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THE PERFORMANCE MANAGEMENT AND APPRAISAL OF MIDDLE MANAGERS IN RAPIDLY CHANGING ORGANIZATIONS

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"We absolutely need to do a better job of middle managerial appraisals and reviews at this organization and we are not alone."

Senior HR VP
Fortune 1000 Service Enterprise

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INTRODUCTION

The landscape of organizational America is changing at an unprecedented level. International and domestic competition are increasing in nearly every segment of the U.S. economy, requiring organizations to rapidly change and evolve in response to these competitive pressures.¹ In response to these market pressures to improve, be efficient, and get better results, organizations have implemented a wide variety of change and improvement initiatives, including restructuring, implementing new technologies, reengineering, customer relationship management programs, and supply chain improvement efforts, among others. To successfully support these types of change initiatives and improve their own and their departments' performance, managers at all levels have been forced to take on new and different roles and to realign and prioritize the associated activities of themselves and their departments.²

While successful manager leadership and action are required at all levels to support rapid organizational change and improvement, of particular importance is the role

of middle managers, who have been described as the "linking pins" for real organizational change.³ Middle managers are required to support the plans of the superiors above them in the organization, while at the same time supporting the important initiatives of front-line supervisors who work beneath them. Middle managers have been identified as playing a critical role in: 1) executing organizational strategy; 2) facilitating two-way communication; 3) effective planning; 4) ongoing problem solving; and 5) creating and fostering organizational teamwork and cooperation.⁴ All of these activities are essential to change and performance-enhancement efforts.

Previous research by these authors has demonstrated that managers, and in particular middle managers, have very specific performance needs during periods of rapid organizational change. During these periods of rapid organizational change, middle managers need: 1) a clear focus on what activities are most important; 2) increased performance feedback; 3) attention to

their personal development; and 4) reward systems that support desired changes.⁵ All of these needs can be systematically addressed when an organization implements and maintains an effective performance management and appraisal system with middle management. How effective organizations are at providing these needed performance elements to their middle managers' performance in periods of rapid change is the topic of this article.

To summarize, middle management personnel are critical to the success of rapid organizational change and have specific performance needs that arise because of these changes. Yet previous research demonstrates that middle managers are frequently "taken for granted," "ignored," "left on their own," or "hung out to dry" when large-scale organizational change takes place.⁶ With this background, the purpose of this paper is to report our findings and conclusions from an applied research study designed to assess how well middle managers are supported during periods of rapid organizational change. We are confident that the data reported in this study provides many useful lessons for organizational leaders who are interested in improving their performance management and appraisal systems for middle managers and, as a result, the effectiveness of their organizational change efforts.

OUR STUDY ON MIDDLE MANAGERS

To explore the perceptions of middle managers on key performance variables, as part of a larger study, we collected survey data from 243 managers from 25 different Fortune 1000 service and manufacturing organizations. Each organization that supplied managers who participated in the study was chosen because they

were currently experiencing large-scale organizational change, according to their CEOs. Because change efforts do not always equally affect different organizational units or departments, care was taken to make sure that each middle manager who came from these organizations was operating in units within his/her organization that were being transformed by a wide variety of change initiatives. The managers in this sample had, on average, over ten years of managerial experience and worked in a wide cross section of functional areas including finance, marketing, administration, operations, and support functions.

Participants in this study were asked to respond to a series of questions on a five-point rating scale ranging from very satisfied to very dissatisfied regarding the organizational performance management and performance appraisal systems that applied specifically to them. In addition, a number of open-ended questions were used to further probe their satisfaction with these systems. For purposes of this article, we will discuss the perceived satisfaction/dissatisfaction of middle managers with ten factors that previous research has found to be critical to middle management performance and closely tied to effective performance management and appraisal. Completed surveys of the structured questions were analyzed, and Exhibit 1 contains a summary of these factors with frequencies attached. Let us discuss the findings and the implications that they hold for equipping middle managers to perform more effectively in rapidly changing organizations.

