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Title: Individual Employee
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Individual Employee Performance Management in Union Environments: The Emperor goes to Abilene

Most of us are familiar with the parable by Hans Christian Andersen about a vain emperor, duped by two swindlers into believing that they have made him a beautiful cloak, visible to all except those who are unfit to hold their office. While everyone can see that the emperor has no clothes, no one is prepared to tell him, fearing they will be considered stupid, naïve or otherwise incompetent. The Abilene Paradox¹ may not be as well-known, but this modern-day management parable offers equally profound insights. It is the story of a family living in Coleman, Texas, which, on a pleasant day one weekend, drives 53 miles to Abilene, has an unsatisfying meal in a restaurant, and returns home only to discover that no one wanted to go to Abilene in the first place. Quite simply, it was easier to go along than to disagree, so no one had objected when the trip was suggested. When it comes to individual employee performance (IEP) in union environments, the situation we all face — managers, union leaders, consultants, governments, third-party dispute facilitators and educators — is a combination of the emperor having no clothes *and* the Abilene Paradox. No one talks about the issue for fear of being seen as stupid, naïve or unfit for office, and because of this, we have ended up where we do not want to be.

Braving the risks stated above, this article will address the issue of individual employee performance in union environments. In doing so, it will briefly review the success that collectivist or high performance work system (HPWS) approaches have achieved over the past two decades; outline why it is important for unions and management to address this issue of individual employee performance and what is in it for them; review what the research says about good, better and best practices, and develop a workable strategy that can be jointly implement.

Why is Individual Employee Performance Management Important?

As most of us are well aware, how companies manage employee performance and performance issues can have a tremendous impact on employer-worker and employer-union relations. Furthermore it can, and in most cases does, have a significant impact on employee quality of working life, productivity, product and service quality, turnover, attendance and health and safety (Lowe, Pfeffer).

¹ Developed by Jerry B. Harvey, author of *The Abilene Paradox and Other Meditations on Management*

Beyond these considerations, individual employee performance (and allied considerations related to the assessment of ability, competency, efficiency, experience, skill) can have an impact on hiring, promotion, training, transfer and layoff decisions. All of these are covered in a typical collective agreement (Sack). Given the importance of this topic to employers and unions, one would think that there would be a consensus as to what constitutes best practices for managing IEP. However, as anyone familiar with labour relations knows, there is not (Brown and Beatty, Alexander). More disturbing is the reality that this topic is not being discussed. In other words, the emperor has no clothes, but no one wants to appear naïve or stupid² by talking about it. This, however, is not to say that nothing has been happening in the area of employee performance management; much is happening, but it is almost exclusively on a collectivist or systemic basis.

Collectivist Strategies – High Performance Work Systems

Certainly, in the past 20 years we have seen innovations in the design of jobs and work systems that have resulted in so-called high performance work systems, which build on work teams and increased employee involvement in problem-solving, quality control and even governance (Osterman, Appelbaum, Ichniowski). We are also seeing negotiated variable reward systems that are tied to performance (Conference Board) and other team or group based strategies.

In general, these approaches are characterized by certain common elements:

1. The redesigning or designing of job responsibilities and production processes that allow for greater variation in the nature and complexity of the work employees perform.
2. The development of measurement and monitoring processes, allowing greater opportunity for employees to receive group performance feedback on a regular and ongoing basis.
3. The changing of managerial and supervisory processes that allow for an increase in opportunities for employees to participate in problem-solving and decision-making on issues related to the quantity and quality of their work.
4. A substantial increase in the amount of information employees receive on issues related to the performance of their work group or unit and organization.

² Prior to preparing this article, I surveyed a number of executives, union leaders, consultants, academics, government officials and arbitrators from across Canada to determine whether this topic is, in fact, an issue and whether they felt it was significant and worthy of examination. Their response, universally, was that it is.

