organizational objectives conflict (Ray, Ochsner, Cooper, Robertson, Gabrieli, & Gross, 2005)? (p. 4)

A manager may have difficulty making decisions without his boss's direction, "not because he lacks decision-making techniques, but because of the anxiety that taking a stand produces" (Petrie, 2011, p. 16).

Conclusion

Sand grains, stocks, pieces of the earth's crust–these moved not according to some simple input and output formula but rather because of a complex logic, where dense internal forces were as important as any outside forces. (Ramo, 2009, p. 54)

The research does not portend to make order of something inordinate; human behavior cannot be drilled down to a granular science. Yet, the purpose of the research was to glean some potential patterns of behaviors to help practitioners and researchers alike in their future performance management endeavors. What started as a study at the cultural level shifted to a very personal level when the results indicated the same value set predominantly supported meaningful performance differentiation regardless of dominant culture. The results of the survey indicate that dominant culture (e.g., clan) may be less influential than specific cultural values (e.g., aggressiveness, competition, winning, results orientation) when relating to the overall effectiveness of talent decision making based on performance distribution.

This finding suggests that, at a minimum for the participants in the present study, managers may embrace values that are in fact countercultural to the dominant organization culture to be able to differentiate high and low performers for the purpose of

making effective talent decisions. In addition, where we typically see performance evaluation programs as being companywide, it may better serve practitioners to consider performance management programs as rather a collection of individual, crucial decisions that carry with them significant tensions to differentiate between employees. As one interviewee put it, the research became about "the extent to which essentially people are willing to buck the norm or be . . . non-central." It became about what it takes to enable a manager to differentiate employee performance when it is deemed to be countercultural, thus standing out amongst the crowd.

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Performance Differentiation & Cultural Values Study - Primary Participant

Instructions: As you complete this questionnaire, please look at it through the lens of the whole organization, knowing what you know about your organization. If the organization's formal performance evaluation/appraisal differs by employee/level/location, please complete the questionnaire based on the performance evaluation used by the majority of the employee population.

Your participation is strictly voluntary and your responses will be kept confidential. Completion of the survey will take approximately 20 minutes.

You may stop at any time, and you may skip any questions you choose.

The deadline to complete and submit the questionnaire is October 12, 2012. Please submit to Mercedes McBride-Walker at [contact information].

	YOUR ORGANIZATION:
Company Name	
Company Founded (Year)	
Corporate Office Location (City, State/Province, Country)	

Organization is	**Choose One (x):**
Public Sector (local, state, or federal government)	
Private Sector (publicly traded)	
Private Sector (privately held)	
Non Profit/Not-For-Profit	

Number of FTE	Choose One (x):
Less than 100 employees	
100 to 499	
500 - 999	
1,000 - 2,499	
2,500 - 4,999	
5,000 - 9,999	
10,000 - 19,999	
20,000 - 49,999	
50,000 - 99,999	
100,000+	

Number of Layers from CEO Down Through Lowest Level of Organization	Choose One (x):
1-2	
3-4	
5-6	
7-9	
10-14	
15+	

Industry	Choose One (x):
Accommodations & Food Service	
Administration, Support & Waste Management, Remediation Services	
Agriculture, Forestry, Fishing & Hunting	
Arts, Entertainment & Recreation	
Computer & Electronic	
Construction	
Consulting, Professional, Scientific & Technical Services	
Other Services (except Public Administration)	
Public Administration	
Finance & Insurance	
Healthcare & Social Assistance	
Information (includes Publishing, IT, etc.)	
Management of Companies & Enterprises	
Manufacturing Educational Services	
All Other Manufacturing	
Mining	
Pharmaceuticals	
Real Estate, Rental & Leasing	
Retail Trade	
Wholesale Trade	
Transportation	
Utilities, Oil & Gas	
Warehousing & Storage	
Other	

Offices Outside US?	Yes/No:
Yes/No	

If Yes, in what other regions

Europe
Middle East & Africa (Includes India)
Asia-Pacific
North America
Caribbean/Latin America

Yes/No:

1) Are executives exempted/excluded from receiving formal performance evaluations?

Yes/No:

2) Does the formal performance evaluation process include parameters for
performance score/rating distribution (i.e., forced or model distribution)?

Yes/No:

3) Is there a particular rating/score for which immediate HR action
is necessary (e.g., improvement plan, termination)?

Yes/No:

4) Are performance scores calibrated beyond the immediate manager's department?
(e.g., across division, across business unit, across whole of organization)

5) How compelling is it for managers to make the most accurate performance assessments and best talent decisions they can
 (e.g., succession planning, promotions, terminations, development)?

<div align="right">

Rate 1-5:

</div>

1 - Extremely Compelling. Building up talent and making key decisions is built into the performance review which, in part, drives manager's compensation.
2 - Very Compelling. Strong leadership skills are key to moving up in this organization; managers know it and work hard to build the best team they can.
3 - Compelling. Managers are encouraged to make the best decisions possible, as they get to recognize and reap the benefits of a strong staff.
4 - Not Very Compelling. Nothing "above and beyond", yet managers are generally perceived by executive management as being strong managers of people.
5 - Really Not Compelling. Nothing specific or additional; it is in their job description.