OUR FINDINGS ON MANAGERIAL APPRAISALS

"Most organizations can do a much better job of equipping

their middle managers to perform at a higher level. ... It's not always about resources as much as it is helping these leaders focus their energies and providing them with ongoing information and support so that they can do their jobs."

- HR VP Fortune 1000 Healthcare Organization

In discussing the findings of this research effort, we would like to point out that managers, at all levels, need to be equipped to compete and perform at the highest levels, and this is especially true in periods of rapid organizational change. Written comments from our questionnaire revealed that managers frequently discuss the issues of "being aligned," "being on the same page with their boss," "not shooting in the dark," "knowing where they stand," "not having to guess what their boss is thinking," "seeing a link between performance and outcomes," and "being developed" as important elements to their success in implementing change efforts. The other consistent pattern found in middle managers' written comments clearly pointed out they and their workers were currently facing a fair amount of uncertainty and ambiguity, and this made it more difficult for them to do their jobs and get results. We would like to now share with you our key findings from the results of our quantitative analysis of the ten structured scale questions closely tied to effective performance management and appraisal.

Finding #1: In periods of rapid change, organizations need to ensure that middle managers are properly focused in terms of what they are trying to accomplish.

A review of questions 1 and 2 in Exhibit 1 provides us with some interesting insights on the issue of focus. Managers were asked to respond to how satisfied they were

EXHIBIT 1

Exhibit 1
Key Research Findings on Middle Management

	Less than Satisfied	Satisfied
A. Focus		
1.) How satisfied are you with the clarity of your current job description?	44.4%	55.6%
2.) How satisfied are you with the clarity of your accountability in terms of duties and goals as a manager in your organization?	50.4%	49.6%
B. Feedback		
3.) How satisfied are you with the amount of feedback you receive on your performance?	75.0%	25.0%
4.) How satisfied are you with the quality of feedback you receive on your performance?	75.0%	25.0%
5.) How satisfied are you with the amount of coaching and counseling you receive from your boss on how to improve your performance?	76.1%	23.9%
C. Rewards		
6.) How satisfied are you with the relationship between your level of performance and the rewards you receive?	67.7%	32.3%
7.) How satisfied are you with your total compensation package on an overall basis?	51.5%	48.5%
D. Development		
8.) How satisfied are you with the amount of effort your organization puts in terms of helping you grow and develop as a professional?	59.5%	40.5%
9.) How satisfied are you with the amount of effort your boss puts forth in terms of helping you grow and develop as a professional?	68.1%	31.9%
10.) How satisfied are you with the overall quality of your formal performance appraisal and review?	76.1%	23.9%

with the clarity of their job description and their accountabilities in terms of duties and goals. In terms of job description, 55.6% of managers were satisfied with its clarity, while 44.4% were less than satisfied. In addition, in terms of accountability, around 50% of managers were satisfied with the clarity of their duties and goals, while 50% were less than satisfied.

On the one hand, it is encouraging that around half of the managers surveyed were comfortable and satisfied with their level of clarity on these important issues. On the other hand, these numbers signify that a significant number of managers were less than satisfied with the level of focus and clarity that they were receiving from their superiors on these same issues. Given previous research

on the importance of goal-setting and clarifying expectations in performance, these findings strongly suggest that in periods of rapid and large-scale change, organizations need to place a greater emphasis on ensuring that middle managers know what their job entails, what goals and priorities they should be pursuing, and ultimately for what they are being held accountable.⁷

It is hard for an organizational change effort to be successful when half of the critical "quarterbacks" leading the change effort do not understand what plays they are expected or allowed to execute or what "winning" means in terms of their own or their unit's performance.

Finding #2: In periods of rapid organizational change, middle managers' needs for feedback and coaching are large and insatiable.

