

Declaration

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of B.A. Honours in Business Studies, is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledges within the text of my work.

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PERFORMANCE APPRAISAL
WITHIN TEAM BASED
ORGANISATIONS -
IS THERE A CONFLICT?

By

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ABSTRACT

Work teams have become common place within organisations since the early 1990s, but what effect has this had on the workforce of these organisations? Has it made their tasks easier or has it put more pressure on them? How has the performance appraisal process adapted to reward teamworking within organisations? Performance appraisals within team based organisations – is there a conflict?

This dissertation will try to answer some of these questions by examining literature from many sources and using research. One of the first steps is to understand how teams have become so popular within organisations and how they function, the benefits of teams and the issues that teams face. The appraisal process must also be examined as an important tool for measuring effort of employees and deciding the rewards that come from the appraisal process. While the appraisal process might be successful for individual performance, has this crossed over into the team based organisations?

Motivation has been examined to great lengths in the past, but how has this effected the performance appraisal process, particularly within teams, this dissertation will look at some of the motivation theories and try to apply them to the research that has been gathered.

The research within this dissertation has limits and by no means is a complete examination of the area, but it will give an insight into the area for readers with an interest in the area of teams, performance appraisal process and motivation within team based organisations.

DEDICATION

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CHAPTER 1

INTRODUCTION

Since the 1990's, team structures within organisations have become very popular, almost becoming the norm by today's standards. As industry has adapted to group working and productive teams, employees have had to adjust to the new structure also, without having a choice. The word "team" has become the commonplace within manufacturing organisations.

In this dissertation I shall examine the whole team phenomenon, the structure of teams, how they are formed, the benefits and potential of teams. I will also look at the different types of teams that can be formed and the purpose of each team. There has been much written about teams and how to manage them, supported by an abundance of research.

My dissertation will look at how the performance appraisal process has adapted to fit in with these team structures. My title asks a question "Is there a conflict?" between the performance appraisals process within team based organisations. With many organisations promoting teamwork as a standard, have they placed enough thought for teams within their appraisal process? If you look through any of the employment pages in the newspapers, or on any employment website, it will soon become clear that many positions advertised will stipulate that potential employees must be a team player or member. If an individual must be part of a team, surely this must be a big part of the performance appraisal.

Part of the performance appraisal process is about motivating employees to perform better, with agreed goals and objectives. Therefore team appraisal should be about motivating the team, agreeing team goals and team objectives so that the whole team are striving to achieve the same thing. In this dissertation we will examine if this is the case, or if team members undergo an individual performance appraisal. I will look at some theories relating to motivation, expectancy theory, equity theory and Maslow's hierarchy of needs.

In order to ascertain whether this is the situation, I will carry out research by conducting a survey of employees who work in a team structured organisation. I will also interview some of the team leaders from this organisation to achieve an understanding of how their performance appraisal process is structured. From this survey, I will also try to get an understanding of the employee's interpretation of the appraisal process and whether they consider being a team member is a major part of the promotional prospects. This research will be analysed and presented as part of this dissertation. In order to fully explain the findings I will also present graphs which will give a clearer understanding of the answers.

The final part of this dissertation will give some recommendations regarding the subject, for any future researchers, who may wish to examine in more detail, the subject and my findings.

CHAPTER 2

LITERARY REVIEW

2.0 TEAMS

When people speak about teams what exactly are they talking about? For most people their interpretation of a team is associated with sport, be it football, rugby, or any other team sport. Other people may have experience of team-working or group-working within their workplace, but what is the true definition of a team.

2.1 Defining teams

Katzenbach and Smith in their book, *The wisdom of teams* (1993, p45), define a team as: ***“A small number of people with complimentary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable”***.

This definition in itself leads to many other explanations being required. Firstly, the Number of people in a team; 2, 10 or 20, what is the right number, secondly, the common purpose or performance goal and thirdly the mutual accountability.

In his book Richard Daft defines a team as: ***“A unit of two or more people who interact and coordinate their work to accomplish a specific goal”*** in his book *Management* (2003, p614).

We can see that this definition is composed of 3 elements, the number of people, the interaction and the performance goal.

2.2 Different Types of Teams

The above, while being narrow in their definition, are also broad enough to cover many different areas, such as a team of sports people or a husband & wife team. When we look at teams in a work context there are different types of teams, such as:

- ◆ A Management Team
- ◆ A Project Team
- ◆ A Functional Team

2.2.1 Formal Teams

Teams within the work organisation can be described as formal teams. By this we mean that rather than a group of workers doing the same job and being called a team of workers, the organisation has specifically set out to build teams within the organisation. ***“Formal teams are created by the organisation as part of the formal organisation structure”***, Daft (2003, p617). In their books Morley *et al* and Richard Daft explore these teams in more depth in their books, ***Principles of Organisational Behaviour*** and ***Management***, respectively.

2.2.2 Management Team

The management team are the people at the top of the company or organisation, ***“The group of people who operate at the strategic apex of the organisation”***, Morley *et al* (2004, p216). The management team look after the long term goals of the organisation and they will guide the organisation in the right direction. This team might consist of the directors of the company, the Financial Controller the Sales Manager or any other Senior Manager. Morley *et al* tells us that sometimes this group do not behave as a team, however if their activities are the same as the definition of a team then they are a team. The management team have a common objective, which is to achieve the organisational goals that have been set to make the company successful, whether it is production targets or profit margins.

2.2.3 Project Team

This is a team that have been brought together because of their expertise to complete a project or specific task. They can all come from within the same organisation or they can be drawn from different organisations. *“A multidisciplinary project team is a group of people who have been drawn together from various departments and divisions, often in order to exchange different perspectives on common organisational issues in order to identify and sometimes implement solutions”*, Morley *et al* (2004, p217). An example of such a team would be a group of people brought together to construct a new building. This could consist of an architect, a consultant engineer, a project manager, a mechanical and electrical consultant and any other specialist that might be needed to complete the building.

Another description of a project team is a horizontal team. This is the title Daft gives to a project team, where each member of the team is at the same level within their organisation. *“A horizontal team is drawn from several departments, is given a specific task and may be disbanded after the task is complete. The two most common types of horizontal teams are task forces and committees”*, (2003, p618). As we can see from this, horizontal teams may go under different titles, but by definition they are still teams.

2.2.4 Functional Team

As the name might imply, this is a team which conducts specific tasks of the organisation. Some examples of such teams may be the marketing team, the sales team, the financial team and so on. These teams have a common goal but it is only one part of the organisation as a whole. As with the management team, these groups might not behave like teams or even be called teams. *“A group of people and a team of people have the same potential for performance. Organisations often devote enormous effort to try to convert groups of people into teams, in an attempt to realise their potential”*, Morley *et al* (2004, p217)

Similar to the project team, there are other descriptions of this team. A vertical team is often used to describe a functional team. According to Daft, *"A vertical team is composed of a manager and his or her subordinates, in a formal chain of command. Sometimes called a Functional or command team."*

2.3 Purpose of Teams

Teams in the workplace are not a recent phenomenon, they have always existed. However Transfield *et al* suggest, that after the technological advances made during the 1980s the next tool used by management in the 1990s to improve productivity was teams. *"Throughout the whole period the popularity of team-working as a key building block for organisational design, has steadily gained ground because of its supposed benefits. In fact, now it could be argued that teams have become the most important unit on which to build organisations, replacing the individual and the functional department"* (1998). This demonstrates the shift by organisations to move towards a team based company during the 1990s. An interesting fact presented by Transfield *et al*, at the time of their paper was that 60% of companies used a team structure for their business.