6) To what degree are the following decisions effective and sending the desired messages?
 1 - To a great degree; because of the clear differences in performance we are able to send strong messages through these decisions
 2 - To a reasonable degree; we are able to send clear messages to many of our employees
 3 - To a lesser degree; we want to differentiate more but budget, management, culture and/or climate preclude us
 4 - Very little to not at all; our circumstances are such that we're just not able to send the messages we want to through this program.
 5 - Not applicable; do not have program OR decision not primarily based on performance

<div align="right">

Rate Each 1-5:

</div>

Allocation of rewards dollars ("Great Degree" means top performers typically get base salary increase of >2x average; "Reasonable Degree" means top performers typically get base salary increase of 1.5 - 2x average)		
Allocation of development resources		
Promotions		
Succession Planning		
Retention during RIFs/Layoffs/Downsizing/Reengineering		

7) When considering manager willingness to identify high and low performers within your organization, indicate the single set of values that most supports, and single set of values that most conflicts with, manager willingness to differentiate employee performance.

	Most Supports
Results Orientation Aggressiveness Competition Winning	
Open Communication Long-Term Employee Development Collaboration Harmony	
Continuous Improvement Risk Taking Innovation Individual Employee Initiative	**Most Conflicts**
Efficient Processes Stability/Structure Dependability Control	

Organizational Culture Assessment Instrument* (Questions 8-13)

Based on your knowledge of the organization, respond to the following six questions for both current state and preferred state (5 years out to be spectacularly successful), completing so that the point total equals 100 for each current state and preferred state per question (an entry can be 0).

8) What are the organization's Dominant Characteristics?	Now	Preferred
A. The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves.		
B. The organization is a dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.		
C. The organization is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented.		
D. The organization is a very controlled and structured place. Formal procedures generally govern what people do.		
Total	**0**	**0**

9) What best describes the Organizational Leadership?	Now	Preferred
A. The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.		
B. The leadership in the organization is generally considered to exemplify entrepreneurship, innovation, or risk taking.		
C. The leadership in the organization is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus.		
D. The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.		
Total	**0**	**0**

10) What best describes the Management Style when it comes to managing employees?

	Now	Preferred
A. The management style in the organization is characterized by teamwork, consensus, and participation.		
B. The management style in the organization is characterized by individual risk taking, innovation, freedom, and uniqueness.		
C. The management style in the organization is characterized by hard-driving competitiveness, high demands, and achievement.		
D. The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.		
Total	**0**	**0**

11) What is the "Organization Glue"?

	Now	Preferred
A. The glue that holds the organization together is loyalty and mutual trust. Commitment to this organization runs high.		
B. The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.		
C. The glue that holds the organization together is the emphasis on achievement and goal accomplishment.		
D. The glue that holds the organization together is formal rules and policies. Maintaining a smoothly running organization is important.		
Total	**0**	**0**

12) What is the organization's Strategic Emphasis?

	Now	Preferred
A. The organization emphasizes human development. High trust, openness, and participation persist.		
B. The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.		
C. The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.		
D. The organization emphasizes permanence and stability. Efficiency, control, and smooth operations are important.		
Total	**0**	**0**

13) What is the organization's Criteria of Success?

	Now	Preferred
A. The organization defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people.		
B. The organization defines success on the basis of having unique or the newest products. It is a product leader and innovator.		
C. The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key.		
D. The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling, and low-cost production are critical.		
Total	**0**	**0**

*Source: *Diagnosing and Changing Organizational Culture*, Kim S. Cameron & Robert E. Quinn, 2011, Jossey-Bass. Used with permission from author.

Performance Differentiation & Cultural Values Study - Secondary Participant

Instructions: As you complete this questionnaire, please look at it through the lens of the whole organization, knowing what you know about your company.

Your participation is strictly voluntary and your responses will be kept confidential. Completion of the survey will take approximately 15 minutes. You may stop at any time, and you may skip any questions you choose.

The deadline to complete and submit the questionnaire is October 12, 2012. Please submit to Mercedes McBride-Walker at [contact information].

Company Name	

1A) When considering your and other managers' willingness to identify high and low performers within your organization, indicate the single set of values that most supports and single set of values that most conflicts with, the willingness to differentiate employee performance.

	Most Supports
Results Orientation Aggressiveness Competition Winning	
Open Communication Long-Term Employee Development Collaboration Harmony	
Continuous Improvement Risk Taking Innovation Individual Employee Initiative	Most Conflicts
Efficient Processes Stability/Structure Dependability Control	

Organizational Culture Assessment Instrument* (Questions 1B-1G)

Based on your knowledge of the organization, respond to the following six questions for both current state and preferred state (5 years out to be spectacularly successful), completing so that the point total equals 100 for <u>each</u> current state and preferred state per question (an entry can be 0).

