

Stakeholder Participation in Performance Management Systems: A Study of Power Structures

Author: Johanna Hildebrandt
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

ABSTRACT,

Purpose: Performance Management Systems are widely used to monitor employee performance. For such a system to be most effective the involvement of stakeholders in the implementation and utilisation is crucial. This study aims at identifying different types of salient power dynamics which can influence stakeholder involvement.

Design: In order to gain valuable insights from the affected stakeholders, this paper uses a qualitative approach with semi-structured interviews. The gathered data was analysed using thematic analysis and examined through the lens of French & Raven's (1969) conceptual framework on power bases.

Findings: The interviews with various employees of different managerial levels revealed a significant concentration of power among managers, indicating a top-down approach in decision-making and control. The analysis of power bases revealed the presence of all five power bases, with legitimate power being the most prominent within the organizational structure.

Conclusion: The nature of the different power dynamics revealed can be traced back to the existence of hierarchical structures and power imbalances within the organisation.

Graduation Committee members:

dr. S.D. Schafheitle

L.C. Lamers MSc

Keywords

Performance Management Systems, Performance Appraisal, Stakeholder Involvement, Power, Power Dynamics, Power Structures, Power Imbalance

1. INTRODUCTION

1.1 Situation

In recent years the importance and popularity of performance management systems for organisations has increased. In order for these systems to work most efficiently and effectively, the implementation process is crucial. One significant issue that stands out is the involvement of the stakeholder process during the implementation which can be challenging. To understand stakeholder engagement during the implementation process, it is also interesting to realise how they perceive the utilisation of those systems and their power in decision-making. This research aims at exploring the power dynamics which directly influence and affect stakeholder involvement during the implementation and utilisation of performance management systems.

Performance Management (PM) can be defined as “a systematic process for improving organizational performance by developing the performance of individuals and teams” (Armstrong, 2006). It is a structured approach to managing employee performance and overall ensuring the achievement of organisational goals. Stakeholder involvement is crucial for this process to be successfully implemented, however, it can be challenging in practice (Morgan, Harris, & Mayo, 2019). Stakeholder involvement refers to the participation of all potential stakeholders, such as employees, managers and customers. The involvement can happen at different stages of the design of the system. A good involvement of stakeholders is important as it ensures a greater alignment with organisational goals during the process. As the influence and power of the different stakeholders vary it is important to understand what salient power dynamics affect the involvement process and the perception of utilisation of key stakeholders.

Despite the recognition of the engagement of stakeholders in an early stage, there is still a lack of research on the different power dynamics which can exert influence on the outcome. Thus, this study targets to contribute to the existing literature on power dynamics and stakeholder involvement in performance management system (PMS) implementation and utilisation to help other organisations implement PMS more effectively. This will be done by conducting qualitative interviews with a US-based multinational company. The findings will not only contribute to the academic literature on organisational behaviour but also provide practical guidance for organisations seeking to improve their PMS implementation process.

1.2 Research Question

Understanding of the different power dynamics which influence how stakeholders are involved in the implementation and utilisation of PMS. The aim is to provide valuable insights that organisations can use for improving stakeholder engagement during this process while taking into account the perspectives and needs of all stakeholders involved.

Specifically, this paper seeks to answer the following **research question**:

“What are the salient power dynamics that affect the stakeholder involvement in the implementation and utilisation of performance management systems?”

1.3 Contribution

This research contributes to the existing body of knowledge by investigating the salient power dynamics that affect stakeholder involvement in the implementation and utilisation of performance management systems (PMS). While previous research has recognized the importance of stakeholder involvement in PMS, there is a need for a deeper understanding of the power dynamics that shape and influence this involvement.

By examining these power dynamics, this research seeks to shed light on the complexities surrounding stakeholder engagement and provide insights into strategies for effectively navigating and managing them.

Furthermore, this research aims to contribute by highlighting the implications of the identified power dynamics which is necessary for understanding the impact of power dynamics on stakeholder involvement. This is crucial for ensuring the successful adoption and utilisation of performance management systems. By uncovering the potential challenges and barriers that arise from power imbalances, this study will provide valuable insights into the strategies and approaches that can be employed to mitigate these challenges and promote a more inclusive and participatory implementation and utilization of PMS.

2. LITERATURE REVIEW

The literature review sheds light on relevant theories which aid in answering the research question. Additionally, a conceptual framework is introduced to ensure an effective analysis of the findings.

2.1 Stakeholder Theory

The concept of the Stakeholder Theory (Freeman, 1984) has first been introduced by R. E. Freeman (1984) and highlights the importance of organisations creating value for all stakeholders and not just shareholders (Stakeholder Theory, 2018). The theory has continuously been expanded and developed by many different areas of expertise including ethics and organisational behaviour. Stakeholder theory emphasises the need for organisations to reflect on the significant influence of their wide range of stakeholders (including employees, customers, suppliers, and the wider society). The theory provides an understanding of the complexity and interdependence of stakeholder relationships.

