OUTCOME-ORIENTED PERFORMANCE MANAGEMENT
AS SOURCE OF ANOMIE
- A CONCEPTUAL AND INDEX-BASED ANALYSIS OF CURRENT DEVELOPMENTS IN ORGANIZATIONS -

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ABSTRACT

The change from Fordist to Post-Fordist production and employment systems typically correlates with a more outcome-oriented management of individual and collective performance. This article aims to develop a critical perspective on the implementation of these performance management systems. In particular, the significance and the change of performance norms and standards will be analyzed and acknowledged. Our central premise is that the more the norms and standards of job performance are downgraded and replaced by a demand for specific performance outcome, the more anomic tendencies in organizations will increase. Anomie, as growing weakness of workplace norms and standards, is among some of the unintentional and paradoxical effects of the new performance management. It bears the danger to undermine some necessary organizational requirements of job performance and over the long run, results in a normative destabilization of organizations.

Keywords:
performance management; workplace norms; anomie
INTRODUCTION

In modern societies the performance of individuals is a core normative medium of their social integration. This is described by the “achievement principle” (McClelland, 1976; Offe, 1970), which implies the idea of social justice by establishing a normative frame for the distribution of social positions by individual performance. Commercial businesses as well as public organizations derive their social legitimacy and their functional stability by translating the principle through the establishment and use of performance management systems. Generally, these systems refer to the alignment of patterns of behavior and action with respect to the goals of the organization and its sub-units, by setting performance incentives. In terms of the “achievement principle”, performance management basically aims to the establishment of a “working consensus” between the individual and the organization (Bechtle & Sauer, 2003: 42). The reciprocal alignment to the corresponding norms of exchange regarding justice based on individual performance as well as the corresponding management of norms and standards which pertain to the design of the immediate work activities therefore play a crucial role in organizations (Hodson, 1999).

In this paper we will argue that the reconsideration of these standards and norms sheds a new light on the unintended consequences of the modern, outcome-oriented performance management, which can be presently observed in organizations. These consequences point to a growing weakness of workplace norms and standards, which causes an anomic situation in organizations.

In the so-called modern economies, the norms of exchange as well as the norms and standards referring to the regulation of the immediate job performance are subject to a significant change over the last two decades. Catchwords like “market rationalism” (Kunda & Ailon-Souday, 2005), “entrepreneurial” or post-bureaucratic modes of governance” (Courpasson & Reed, 2004; DuGay, 2000) or “flexibilization” (Cappelli, 1995, 1999) can be incorporated
into this context. Often discussed as shift from so-called Fordist to post-Fordist production and employment systems, these changes induce a new logic of performance management. In general, the Fordist models are characterized by long-term employment relations, internal labour market systems in large organizations, and narrow jobs in hierarchical career ladders. The later include decentralized organizations, flatter hierarchies, and team-based forms of work organization, and shorter employment relations which reflect external market pressures (Rubery, 2005). The implementation of decentralized and - at least at the first glance - autonomy enhancing workplace practices typically goes hand in hand with a more outcome-oriented performance management often aligned with formal goals (see also, e.g. Latham, Almost, Mann, & Moore; and fundamentally Locke & Latham, 1990). This means, that individual performance is increasingly being defined and evaluated under the aspect of the end of the operational value-added chain, while the “subject” and his/her capability to act are viewed as the decisive authority for carrying out the performance process. Working people are supposed to act more “self-sufficient” and depicted as “central processing units”, while the organizational control of their performance outcome is rising (Hales, 1999; Kunda & Ailon-Souday, 2005).