5. The restructuring of work organizations, allowing employees more opportunity to work on a team basis in the performance of their work.
6. The increased empowering of employees with decision-making responsibilities — particularly relating to quality control and assurance and the provision of customer service.
7. A substantial increase in the amount of training and skill development for employees.
8. A re-visioning of the role of supervision, particularly first line, from one of overseer to coordinator, coach and facilitator.
9. A changing of reward systems so that compensation arrangements reinforce teamwork, skill acquisition and performance.
10. The implementation of workplace governance systems that allow for increased employee participation and involvement in issues of policy and strategic direction.

These strategies, however, are collectivist solutions and to a large degree do not address the issue of individual employee performance.

The Current Situation and Understanding the Lack of Progress

In union environments, individual performance management strategies are typically built on surveillance and the use of sanctions, coercion or discipline and do not reflect the more “enlightened” approaches and advances that have been made on the collective front. And even in those unionized organizations where HPWS strategies have been implemented, there is too often a very poor understanding of how to deal with individual employee performance in the context of a team — or, more critically, how to deal with employee performance problems other than to hope that somehow the team will be able to work it out.³ In fact, there is reason to believe that the dichotomous relationship between the progress that has been made on the collective front, and the lack of agreement or progress on how to manage IEP, may jeopardize HPWS initiatives (Cappelli, Kumar, Godard).

In many ways it is understandable that we do not have good processes or agreed-upon approaches for managing IEP in union environments. First, it has to be

³ This gap in our understanding was made very clear to me one day when I was contacted by an employee from an organization that has a very successful track record of building high performance work systems using self-managing work groups. The employee’s question was a simple one. “What do you do when one of your team members is not performing and everyone is being hurt?” When I asked, “What does the supervisor have to say about it?” the response was, “They don’t want to hear about it because they do not know what to do either.”

acknowledged that even in non-union situations or with management or so-called exempt employees, where such systems are more prevalent, there is considerable confusion and lack of agreement regarding how IEP should be managed (Grote, Smither, Deming Coens). In fact, the track record of organizations in both the private and public sectors in successfully introducing effective performance management systems with management and professional employees, let alone unionized employees, is very poor (Coens, Grote, Smither). The reasons for this failure extend from poor program design to lack of training and senior management support, and increased change and organizational instability (Harris). If we add the historical resistance unions have had to change and management initiatives it is understandable why there has been so little progress made on the development of IEP strategies in union environments.

Beyond a less-than-satisfactory experience with IEP management approaches in the past and union resistance, there are other, more prosaic reasons for why there has been so little advancement. The most significant is that in most organizations, employees are seen as an expense and not as assets (Fitz-enz). As we will see later in this article, the development and implementation of an effective individual employee performance program, particularly in a union environment, requires not only a significant change in thinking on the part of management and unions, but also a substantial initial investment. Given the employees-as-an-expense mentality, there are going to be very few organizations willing to invest in such a program. If we add to these reasons the sense of futility and resignation regarding the inability to introduce change in union environments that prevails among managers, and the apprehension and mistrust unions have about management change initiatives, then it is clear why we haven't improved, and why we have ended up "in Abilene."

Daunting as it may seem, we should not abandon a goal of developing effective IEP management processes in union environments. However, to do so, we first need to understand what we mean by IEP, and what the research tells us are better or best practices.

Understanding Individual Employee Performance Management

If one of the reasons for the lack of progress is that we do not have a common understanding of how to manage IEP, then the question is, Are there better ways, or a best way, that can be potentially agreed upon? Based on the research, both empirical and applied, the answer to this question is yes, and the seven

characteristics of an effective employee performance management process are as follows:

- Employee performance management has to be viewed as a process that includes developing a clear understanding of the employee's role and responsibilities in the organization, establishing agreed-upon and measurable outcomes or expectations related to the responsibilities, providing ongoing feedback, support and coaching to the employee in achieving the expectations, and performance that is reviewed in terms of development, rather than evaluation or appraisal (Grote, Coens, Smither, Hewitt, Lam, Bretz, Zigon).
- Employees need to have a sense of ownership and genuine participation in the process that is seen as empowering them as opposed to controlling them (Cranny, Brown, Cawley, Drach-Zahavy, Miller, Phillips).
- Performance measurement is based on actual performance against agreed-upon standards, targets and objectives, and not an opinion/subjective rating-based evaluation by supervisors, peers or subordinates (Kaplan, Gwynne, Fried, Diboye, Schrader, Waldman, Ostroff, Bobko).
- Performance expectations are developed in the context of the overall goals of the organization, business unit, department and work unit and are consistent with those goals (Judge, Latham, Waldman).
- The focus of the process at every stage is on identifying and enabling the employee to make a contribution. Therefore development needs, both employee and organizational, are identified and acted upon, and sufficient resources are provided to make the needed changes (Jawahar, Boswell, DeGregorio).
- If and when an employee experiences difficulty in achieving performance expectations and is not able to contribute at the agreed level, a problem-solving and employee-centred approach is taken to resolve the shortcomings (Boswell, Bobko, Brown, DeGregorio).
- Although it is not what will or should drive the implementation of the process at the outset, there has to be provision built in to ensure that employees equitably share in the benefits resulting from improved performance (Pfeffer, Harris, Kim, Kohn).

As self-evidently "right" as these seven characteristics may appear to be, there are few organizations with non-union IEP management systems that encompass

them all, and fewer still in union environments (Coens, Grote, Smither, Conference Board, Cappelli). Therefore the first requirement in developing an IEP management strategy is to ensure that the process is designed to include all of these characteristics. Given that that can be done — and more will be said later about how to do so — the next requirement is to deal with the labour relations implications associated with implementing such a system. And in environments where employees are represented by a bargaining agent, there are clearly considerations that do not exist in non-union environments.

Labour Relations Implications

From a traditional labour relations perspective, the “management” of an employee’s performance is a residual right of management or the employer. Therefore one could conclude that the only labour relations implication associated with IEP is where there is wording in the collective agreement that modifies or guides how management can exercise this right. This conclusion, however, would be naïve. A review of a sample of typical collective agreement reveals that although the words “employee performance” may not be included, a significant number of allied or synonymous words/concepts do occur. The most prominent of these are: ability, competency, skill, qualification, experience, work record, efficiency and merit. These words most often appear in contract clauses related to hiring, transfer, promotion, job posting, layoff, staff changes, discipline, discharge, technological change, probation, and access to training, work, leaves of absence and overtime (Sack). Obviously, any initiative that potentially impacts this number of “acquired” rights in the workplace will be of significant interest to employees and their bargaining agents.

In almost all cases, the use of wording associated with employee performance, including the allied considerations mentioned above, relates to whether the employee is entitled to the job, promotion, recall etc. on the basis of his/her performance (or allied consideration) or seniority. What is interesting to note — and this is where IEP has significant labour relations implications — is that precedence or preference is given to seniority over performance (or allied consideration) only when it can be demonstrated that the performance of the more senior employee is equal or relatively equal to that of the other employee or candidate. And where it is unequal and the more junior employee performs better, then seniority does not prevail.

As anyone involved in labour relations knows, seniority is a sacred right to unions and organized labour. And even though access to work, promotions,

training or recall etc. is essentially a competition between two employees or union members — and from a management perspective this should not be an issue as long as they get someone who can do the work — individual employee performance management and by implication, measurement, are seen as a threat by unions because of their impact on seniority. The net result is that even though most collective agreements provide for the use of performance (or allied considerations) to discriminate between employees on issues of hiring, transfer, promotion etc., it is seldom if ever used, and seniority prevails in most circumstances.⁴ This is a less than desirable situation for management, and on initial examination may represent a desirable one for unions. However, a more thorough scrutiny reveals that it may be less desirable to unions than it originally appears to be.

What is in it for Unions?