2.2 Power Theory

The Marxist approach to power is built upon the belief that power in society is determined by who owns and controls the means of production. This capacity is seen as “socially structured rather than as socially amorphous” (Parker, Cheney, Fournier, & Land, 2017).

Michel Foucault, another well-known scholar, took this Marxist theory of power as a starting point for his own development of theories. Foucault states that power is what decides what is knowable and by whom it is. For Foucault, power and knowledge are closely intertwined (Raine, n.d.).

The Marxist approach and Foucault’s perspective provide a theoretical foundation for the understanding of power within society as a whole. The Marxist perspective highlights the role of ownership and control. It emphasises the importance of economic structures and (social) hierarchies (Parker, Cheney, Fournier, & Land, 2017). Foucault’s addition contributes to the understanding that power does not only influence social relations but is also able to shape and determine the degree of accessibility of certain knowledge and which individuals have the authority to use and define it (Raine, n.d.).

Both the Marxist approach and Foucault’s perspective ensure the identification of valuable insights into the nature and mechanisms of power within society. This perspective encourages a critical examination of the ways in which power influences the accessibility, distribution, and control of knowledge within organizations and society as a whole.

2.2.1 Salient Power Dynamics

The research seeks to find and identify salient power dynamics. Therefore, it is important to understand the verbiage behind said concept.

The term salient is defined as something “most important or noticeable” (Oxford University Press, 2023b) while power is referred to as “the ability to control people or things” (Oxford University Press, 2023). Dynamic refers to something that is “continuously changing or developing” (Cambridge University Press & Assessment, 2023), so not static. Salient Power Dynamics, therefore, refers to the most important relationships between individuals that are affected by various types of power. They are referred to as dynamics as they are continuously changing, developing and adapting as they are exposed to various factors.

2.3 Performance Management System

Armstrong defined performance management as a process that aims at achieving “high levels of organizational performance”. He continues to explain that performance management is necessary for organisations as it creates a shared understanding of the strategic goals and wanted achievements of a firm (Armstrong, 2006). His work also provides practical guidelines for the design and implementation of performance management systems with specific emphasis on goal setting, performance appraisal, feedback, and employee development (Armstrong, 2006).

Armstrong’s view emphasises the importance of creating a shared understanding of strategic goals and achievements. This aligns with the concept of stakeholder involvement and power dynamics within performance management systems. Understanding how performance management aligns with strategic objectives and facilitates stakeholder engagement provides valuable insights into the power dynamics and decision-making processes that shape the implementation and utilisation of these systems.

2.3.1 Performance Appraisal

Performance appraisal refers to yearly performance reviews of an employee’s job performance (Hervie, 2016). The process evaluates an individual’s “skills, achievements, and growth, or lack thereof” (Hayes, 2023).

Secondly, scholars have emphasized the growing importance of employee development within performance appraisal processes (Kuvaas, 2007). Understanding how performance appraisal integrates with employee development strategies is essential for comprehending the broader context in which power dynamics and stakeholder involvement operate.

Lastly, it is noteworthy to acknowledge that while employee development is often promoted as a crucial aspect of performance appraisal, there are differing views on its effectiveness as a motivator for achieving exceptional results (Adler et al., 2016). This discrepancy raises intriguing questions about the role of motivation and incentives within performance management systems, adding complexity to the power dynamics and stakeholder involvement within these systems.

2.4 Conceptual Framework

One significant theory on the various types of power is by French and Raven in their theory on the five different power bases which shed light on the different perspectives on the nature of power (French & Raven, 1959). It is however important to notice that an individual can have multiple types of power as they may overlap in certain situations (GoodTherapy, 2023).

It is also important to explain that power is segregated into two different categories, namely formal power and informal power (Kovach, 2020). Two of the identified power bases fall under the category of informal power meaning that individuals are able to have ‘Referent’ or ‘Expert’ power, without the need of portraying an authority figure (French & Raven, 1959; Kovach,

2020) ‘Reward’, ‘Coercive’ and ‘Legitimate’ power are formal power bases as they are only able to exist due to the fact that the individual has a position of official authority (Kovach, 2020; French & Raven, 1959).

The theory of French and Raven on power provides an understanding of existing different power bases and their impact on relationships within an organisation. Examining the five power bases offers valuable insights in order to explore the complexities of power within the organisational context with regard to the informal and formal nature of power.

Additionally, the theory on the five power bases by French and Raven provides a comprehensive conceptual framework which will be useful for analysing the power dynamics within an organisational setting for this research. The framework offers identifiable concepts of power which will be used to understand which bases are most salient. It will also help identify influential actors, power disparities between stakeholders and lastly also identify opportunities for potential implication.