1B) What are the organization's Dominant Characteristics?	**Now**	**Preferred**
A. The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves.		
B. The organization is a dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.		
C. The organization is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented.		
D. The organization is a very controlled and structured place. Formal procedures generally govern what people do.		
Total	**0**	**0**

1C) What best describes the Organizational Leadership?	**Now**	**Preferred**
A. The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.		
B. The leadership in the organization is generally considered to exemplify entrepreneurship, innovation, or risk taking.		
C. The leadership in the organization is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus.		
D. The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.		
Total	**0**	**0**

1D) What best describes the Management Style when it comes to managing employees?

	Now	Preferred
A. The management style in the organization is characterized by teamwork, consensus, and participation.		
B. The management style in the organization is characterized by individual risk taking, innovation, freedom, and uniqueness.		
C. The management style in the organization is characterized by hard-driving competitiveness, high demands, and achievement.		
D. The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.		
Total	**0**	**0**

1E) What is the "Organization Glue"?

	Now	Preferred
A. The glue that holds the organization together is loyalty and mutual trust. Commitment to this organization runs high.		
B. The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.		
C. The glue that holds the organization together is the emphasis on achievement and goal accomplishment.		
D. The glue that holds the organization together is formal rules and policies. Maintaining a smoothly running organization is important.		
Total	**0**	**0**

1F) What is the organization's Strategic Emphasis?

	Now	Preferred
A. The organization emphasizes human development. High trust, openness, and participation persist.		
B. The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.		
C. The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.		
D. The organization emphasizes permanence and stability. Efficiency, control, and smooth operations are important.		
Total	**0**	**0**

1G) What is the organization's Criteria of Success?

	Now	Preferred
A. The organization defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people.		
B. The organization defines success on the basis of having unique or the newest products. It is a product leader and innovator.		
C. The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key.		
D. The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling, and low-cost production are critical.		
Total	**0**	**0**

Appendix C: Interview Questions

Internal Practitioners

1) Describe the rating scale and its meanings.

2) What score does someone need to get to really be looked at as meeting or exceeding expectations?

3)
   a) If there are significant swings of rating differences between sub-organizations, divisions, groups, and/or managers, what do you think makes the difference?

   b) How are they addressed, if at all?

4) What else would help me better understand the company culture?

5) What does "performance culture" mean to this organization, if anything?

External Professionals/Academicians

1) What are your thoughts about the results indicating the SVS comes from the Market quadrant [results orientation, winning, competition, aggressiveness]?

2) What are your thoughts about the values of [open communication, harmony, collaboration, long-term employee development] being the value set that most conflicts with a manager's willingness to differentiate employee performance?

3) What are your thoughts about the SVS staying the same irrespective of dominant culture?

4) How do you introduce differentiation into a culture that may be resistant?

Appendix D: Informed Consent for Participation in Research Activities

Participant: _____

Principal Investigator: Mercedes McBride-Walker

Title of Project: Standing Out: Relationship of Organizational Culture and Management Willingness to Meaningfully Differentiate Employee Performance

1. I _____, agree to participate in the research study being conducted by Mercedes McBride-Walker, a student in the Master of Science in Organization Development program at Pepperdine University, Graziadio School of Business and Management, under the direction of Dr. Ann Feyerherm.

2. The overall purpose of this study is designed to investigate the cultural values that most significantly influence manager willingness to identify high and low performers for the sake of making meaningful talent decisions (i.e., meaningful performance differentiation) across organizations. The study then seeks to identify the relationship between a) the cultural values that support meaningful performance differentiation and b) the dominant cultural values of the organization.

3. My participation will involve completion of a survey questionnaire that will take approximately 20-25 minutes to complete. I understand my responses will be kept confidential. If the findings of the study are presented to professional audiences or published, no information that identifies me personally will be released. The data will be kept in a secure manner for five (5) years, at which time the data will be destroyed.

4. My participation may also involve a 45 minute individual or group interview (not to exceed 60 minutes), which will be conducted face-to-face or on the phone. If the interview takes place, I grant permission for the interview to be tape recorded and transcribed, and to be used only by Mercedes McBride-Walker for analysis of interview data. I understand that, should the interview occur, my responses will be kept confidential. If the findings of the study are presented to professional audiences or published, no information that identifies me personally will be released. The data will be kept in a secure manner for five (5) years, at which time the data will be destroyed.

5. I understand there are no direct benefits to me for participating in the study. This is an opportunity for me to give input about the values that support manager willingness to identify high and low performers, and how those values relate with the dominant cultural profile in making meaningful talent decisions. The hope is to help further the body of knowledge relative to organizational culture and successful performance management initiatives.