As organisations became more process based with flatter structures throughout the 1990s the need arose for a new cultural change within these organisations. According to Armstrong & Baron, *"One of the most important developments emerging from these initiatives was the perceived need for better teamwork arising from the use of multifunctional, multidiscipline teams and the need for single cell manufacturing and other forms of organisations"* (1998, p23). with organisations becoming more task based rather than skilled based, such as production lines, the need arose to group workers into groups based on their task and role within the overall manufacturing process. This facilitated the measuring of production ability between teams.

2.4 Team formation

There are four distinct elements to team formation. They are:

- ◆ Forming
- ◆ Storming
- ◆ Norming
- ◆ Performing

These apply to most newly formed teams, and can take place without the participants' conscious involvement. Daft tells us, "*Research findings suggest that team development is not random but evolves over definitive stages*" (2003, p625).

Some people like to include a fifth element to the team formation process, called adjourning. According to Byer & Weston, "*The final stage of team-working is adjourning...in many instances, teams may accomplish their mission and disband*" (2004). This is more prevalent in project teams who have been established for a single purpose. Functional teams may never disband as their task is more likely to be one of the main functions of the business. Members may join and leave but the entity of the team will remain.

B W Tuckerman informs us of three main aspects of team performance:

- ◆ Content – What a team does
- ◆ Process – How a team works towards its objectives
- ◆ Feelings – How team members relate to each other

"For teams to perform successfully they must focus on all three areas". This shows us that a 360 degree approach must be taken when forming a team. It is not good enough that team members are proficient in their individual tasks but must also be proficient when it comes to working with others. It is only when the team members have reached this stage that the team will perform at its optimum performance level.

2.5 Benefits of Teams

Given the stages of team formation and the identification of team members, it can appear to be a challenge to establish teams within organisations. So what are the benefits of functional

teams within companies, as apposed to individuals. According to Byer & Weston, ***“A common reason why industry continues to deploy teams is that over time they are known to have potential to mature and , as such, to develop their activities, processes, behaviours and related organizational structures, such that performance of the team as a whole exceeds that possible from its members parts functioning alone”*** (2004). Individuals may perform well and even above their expected levels, but they may also work at different levels and in different ways. Byer & Weston explanation leads us to believe that individuals who are part of teams will mature in a harmonised way to the benefit of all members. They will also achieve much more as a team than could be achieved as individuals in the organisation.

Morley et al tell us, ***“Organisations that introduce new initiatives like team activities and team-based structures may also have a variety of qualities and characteristics that make them successful or that contribute to their organisational effectiveness”*** (2004, p218). There would seem to be a consensus that organisations which promote teams structures perform better as a whole and benefit much more than organisations that steer away from, or are not in a position to implement, team structures.

“Empowerment in work teams, has been argued to have given the individual and the team the ability to manage at a local level, both the work agenda and the immediate environment” Tranfield et al, (1998). This has allowed workers to solve problems collectively as a team which in turn has led to continuous improvements for the company. Team working has given employees a certain autonomy to conduct there business in the most efficient manner available to them, through discussions and adopting best practice.

2.6 Problems with Teams

While teams might be the new tool for large organisations, organisations should take certain measures before they initiate a team structure within their companies. Many teams are now considered to be self. For this to happen there needs to be a good team leader in place to control the overall running of the team. With self management comes empowerment of the individual members of the team. Elton Mayo's Hawthorne Studies showed some negative aspects of team working where team norms were maintained at a low level and team members were discouraged from working at an increased rate. Barker, cited by Transfield et al, tells us "*While supporters of teamworking emphasise its advantages in terms of increased involvement, creativity, problem solving and flexibility, evidence is also emerging of a darker side where strong group norms and powerful individuals stifle individual flair and self expression*" (1998, p379).

2.7 Performance Appraisal

The performance appraisals process, whilst being used widespread in organisations today, has existed for many years but may not have been conducted in such a formal manner. According to Wiese & Buckley, "*As organisations moved towards large organisations with professional management, a more formal performance appraisal system serves as an asset in administrative decision making*" (1998, p233). Performance appraisal is about managing the assets of the organisation, particularly in times when hard working employees are in short supply. It is essential to retain your most valued employees whilst trying to motivate the less committed employees. A whole new industry called Human Resource Management has evolved to help organisations make the most of their workforce, and the performance appraisal process has become one of the most used tools in this task.

2.8 History of Performance Appraisal

One of the earliest documented performance appraisals was carried out by a U.S. army general in 1813, where he rated all of the men in the U.S. war department, according to Boice & Kliener. Performance appraisals were also used during WW1 for the officers, based on trait psychology using a *“man-to-man”* system. This was such a huge success that employers wanted to adopt the same system for their companies. Scott, cited in Boice & Kliener, tells us, *“After the war, business leaders, impressed by the achievements of the army researchers, hired many of the men who had been associated with the work in man-to-man appraisals. Industry wanted to use the contributions of this new breed of psychologists”* (1997). It is at this stage that the formal appraisal process became a tool used by management to evaluate workers development and performance. By the 1950’s in the U.S. 61 percent of organisations were using performance appraisals, but it was still based on the traits of the individuals, as cited by Spriegel in Wiese & Buckley.

2.9 Performance Appraisal Methods

According to a study by Locher & Teel from 1977, as cited on the website performance appraisal.com, there were three types of appraisal methods that were most commonly found in general use throughout industry. The most commonly used was the rating scale which is most used by 56% of companies. This is followed by the essay method, used by 25% of companies and then there is the result-oriented method, or management by objectives (MBO) which is used by 13% of companies. In the case of the rating methods, as in the case of the US Army General, people were rated by the rater on their opinion of the employee’s performance without any agreed performance dimensions. These ratings often were confined to 4 or 5 choices from “Outstanding” to “Needs improvement”.

The essay method of performance appraisal was a method where the rater was asked to give a written answer to specific questions relating to employees. *“The supervisor/manager is invited to write a free-ranging, unstructured portrait of each member of staff and is left to decide what to put in and what to stress”* Evans (1999, p296). This method was very subjective as it was the rater’s opinion of the employee. Different writing techniques of the rater’s gave different opinions and it was difficult to get an overall conclusion about the organisational needs, (Performance Appraisal.com).

2.9.1 Management by Objectives

Many modern appraisal processes are a combination of these three methods, with the result-oriented method, or MBO being the basis of the appraisal. Peter Ducker was one of the first people to use the term, management by objectives, in 1955, when he suggested that *“an effective management must direct the vision and efforts of all managers towards a common goal”* cited in Armstrong & Baron, (1998, p33).

George S. Odiorne’s definition of MBO, as cited by Daft, is *“A method of management whereby managers and employees define goals for every department, project and person and use them to monitor subsequent performance”* (2003, p219). These performances are then rated and commented on by both managers and employees. Thus by agreeing the objectives that should be achieved employees are motivated in achieving their goals, as the outcomes have an effect at their next performance review. The focus is on the results and not activities of the employee. This method is reinforced by Evans who says, *“In more refined versions of the idea, the subordinate is involved with fixing the goals in the first place, the idea being that people involved with fixing goals will have a greater motivation in trying to achieve them”* (1999, p304).

2.10 Purpose of Performance Appraisal

Why do organisations undertake performance appraisals with employees? Armstrong & Baron bring it down to two basic points, understanding expectations and managing expectations. They tell us that by knowing and understanding in advance what goals are expected of them, employees will do their utmost to achieve these goals. Managing of these expectations follows on from this understanding and through the support of management, using the resources available to them. *“The overall aim of performance management is that it exist to establish a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills and contributions”* (1998, p51).

Another reason for performance appraisals is to give appropriate feedback to employees. *“It has been suggested that the purpose of performance appraisal systems should be employee development and feedback”* Fedor, as cited in Wiese & Buckley (1998, p239). For some people feedback, particularly positive feedback can be very beneficial and satisfying. Such feedback can often lead to an increased effort and be a form of motivation for people.