A review of questions 3, 4, and 5 in Exhibit 1 provides us with some interesting insights on the insatiable needs that middle managers have for feedback during periods of change. Feedback is and has always been a critical component of successful performance, and this is true regardless of a person's position within an organization.⁸ When managers in this study were asked to assess their level of satisfaction with the amount and quality of the feedback and amount of coaching and counseling they received from their superiors, the reported levels of satisfaction in these critical areas of performance management and appraisal were abysmal. Only 25% of managers were satisfied with the quality and quantity of feedback they received on their performance, while a statistically significant 75% were less than satisfied.

This finding makes it clear that managers are seeking performance feedback, and the overwhelming majority of participants in this study who were caught up in large-scale organizational change were not getting it. It is one thing to be a manager and performing at a less than satisfactory level. It is clearly another thing to not know it, and managers in this study made it clear that they are seeking more information on how well they are performing their duties. These results strongly suggest that upper-level managers need to be more cognizant of this substantial need and take a more proactive ap-

proach to help satisfy this need in their subordinates. In addition to knowing how well they are currently performing, a staggering 76.1% of managers were less than satisfied with the amount of coaching and counseling they received from their superiors on how to improve their performance. While a need for feedback such as a compliment, praise, or criticism is present, managers are also seeking specific information about how to improve their performance. The nature of this research study does not give us a baseline so as to understand these feedback and coaching needs prior to versus during the organizational change efforts that these managers were experiencing, but the findings make the need on all three counts clearly evident during change efforts.

Finding #3: In periods of rapid change, rewards and compensation are important for reinforcing new behaviors and desired levels of performance.

A review of questions 6 and 7 in Exhibit 1 speak to the important issues of linkage between performance and rewards and the participant managers' overall satisfaction with their compensation packages. Both of these issues are important in the context of organizational change for several reasons. First, previous research has shown that to reinforce the desired behavior associated with organizational change, compensation is a powerful tool.⁹ On this count, managers in this study were overwhelmingly less than satisfied (67.7%) with the perceived link between their performance and the rewards that they received. This means that organizations in this study were throwing away an opportunity to use compensation and other rewards as a tool or lever to reinforce desired behaviors of their middle managers. For desired changes to take place and, equally as important, to be maintained and developed into ef-

fective performance habits, reinforcement is critical and must be given the utmost care.

At the same time, the managers in this study demonstrated a mixed review of their overall compensation package, as 48.5% were satisfied and 51.5% were less than satisfied. Satisfaction with one's overall compensation is particularly important during periods of change as managers at all levels experience an increase in their workloads and stress levels. When a manager is being asked to do more and is under increasing pressure, dissatisfaction with one's compensation package has been linked to a manager's willingness to consider other employment options, and this is especially true of high performers.¹⁰

Finding #4: A manager's developmental needs are significant during periods of large-scale organizational change.

A review of questions 8, 9, and 10 in Exhibit 1 offers insight into the developmental needs of middle managers caught up in large-scale organizational change. In our previous research, we have found that during periods of organizational change, managers frequently find themselves lacking some of the requisite skills necessary to perform new duties and responsibilities.¹¹ The existence of these "skill gaps" can be the source of not only great consternation and stress on the part of managers but, equally as important, a root cause of poor performance. Having said this, 40.5% of managers in this study were satisfied with the amount of effort that their organizations were putting into helping them grow and develop, while 59.5% were less than satisfied. Thus, on an overall basis, managers were experiencing dissatisfaction with their organizations' efforts to help them develop to meet the demands brought on by these changes.

At the same time, only 31.9% of managers were satisfied with the

amount of effort that their boss was putting forth in helping them grow and develop as a professional. On both counts, managers in this study made it clear that they had developmental needs that were not being addressed by either their organizations or their superiors at a satisfactory level. Asking managers to lead a change effort but not equipping them to do so effectively is often a very costly mistake which results in delays and ineffective implementation of change efforts. Managers' responses to this question made it clear that developmental needs are frequently significant during periods of change, and as a result they need help in growing and developing as professionals to help equip, prepare, and support their abilities to cope with the challenges connected to change efforts.