Table 1: The Five Power Bases (French & Raven, 1969)

Referent	This power is attained upon an individual’s gained respect and admiration.
Expert	This power results from an individual’s knowledge and skill levels based on experience and/or education.
Legitimate	This power can be based on three different bases, namely culture, acceptance of social structures and designation by a legitimising agent. In this case, the true power of an individual comes from the predetermined hierarchical structures.
Reward	This power refers to the idea of being able to introduce a positive factor or remove a negative factor (similar to operant conditioning by Skinner). The power of an individual comes then from their ability to reward and/or compensate others.
Coercive	This power refers to the ability to punish and penalise others.

3. METHODOLOGY

3.1 Research Design

This study is of exploratory nature. It aims at creating areas for further investigations based on the findings of this research on the topic of the influence of different salient power dynamics.

The research will be based on a qualitative analysis with data gathered from interviews. Data will be gathered through interviews conducted with participants, employing a semi-structured approach with open-ended questions. This methodology choice enables the exploration of complex issues and provides participants with the opportunity to express their perspectives in a comprehensive manner (Carey, Morgan & Oxtoby, 1996).

After collecting data, the qualitative data obtained from the interviews will be analysed in-depth using a qualitative approach to find patterns, themes, and insights that emerge from the participants’ narratives. This analysis will involve coding, which is a process of categorising and organising the data into meaningful units. This will help identify recurring themes and key findings.

3.2 Subject Selection

This study will be conducted as a single case study with a multinational organisation with headquarters in the US.

Participants will be selected according to their power and knowledge of the currently used performance management system/process. Additionally, the aim is to reach different hierarchical levels within the organisation to gather useful information about potential differences of involvement throughout the levels and departments. It is also important to note that the organisation interviewed refers their replies to their performance appraisal system which takes place once a year where all the performance of the previous year is evaluated based on a nine box rating.

3.3 Data Collection

The interviews will be semi-structured, meaning that there will be open-ended questions in order to collect more information on the experiences of the interviewees. This structure allows the interviewees to openly state their thoughts, opinions and experiences in their own words which can help to find new insights and grant a deeper understanding (Wilson, 2014). For this research, it is important to gain the personal insights and perspectives of the interviewees which will be achieved through this setup of the interviews.

The questions for the interviews (see Appendix 1) are based on the research question and aim to get some general insights first and then explore a deeper perception of the interviewees. The open-ended questions are used to create a conversation between the interviewer and interviewee and also allow for a flexible structure for a comprehensive exploration. The interviews will be recorded either as a simple voice recording or video footage. Consent for the recording will be asked for in advance with an explanation of the full procedure, including the aim and purpose of the study, procedure and data collection & storage.

To reach the intended interviewees for the research, I will be using personal connections to connect to potential participants. Additionally, after the interviews, the interviewees will be inquired whether they potentially know connections within the organisation who would add value to the research.

The table below shows the distribution of interviewees with regard to their position and amount of people interviewed in that position. It also gives them a specific code which will be used to refer to them for differentiation purposes.

Table 2: Position & Number & Code of Interviewees

VP Sales Europe	1	VP
Customer Support Management	1	CSM
HR Europe	1	HREU
HR North America	1	HRNA

3.4 Data Analysis

The collected data is transcribed and translated if necessary. Three of the four interviews were held in German and the parts and segments needed for the analysis were translated into English to ensure coherence throughout the research paper. The interviewees were given specific codes to ensure no confusion between the different statements of the participants (see Table 2). The first part of the analysis of the qualitative data was deductive coding. Each interview was carefully analysed and checked for repeating themes and patterns which were then sorted into more basic codes. An example can be seen in Appendix 2 of the sorting of statements to the interviewee's perception of the current PA system. The second step is to find connections between the different interviewees and ensure the importance of the identified codes. Lastly, the codes are connected to one another to showcase emerging power dynamics.

4. RESULTS

The results aim at presenting the findings from the analysis of the qualitative data. The structure is based on the composition of the interview and direct quotes will be used to underline the findings. Additionally, visualisations of the connection between the different participant's perceptions are included.

4.1 Findings from the Interviews

4.1.1 Understanding of Power

All participants stated that their personal and organisational understanding of power does not or only ever so slightly different from one another. The participants shared a common understanding that power derives from one's position and authority and can be seen as a capability to exert influence and enable privileges.

So as a manager, you are in a situation where you have a certain power, in quotation marks, a certain disposal of power, if you will, over your subordinates (VP).

Due to one's position, they have a specific capability and permission to do things that they wouldn't have without this position (VP).

It was also mentioned that power is tied closely together to leadership and one's power over the design and shaping of one's area/ department:

From a leadership perspective and from the perspective of organisational culture, how much power or empowerment does an employee have to shape their area (HREU).

Figure 1 illustrates the summarised understanding of the power of the participants and shows the different aspects that in their opinion contribute to having power.