There are many other reasons why an organisation would undertake a performance appraisal process with their employees; some of the reasons are listed below:

- ◆ Performance
- ◆ Development
- ◆ Rewards
- ◆ Career Progression
- ◆ Coaching
- ◆ Competencies
- ◆ Motivation
- ◆ Review

◆ Underperformance

The performance appraisal process is an important part of many organisations today. It is used to measure how employee's performance compares to the companies expectations of each employee. Boice & Kleiner inform us, *"Performance appraisals are most commonly undertaken to let an employee know how their performance compares with the supervisor's expectations and to identify areas that require training or development"* (1997). The performance appraisal is also used to identify areas where employees may need further training in order for them to reach the organisations expected competencies.

2.10.1 Corporate Goals

One of the first objectives of the appraisal process is the fulfilment of the corporate goals. These corporate goals must be built into the appraisal process and the employees should be fully aware that these goals are the primary reason for which they are employed. It is by agreeing with the employees how these goals are to be achieved and getting the employees buy in, which makes the appraisal process a success. *"Corporate goals are more likely to be achieved when they (the organisation) focus manager and employee efforts. Performance is improved because employees are committed to attaining the goal, are motivated because they help decide what is expected, and are free to be resourceful"*, Daft (2003, p221).

2.10.2 Motivation

As mentioned earlier, motivating the less committed members of the team is another purpose of the performance appraisal process. In order for some employees to be motivated there must be a promise of reward. *"Unsatisfactory performance needs to be conveyed in order to arrange for improvement...if performance is satisfactory the supervisor wants to promote continued satisfactory performance"* Boice & Kleiner (1997).

As mentioned in Chapter 3.3, motivation can be influenced by the appropriate feedback to employees. An important tool for management is the ability to give feedback to employees, whether it is good or bad. Good managers will be able to deliver all feedback in a positive way. Continuous feedback is an asset to both employees and managers. *“There is also evidence that performance feedback {if given appropriately} can lead to substantial improvements in future performance”* Guzzo *et al*, cited in Wiese & Buckley (1998, p239).

2.11 Group Appraisals

The performance appraisal process is just as important for teams as it is for individuals. While the individual contributions play a big part in the overall plan for the organisation the team effort is equally important. *“It is important that the (appraisal) process ensures that employees understand how their personal job performance contributes to the overall performance of the company. This direct linkage helps to create teamworking and shared responsibility. Team effort stems from shared objectives reflecting organisational goals and clarification and understanding of the roles and responsibilities of each member”* Kellogg Cited in Boice & Kleiner (1997). It is important to remember that teams are made up of individuals, who all play a part in the organisation. The appraisal process must recognise both elements of the individual’s role within the team.

Byer & Weston tell us, *“Performance measurement and the use of feedback mechanisms should ensure that the continuity of a team system is maintained. Teams will lack development without nourishment in the form of suitable feedback of performance achievements (relative to goals and purpose) which indicate the quality (fitness of purpose) of the way that the team functions”*, (2004). From this we can gather that group appraisal is

important if an organisation wishes to reinforce the team ethos with employees, using a 360 degree feedback process for the performance of the team as a whole.

2.12 Outcome of Appraisal process

It would be fruitless to put so much time, money and effort into preparing performance appraisals if there were no benefits. We have already discussed the purpose of the appraisal process but what are the expected outcomes of the appraisal process for both employers and employees. From the earlier paragraphs we can see that the employer is expecting the staff to help them to reach the corporate goals as well as maximising the organisations return on investment, after all most organisations only exist for the profit. For employees however, the appraisal process can hold many different outcomes and expectations. Most employees would associate the performance appraisal process with the rewarding of bonus's and incremental pay awards, also known as performance related pay (PRP). Another rewards that might be associated with the performance appraisal process is the opportunity of promotion within the organisation. There are many different expectations from the appraisal process by employees and these will be examined more closely in Chapter 4.

2.12.1 Problems with the Appraisal Process

Whilst the appraisal process is now a widely used tool for measuring employee performance and developments, there are precognitive results expected from the process. However the outcome of the appraisal process does not always provide the expected outcome for employers and employee's alike. Negative feedback is often taken very badly and can be a de-motivator for some people. Meyer *et al*, cited by Winston Oberg informs us "***Negative feedback (i.e. criticism) not only fails to motivate the typical employee, but can cause him to perform worse***" (1972, p63). Very often efforts that are outside of the organisations objectives or previous goals can go unrewarded.

Another deficiency of the performance appraisal process is the Bias Effects of rater's. One of these biases is the in-group/out-group bias. People who belong to the in-group are people who are friendly with their managers and the out-groupers are people who are not so friendly with their managers. When it comes to the performance appraisal process the in-groupers will always achieve higher ratings and their failures will be excused as bad timing or some other reason. Heneman *et al*, as cited on Performance Appraisal.com describe in-groupers as people who, "***in their relationship with their boss, enjoy a high degree of trust, interaction, support and reward***" (2008). Out-groupers on the other hand are not regarded in the same way by their boss. This is often referred to as the horns and halo effect, where employees are either judged to be good or bad and their boss's will then look for reasons to justify there decisions:

2.13 MOTIVATION THEORY

There have been many studies carried on motivation and many theories written on the same, such as Herzberg's Two Factor Theory, Maslow's Hierarchy of Needs and Vroom's Expectancy Theory. Many employees acceptance of the performance appraisal process are based on some of these theories. This chapter will look at some of these theories and examine what effect they have on the employees' expectations of the appraisal process and how this effects their participation in organisations that promote teamworking.

2.14 Expectancy Theory

Expectancy theory is the theory that suggests motivational effort will be more successful as the reward for the effort increases. This process theory was proposed by Victor Vroom and it associates the effort that people are prepared to give and the expected reward that an individual will expect for their effort. This theory cannot be applied universally towards every individual because each person places a different value and valance or importance on their worth. There are 3 elements to Vroom's expectancy theory:

- ◆ Expectancy
- ◆ Instrumentality
- ◆ Valance

Vroom has devised a formula to measure a person's motivation: Morley *et al* (2004, p153)

Motivation = effort performance expectancy x performance outcome expectancy x valance

In order to find what motivates a person it is important to ascertain which of the 3 elements of the theory are more important to the individual. Once this has been established then it can be combined with the other two elements to formulate what is necessary to motivate an individual.

2.14.1 Expectancy Theory Example

If it is perceived that effort performance expectancy is the leading element for an individual, i.e. they think that the more effort they apply, the better results they will get and that performance outcome expectancy is the second element that they perceive to be important, then it can be said that this person is motivated by achievement and as long as this achievement is rewarded, then they have achieved their goal. If valance were their leading element then the value or worth of the reward will be their driving force. If the reward is not what they expect, then there will be a measured effort to achieve this reward.

Finding out what peoples' expectations are will help to establish the value they put on doing a job. If a person considers themselves to be well paid but they want promotion, then money will not be a motivator for them. They will respond better to the prospect of promotion as a reward than the financial benefits of the task. This is often experienced within multinational organisations, where employees will relocate for a short period to allow themselves to gain experience which will further the promotional prospects within the organisation. These relocations might not carry any great financial reward, but for the employee who is looking further down their career path than their next pay cheque, it will have a significant influence.

2.15 Maslow's Hierarchy of Needs

This is probably the best known of the motivation or need theories, mainly for its simplistic look at the requirements of individuals. In Maslow's theory there are five basic needs of human beings: Physiological, Safety, Social, Esteem and Self-actualisation. *"For Maslow the significance is that the behaviour of any one individual is dominated by the lowest group of needs remaining unsatisfied"* Evans (1999, p134).

The level at which each individual reaches their upper level of each group of needs will be different in each case. For a person in business to reach self-actualisation they might envisage earning enough money so they can live comfortably in a modest house, have 2 holidays per year, drive a nice comfortable car and have time to spend with their family. For another person in business reaching self-actualisation might mean earning in excess of €1 million per annum, living in a mansion, owning 2 holiday retreats, driving the most expensive car, owning a private jet and working 70 hours per week. People's expectations vary from person to person.