6. I understand there are no major risks associated with this study.

7. I understand that I may choose not to participate in this research.

8. I understand that my participation is voluntary and that I may refuse to participate and/or withdraw my consent and discontinue participation in the interview at any time without penalty.

9. I understand that I may request a brief summary of the study findings to be delivered in about one (1) year. If I am interested in receiving the summary, I will send an email request to [contact information].

10. I understand that the researcher, Mercedes McBride-Walker, will take all reasonable measures to protect the confidentiality of my records and my identity will not be revealed in any publication that may result from this project. The confidentiality of my records will be maintained in accordance with applicable state and federal laws.

11. I understand that the investigator is willing to answer any inquiries I may have concerning the research herein described and that I may contact the researcher, Mercedes McBride-Walker at [contact information]. I understand that I may contact Dr. Ann Feyerherm at [contact information] if I have other questions or concerns about this research. If I have questions about my rights as a research participant, I understand that I can contact Dr. Doug Leigh, Chairperson of the Institutional Review Board, Pepperdine University, at [contact information].

12. I understand to my satisfaction the information regarding participation in the research project. All my questions have been answered to my satisfaction. I have received a copy of this informed consent form, which I have read and understand. I hereby consent to participate in the research described above.

_____   _____
Participant Signature   Date

_____
Participant Name

I have explained and defined in detail the research procedure in which the subject has consented to participate. Having explained this and answered any questions, I am cosigning this form and accepting this person's consent.

_____   _____
Principle Investigator: Mercedes McBride-Walker   Date

Appendix E: Informed Consent for Participation in Research Activities–Secondary Participant

Participant: _____

Principal Investigator: Mercedes McBride-Walker

Title of Project: Standing Out: Relationship of Organizational Culture and Management Willingness to Meaningfully Differentiate Employee Performance

1. I _____, agree to participate in the research study being conducted by Mercedes McBride-Walker, a student in the Master of Science in Organization Development program at Pepperdine University, Graziadio School of Business and Management, under the direction of Dr. Ann Feyerherm.

2. The overall purpose of this study is designed to investigate the cultural values that most significantly influence manager willingness to identify high and low performers for the sake of making meaningful talent decisions (i.e., meaningful performance differentiation) across organizations. The study then seeks to identify the relationship between a) the cultural values that support meaningful performance differentiation and b) the dominant cultural values of the organization.

3. My participation will involve completion of a survey questionnaire that will take approximately 15 minutes to complete. I understand my responses will be kept confidential. If the findings of the study are presented to professional audiences or published, no information that identifies me personally will be released. The data will be kept in a secure manner for five (5) years, at which time the data will be destroyed.

4. My participation may also involve a 45 minute individual or group interview (not to exceed 60 minutes), which will be conducted face-to-face or on the phone. If the interview takes place, I grant permission for the interview to be tape recorded and transcribed, and to be used only by Mercedes McBride-Walker for analysis of interview data. I understand that, should the interview occur, my responses will be kept confidential. If the findings of the study are presented to professional audiences or published, no information that identifies me personally will be released. The data will be kept in a secure manner for five (5) years, at which time the data will be destroyed.

5. I understand there are no direct benefits to me for participating in the study. This is an opportunity for me to give input about the values that support manager willingness to identify high and low performers, and how those values relate with the dominant cultural profile in making meaningful talent decisions. The hope is to help further the body of knowledge relative to organizational culture and successful performance management initiatives.

6. I understand there are no major risks associated with this study.

7. I understand that I may choose not to participate in this research.

8. I understand that my participation is voluntary and that I may refuse to participate and/or withdraw my consent and discontinue participation in the interview at any time without penalty.

9. I understand that I may request a brief summary of the study findings to be delivered in about one (1) year. If I am interested in receiving the summary, I will send an email request to [contact information].

10.   I understand that the researcher, Mercedes McBride-Walker, will take all reasonable measures to protect the confidentiality of my records and my identity will not be revealed in any publication that may result from this project. The confidentiality of my records will be maintained in accordance with applicable state and federal laws.

11.   I understand that the investigator is willing to answer any inquiries I may have concerning the research herein described and that I may contact the researcher, Mercedes McBride-Walker at [contact information]. I understand that I may contact Dr. Ann Feyerherm at [contact information] if I have other questions or concerns about this research. If I have questions about my rights as a research participant, I understand that I can contact Dr. Doug Leigh, Chairperson of the Institutional Review Board, Pepperdine University, at [contact information].

12.   I understand to my satisfaction the information regarding participation in the research project. All my questions have been answered to my satisfaction. I have received a copy of this informed consent form, which I have read and understand. I hereby consent to participate in the research described above.

_____   _____
Participant Signature   Date

_____
Participant Name

I have explained and defined in detail the research procedure in which the subject has consented to participate. Having explained this and answered any questions, I am cosigning this form and accepting this person's consent.