Finally, on the subject of managerial performance appraisal and review, our sample of managers demonstrated extreme dissatisfaction with the formal performance appraisal and review process, with 76.1% indicating that they were less than satisfied and only 23.9% of participants being satisfied. While formal performance appraisals are by no means a panacea for management development, they do provide a platform to improve manager performance. Dissatisfaction with the formal appraisal process by these managers can be directly linked to a number of the aforementioned factors such as a lack of focus, perceived lack of ongoing feedback, and interest in their development. Thus, high levels of dissatisfaction on this issue are by no means surprising.

A CALL FOR HR LEADERSHIP

While the findings of this study are most likely not shocking, they do suggest that there is significant room for improvement in helping middle managers improve their performance, especially those who are working in rapidly changing environment. In

these ultra-competitive times, human resource management leaders are under increasing pressure to demonstrate how they create "value" for their organizations. While many of the traditional HR functions are critically important to an organization's success, we would like to make a strong case for reviewing your organization's approach to performance management and appraisal as it applies to the managers in your enterprise.

Previous research has shown that an effective performance management and appraisal system can provide an organization with tools that are useful in creating focus, setting the stage for ongoing feedback, providing an effective basis to link rewards to performance, and creating an environment in which meaningful managerial development plans are more likely to be instituted. Having said this, we would like to challenge you to provide more proactive leadership to your organization when implementing large-scale organizational change. Given the fact that middle managers are key to the success of your efforts, doesn't it make good sense that going into a large-scale organizational change, you as organizational/HR leaders would help create a better process to equip your managers to compete and lead the change process by addressing the following recommendations that are part and parcel of any effective performance management and appraisal process.

Recommendation #1: Get your managers aligned and focused on what the organization really needs from them.

The foundation or critical starting point of any effective performance management system is that every individual knows what his/her job entails, what his/her responsibilities are, and what goals he/she must pursue to provide value to the organization. HR leaders can do their organization a great service when they set up a performance management

system that starts with helping managers at all levels create focus on what effective performance looks like. This is especially true when entering periods of large-scale change. So when your organization embarks on these types of initiatives, take specific steps to make sure that managers from layer to layer in your enterprise communicate expectations to their subordinates. This requires planning, commitment, and strong communication from the top of your organization to the bottom. Having senior organizational and HR leadership emphasize these critical issues during any large-scale change initiative can go a long way to removing a performance roadblock while increasing the likelihood of effective leadership.

Recommendation #2: Make feedback and coaching a managerial priority!

As can be seen from the findings of this study, middle managers experiencing large-scale organizational change have a significant need for constructive feedback. Feedback lets people know where they stand, how they are doing, and if they are on track and serves as powerful reinforcement for desired behaviors. In the absence of ongoing feedback, it is easy for a manager to assume that everything is going well and that no adjustments are needed. In truth, every employee and in particular every member of a management team needs specific, ongoing, and balanced performance feedback to reinforce desired behaviors and to eliminate undesired behaviors. Organizations need to create systems and cultures that foster ongoing discussions of performance by providing a steady dose of performance feedback. Annual performance reviews are woefully inadequate in this regard if they are the primary vehicle for feedback. Monthly performance discussions, quarterly abbreviated performance reviews, informal ap-

praisals, and regularly scheduled coaching sessions are all tools that can be used to ensure the steady flow of feedback to key personnel and allow managers to make adjustments before major and more-difficult-to-solve difficulties develop. Without effective leadership from the top and a performance management system and mindset, feedback can be infrequent and ineffective, creating a lost opportunity for organizations to improve performance. Organizational and HR leaders need to work at creating both a feedback-oriented management culture and the needed systems to support these efforts.

Recommendation #3: If you want real change, get your compensation system to reward and reinforce the right behaviors and performance.