To apply Maslow's theory into a work context can be both simple and complicated. An organisation might be in a position to offer individuals many of the needs of Maslow's theory; a decent salary to allow them to live in a nice house, the security of a job to allow them to plan ahead, the social network and a sense of belonging and the esteem of being important within their work environment. However, for some individuals their needs are greater than the basic requirements and they will require more initiatives to motivate them to work harder.

"The strongest implication emerging from the hierarchy is that unless people's basic needs are satisfied, they will not be motivated to pursue goals that relate to higher-order needs"

Morley *et al* (2004, p146). Like the expectancy theory, identifying the required point at which the individual will be satisfied to allow them to move into the next need group can be difficult.

2.16 Equity Theory

Equity theory is another process theory and was developed by Adams in 1963. The basics of this theory are that individuals will not be satisfied unless they perceive that they are being treated equally compared to other people who are in the same role as them. *"According to this theory, people's motivation to be treated fairly is so overwhelming that they become*

involved in any number of 'strategies' to reduce situations of injustice or inequity" Morley *et al* (2004, p155). The evaluation of this fairness and equity is, again, as individual as each person. According to Adams research, individuals are engaged in 3 types of evaluative processes;

- ◆ A comparison between their work inputs and their work outputs
- ◆ A comparison between other people's work inputs and outputs
- ◆ An analysis of these two comparisons

As long as the individual believes that they are being treated fairly they will apply the same level of motivation in order to maintain their rewards. There have been many studies carried out on the equity theory; many of them have been centred on pay rewards and the norms of equitable payments (Slater, Malcolm, 1972). When discussing a worker perception of inequity and normative expectancy, Slater surmises, *"In Adams' terms, equity exist for an individual whenever his 'perceived job inputs' (such as effort, education, experience, skill, seniority and job status) stand psychologically in an unequal relation to the benefits or 'outputs' that he perceives he derives from his job (such as salary, prerequisites, prestige and personal fulfilment)"*.

As organisations move more and more towards a team based structure it is important that they adapt their performance appraisal to reflect this change and to show that there is equity in the appraisal process for employees who are conducting the same tasks. Wiese & Buckley tell us, *"Presently performance appraisals are used for individuals, however, more companies are going to team/work groups approaches, which may necessitate a change from individual to the use of both individual and group performance appraisals... To avoid feelings of inequity and to assist in administrative decisions, individual appraisals should be given as well as team evaluations"* (1998, p245)

Where an employee feels they are being treated unequally, they will then become demotivated and take action to bring a balance back into the equation. When this occurs employees may take action in one of the following ways; Morley et al (2004, 156)

- ◆ Changing their level of input to the job
- ◆ Changing the outcomes they receive
- ◆ Changing other people's inputs or outcomes
- ◆ Changing their perception of their or others inputs & outcomes
- ◆ Changing their comparison to others
- ◆ Leaving the work situation in which they feel unfairly treated.

2.17 Motivation of Teams

When we look back at the different theories of motivation, Maslow's hierarchy of needs, expectancy theory and equity theory, we need to see how these theories can be applied towards the motivation of teams and the possible outcomes that may occur. Given the nature of individuals and the different levels that each individual team member will be satisfied within each theory, how can it be possible to arrive at an agreed point of satisfaction for a complete team?

Individual team members each play a part in team motivation and team performance. Armstrong & Baron tell us that team performance can be influenced by members in three ways; (1998, 259)

- ◆ The actual job they are doing and the skills, competences and behaviour they apply to their work
- ◆ The job they perform as a team
- ◆ The team performance as a whole

As each team member is subject to each of the motivation theories above and reward plays such a big part in motivating people, it is only natural that eventually some team members will feel either undervalued or feel that their effort is being viewed inequitable. After all the equity theory is about a persons perceived output for their input compared to others within the same task area. From the expectancy theory we can see that individuals place a different valance or worth on the task they are doing and the reward should be suitable for the effort that they apply. All of these factors, combined with the appraisal process might lead to some element of conflict within the work place for organisations.

2.18 CONFLICT

Can conflict be avoided? There has been much study on conflict and there are just as many view to go along with them. There are positive views on conflict and negative views on conflict within the work place. Thomas, as cited by Morley *et al*, defines conflict as *“a process which begins when one party perceives that another party has frustrated (or is about to frustrate) some concern that it values”* (2004, p371). People will mostly associate conflict within the work place as that of which the employees are in dispute with the management of the organisation, which often leads to some sort of industrial action. There has been much resources put into mechanisms to deal with industrial conflict between employers and employees, such as The Labour Relations Commission (LRC) in Ireland. In this chapter we will look at conflict within the workplace, conflict theories and conflict among teams.

2.19 Conflict Theory

Conflict theory is mostly associated with sociology, class divide and social deviance. However much of the study that has been carried out on conflict and conflict theory has included conflict in the work place. There are many types of conflict that can occur within

organisations apart from industrial disputes that we mentioned earlier. Four main types of organisational conflict are as follows; Morley et al (2004, p373)

- ◆ Intrapersonal conflict
- ◆ Interpersonal conflict
- ◆ Intergroup conflict
- ◆ Interorganisational conflict

One of the most known sociology theorist that wrote about conflict was Karl Marx. As a communist he believed that conflict was a result of the exploitation of the workers or the Proletariat, by the capitalist or Bourgeoisie and it was an extension of the class divide.

There are many differing views about conflict and how to deal with it. The pluralist view is to deal with conflict as it cannot be avoided and the interactionist view is to stimulate conflict in order to stop people becoming conformists. Some organisations believe that conflict is good for them and as it cannot be avoided it must be managed. These organisations spend time training their employees how to deal with conflict to enable them to use it to their advantage. In an article by Weiss & Hughes from the HBR in March 2005, they inform us *“At Intel, New employees learn a common method and language for decision making and conflict resolution... the training shows that top management sees disagreement as an inevitable aspect of doing business, it also provides a common framework that expedites conflict resolution”* (2005, p94).

2.20 Intrapersonal & Interpersonal Conflict

Intrapersonal conflict occurs within the individual, an inner conflict which may arise because of a decision that an individual might have to make. Intrapersonal conflict normally does not involve any other people but the effects on the individual can cause issues. *“While inner conflict can give rise to other types of conflict, in themselves they are not interactive. Inner*

conflict can result in stress, uncertainty or anxiety; or alternative it can be associated with positive decisions and effective individual development” Morley et al (2004, p372)

Interpersonal conflict is when there is a conflict between two or more individuals who have differing opinions. This type of conflict is very common within organisations due to the many different personalities that may work within the organisation. There can be many reasons why interpersonal conflict can occur, the setting of unachievable targets, lack of resources and procedural issues are some of the reasons. Walton, cited in Morley *et al*, informs us that, *“Interpersonal conflict can also be emotionally based and arise over feelings of anger, mistrust, dislike, fear, resentment and so forth”* (2004, p372).

CHAPTER 3

3.0 RESEARCH METHODOLOGY

The question posed in the title of this dissertation is to see if there is a conflict within team based organisations and their performance appraisal methods. Have these organisations adapted their appraisal process to include team functions, as quoted by Wiese & Buckley. As we can see from our understanding of motivational theory, individuals approach employment in different ways and even within a small team of people there may be different attitudes towards the task and the reward. This section of the dissertation will look at the type of research that was carried out and the reasons for these choices.

3.1 Research Group

The research for this dissertation was carried out within the payments unit of an international financial institution, which would like to remain anonymous. This unit has 68 employees, all working in teams. These teams have an annual performance appraisal with their team leader to discuss their achievement for the previous year compared to objectives, their contribution towards the business goals and their objectives for the coming year. Of the 68 team members working in the unit, 46 took part in the research. This represents a 67% participation rate for the research group. The financial institution where the research was carried out employs thousands of people throughout Ireland and abroad.