One very compelling reason for unions to become more involved in the employee performance issue is that the whole organization is potentially at risk over the long run when performance issues are not addressed, mediocrity is the result and an attitude of resignation and acceptance on the part of managers and employees prevails. Initially, one sees these risks as being in the area of commercial success and survival, but they extend beyond those to include health and safety, workforce skills acquisition and wages and benefits. In a corollary sense, if one assumes that employees come to work to do a good job and be part of a winning team (Lowe) then the union runs the risk of being discredited in members' eyes if it is seen as being responsible for the preservation of a system that stands in the way of employees fulfilling these needs. Beyond these two reasons, there is a more esoteric one related to a union's "duty of fair representation." Given that the collective agreement imposes duties on both parties, it can be argued that if there are more able and better-performing junior employees who are being denied access to work, promotions, transfers etc. in favour of more senior employees — even though the collective agreement states that seniority will prevail only when all other factors are "relatively equal" —

⁴ It could be concluded from this observation that employee performance is not important to management or that management agrees with the notion of rewarding seniority irrespective of performance considerations. Obviously this is not the case. As a poll of any group of managers who work under the conditions of a collective agreement will reveal, they feel restricted to promote, transfer, hire etc. on the basis of performance, merit or work history and have resigned themselves to being governed by seniority when it comes to these kind of decisions.

then the union is not providing “fair representation” to the more able or better-performing junior employee. The most compelling argument, however, for why unions should become more involved in IEP management is the positive impact a well-designed program can have on employee job satisfaction and quality of working life — at the individual employee level. Assuming member job satisfaction is an objective of every union, there is a strong reason for labour leaders to involve themselves in the development and implementation of a process that has the potential to improve members’ work-life experience.

The Case for Collaboration

As it currently stands, very few unionized organizations have IEP management programs. The reality is that labour and management have settled into an uneasy standoff on the issue and are only forced to confront it face-to-face when individual performance problems arise, disciplinary action is taken and there is an appeal or grievance as to whether the discipline was for just cause (Alexander). As anyone who has ever been involved in a disciplinary case knows, the process does not engender trust, positive feelings or mutual respect with any of the parties — management, labour or employee. In fact, it too often results in the opposite. The absence of a functioning IEP management process means that inevitably, management will have to resort to discipline to “correct” undesirable situations or deal with performance discrepancies when they arise. Discipline is a form of punishment and its use represents a threat or intimidation. Relying upon the use of discipline to manage performance effectively means that fear is being used as a motivator. Certainly, this is not a situation that is desirable for either of the parties, and certainly not for employees.⁵ Therefore the development of a process that has the potential for reducing the use of discipline (i.e. fear and intimidation) is something around which both parties can and should be able to find “common cause.”

The case for collaboration is strengthened if we examine the history of collaborative efforts over the past three decades. During this period we have seen management and labour come together to jointly develop and implement programs in the areas of occupational health and safety, employee assistance (Luthans) and employee training (Painter). And, although not as ubiquitous as these three, there are, as previously mentioned, numerous examples of the

⁵ Fear is sometimes called the carbon monoxide of organizations. As we all know carbon monoxide is an odourless, colourless and invisible gas we cannot detect, but if there is too much in the environment then it can kill. Fear in an organization can have the same effect.

parties collaborating on workplace redesign and reorganization initiatives (Osterman, Appelbaum, Kaminski). In all of these cases, the basis for collaboration has been the recognition that the goals of labour and management are similar and that gains can be achieved more easily by working together as opposed to separately.

Beyond these benefits of collaboration, there is a unique role that unions can play in the introduction of IEP management programs, and it is that of “honest broker,” facilitator and watchdog. As elected employee representatives, union leaders have shown they can be more effective than their management counterparts in carrying out a vital communication and problem identification function when given the opportunity to do so and it is part of the organization’s culture (Rubinstein). During the initial stages of introducing an IEP management program, employees are going to be wary and will look to their union leaders for reassurance that the program is genuine in its goals. By working as facilitators and assuming a watchdog role, union leaders can assuage these predictable and understandable apprehensions. In the longer run, the argument for collaboration becomes more persuasive as the implementation of the IEP management begins to produce benefits for employees and the organization. Furthermore, skills and experiences acquired through the implementation process can become an important part of an overall relationship improvement process (Alexander).