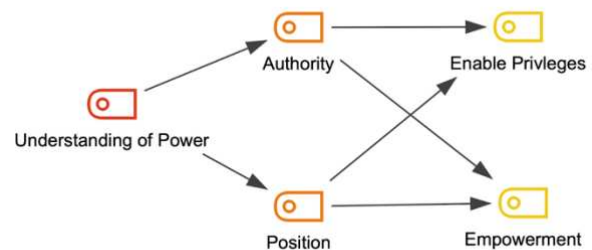


Figure 1. Understanding of Power

4.1.2 Perception of Current PA System

The participants shared their overall experience and perceptions of the current performance appraisal (PA) system. While they agreed that the system is sufficient for its intended purpose, they also highlighted certain aspects which are in need of improvement. All participants mentioned that the frequency needs to be adapted to better align with the organisation's needs.

I think that a once-a-year lengthy in-depth performance appraisal is in a sense, archaic (HRNA).

Currently, the PA process is conducted annually, but all participants suggested either implementing continuous feedback and performance evaluation or quarterly PA processes to reduce the risk of overlooking arising problems:

The earlier you bring them up, the more likely there is a greater chance of resolving them. Addressing them only once a year accomplishes nothing if everything has already gone wrong by then. That is truly too late, especially when there is a major conflict (HREU).

Another recurring critique centred around the rigidity of the system. The system currently evaluates performance based on a box rating which is perceived as a bit outdated and unsuitable. The participants expressed that employees may experience psychological distress due to the potential possibility of being sorted into lower-scoring boxes. Additionally, the constant comparison between employees within a team might cause restlessness and potential demotivation. While this is not universally welcomed by all employees, one participant noted that this approach aligns with the organisation's culture:

It is repeatedly mentioned publicly, at least in our internal calls, that we are a "Pay for Performance" company (CSM).

Because one simply has to continuously sort 10% of their organisation into the lowest categories. And that is the hire-and-fire mentality (CSM).

Furthermore, all participants indicated that they agree on compensation is seen as a significant motivational factor for employees to perform better. One participant particularly mentioned that:

I think people are motivated by money. People are motivated by their contributions to the success of an organisation or their team. And people are motivated by their individual success (HRNA).

In addition to special bonus programs, promotions and other financial incentives, the organisation also offers future development opportunities for high-performing employees such as special training or more responsibility with new customer groups.

Figure 2 displays the overall perception of the current PA system from the interviewees. It includes the psychological perception which is connected to the compensation and parts of the cultural influence. It also shows the perceived strengths and weaknesses of the system.

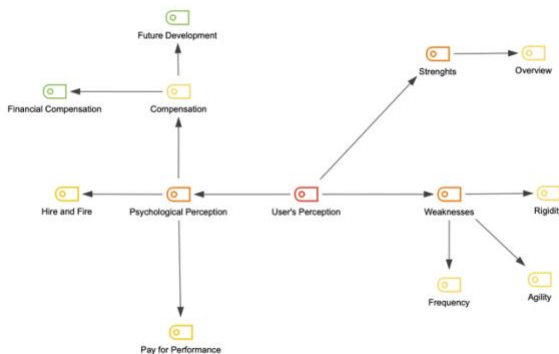


Figure 2. User's Perception of PA System

4.1.3 Decision for System & Historical Influence

Next, the participants were asked to speculate on the reasons that might have driven the organisation to choose the current PA system in use. All participants mentioned that the system is effectively offering an objective comparison between employees. Additionally, the PA process is just one part of the overall tool. In general, it handles most HR processes within the organisation which makes it multifunctional and offers a great overview of one's team. However, as none were directly involved in the decision-making process for the current process, all these were based on speculations.

One aspect which was noted several times was the historical influence. Their current nine-box rating originated from General Electric (GE):

I think that the nine box stemmed from; I think his name was Jack Welch. He came out of General Electric years ago (HRNA).

and one participant noted that this system reflects a very Americanized cultural aspect which is not surprising given it originates from GE and is used in an organisation with headquarters in the US:

It is heavily US-based, and I say this because it involves ratings. It is quite typical for US companies to rate employees (VP).

Additionally, the system is also prevalent in their industry and is considered to be effective for its intended purpose by many organisations.

Figure 3 visualises the reasoning for using the system; its key functionalities which seem most important for the participants and might have been driving forces for choosing the system based on speculation. It also shows the historical factors which might have had some sort of influence on the selection as well.

Figure 3 illustrates the different factors that based on speculation might have influenced the decision-making for the current performance appraisal system. It also visualised the potential impact historical factors might have had on the selection.

