

Book Review : *Armstrong on Reinventing Performance Management: Building a culture of continuous improvement.*

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Horror stories abound when it comes to the dreaded staff appraisal. Take, for example, the organisation where a departmental manager had to rate one third staff as good, one third as OK, and one third as underperforming. All staff were doing well, yet one third had to be rated underperforming. Because the system said so, HR informed that one third that they were underperforming. Readers can imagine for themselves the problems such appraisal systems can cause. In that case – from a recent class discussion on why people left their previous jobs – a well-functioning department was torn apart.

In this book, Armstrong is keen to point out the methods and approaches relating to appraisal, performance and reward, which are becoming increasingly discredited and arguing forcefully why this is the case (including globalisation, the need for faster decision-making and flexibility in working).

The book is well researched and supported from the aspect of established approaches. The references are up to date, and given the apparent experience of the writer there is an opportunity (unfortunately largely missed) to provide new and alternative theoretical frameworks. It is one thing to identify problems, but if the subtitle of the book is to be addressed, alternative methodologies would be good to see. Case studies of more normal organisations which the average practitioner can relate to would also help – Microsoft or Gap are hardly average organisations

Indeed, this lack of offering suggestions for new approaches is all the more frustrating because workable alternatives are expressed or hinted at throughout the book. From MacGregor (p11 “Forms and procedures are of little value...”) to observations that traditional approaches are bust: “It is too often an expensive, complex system for making people unhappy.” (p181).

Neither has there been any serious attempt to consider what works in different parts of the world, and what could be learned. The approach of the book is undoubtedly “western”: explicit and documented. That it took an engineer in Bangalore to point out that a performance management process was a “violation of our values” (p127), is more an example of clumsy cultural arrogance than a case study of subsequent system improvement. But that snippet could have been built on to give a wider cultural context. There are reasons why Far Eastern manufacturing has achieved such global dominance (yes - it's down to performance management), yet none of these alternative approaches are looked at. In fact, the suggested “Areas for reinvention” on p182 owe more to established Eastern approaches than they do to anything being offered as new here. Suggesting that performance is managed through informal conversations owes much to Nonaka, and his focus on socialisation. Maybe some western writers can't quite admit that better approaches may well already exist outside the USA or Europe.

On a similar theme, the performance matrix on p129 – with its axis of “Behaviour, attitudes and overall approach to work”, smacks more of a desire to achieve conformance to organisational culture than it does to identifying performance excellence. Some commentary on this would have been good.

Noticeable too is the focus on the linkage between performance and financial rewards (pay increases, bonuses etc). The work of Herzberg has been entirely overlooked. (Note to all HR people: salaries get people to turn up. Getting them to perform requires everything else in the motivational cupboard).

Bob Dylan wrote “The times, they are a-changin’”, and if the sub-title of this book “Building a culture of continuous improvement” is to be properly addressed, then an honest assessment of the role of HR, organisational structure and culture, the psychological contract, leadership and management – all need to be addressed. Otherwise we are left – as Argyris was at pains to point out - with nothing much really changing. Employment contracts (before we even start working) put plenty of blocks to flexible and innovative working – and ultimately to effective performance - in the way of any employer/employee relationship. To really get performance motoring, all these aspects need to be looked at – sometimes at very fundamental levels.

The strength of this book is to be able to read that so many leaders today recognise that what has been done previously simply doesn’t deliver in today’s workplace. There is considerable value in using this book as a mirror for organisations to critically evaluate how their approaches compare.

The final comment is in relation to the two case studies (GAP and Microsoft) provided at the end of the book: Since introducing newer methods of performance management, the share value of GAP has gone down by about 40% - that of Microsoft up by around 50%. It seems that the holy grail of effective performance management remains as elusive today as it ever was.

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