What Will the Joint IEP Look Like?

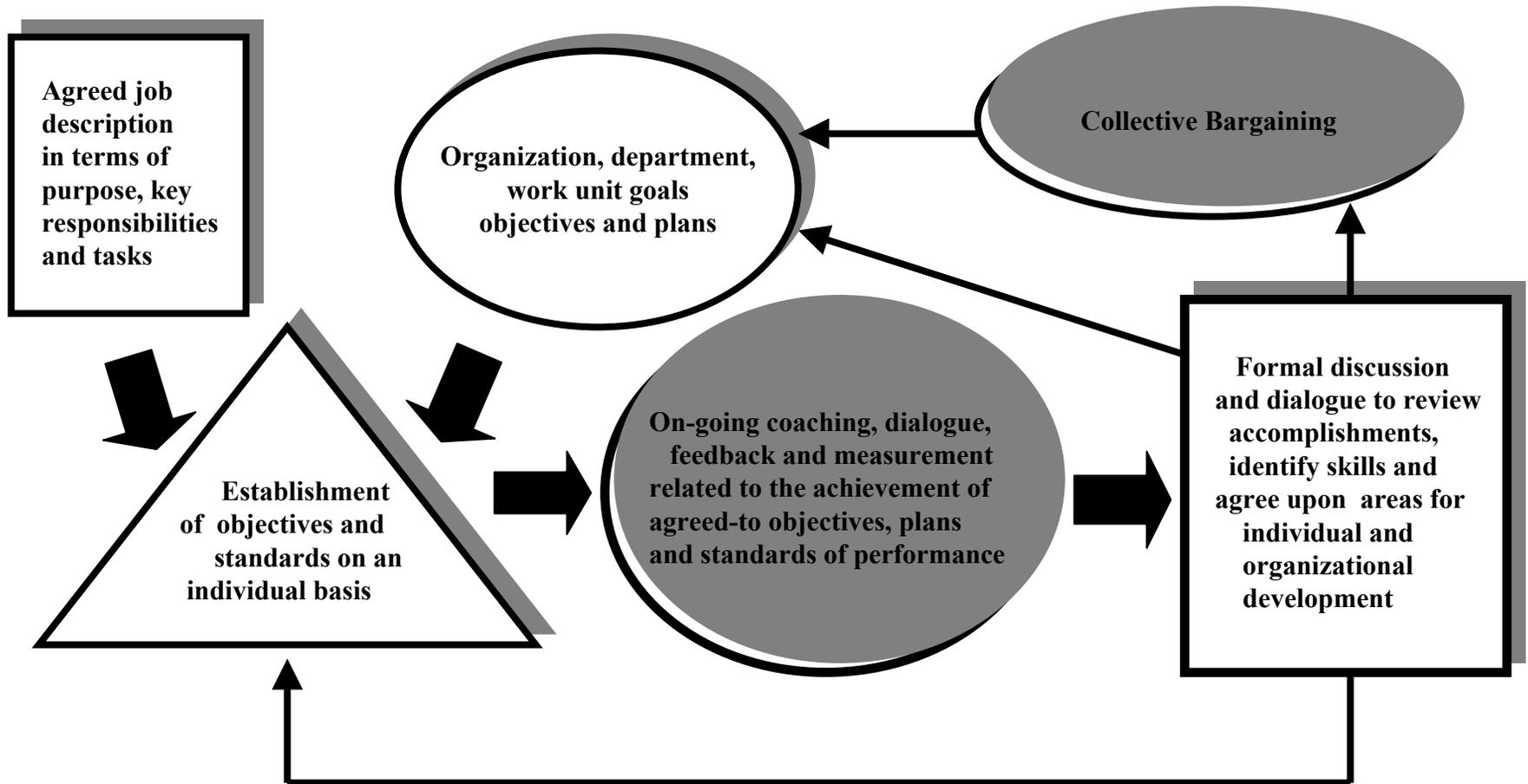
Working from the seven “success” characteristics of a best practices program previously outlined, the eight elements of a jointly developed IEP management program, summarized in Exhibit 1, are as follows:

1. Job, role or position descriptions are developed for the jobs covered by the program. At minimum, these descriptions should include the purpose, key responsibilities and essential tasks that make up the job. Given the importance of this initial step and the labour relations considerations outlined above, it is vital that the union and employees are involved and committed to this step in the process.
2. Once roles and job descriptions are put in place, measurable and agreed-upon performance standards are developed for the essential tasks in the job. These standards can be developed individually by the employee, or if it is a multi-incumbent position, the standards can be developed on a group basis. In developing these standards, it is important that they are

- consistent with the overall goals of the organization and are “supported” or “owned” by the employees, and not imposed.
3. Beyond the development of performance standards, the planning process requires an element that allows the employee to “stretch” on an individual level through establishing individual objectives and work plans related to work and personal development.
 4. A final element in the performance planning process is ensuring that the individual objectives and standards are consistent with the overall goals of the organization.
 5. Once standards are set and objectives and plans developed, there is an ongoing process of communication, dialogue, measurement and feedback with the employee on his/her performance related to the agreed standards, objectives and plans. Research has shown that this is the area where IEP management process most often breaks down (Harris, Grote, Smither, Coens). It is also an area where the union can play a vital role in facilitating and acting as a watchdog for the process, and help prevent a breakdown.
 6. The next element in the process is reviewing the employee’s performance against the agreed plans. Again, the process can break down here for a variety of reasons discussed earlier. As with the previous step, the union can play an important role in ensuring this breakdown does not occur.
 7. Next, there is the feedback element whereby results from the review are fed back, as individual and organization development considerations, into the individual employee planning process and organizational and work unit plans.
 8. Finally, there is the issue of “sharing” the gains that have been achieved through improved performance. Here the collective bargaining process, which is really a participative method for employees to “gainshare,” becomes a vital part of the performance strategy in that it allows for equitable distribution of benefits to employees.

The key aspect of making this process work, besides ensuring all of the essential design and training components are included, is leadership commitment. Traditionally, it has been first line managers and their bosses, supported by senior management, who are seen as the vital leadership element. However, if the leadership paradigm is expanded to include the union, as it should be, a paradox quickly emerges. Union commitment, as we have seen with workplace safety, employee assistance and some HPWS implementations enhance the likelihood of success and continuity of employee-centered programs (Osterman, Walton, Kochan). The absence of union commitment to IEP strategies, as is the

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current situation in virtually all workplaces, means this kind of initiative will fail. Therefore, any implementation strategy has to be targeted on building not only management and employee support, but union support as well.

Implementation

Although the design of a best practices process — Exhibit I — is crucial to the introduction of IEP management, it is the implementation strategy and the carrying out of the detailed steps within that strategy that will determine its success. There are five major elements in the strategy, and within each of these, a number of important, detailed steps. Summarized in Exhibit II, these elements and related steps are as follows:

Assessment of Current Situation and Determination of Readiness —

This element serves a dual purpose of:

- collecting information and data on the current situation in the organization in terms of existing (or lack of) processes for managing performance, assessing the level of commitment to change, reviewing both formal and informal practices and individual and collective history with managing performance and,
- determining the readiness for change of managers, union leaders and employees.