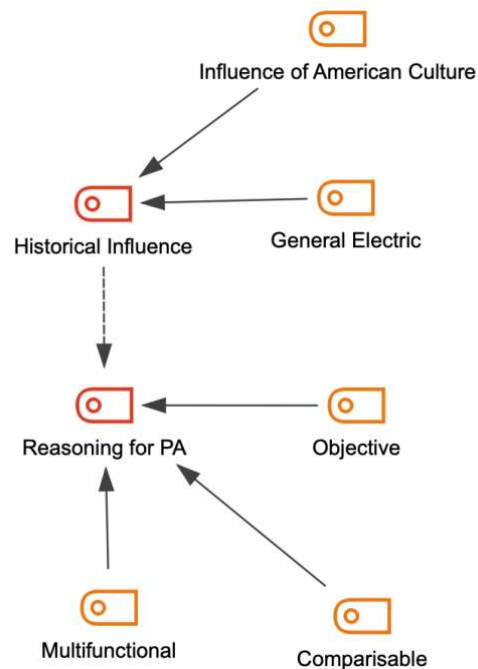


Figure 3. Reasoning for System & Historical Influence

4.1.4 Involvement in Design

Following, the participants were asked about their involvement in the design process of the PA system. Most participants have not yet been with the organisation as long as the system is in place, which means they were not directly involved in the design process. However, they expressed that they are willing and actively using the option to provide suggestions and want to contribute to the system's improvement.

Building upon that information, the participants were asked about the extent of their power to integrate suggestions into the PA system. The participants explained that as the system is used on a company-wide level, the decision-making regarding the systems enhancement also occurs across the whole organisation as any change will have "cross-company implications". They continued to explain that it typically requires a certain position

of authority or a compelling “business justification” for suggestions to be considered:

If the business justification and the business case align in a way that truly makes sense, then the whole thing is brought to the next layer to initially assess the consequences of choosing option A, for example (CSM).

These suggestions will be introduced to a certain board of representatives from different departments which will then come to a combined decision.

So basically, representatives from various departments will likely be present to represent the group as such changes naturally have an impact on everyone (CSM).

The participants explained that usually, the stakeholders involved in such a process are first the general managers and executive teams, this then goes one step higher to the HR department or a department specified on the PA system.

The participants also highlighted the involvement of the IT department in the decision-making process due to their expertise in system implementation and management.

Figure 4 illustrates the current decision-making process when it comes to implementing suggestions and how much power to be involved the different stakeholders have.

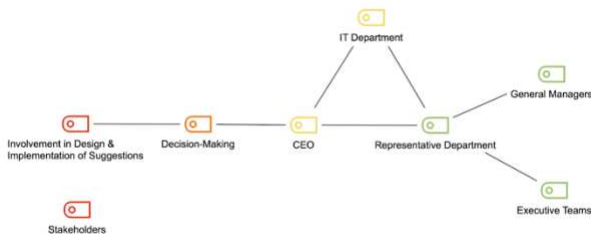


Figure 4. Stakeholder Involvement in Design & Implementation of Suggestions

4.1.5 Feedback Opportunities

Building upon the prior subsection, participants shared some insights on the feedback opportunities they have to customise and enhance their experience with the PA system. It was stated that there are opportunities to give feedback and that those exist at all given times, however:

Typically the largest portion takes place either during or right after the cycle. I think that's when it's most crucial because it's kind of at the top of mind. So that's the standard (HRNA).

Also, it is important to note that the participants indicated that even though everyone is being heard and listened to, not all feedback can and will be implemented:

Everyone is listened to. However, whether it gets implemented or whether it truly has the relevance to get implemented? No. (CSM).

5. DISCUSSION

The research of this study raised the question of which affects the stakeholder involvement process in the implementation and utilisation of performance management systems. The findings of the interviews suggest the presence of several key power dynamics namely hierarchical power, managerial power, power imbalances, historical factors and motivation & incentives.

The following table shows an overview of the findings from the analysis with the different attributes which can be connected to the power dynamic based.

Table 4: Main Findings

Power Dynamic	Attributes	Power Base
Hierarchical Power	Power Concentration Control & Influence Decision-Making Power Dependencies	Legitimate
Managerial Power	Power Concentration Collaboration & Team Leadership Styles Motivation & Incentives	Referent & Expert & Legitimate
Power Imbalance	Access Control & Influence	Legitimate
Historical Factors	Institutional Structures Cultural & Social Norms	Legitimate
Motivation & Incentives	Influence on Behaviour Resource Allocation Expectations & Compliance	Reward & Coercive

5.1 Managerial Power

The data implies that there is a power concentration / a concentration of power with the managers. The managers have a team consisting of several employees which need to be managed. Different leadership styles can bring different managerial strategies and approaches into the relationship. This dynamic can also be linked to motivation & incentives as the manager is the one ranking their subordinates and consequently has the power over career advancement and resource allocation.

The data suggests that there is a concentration of power among the managers. The managers of the organisation hold a position of authority and are responsible for overseeing their teams. This includes many tasks, as well as the performance appraisal ranking. This power dynamic arises from the power concentration which is based on the hierarchical structure of the organisation, which is implied as a top-down approach based on the data.