3.2 Data Collection Method

The object of the research for this dissertation is to define the relationship between the team structure of an organisation and the appraisal process of the organisation, as per chapter 2. As the research was only carried out on one unit of the financial institution and was limited to a specific area of their employment, I have used a mini survey for the research. Kane &

O’Rielly-De Brun inform us *“Mini surveys are carefully focused on a specific topic; contain only 15 – 30 questions; are given to a small sample of 25 – 100; and usually use more closed than open-ended question, that is, they use questions that force respondents to choose from a small set of alternative answers, rather than inviting a freely expanded reply”* (2005, p201)

There are several online services for designing and conducting such surveys. The online service I have chosen is survey monkey.com. This allows people to design a survey to their own requirements with different types of questions, such as, multiple choice, matrix of choices, rating scales and many more.

The mini survey for this dissertation used a selection of the multiple choice and the rating scale questions. This was to allow targeting of the questions for the candidates based on what was needed from the research. The survey was anonymous and gender indifferent, as the topic being researched did not require this information. A copy of the survey is attached in the appendix of this dissertation.

I also interviewed two of the team leaders of the payments unit for this dissertation. These interviews were in relation to the organisations performance appraisal procedure and the weightings given to each section of the performance appraisal. The object of this was to ascertain if there was more emphasis placed on the team effort or the individual effort of the employee.

3.3 Survey Questions

The survey questions used for this research were limited to eight questions in total. These questions related mainly to the appraisal process within the organisation.

3.3.1 Question 1

How long have you been employed with your current organisation?

This question was asked, not to see how long people have stayed within the unit, but to further analyse the results that the participants have given. An example of this would be to compare how the participants who have been with the organisation less than a year view the appraisal process with those who have been with the organisation more than 2 years.

3.3.2 Question 2 & 4

Does your organisation promote team-working? & Does your organisation promote an employee appraisal process?

These two questions were confined to a yes/no answer and are only control questions. As everybody in the unit is part of some team and the organisation does carry out an appraisal process each year there should be only one answer to the question, however for the participants it is an indication of what the survey is about.

3.3.3 Question 3

How satisfied are you to be working as part of a team (rated answers between 1 and 5)?

The purpose of this question was to get an understanding of the participants' willingness to be part of a work based team. When the employees take up their position within the organisation they are placed within one of the teams in the unit. They have no choice nor have they any input into this decision, but they must accept the decision and get on with the tasks that they are set. While some employees may be very comfortable and happy working as part of the team, there may be others that prefer to work on their own. This can be related back to chapter 2.6 and the problems with teams stifling individual flair and self expression.

3.3.4 Question 5

How important do YOU rate the following aspects of the performance appraisal process?

For the participants of the survey there were two parts to this question, individual performance & team performance and they were asked to rate each element. This was to try and understand the employees' attitude towards their work effort within the appraisal process, if they considered their individual effort to contribute more than their team effort. The answers would be subdivided by the length of time they worked for the organisation to see if there was a differing opinion of participants who were with the organisation the longest.

3.3.5 Question 6

How important does your ORGANISATION rate the following aspects of the performance appraisal process?

Question 6 was a mirror of question 5 and the purpose was to try to understand how the participants viewed the organisations attitude of the appraisal process towards their individual efforts and their team based efforts. It was important to examine the employees understanding of management's attitude compared to their own, to see if they differed and by how much. This question would, again, be analysed by the duration of employment within the organisation.

3.3.6 Question 7

How satisfied are you with the appraisal process (rated answers between 1 and 5)?

This question was asked in order to see if the participants were happy with the overall appraisal process within the organisation. While performance appraisals might be a common tool for organisations today, it is useful to get an employees' satisfaction rating of the process. Different organisations perform different appraisal processes and while some employees' in one organisation might consider their process to be good, employees in other organisations

might think differently. There is also the possibility that the opinions of employees within one organisation might have different opinions of the same performance appraisal process.

3.3.7 Question 8

How much do you feel your team performance influences your prospect within your organisation (rated answers between 1 and 5)?

As discussed in chapter 2.14, Vroom's expectancy theory formula is made up of three parts:

Motivation = effort performance expectancy x performance outcome expectancy x valance

This question was asked in order to explore this theory. As all the employees are expected to work as part of a team, will this effort lead to a better outcome for them and what is their value of the effort. Is their effort performance expectancy matched by the performance outcome expectancy and is it important to them in the first place.

3.4 Limitations of Research

Like many research topics that have been carried before there are limitations to the results, my research is no different. The limiting factors for this research are that it was carried out within one single unit of a large organisation and is confined to one organisation. This might give either a positive or negative selective view of the question that is being answered by this study. Another limiting factor of the research is that it is only concerned with the appraisal process of the organisation and the employees' view of this process.

While this dissertation is looking at the connection between the team structure of the organisation and the appraisal process, there are many other factors of a persons employment that contribute to the over all satisfaction of the employment, such as location, flexibility of working hours, additional benefits such as health insurance, pension and many other benefits.

This study is by no means a complete overview or understanding of how these two elements of employment are connected, but a small insight into how one organisations group of employees feel about the two elements.

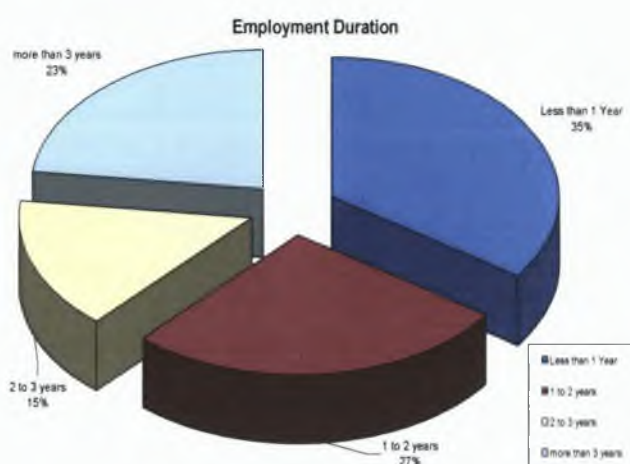
Another limitation of the research is the fact that some respondents will, as I like to call it, "*play it safe*" with the responses. This is where respondents will tick all of the boxes in the middle of the rating ranges. This occurs when people are asked to fill in an evaluation survey. They do not want to be too critical for the fear that they may be asked to explain their answers, but they do not want to be over complimentary either. Their safe option is to tick the boxes in the middle of the ranges. This will not give a true understanding of the analysis and could be considered as a margin of error when correlating the final results.

CHAPTER 4

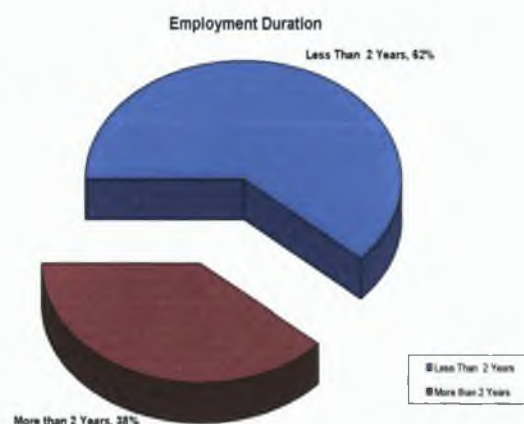
4.0 Findings & Data Analysis

As previously stated the research for this dissertation was conducted in the payments unit of a financial institution that had 68 employees. The participation rate was 46 employees, 67% of the employees of the unit. The range of answers where, less than 1 year, 1-2 years, 2-3 years and longer than 3 years.