The most important element in assessment and readiness determination is the dialogue that goes on between union and management, management and employees and employees and management. This dialogue is directed toward acknowledging there is “a better way” and that finding “common cause” is important. There are two typical ways in which this dialogue takes place. One is through use of a search conference, where, under the guidance of an external consultant, managers and union leaders review their current processes, and learn about new approaches and the experience of other organizations that are trying to introduce this kind of change. A second method is to visit with other organizations and unions that have been successful in introducing performance improvement programs. The desired outcome of this first element in the process is the emergence of a general understanding of the shortcomings of not having a well-structured and effective IEP management program, as well as a readiness,

Individual Employee Performance Management Implementation Process

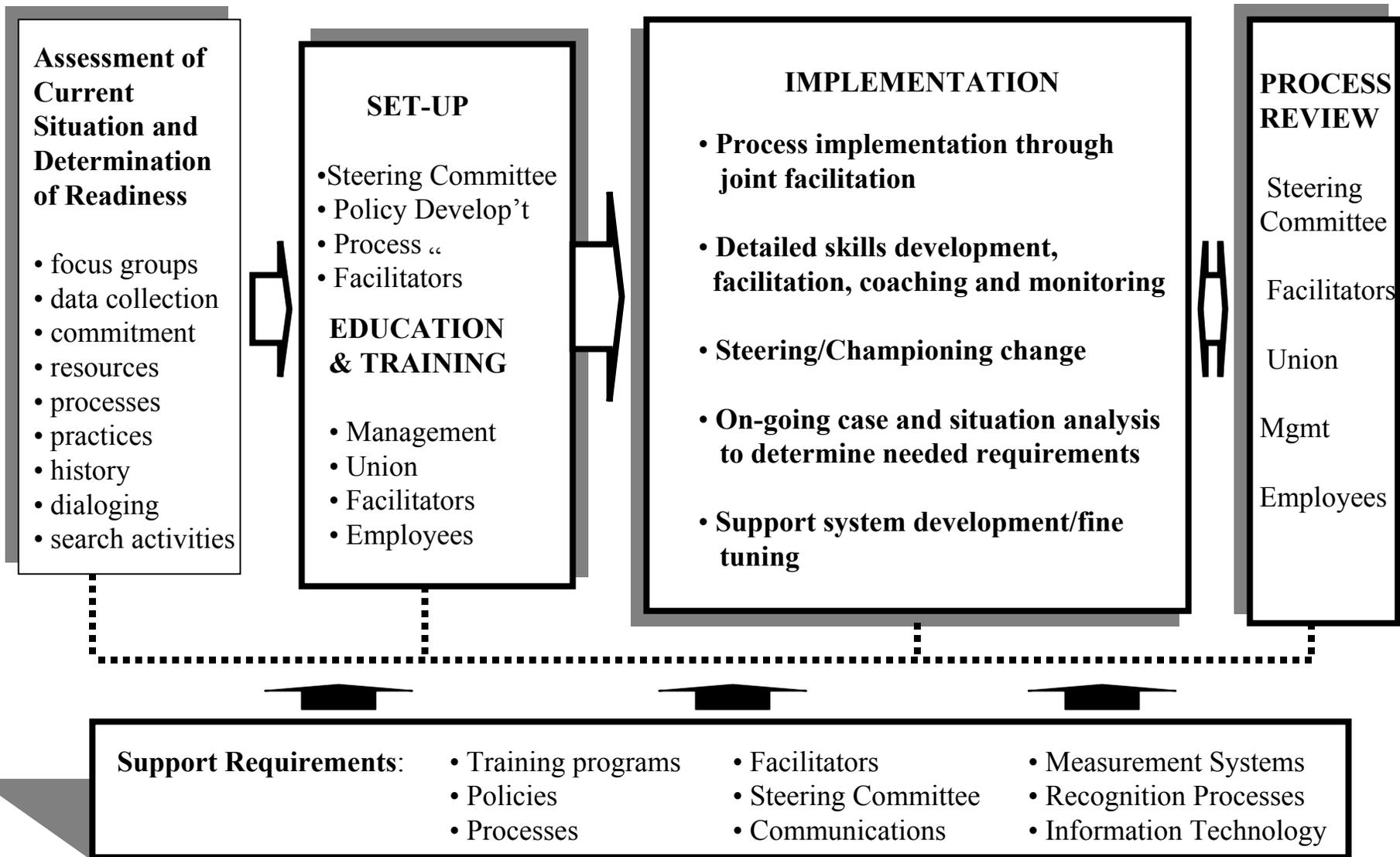


Exhibit II

or even eagerness, for labour and management to work together to build and implement a program.