The managerial power dynamic can be sorted into a few of the power bases of the conceptual framework. First, the expertise and knowledge that a manager possesses can be seen as part of the expertise power base. Managers often have specialised skills, experiences and expertise in their respective fields which earned them the position and makes them the primary source for their team members in cases of inquiries about guidance and direction. It is dynamic as each team member needs individually tailored feedback based on their performance.

Additionally, the power dynamic between the managers and their team members can be influenced by referent power. Managers should have certain qualities such as strong leadership qualities and communication skills which lead to them being in a certain position where their subordinates feel a certain respect and admiration towards them. These characteristics can be shaped by different leadership styles and a manager’s personal approaches. The referent power can influence the dynamics within a team towards an increase in the desire of the team members to be recognised for their performance and for meeting the expectations and goals set by the manager.

Lastly, managerial power also encompasses legitimate power. The position of the manager is derived from institutional and hierarchical structures within the organisation which can be connected to historical factors. The manager has certain

possibilities due to their position of authority over their subordinates in regard to decision-making. This power dynamic is also connected to motivation & incentives, as the manager is the one with the power of allocating the resources.

5.2 Hierarchical Power

The data implies the existence of a top-down approach where power flows from higher-level positions to lower-level positions. Managers and other higher-level positions hold formal authority and have more power in decision-making processes. This creates dynamic or hierarchal structures where the power concentration is at the top levels of the organisation.

This power dynamic includes all power bases of the conceptual framework as it also builds upon the other power dynamics. The hierarchical structure within the organisation and both the concentration and dependency on power imply the presence of the legitimate power base. Additionally, the power concentration within the organization gives managers a greater level of authority (managerial power dynamic). They leverage their referent and expert power to motivate team members and drive them towards achieving optimal performance. Moreover, the higher-ups possess control over resource allocation and the compensation process (motivation & incentives dynamic) and utilize their reward and coercive power accordingly. Lastly, the structure and procedure of the performance appraisal system are influenced by historical factors which are tied to the legitimate power base again.

5.3 Power Imbalance

The data shows the significant existence of power imbalances within the organisation. These imbalances impact an individual's control and access to power. These imbalances are the result of hierarchical structures which contribute to different levels of authority and decision-making power based on an individual's position. Power imbalances are also clearly seen in regard to managerial power and the dynamic between managers and their team members.

The power dynamic can therefore be sorted to the power bases of the conceptual framework which are also affecting hierarchical power and managerial power (see following subsections). Unequal distribution of power among the different stakeholders can have the negative consequences of them not being able to participate, express their opinions, and influence decision-making processes to their full potential. Stakeholders with less power may face barriers in accessing resources, opportunities, and information.

5.4 Historical Factors

The data implies that the current performance appraisal system is influenced by American culture and the practice of rating the individuals based on performance and sorting them into the nine box system can be traced back to General Electric. In general, the rating system can be linked to the common organisational structures within American organisations.

The influence of the social and cultural norms of this Americanised system creates a certain dynamic. The adoption of the system entails the adoption of the norms that the system was built on and reflects broader institutional structures which have perpetuated and normalised certain practices. This affects the perception and response of employees towards the system. The system is perceived as outdated and rigid and an implementation of suggestions could move the system towards a direction which is more aligned to the changing demands and needs of the end-users.

The legitimate power base can be seen as relevant to this power dynamic. The performance appraisal has been in place within the

organisation for a while. The data implies that it has been used for at least as long as all the participants have been part of the organisation. The system is therefore deeply rooted in the organisation's history. This may cause it to be seen as legitimate and considered established and acceptable based on its history. The historical factors can contribute to a feeling of tradition, stability and institutionalisation which can promote a feeling of authority from the system.

5.5 Motivation and Incentives

The analysed data suggests that financial compensation, future development and other potential incentive possibilities lead to an increase in motivation for employees of the organisation. All employees are expected to have a basic understanding of what they can expect based on their performance which is sorted into the box rating by the manager. The data support the notion that available resources are divided by the manager according to the ratings. Some individuals are perceived as shooting stars and high-performers which require special attention from managers as the retention of these valued talents is necessary. Managers have to adopt the incentives program to potentially offer future development opportunities.

The reward and coercive power base of the conceptual framework is particularly relevant to this power dynamic. The connectivity between the nine box rating and (financial) compensation highlights the influence of the reward power base. Employees are aware that their compensation is directly affected by their performance which creates motivation to perform well and in cases with the goal of exceeding expectations. The pay-for-performance approach reinforces the use of reward power by the organisation to incentivise employees and drive them towards the desired outcomes.

Simultaneously, the data suggest the presence of the coercive power base. Next to positive motivational factors, it is known to the employees that the worst performers can be terminated at any given time. This dynamic creates a sense of fear and can further motivate one to perform at one's best to avoid negative consequences. Coercive power is used as a mechanism for this power dynamic to ensure compliance and maintain performance standards.