Graph 4.1



Graph 4.2

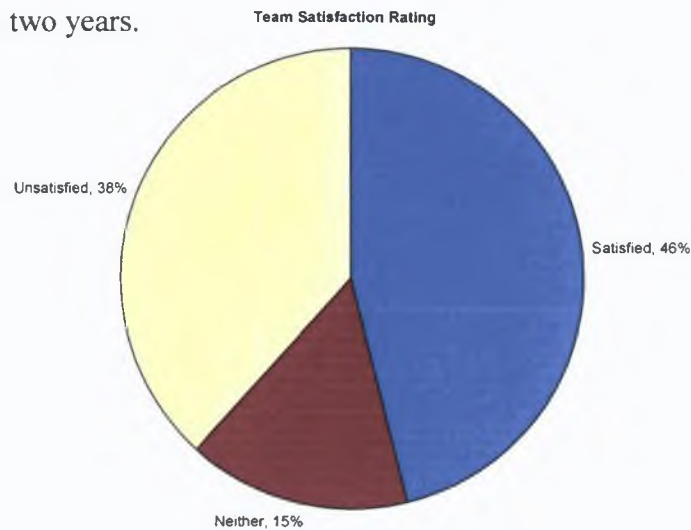


As we can see from graph 6.1 and graph 6.2 above, the majority of staff has been employed for less than two years and the majority of these staff has been employed less than one year. For any further analysis we will analyse the results into two categories where necessary, that of the complete workforce and that of the employees who have been employed more than two years, as per graph 6.2, this should give an understanding of the attitude of the staff who have been employed longer in the organisation. The reason for choosing more than two years service as an analysis group is that these respondents will have gone through the appraisal process twice or more during their employment with the organisation. Employees with less service may have only had one performance appraisal, or not even had one yet. These employees have still to see how the company rewards them for their consistent efforts over time.

4.1 Team Satisfaction Rating

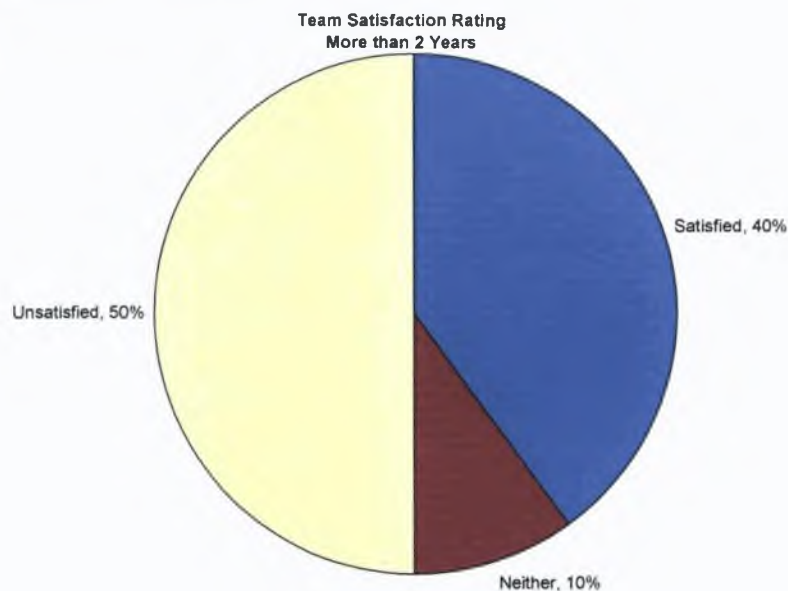
This analysis relates to question 3 in the survey, and is designed to get the participants overall satisfaction relating to being a team member. The results of this question for the entire respondents were mostly satisfied with working as part of a team, with 46% and a smaller number being unsatisfied, 38%, this changed when we looked at the employees that were employees for more than two years.

Graph 4.3



The employees who were employed for more than two years were more unsatisfied to be working as part of a team, 50% and the number of employees who were satisfied to be part of a team had fallen to 40%. The interesting thing between the two sets of results is the percentage of employees who had neither opinion.

Graph 4.4

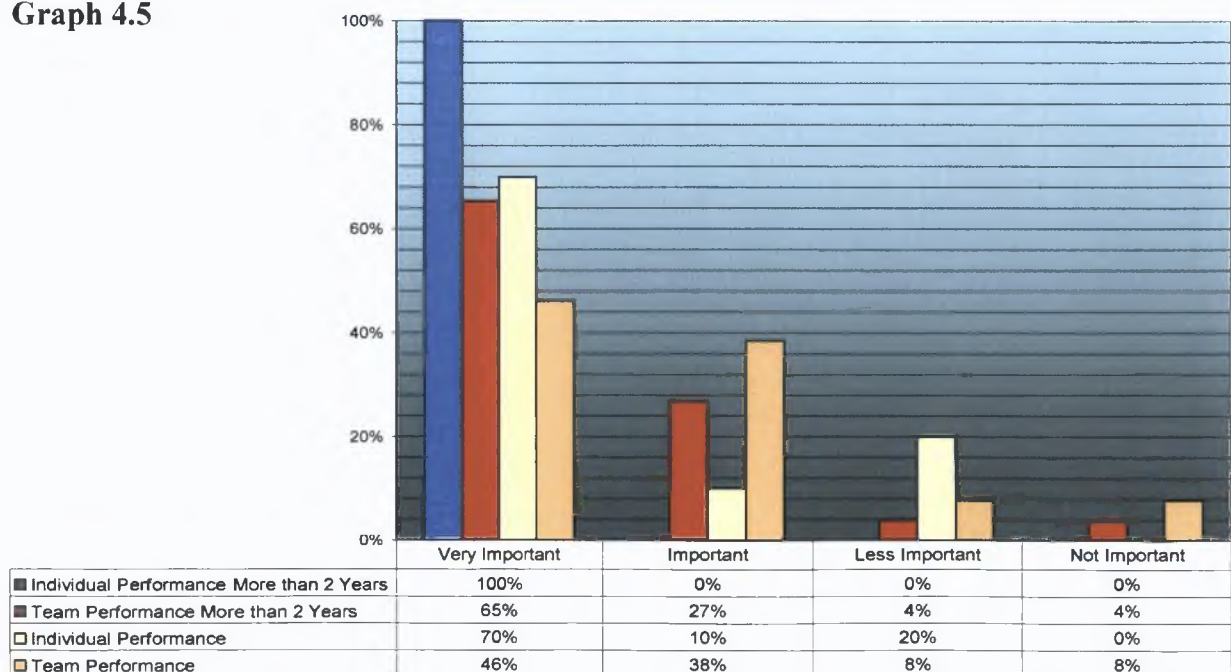


This fell from 15% for all employees to 10% for the employees who had more than 2 years service. This would demonstrate that the longer employees are part of a team the more they dislike it. Newer team members might be enthused by the task and structure of the organisation.