Setup – As Exhibit II shows, this element is composed of two components. The first involves the creation of a joint union-management steering committee to “champion” and drive the implementation process and the development of the necessary policies and process guides and outlines/descriptions. It is the steering committee that establishes the goals and objectives for the program that will be used to review its success during and after implementation. Additionally, it is required that facilitators are identified to provide the coaching and change agent skills for moving the implementation process forward. The second component of the setup is education and training. All of the players, managers, union leaders, facilitators and employees, have to be trained and educated in the elements of the IEP management process. This training includes not only an overall understanding of the process but also the important skills of being able to develop good job descriptions, standards of performance, objectives and work plans. In addition to learning these “task” aspects of the IEP management process, there are some vital process skills on coaching, interpersonal communications and giving and receiving feedback that have to be learned.

Implementation – This part of the process is not so much an element as an ongoing process of facilitation, championing, skills building, case situation review and development and fine-tuning of the support systems needed to sustain the IEP management process.

Review – All change programs need to be reviewed to see whether they have or are achieving the objectives and goals set for them. The major responsibility for this rests with the implementation steering committee but, as well, it involves facilitators, managers, union leaders and employees. The mechanisms or techniques for conducting a review can be as simple as asking each steering committee member whether the program is achieving its goals and objectives, or it can be a much more complex review of organizational and HR performance results and employee satisfaction measurement.

Support Requirements – As Exhibit II outlines, there are vital support requirements for the implementation of a change process such as this one. Training programs need to be developed, policies and process put in place, communications programs established or made available, while ensuring that the necessary information technology and systems exist. Most important of these requirements are the measurement and recognition processes. Whether they are

called scorecards, scoreboards, feedback forms, indexes or metrics, the development of a measurement process that fits with the individual performance expectations, the basis of each employee performance plan, is crucial to creating an IEP management process that works. If the measurements are not being taken and the employee does not know how he/she is performing against agreed-upon expectations, then the process will not work.

A Daunting Task

Union leaders' and managers' first impulse when confronted with the extent and the complexity this implementation process will be to dismiss it. However, if we look at current processes being used to deal with individual employee performance and compare we will quickly see that the current system is no less complicated — and it does not work. Similarly, it can be argued that union leaders and managers do not have the time to implement such a program and that it represents too great an investment of time and human, financial and organizational resources. This argument can be quickly countered by undertaking a cost/benefit analysis of the current system, where resources are being spent on the use of the disciplinary and grievance appeal process, and comparing these costs with those of implementing an effective IEP management program, and its benefits.⁶

Perhaps the most compelling argument against embarking on the implementation of an IEP management program is that if employees really wanted such a process in their workplace, then it would have been implemented already. In response to this last viewpoint, there is clear evidence that employees do want to work in an environment where they are managed in a way that is consistent with the seven characteristics of a successful program that were outlined earlier (Lowe). The challenge is for their leaders to get on with the task of creating that environment. Or to put it another way, to put on some clothes and get out of Abilene.

⁶ For the past 10 years I have taught a program on employee performance management to managers at the McGill Executive Institute. In this session we work on developing an understanding of what an effective IEP management program looks like. I ask participants to estimate what improvement the implementation of such a program would have on productivity in their organization. The estimates range from a minimum of five per cent to more than 25 per cent. I then ask them what this percentage means in dollars as a percentage of payroll. The resulting number provides a good starting point for why the implementation of an effective IEP management program makes sense.

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