_____   _____
Principle Investigator: Mercedes McBride-Walker   Date

Appendix F: Informed Consent for Participation in Research Activities (Interview)

Participant: _____

Principal Investigator: Mercedes McBride-Walker

Title of Project: Standing Out: Relationship of Organizational Culture and Management Willingness to Meaningfully Differentiate Employee Performance

1. I _____, agree to participate in the research study being conducted by Mercedes McBride-Walker, a student in the Master of Science in Organization Development program at Pepperdine University, Graziadio School of Business and Management, under the direction of Dr. Ann Feyerherm.

2. The overall purpose of this study is designed to investigate the cultural values that most significantly influence manager willingness to identify high and low performers for the sake of making meaningful talent decisions (i.e., meaningful performance differentiation) across organizations. The study then seeks to identify the relationship between a) the cultural values that support meaningful performance differentiation and b) the dominant cultural values of the organization.

3. My participation will involve a 45 minute individual interview (not to exceed 60 minutes), which will be conducted face-to-face or on the phone. If the interview takes place, I grant permission for the interview to be tape recorded and transcribed, and to be used only by Mercedes McBride-Walker for analysis of interview data. I understand that, should the interview occur, my responses will be kept confidential. If the findings of the study are presented to professional audiences or published, no information that identifies me personally will be released. The data will be kept in a secure manner for five (5) years, at which time the data will be destroyed.

4. I understand there are no direct benefits to me for participating in the study. This is an opportunity for me to give input about the values that support manager willingness to identify high and low performers, and how those values relate with the dominant cultural profile in making meaningful talent decisions. The hope is to help further the body of knowledge relative to organizational culture and successful performance management initiatives.

5. I understand there are no major risks associated with this study.

6. I understand that I may choose not to participate in this research.

7. I understand that my participation is voluntary and that I may refuse to participate and/or withdraw my consent and discontinue participation in the interview at any time without penalty.

8. I understand that I may request a brief summary of the study findings to be delivered in about one (1) year. If I am interested in receiving the summary, I will send an email request to [contact information].

9. I understand that the researcher, Mercedes McBride-Walker, will take all reasonable measures to protect the confidentiality of my records and my identity will not be revealed in any publication that may result from this project. The confidentiality of my records will be maintained in accordance with applicable state and federal laws.

10. I understand that the investigator is willing to answer any inquiries I may have concerning the research herein described and that I may contact the researcher, Mercedes McBride-Walker at [contact information]. I understand that I may contact Dr. Ann Feyerherm at [contact information] if I have other questions or concerns about this research. If I have questions about my rights as a research participant, I understand that I can contact Dr. Doug Leigh, Chairperson of the Institutional Review Board, Pepperdine University, at [contact information].

11. I understand to my satisfaction the information regarding participation in the research project. All my questions have been answered to my satisfaction. I have received a copy of this informed consent form, which I have read and understand. I hereby consent to participate in the research described above.

_____   _____
Participant Signature   Date

_____
Participant Name

I have explained and defined in detail the research procedure in which the subject has consented to participate. Having explained this and answered any questions, I am cosigning this form and accepting this person's consent.