Many would argue that it is not surprising that the managers in this study see a rather weak link between their performance and the rewards that they receive. These findings are exacerbated by the fact that both the issues of focus and feedback received low ratings where satisfaction was concerned. Helping managers by providing focus and feedback should also increase employee trust in the employee appraisal process, a necessary element in any pay-for-performance system.

As organizational and HR leaders, you can make it an organizational priority to establish and clarify performance standards and to increase the amount and quality of feedback provided to managers. Your formal performance appraisal system can serve a useful role in this regard when properly executed by managers conducting these appraisals. In addition, linkages between performance and rewards need to be strengthened during periods of organizational change. Merit and reward systems provide a powerful tool for getting managers to focus on those behaviors and activities most connected to

achieving organizational goals or objectives. It is also important to keep managers satisfied with their overall compensation package in times of change to prevent the problems that come with turnover and the unwanted loss of high-performing leaders. Make sure that rewards are tied to aspects of manager performance that under his/her control and that the absolute size of the rewards in general and the relative size of increases for differential performance are sufficient to send the right message and motivate managers.

Recommendation #4: Equip and develop your managers to meet new demands.

Organizations frequently struggle with the issue of employee and management development for a wide variety of reasons ranging from cost to time to responsibility. When organizations are experiencing large-scale change, it is a fact (not a theory) that developmental needs expand, and this is especially true of managers who are called upon to lead and execute change. In this regard, organizational and HR leaders working in partnership can play a critical role in planning, budgeting, and executing specific development plans that equip managers to perform at the high levels required in these dynamic, turbulent times. It is naive to go into any change effort without discussing and preparing for the eventuality that leaders will need assistance in creating new skill sets. Developmental planning can be a critical contribution that HR leaders make when their enterprises are facing serious change. A wide variety of developmental tools are available that can include training, assessment centers, mentoring, participation on special assignments, 360-degree feedback processes, and cross training, among others. These tools can help ensure managers are properly

prepared to do their jobs at critical times in the implementation of change and improvement efforts.

It is critical that those responsible for leading other managers in the organization play an active role in these activities. Organizational/HR leaders must continually emphasize that development is every individual manager's ultimate responsibility, but they are also responsible for ensuring that individual development is taking place and has appropriate support in word and deed. Your organization's formal appraisal system can also be an effective cornerstone in your development process when properly executed. Ultimately, it is both top management's and HR leaders' responsibility to ensure that the managers at all levels in your organization have the skill sets, talents, and motivation to perform at high levels during periods of change.

IN CLOSING

As we conclude this discussion, we would ask that you would take a few minutes and complete the organizational assessment in Exhibit 2 (next page) and ask yourself how committed you are as an organizational/HR leader to ensuring that each of these factors are properly addressed when your organization is entering large-scale change. Know that as an organizational/HR leader your actions can play a critical role in equipping the managers of your enterprise with the knowledge and skills necessary to support the organization's change efforts, goals, and strategic plans. Your responses to these questions can provide you with some insight into some specific things that you as an HR leader can do to better prepare your organization to succeed in the game of change.

NOTES

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EXHIBIT 2

Exhibit 2: An Organizational Assessment of Key Managerial Factors in Supporting Change

When entering a change initiative, how often does our organization...

	Never	Rarely	Sometimes	Usually	Always
1. Ensure the clarity of managerial job descriptions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Clarify the accountability of managers in terms of duties and goals associated with the change?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Provide satisfactory amounts of feedback to our managers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Provide quality feedback to our managers on their performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Make sure that managers receive ongoing coaching and counseling about how to improve their performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Create a clear linkage between performance and the rewards our managers receive?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Assess the overall satisfaction with our total managerial compensation package?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Take proactive steps to ensure that our managers have the skills needed to execute their new roles in our enterprise?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Encourage managers to invest time and resources into developing their subordinate managers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Provide our managers with timely and effective formal performance appraisals and reviews?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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