We feel that there are more and more signs that in the course of this change process a certain ambiguity and uncertainty regarding the socially accepted, legitimate actions (means and measures) of job performance are often produced. We should argue later on that this related ambiguity and uncertainty fosters anomic tendencies in organizations. Unbridled greed and fraud by top managers, the subsequent tightening of legal norms and sanctions (Sarbanes-Oxley Act) are only the obvious, publicly perceptible consequences of a growing range of interpretation as to what can be considered legitimate behavior in times of market-rationalism, and outcome-oriented performance management. Wright und Smye (1998) describe other misrepresentations of the concept of competition. They assert that these
tendencies and the hard-core competitive rituals they entail within management force “a
culture of blame”, accompanied by malice, cynicism and mutual unmasking. Also noteworthy
is the assessment by Deal und Kennedy (2000), which implies that cynicism toward managers
and the work activity itself is to be viewed today as a widespread form of response – passive
resistance – to market-related performance management in employees at all levels. Turnbull
(2001) shows this for the middle management of a global enterprise, Taylor and Bain (1999)
and Fleming (2002) for employees of call centers (for a summary see also Collinson &
Ackroyd, 2005).
These are selective descriptions of ambivalent, unintentional consequences of the outcome-
oriented performance management in organizations. In our opinion, the presented
consequences must be seen as an organizational reflection of a systemic constellation of
action, and not primarily as an expression of the personal incompetence of managers or the
illegitimate resistance of employees. We think that individualistically oriented interpretations
divert too much from the normative context in which these change processes are still
embedded (Kunda & Ailon-Souday, 2005). Many recommendations in management literature
for identifying “the persons responsible” and “correcting” their behavior (more training, more
pressure, more sanctions) are accordingly one-sided (distorted).
In our opinion, it has not been afforded adequate attention to date, in which way these
developments effect previous norms of exchange between individual and organization in
terms of the “achievement principle” as well as the norms and standards regulating the
immediate job performance. In both cases, it seems crucial to us, that the logic of the new
performance management attributes a somewhat secondary significance to the mandatory
norms and standards of job performance for carrying out and coordinating the performance
process. Therefore, only that which is to be rendered (required performance objective) or has
been rendered (actual performance result) has any merit, often measured by market-related
performance indicators such as sales figures, minimum yields, Economic Value Added, and customer satisfaction. Especially in countries with the tradition of a “corporate capitalism” (e.g. Hall & Soskice, 2001) this often means a substantial change of the organizational performance management and a new interpretation resp. a different emphasize of certain aspects of the “achievement principle”. In these countries, e.g. in Germany, the performance input (like “hours worked” or use of “expert knowledge”) at least has the same weight as the performance outcome referring to its judgment and monetary evaluation by the organization (Bahnmüller, 2001). In this way, outcome-oriented performance management systems potentially contradict previous exchange expectations and feelings of justice (Neckel & Dröge, 2002). This seems to be even more critical as many previous work place norms and corresponding standards are reduced while some new are induced at the same time, which describe how the performance is to be rendered. In this process, workplace norms of job performance do not completely cease to exist, but are partly changed both explicitly and implicitly in terms of new requirements placed on employees. Hence, the workplace norms and standards of the immediate job performance are subject to significant changes. Against this backdrop, we will focus our attention to the last group of norms in that we will deal with the change process of workplace norms and standards that are intended to regulate the immediate job performance of the employees. Our basic premise is that the very design of outcome-oriented performance management may lead to various normative discrepancies referring to the regulation of the work process. Such discrepancies can impact the legitimacy and/or acceptance of explicitly new or newly implied workplace norms and standards and as a result, have a negative impact on the organization’s ability to function. These discrepancies deal, for example, with the specification of contradictory standards of job performance or standards in need of interpretation. In addition, personal attitudes of members of the organization and inadequate provision of resources can stand in the way of acceptance of and
compliance with a new workplace standard. In our view, these discrepancies point to a fundamental, systemic problem of the current implementation of outcome-oriented performance management: *anomie*.

In the field of sociology and organization theory, anomie theory approaches in particular are concerned with the effectiveness and the conditions of acceptance and non-acceptance of norms as well as the respective consequences for organizations (Durkheim, orig. 1893, 1897; Merton, 1938). Accordingly, the variable “anomic” describes a situation and a process, in which rules or norms (increasingly) show very little or no effect in social systems. Taking into account, that norms, as standardized expectations of behavior, facilitate the robust and reliable repetition of actions, promote mutual expectations of behavior (Weick, 1995) and generally contribute to the stability and (transaction cost) efficiency of organizations (see also Parsons, 1986 as a fundamental example), anomie indicates a quite critical situation of an organization. An (increasingly) anomic organization only has a minor orientation and regulatory function for its members and is thus itself unstable or in a process of transformation.

By selecting the anomie concept we are not striving toward any revitalization of the sociological and organization-theoretical, structure-functional traditions of theory of the 1950’s and 1960’s (for a summary, see also Astley & van den Ven, 1983; Reed, 2006). Their one-sided fixation on the (clarification of) stability of social patterns of order and their distinct oblivion of the actors have been aptly criticized (et alii, by Giddens, 1988). Merton himself interprets a certain degree of anomic tendencies as a sign of the viability and adaptability of organizations and thus distinguishes himself from the all too one-sided, stability-fixated versions. In fact, the anomie theory-based conception here can be viewed as an analytical instrument that provides a screen for analyzing modern performance management from an *institutional perspective* and for checking the consequences such performance management may have.
Against this background, the objective of our analysis is to examine – conceptually and through a re-interpretation of existing empirical studies – possible anomic tendencies as (unintended) consequences of the new performance management in organizations and to figure out potential effects on the work performance and the functioning of the organization as a whole.