_____   _____
Principle Investigator: Mercedes McBride-Walker   Date

Correlations

		Organization is Effective with Talent Mgmt Decisions based on Differentiation	Rewards Allocation is Effective based on Differentiation	Current Culture is Clan	Current Culture is Adhocracy	Current Culture is Hierarchy	Current Culture is Market	Current Culture is on Differentiated Side of CVF	RWVS is Clan	RWVS is Adhocracy	RWVS is Hierarchy	RWVS is Market	RWVS is on Differentiated Side of CVF
Organization is Effective with Talent Mgmt Decisions based on Differentiation	Pearson Correlation	1	.568**	-.052	.121	-.285	.233	.287	-.052	.076	-.595**	.358	.491*
	Sig. (2-tailed)		.005	.800	.555	.158	.252	.155	.800	.712	.001	.073	.011
	N	26	23	26	26	26	26	26	26	26	26	26	26
Rewards Allocation is Effective based on Differentiation	Pearson Correlation	.568**	1	.141	.141	-.568**	.384	.468*	.204	.120	-.586**	.182	.339
	Sig. (2-tailed)	.005		.521	.521	.005	.071	.024	.350	.587	.003	.405	.114
	N	23	23	23	23	23	23	23	23	23	23	23	23
Current Culture is Clan	Pearson Correlation	-.052	.141	1	-.072	-.198	-.457*	-.496**	.246	-.176	-.130	.066	-.088
	Sig. (2-tailed)	.800	.521		.726	.333	.019	.010	.225	.389	.525	.750	.669
	N	26	23	26	26	26	26	26	26	26	26	26	26
Current Culture is Adhocracy	Pearson Correlation	.121	.141	-.072	1	-.110	-.253	.146	-.072	.410*	-.072	-.234	.110
	Sig. (2-tailed)	.555	.521	.726		.594	.212	.478	.726	.038	.726	.251	.594
	N	26	23	26	26	26	26	26	26	26	26	26	26
Current Culture is Hierarchy	Pearson Correlation	-.285	-.568**	-.198	-.110	1	-.693**	-.753**	-.198	-.267	.374	.099	-.133
	Sig. (2-tailed)	.158	.005	.333	.594		.000	.000	.333	.187	.060	.629	.516
	N	26	23	26	26	26	26	26	26	26	26	26	26
Current Culture is Market	Pearson Correlation	.233	.384	-.457*	-.253	-.693**	1	.920**	.038	.185	-.209	-.037	.130
	Sig. (2-tailed)	.252	.071	.019	.212	.000		.000	.854	.365	.305	.858	.527
	N	26	23	26	26	26	26	26	26	26	26	26	26
Current Culture is on Differentiated Side of CVF	Pearson Correlation	.287	.468*	-.496**	.146	-.753**	.920**	1	.010	.355	-.243	-.132	.177
	Sig. (2-tailed)	.155	.024	.010	.478	.000	.000		.962	.075	.231	.520	.387
	N	26	23	26	26	26	26	26	26	26	26	26	26
RWVS is Clan	Pearson Correlation	-.052	.204	.246	-.072	-.198	.038	.010	1	-.176	-.130	-.422*	-.659**
	Sig. (2-tailed)	.800	.350	.225	.726	.333	.854	.962		.389	.525	.032	.000
	N	26	23	26	26	26	26	26	26	26	26	26	26
RWVS is Adhocracy	Pearson Correlation	.076	.120	-.176	.410*	-.267	.185	.355	-.176	1	-.176	-.570**	.267
	Sig. (2-tailed)	.712	.587	.389	.038	.187	.365	.075	.389		.389	.002	.187
	N	26	23	26	26	26	26	26	26	26	26	26	26
RWVS is Hierarchy	Pearson Correlation	-.595**	-.586**	-.130	-.072	.374	-.209	-.243	-.130	-.176	1	-.422*	-.659**
	Sig. (2-tailed)	.001	.003	.525	.726	.060	.305	.231	.525	.389		.032	.000

Appendix H: Supplemental Statistical Analysis Tables

Table A.1

Intercorrelations and Descriptive Results of Demographic Data and Overall Talent Decision Effectiveness (n=26)

Variable	M	SD	1
1 Talent Decisions Effective[a]	.73	.452	
2 Gender[b]	.50	.510	-.434*
3 Location of Corporate Headquarters[c]	.88	.326	.052
4 Publically Traded[d]	.50	.510	.260
5 Privately Held[e]	.38	.496	-.233
6 # of Employees[f]	.38	.496	-.411*
7 Layers from CEO[g]	.31	.471	-.347
8 Industry – All Other Manufacturing[h]	.35	.485	.077
9 In US Only[i]	.35	.485	-.287

[adei]0 = No, 1 = Yes. [b]0 = Male, 1 = Female. [c]0 = Outside US, 1 = Inside US. [f]0 = 1,000 or more; 1 = 999 or less. [g]0 = Seven or more, 1 = Six or less. [h]0 = Other Industry, 1 = All Other Manufacturing.
*$p < .05$. **$p < .01$.

Table A.2

Binary Logistic Regression of Demographic Data on Effectiveness of Overall Talent Decision Making (n = 26)

Step/Variable	β	df	Sig.	Exp(B)	R^2
Step 1[a]: Gender	-2.331	1	.048	.097	.268

[a]Variable(s) entered on step 1: gender.
$p = <.05$.

Table A.3

Intercorrelations and Descriptive Results of Current Culture/SVS in Different Quadrants and Ineffectiveness of Talent Decision Making (n = 26)

	M	SD	1
1 Talent Decisions Ineffective[a]	.27	.452	
2 Current Culture and SVS are in Different CVF Quadrants[a]	.50	.510	.260

Note. SVS = Value set that supports rater willingness to differentiate performance. CVF = Competing Values Framework. [a]0 = No, 1 = Yes.

Table A.4

Binary Logistic Regression of Current Culture/SVS: Differentiated on Effectiveness of Overall Talent Decision Making (n = 26)

Step/Variable	β	*df*	Sig.	Exp(B)	R^2
Step 1: Both Culture & SVS are on Differentiated Side of CVF	2.331	1	.048	10.286	.268

Note. Nagelkerke R Square used for all regression analyses. SVS = Value set that supports rater willingness to differentiate performance. CVF = Competing Values Framework.
p = <.05.