5.6 Connection between Power Dynamics

Next to the identification of the different power dynamics, the data also shed light on the fact that there is a close relation and connectivity between the identified power dynamics.

The figure below aims at providing a visual representation of the connections. Historic factors are influenced by cultural and social norms and influence the institutional structures of organisations. Motivations & incentives are also influenced by various aspects such as cultural and social norms, expectations and compliance from employees and possible resource allocation. The resource allocation is determined by the managers. Managerial structures can derive from historical factors such as institutional structures. The managerial power then is partly responsible for power concentrations and power dependencies within an organisation which create power imbalances. On top of the figure is the hierarchical power which is interconnected to all other power dynamics through power imbalance. This power dynamic has been identified as the most impactful one as it has either a direct or an indirect relationship with each of the other power dynamics.

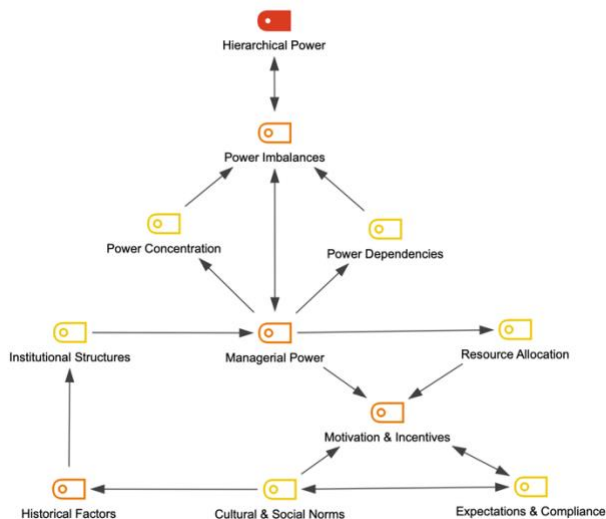


Figure 5. Relationship between Power Dynamics

5.7 Implications for Future Research

The findings of this research identified various salient power dynamics that affect stakeholder involvement in the implementation and utilisation of performance management systems. Based on the findings, several implications for future research emerged.

5.7.1 Stakeholder Engagement

Further research should focus on investigating specific processes and mechanisms which advocate power imbalances during the stakeholder involvement in performance management systems. This could include the extent of the power distribution between managers and employees and how this affects processes such as an employee voicing their opinions and being part of the decision-making. Having a clearer understanding of potential power imbalances for stakeholder engagement can enhance inclusivity and contentment.

5.7.2 Leadership Styles

Future studies should explore the relationship between different leadership styles, managerial strategies and power dynamics within teams. This should include the analysis of the impact different leadership styles can have on power imbalances, employee motivation and ultimately performance outcomes. Further exploration of the role of leadership might offer valuable insights into effective leadership practices which will eventually lead to meeting and exceeding goals and expectations.

5.7.3 Performance Incentives

The findings highlighted the importance of incentivising employees. Future research should investigate further the effects and impacts of reward and coercive power on employee performance, motivation and overall organisational outcomes. Understanding and clarifying the potential impacts can be beneficial for promoting effective motivation and incentive programs within performance management systems.

6. CONCLUSION

This study has explored the salient power dynamics affecting stakeholder involvement in the implementation and utilisation of performance management systems. The findings have revealed an interconnected nature of hierarchical power, managerial power, power imbalances, historical factors, and motivation & incentives within the observed organisation.

Based on the interviews conducted, several conclusions can be drawn. Firstly, there is a noticeable concentration of power

among managers and other higher-ups, indicating a top-down approach to decision-making and control. Secondly, power imbalances within the organisation significantly impact stakeholder involvement, potentially hindering effective participation and collaboration.

Furthermore, the analysis of the data using French & Raven's (1969) conceptual framework on power bases has demonstrated the presence of all five power bases within the organisational structure, with legitimate power being predominant.

These findings have important implications for organisations seeking to enhance stakeholder involvement in the implementation and utilization of performance management systems. By recognising and addressing power imbalances and adopting more inclusive decision-making processes, organisations can create an environment that promotes participation, engagement, and collaboration among stakeholders.

7. LIMITATIONS

It is important to acknowledge the existing limitations of the study. Firstly, the research was conducted as a single case study within just one organisation. This may limit the ability to generalise the findings outside the lines of this specific organisation. Secondly, although the sample size of four participants allows us to gather in-depth information on the experiences and perceptions of those individuals, it may be possible that the findings do not represent the perspectives of the majority of the employees of the organisation. Thirdly, the data that was collected during the interviews relied on self-report measures which can implicate the potential existence of biases.