4.2 Individual Performance -V- Team Performance

In question 5 we asked participants of the survey to rate how their individual performance and their team performance fitted within the performance appraisal process. This question related only to their personal view and not what might be portrayed in the company guidelines or handbook. Again, the results of this question were analysed in two categories, the entire respondents and the respondents with more than two years service and it came up with some interesting results, as we can see below;

Graph 4.5

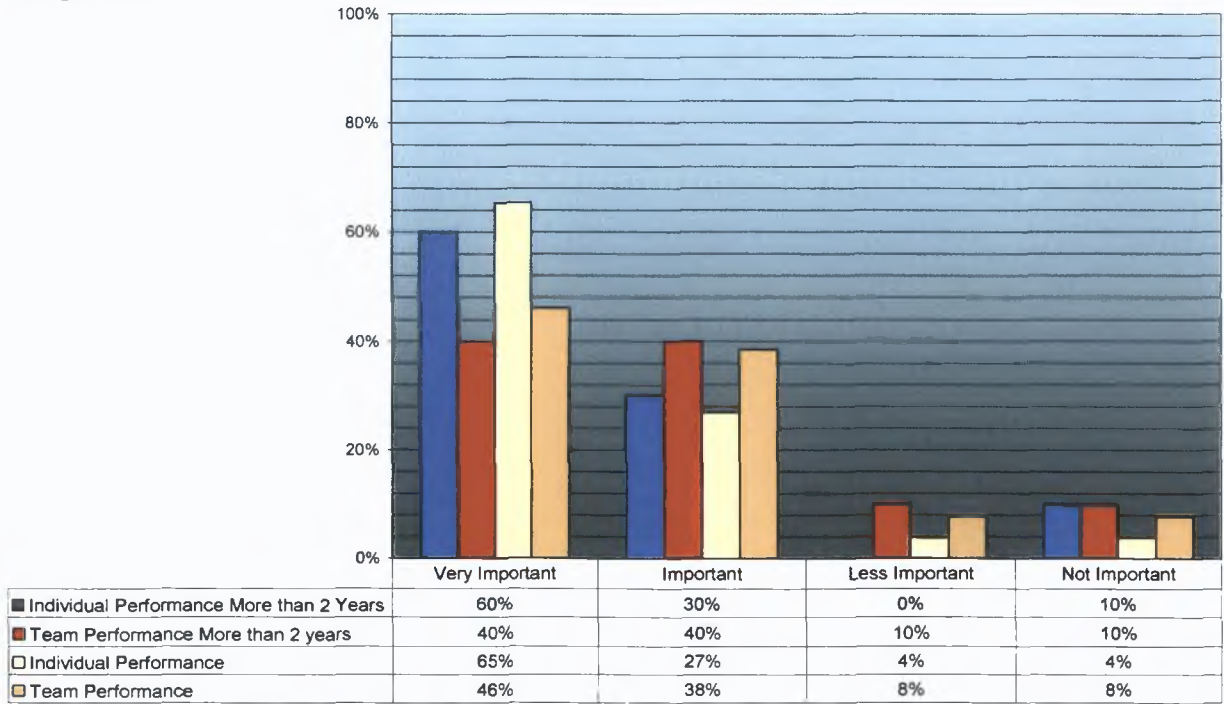


In an equitable and fair appraisal system it might be considered that there would be equal weighting given to each of these two aspects of the performance appraisal process; however this is not the participants view. In the entire respondents survey individual performance was viewed as very important by 70% and team performance was viewed very important by 46%

of them. The respondents with more than 2 years service, 100% of them considered their individual performance to be very important and 65% of them considered their team performance to be very important aspects. This would indicate that as employees get to know how the performance appraisal process works they realise that it is their individual performance that carries more weight, with team performance not as important.

This was not the case when we analysed the results from question 6, which related to the respondents view of how the organisation rated the two aspects of performance appraisal. One of the interesting facts about these results was that the view of the respondents with more than two years service was similar to the overall response to the question, with the response of very important achieving 60% compared to 65% respectively for the individual performance and 40% to 46% for the team performance.

Graph 4.6



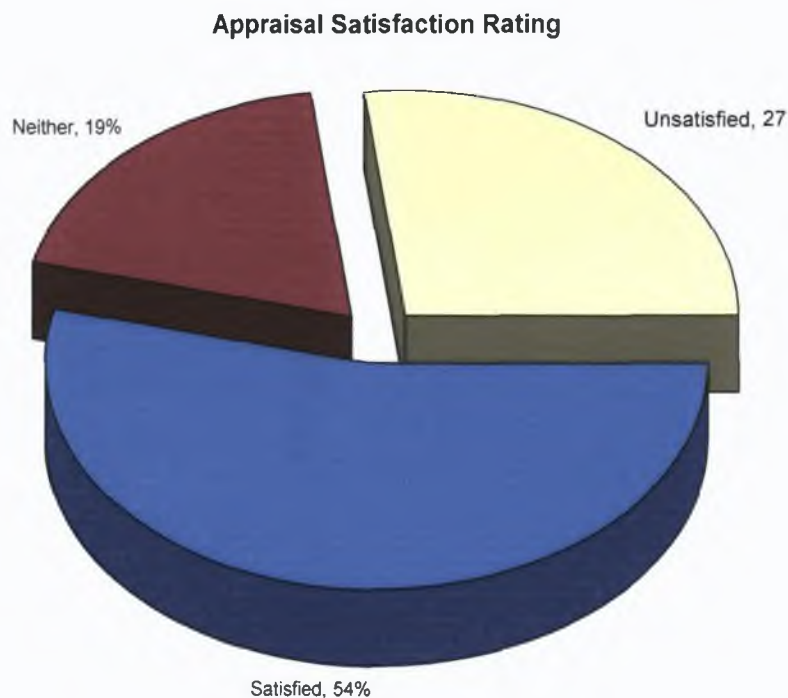
It is clear from this analysis the employees believe that their organisations place more weightings on their individual performance than their team performance, when it comes to the performance appraisal process.

4.3 Appraisal Process Satisfaction

As previously stated, question 7 was asked to ascertain the respondents overall satisfaction with the performance appraisal process within their organisation, as not all employees would see benefits of the process or agree with the outcome of the performance appraisal.

Even when an organisation considers itself to have a fair and equitable process, some individuals will still disagree, or be unhappy about the process.

Graph 4.7



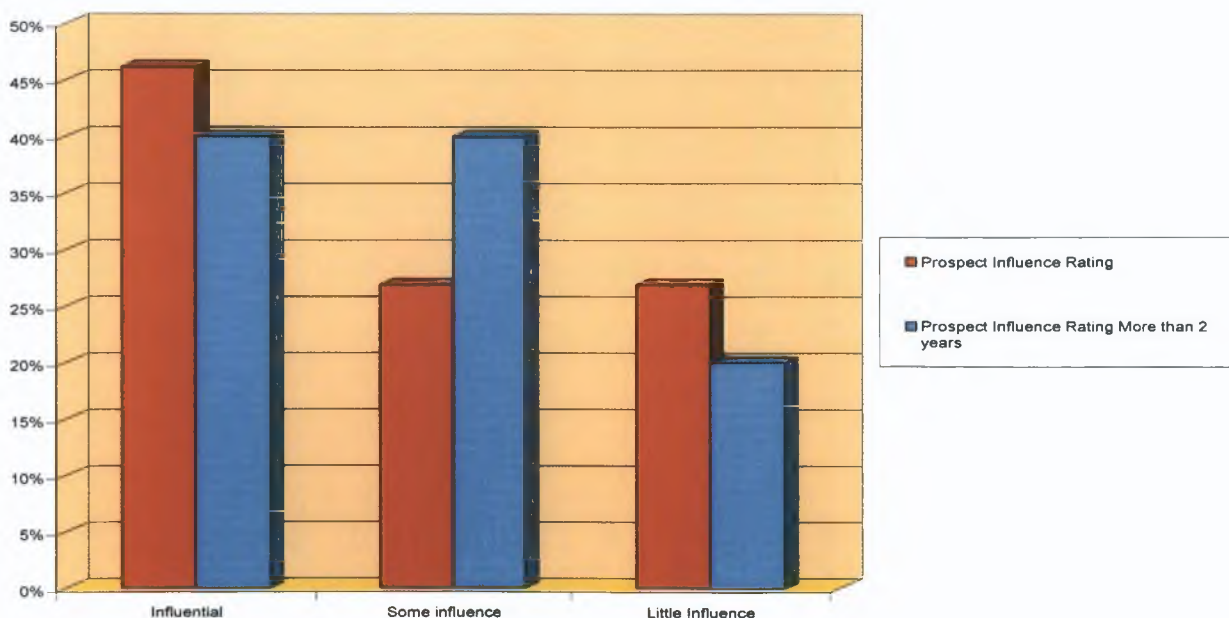
The results from the analysis of this question show us that the majority of the respondents are satisfied with the performance appraisal process, even if it is just over the 50%. The percentage of people who were unsatisfied with the appraisal process was only 27%, which I would consider a low percentage. If you were to combine the satisfied with the neither satisfied nor unsatisfied it amounts to 73%, which is a high result for this question.