Table A.5

Intercorrelations and Descriptive Results of SVS & Individual OCAI Elements
(n = 38)

Variable	M	SD	1	2	3	4	5	6
1 SVS: Clan[a]	.11	.311						
2 SVS: Adhocracy[a]	.21	.413	--	--				
3 SVS: Hierarchy[a]	.18	.393	--	--	--			
4 SVS: Market[a]	.50	.507	--	--	--	--		
5 SVS: Differentiated[a]	.71	.460	--	--	--	--	--	
6 Current Leadership: Clan[a]	.05	.226	.303	-.122	-.112	.000	-.109	--
7 Current Leadership: Adhocracy[a]	.03	.162	-.056	.318	-.078	-.164	.105	--
8 Current Leadership: Hierarchy[a]	.24	.431	-.191	.016	.534**	-.309	-.327*	--
9 Current Leadership: Market[a]	.68	.471	.049	-.066	-.407*	.340*	.315	--
10 Current Leadership: Differentiated[a]	.71	.460	.030	.045	-.445**	.290	.360*	--

Note. SVS = Value set that supports rater willingness to differentiate performance. OCAI = Organization Culture Assessment Instrument. [a]0 = No, 1 = Yes.
*p < .05. **p < .01.

Table A.6

Intercorrelations and Descriptive Results of Current Leadership and Effectiveness of Overall Talent Decision Making (n = 18)

Variable	M	SD	1	2	3	4	5	6
1 Talent Decision Effectiveness	.78	.428	--					
2 Rewards Allocation Effectiveness	.78	.428	.679**	--				
3 Current Leadership: Clan	.00	.000	a	a	--			
4 Current Leadership: Adhocracy	.06	.236	.130	.130	--	--		
5 Current Leadership: Hierarchy	.22	.428	-.679**	-.679**	--	--	--	
6 Current Leadership: Market	.72	.461	.564*	.564*	--	--	--	--
7 Current Leadership: Differentiated	.78	.428	.679**	.679**	--	--	--	--

[a]Cannot be computed because at least one of the variables is constant.
*p < .05. **p < .01.

Appendix I: Qualitative Analysis Tables

Theme 1: Individual Mindset

Theme	Description
Individual Mindset	The act of evaluating people's performance is very individual–a personal judgment of an employee's behaviors. There is a mindset and subsequent tension for a manager to judge individual employees when the judgment may conflict with the manager's or organization's values and/or create apprehension. The manager is the one ultimately making the evaluation decisions and subsequently communicating them, often times linking the decisions with levels of compensation.

- "'I don't have the courage to actually create a distribution…we don't have the courage to violate the norms.'…'We're worried about emotions or compassion'."
- "For the sake of harmony, we're going to overlook all sorts of stuff."
- "…that it's an individual decision is absolutely true because people have to decide if they're willing to take this on or not."
- "It's like easier to say [that we're about results even if we're not] then 'I'm not really saying you're a bad performer, I'm saying the results weren't there.' I can look at the objectives and the results, making it easier to judge your performance. And I don't have to get emotionally connected to you when I have that conversation because I can do it with objective data…"
- "So you have to go through [assigning scores] and it sets the mindset on 'this is how I'm going to distribute compensation'."
- "…some managers are more willing or are more sincere in communicating a certain value set…there might be less willingness to communicate…performance issues. And that's probably what's influencing managers right now because we're going through a very tough process, so…there's less transparency, there's less honesty from a manager unwilling to give the employees honest feedback about their own performance..."
- "…the manager is willing to dish out an agenda of what values are important to them, but they are not willing to dish out specific feedback to empower the employee because of the sensitivity of delivering a bad message or negative message or what's perceived as a negative message in the year when the compensation is on the floor."
- "…if you don't perform you don't get rated..."
- "It became a factor of determination based on the person's value to the organization…"
- "…if you have Respondent A and Respondent A is rating his or her unit and he says, 'My business unit is dominated in the upper left clan culture BUT when I think about…the values that most characterize my judgment or my decision making are [from the market culture]'."
- "…because that's where the competing values arise. That is, on the one hand I'm living in an organization presumably that I agree with or comfortable in, which [for example] would be clan. But on the other hand when I make my own decisions I rely on market values."
- "[For example,] I have a value [from the market quadrant] for differentiation but it doesn't show up in my culture… It sounds like then the value is more of an intellectual concept versus the culture which is more of a living/behavioral concept."

Theme 2: Significant Variation

Theme	Description
Significant Variation	The degree to which the basis for, and application of performance evaluations vary from manager to manager, including factors of size, function, results-orientation, management discretion, peer pressure, and budget constraints.