8. ACKNOWLEDGEMENT

I would like to express my gratitude to my professor dr. Simon Schafheitle and Laura Lamers for their guidance, expertise, and support throughout the duration of this research. Your valuable insights and constructive feedback have been very helpful in shaping the direction and quality of this study. I would like to extend my sincere appreciation to all the interviewees who shared their time, knowledge, and experiences for this study. Their willingness to participate and provide valuable insights has enriched this research and without their contribution, this research would not have been possible.

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10. APPENDIX

10.1 Appendix 1: Interview Guide

Starting Questions

1. What is your understanding of "power"?
 - a. Does your understanding differ when trying to look at it from an organisational point of view?
2. How does your mentioned understanding of power translate to the PA system? Is there a translation?

Questions about the PA System

1. How would you describe your overall experience with the current PA system?
 - a. What are its strengths and weaknesses from your perspective?
 - b. Are there any specific features or functionalities that you find particularly useful or lacking?
2. How well does it align with the needs and preferences of the employees?

Involvement in Implementation

1. What factors influenced the organisation to implement the current PA system?
2. How involved were you in the decision-making process for implementing the PA system?
 - a. Did you have any influence on the selection or customisation of the system to meet the organisation's needs?
3. Who were the main stakeholders involved in the design process of the PA system?
 - a. Do you feel it was a collaborative effort or driven by a few key individuals?
4. From your observations, do you perceive any specific departments, teams, or individuals within the organisation as having more influence or power in the development of the PA system?
 - a. Can you provide any examples or instances that support this perception?

5. From your perspective, what role does the top management or executives play in the development and implementation of the PA system?
6. Are their decisions regarding the system communicated effectively to the HR department and other employees?

Feedback Opportunities

1. Are there certain opportunities to give feedback?
2. Is the feedback being acknowledged and implemented?
3. How often can you give feedback?

10.2 Appendix 2: Display of Coding Process

Farbe	Dokumentname	Code	Anfang	Ende	Segment
●	Interview 1	PA system > Perception of PA system	185	185	"Wie"
●	Interview 1	PA system > Perception of PA system	101	101	ausreichend
●	Interview 1	PA system > Perception of PA system	185	185	Ob das dann als ausreichend gesehen wird oder als motivierend, das ist dann noch die andere Frage.
●	Interview 1	PA system > Perception of PA system	188	188	die haben mit die Top Bewertungen bekommen, mit die Top Prozent und waren trotzdem nicht zufrieden. Und andere, die haben vielleicht unterdurchschnittlich was bekommen, waren aber für sich trotzdem zufrieden, weil sie es sich soweit gut ausmachen konnten und das nachvollziehen konnten und das am Ende dann doch wieder diese sehr individuelle ja, wie empfinde ich das? Wie empfinde ich die Message, die ich bekomme zu dem was ich erwartet habe?
●	Interview 1	PA system > Perception of PA system	62	62	The system in principle is unchanged since five years. The structure in itself hasn't changed too much. There are two aspects. One is the performance rating and the other one is the behavioural rating that plays a role into the overall assessment and then at the outcome is also, let's say, a future capability or future growth potential related aspect is there as well. To a certain degree that's a strength, because we have consistency over time. There is a certain possibility to reuse experience from previous assessments. The employee can relate to that, the manager can relate to that and therefore I'd say consistency is a strength in that whole process. Weaknesses? It still tries, in my point of view, it still is a bit old school in the sense of it put people, or tries to put people, in boxes.
●	Interview 2	PA system > Perception of PA system	180	180	Ist es ist gewollt vom Management? Ja. Ist das Ziel damit erfüllt? Ja. Kommt es überall gut an? Nein.
●	Interview 2	PA system > Perception of PA system	45	45	nichtsdestotrotz habe ich bisher wenige Tools gesehen, die das besser machen würden für die Struktur, die wir haben.
●	Interview 2	PA system > Perception of PA system	174	174	Die schlechtesten 10% können jederzeit gehen und das passiert auch dann regelmäßig und dafür werden die einfach da einsortiert. Das ist dieses Jahr auch schon passiert und dafür ist es da für mich als Manager, aus der Sicht, ist das kein Problem, ich weiß, aber auf der anderen Seite, mich kann es auch jederzeit treffen. Klar bringt das Unruhe.
●	Interview 2	PA system > Perception of PA system	171	171	Auf emotionaler Weise, subjektive Weise, ja, ist das ein Problem. Und das ist kulturell auch ein Problem. Für Amerikaner ist das weniger ein Problem, für Europa kann es ein Problem sein. Für Philippinos ist es ein größeres Problem, weil man einfach permanent 10% seiner Organisation in die schlechtesten Kategorien einsortieren muss. Und das ist die Hire and Fire Mentalität.
●	Interview 4	PA system > Perception of PA system	193	193	task
●	Interview 4	PA system > Perception of PA system	179	179	I'd say. It's integrated with our other HR System, so it's it's pretty easy to use