This only changes slightly for the employees with more than two years service, with the satisfied rating going slightly down to 50% of respondents and the unsatisfied rating moving slightly up to 30% of respondents. The neither rating remained static at 20% of respondents, but this along with the satisfied rating amounting to 70% overall, which is still a high score.

4.4 Future Prospects

In Chapter 2, I discussed some motivation theories, one of which was the expectancy theory. This is the theory where employees will react differently towards their work situation depending on the reward that is offered for the task. This theory is used as part of the performance appraisal process, in order to encourage employees to apply themselves more in work. Organisations that promote teamworking also use the expectancy theory to motivate their staff.

Graph 4.8



In question 8 in the survey, we asked respondents whether their participation in the team would influence their future prospects within their organisation. For this analysis we have taken the results of all the respondents and the results for the respondents with over two years

service and compared them. The reason for this question was to see how the respondents viewed whether their efforts would help their promotional prospects, even if they did not agree with being part of a team or if they felt that their individual efforts were more important than their team efforts.

The results show us that 80% of the workers with the longest service believe that their team participation will have some influence on their prospects within the organisation. This would concur with Vroom's expectancy theory, that there is performance output expectancy for the effort that is applied.

4.5 Overview of Analysis

Our survey has revealed several surprising results for us, both for the overall respondents and particularly for the respondents with more than two years service. If we first look at the overall respondents we can see the following results;

- ◆ Being part of a team structure – respondents were split, 46% satisfied and 38% unsatisfied
- ◆ Personal view of individual performance and team performance – the majority of respondents viewed their individual performance was more important
- ◆ Organisational view of individual performance and team performance – the majority of respondents viewed their individual performance was more important
- ◆ Satisfaction with the appraisal process – the majority of respondents were satisfied with the appraisal process
- ◆ Team performance influence of promotional prospects – the majority of respondents viewed that team performance did influence their prospects of promotion

For the respondents with more than two years service the results were

- ◆ Being part of a team structure – 50% of respondents were unsatisfied with being part of a team structure, 40% were satisfied
- ◆ Personal view of individual performance and team performance – an overwhelming 100% majority believed that individual performance was more important
- ◆ Organisational view of individual performance and team performance – the majority of respondents viewed their individual performance was more important
- ◆ Satisfaction with the appraisal process – 50% of respondents were satisfied and 30% were unsatisfied with the appraisal process
- ◆ Team performance influence of promotional prospects – the majority of respondents viewed that team performance did influence their prospects of promotion

This would lead us to believe that the longer employees are working within an organisation the less satisfied they are with teamworking and the appraisal process. They believe that their individual performance is more important to them and the organisation, but being part of a team will help with promotional prospects within the organisation. Statistical or quantitative research can give many different views of an organisation and its structures, but in order to get a further insight the performance appraisal process of this financial organisation I carried out an interview with two of the team leaders of the unit.

4.6 Team Leaders Interview

It was important to try and understand which elements were more important for the appraisers when it came to carrying out a performance appraisal within our research group and how important the teamworking element was to the organisation. The team leaders went through a performance appraisal document with me to explain how employees' are appraised.

The appraisal document consisted of five elements, each of which had a different weighting, such as customers and control measures. These elements were then subdivided into further elements with lower weightings, i.e. the customer element had three subdivisions relating to customer satisfaction, relationship building and customer management. For the element that related to the employees' themselves, this weighting was worth 20% of the overall performance appraisal and it was subdivided into three further elements, teamworking, development and interaction. The weighting for the three elements were;

- ◆ Teamworking =10%
- ◆ Development = 5%
- ◆ Interaction = 5%

There were other elements of the appraisal process relating to the individuals reporting and ability to carry out their duties, which in total made up 100% of the performance process, however the teamworking element only accounted for 10% of the overall 100% awarded.

The team leaders informed me that their view was that although the unit is divided up into teams, this is more for ease of management and reporting and that employees' team efforts did not rate as a key element of the appraisal process. The outcome of the research and the interviews will be discussed further in the next chapter.

CHAPTER 5

5.0 CONCLUSION AND RECOMMENDATION

The question posed in this dissertation related to the performance appraisal process within team structured organisations, to see if there is a conflict between the emphasis that is placed on team working and the rewards that employees receive for this effort as part of their performance appraisal. The research that was carried out within a financial institution was analysed in two sections, the total number of employees that responded and the employees that had more than two years service who responded. This was to see how the attitude of the longer serving employees differed from that of the overall respondents.

5.1 Conclusion

The research showed that the majority of employees were happy with the appraisal process within their organisation even though there was no overwhelming support of team working within the organisation. The research also showed that although people are grouped into teams within the organisation the majority believed that, in their own opinion and the organisations opinion, their individual performance was more important than their team performance. The interesting finding from the research was that even though they believed their individual performance carried more weight, their participation in team working was more influential towards the prospects for promotion within the organisation.

This research along with the information provided by the team leaders regarding the appraisal process would lead readers to the conclusion that the appraisal process, although not perfect and not acceptable to all respondents, does place enough emphasis on the teamworking aspect of the employees overall structure, secondly the employees have adapted to it.

Employees have been known to *“Play the System”* when it comes to work procedures, where they will adapt their behaviour and working arrangements to comply with their objectives and requirements of the tasks given to them. This could be the case with the respondents of our survey. They believe that their individual performance is more important than their team performance, but they also believe that being part of the team will influence their prospects for promotion within the organisation. They put more effort into the individual performance whilst portraying the role of a team player.

If we refer back to Maslow's Hierarchy of Needs and the need groups of individuals, this could be a classic example. The individual who wishes to advance to the next group need will put in the most effort to reach their goal. The need of the individual will be greater than the need of the team, and the individual will play the system in order to reach their goal. For people with social needs, being part of a work team may satisfy this need. For people who are looking for the esteem needs, they may have to go through the social needs first in order to advance to the next need group. For the people who play the system they may use the team structure of the organisation to advance to a higher position without fully committing to the work team.

5.2 Recommendation

Our research group was only 46 people within a group of 68 employees, who in turn are part of an international financial institution. Whilst our research was informative, it did throw up some conflicting results. Whilst researching for this dissertation, in particular my literary review, there were plenty of articles about teams and about the appraisal process, but not many looking at the synergy of both. My research has only asked the first question about the team based appraisal process and given the limitations of my research, it is my view that this topic would need further research with a larger research group across a variety of industries.

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APPENDICES

Sample of Survey Questionnaire

Dissertation Survey

1. Appraisal Process questionnaire

Please answer all of the following questions

1. How long have you been employed with your current organisation?

	Less than 1 ear	1 to 2 years	2 to 3 years	more than 3 years
Duration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Does your organisation promote team-working

- Yes
 No

3. How satisfied are you to be working as part of a team, where 1 is Very Satisfied and 5 is very Unsatisfied?

	1	2	3	4	5
Satisfaction Rating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Does you current company perform an employee appraisal process?

- Yes
 No

5. How important do YOU rate the following aspects in the performance appraisal process?

	Very Important	Important	Less Important	Not Important
Individual Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Team Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. How important does your ORGANISATION rate the following aspects of the performance appraisal process?

	Very Important	Important	Less Important	Not Important
Individual Performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Team performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. How saitisfied are YOU with the appraisal process, where 1 is Very Satisfied and 5 is Very Unsatisfied?

	1	2	3	4	5
Satisfaction Rating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. How much do you feel your team performance influences your prospects within your organisation, where 1 is Very influential and 5 is No Influence?

	1	2	3	4	5
Rating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>