- "…we have people being evaluated on casual whims and managerial abilities to just [pick] their personal favorites."
- "'You're the 5, you're a 4.8, you're the 4.5, you're the 3, whatever'."
- "…a command & control organization means that the CEO is picking out high and low performers with no information."
- "Some are going to be more rigorous than others; some are going to be tied to some sort of meritocracy system, whereas others are going to be discretionary."
- "I don't think [differences in department performance distributions are] a factor of function. I think it's a factor of size of function. The smaller function is going to have more people clumped at the top… The larger functions like R&D are more distributed. And Operations, which is a larger organization, was more distributed…Well, there are only [only a few] people in Marketing. So if you're working with limited resources you're going to get that because of the limited resources, not because Marketing is rating people like that."
- "You've got a rigorous approach [to differentiation] on one end of the spectrum, and then you've got an informal approach at the other end of the spectrum…There's a stronger meritocracy and a stronger willingness to differentiate on the side of the business that is revenue-generating. There's less differentiation going on on the supporting administration side of the business."
- "…in [a command & control] environment the high performers become only the people that–it becomes the 'yes man' is a high performer."
- "You've got a [group] who's doing great… And you've got another group that may not be doing so well… That's on the [revenue-generating] side. The administration side of the [organization] is more uniform to a certain degree."
- "…in the US [SVS staying the same irrespective of culture] makes perfect sense because at the end of the day we are still a semi-independent nation…that American idea of the lone individual, the independent."
- "You've got top performers there that are performing well, but that performance will not be compensated because there are limitations in our budget pool. You might have had a good performer, a solid person, and they might be hearing one thing during their performance review or they might be left with the impression that they're doing a good job and they've done everything they've been asked for and they've done more, they've taken on more but the 'taken on more' is not being reflected necessarily with their compensation."

Theme 3: Leadership Influence

Theme	Description
Leadership Influence	The CEO, executive team and/or leadership of the organization influences the culture and, more specifically, the performance culture or lack thereof. Leadership has a strong influence on how performance initiatives are carried out, including the palatability of performance directives, through their involvement or absence.

- "It starts at the top really for [calibration of scores] to be embraced. There is no evidence at this point that top management is really concerned about, really about how each department head decides to control their own strategy."
- "[The CEO] let his people play power games with each other. So the culture in each part of the organization, which I gave you different people from different departments, the culture was related to their leader, not to the company. So the company had multiple cultures going on… you had all these cultural influences at the time that survey was taken from ten different leaders all going in different directions."
- "Each leader had an influence; each person that responded had a different influence on what the driver–what the glue-would have been."
- "…there was this change at the leadership level and we thought there was going to be this openness to feedback. We thought that that was going to lead to a more open, collaborative environment where people got honest feedback. And…now [performance management] is going [away] because they really don't want the honest feedback. They just want people to do what they're told to do."
- "[Getting managers to use the performance management system] did come down through the organization. That came from top management."
- "Luckily my boss said, 'we've got to do something better'."
- "Culture comes from the top, either driven or allowed."
- "It's not a performance culture anymore. The reason I say that is because the…dominant culture is the CEO telling everyone what to do. And if people don't agree with what he's telling them, he terminates them. And so the culture has become–the culture is more of one person's personality and expertise, and everyone else doing what they're told."
- "[Performance culture] is nonexisting. It's not even a thought. From what I know, from where I stand, from the knowledge I have, I can only tell you that my impression is that it's not a thought for the executive team that's now in place."
- "[You get differentiation introduced into a clan culture] [b]ecause somebody says, 'Okay, we have to do a better job at this and how can I make it palatable to the culture?'"

Theme 4: Mitigating Accountability

Theme	Description
Mitigating Accountability	As part of the evaluation process, managers may or may not be held accountable for the decisions they make. A system or surrogate compliance body can be constructed to facilitate performance differentiation, and can then be blamed to make the decisions less personal. Depending on the culture or the individual managers, organizations may look for a way to remove accountability for decisions they ultimately made.

- "…some of the organizations I've worked in that had some of the more clan kind of characteristics about them, it was a high value for niceness and so it actually… putting in something like [a forced distribution] became a way to create differentiation and not have people be blamed; make it easier for them to do it–they could blame the system. Then of course the next issue became people taking accountability but that's just the next evolution of development."
- "…I don't have the courage to actually create a distribution…one might say forced distribution, especially in a clan [culture], is 'because we're trying to keep the team together, we don't have the courage to violate the norms.'…'We're worried about emotions or compassion'."
- "[Organizations with clan environments] can create a system to make it easier to not have to deal with issues, which makes sense."
- "…it's creating the system to be the bad guy, and not the individual manager. And again of course it's always what you hear about, 'My boss says I have to have this distribution, so I only have five people so somebody has to be at 1 performer and somebody has to be the 5'."
- "I tell them, 'I hate to [score you like this] but I have to'."
- "…putting in something like [forced distribution] became a way to create differentiation and not have people be blamed; makes it easier for them to do it–they could blame the system."
- "Managers recognized that [forcing distribution] was what needed to happen."
- "…[a distribution system] can also be used…in that sort of clan culture, so now we can point to the system–even though we created the system and we're responsible for it–we don't have to say that…'We're okay'."
- "There was a lot of reinforcement at the HR level to help [managers] try and make it easy to comply."
- "[When HR is] an administrative function…makes the performance management process [about] what a manager has to do to comply with HR policies versus of strategic importance driving business results."
- "So right now it's a very interesting process because [HR has] to make sure [there is] a willingness to differentiate amongst team."
- "So we need to change to be more accountable around results or whatever, and then HR…would support that to happen and basically…not allow a variance of something else to happen…"