This perspective necessarily includes the micro-perspective or the actor’s level (reactions by the actors to a change in normative conditions of the performance process). But the analysis will not be limited to this level. Rather, it will start from the changes to the normative structure of organizations currently being observed and inquire as to how repercussions on those very normative structures can result by means of the micro-level and/or the subject level. Accordingly, the term “anomie” in our article designates a certain, slightly unstable condition of the organization as a social institution and is therefore to be understood within its original sociological meaning.

In the anomie theory conception, we use the advantages of analysis and exploration that work with ideal types: the various types of change of norms, of breaches of norms and discrepancies can be conceptually systematized and their specific effects can be analyzed. Thus for analytical purposes, the undoubtedly high complexity of organizational norm systems, their fragmentation and inconsistency, is reduced to a manageable level, without lapsing into banality. Further, it is unrealistic to assume that all actors react in the same way to changes of workplace norms and standards. The concept of “types of reaction” provides an empirically usable system for recording different reactions by actors and the effects of their actions in organizations. Finally, the consequences of new performance management concepts can be very ambivalent for the employees. More autonomy goes hand in hand with more performance pressure. From an anomie theory point of view, both a systematic analysis of the discrepancies in the structure of workplace norms and standards and an analysis of the types
of reaction help develop an understanding of the causes. In this form, anomie theory considerations can disclose a new facet in the critical observation of modern performance management, and thus of interrelated decentralization and/or the ambivalent effect of increasing autonomy at the workplace (e.g. Sauer, 2005).

**BASIC PRINCIPLES OF ANOMIE THEORY**

The term “anomie” generally describes a state of lawlessness or lack of norms. The socio-scientific roots of anomie theory can be found in the works of Emile Durkheim (1893, 1897) and Robert K. Merton (1938). Merton’s article on “Social Structure and Anomie” in particular inspired numerous expansions and critical discussions in the socio-scientific professional circles (for a summary, see also Bohle, 1975; Dreitzel, 1972; Fischer, 1970; Lamnek, 2001).

Thus the originally sociological concept of anomie was also used to describe certain mental states, for example, or extolled as a characteristic of personal character structures (McClosky & Schaar, 1956; Srole, 1956).

Passas & Agnew (1997) make an analytical distinction between a macro- and a micro anomie theory. The macro theory deals with anomic conditions in companies or social institutions and therefore focuses on the socio-structural side. The micro-theory investigates the experiences and reactions of the individual under socio-structural anomic conditions and thus more closely observes the subjective side. In light of the idea of mutual constitution of action and structure (e.g. Giddens, 1988) it becomes evident that we are dealing with an analytical separation here, which however makes access to the concept of anomie considerably easier.

This article will concentrate on the macro perspective of anomie theory, i.e. it will take up an institutional perspective. This means that the destabilizing effects of the new management models on previous workplace norms and standards in the organization will be shown and assumptions will be formulated as to the effects on the mode of functioning of the
organization as a whole. Such an investigation is of course bound to also consider the micro-
perspective, or the subject or player level. But the analysis will not be limited to this level. It
focuses rather on the currently observable, scheduled changes to the normative structure of an
organization and asks how repercussions can result to that particular structure via the micro or
subject level. Accordingly, the term “anomie” in our article refers to an unstable state of the
organization as a social institution.

The underlying approach of sociological anomie theory lies in the assumption that within
stable social institutions the convictions, behaviors and actions of the members of the
institution are necessarily oriented on the respective institutional or official legitimate norms.
If such norms are lacking or if previous norms cannot be used for factual reasons, social
uncertainty regarding recognized or socially integrative patterns of behavior and action will
prevail. An anomic institution therefore plays only a minor orientation and regulatory role for
the members of the institution and is in that sense unstable itself or in the process of
transformation. Merton (1938) expands on this thought by making a distinction between
institutionally specified or legitimate goals of an institution and specified means of achieving
goals, i.e. the manner in which goals are realized. In Merton’s view, social institutions are in
an anomic state if members of the institution exhibit a slight or disproportionate acceptance of
these goals and means. Thus, according to Merton, the strong emphasis and social acceptance
of institutionally prescribed goals (e.g. financial success) alongside a low level of acceptance
of institutional requirements regarding the means to be used to reach them (e.g. gainful
employment) result in institutional members using “deviant” means, and sometimes even
means that are damaging to the institution (e.g. criminal actions) to achieve the generally
recognized goals. According to Merton, the institutional goals and means are prescribed by
the so-called “cultural structure” of the institution and designate its normative level. The
reasons for the slight or disproportionate acceptance of the cultural structure can vary. In
Merton’s view, the low effectiveness of cultural means can arise in particular from the fact that the institutional members have limited factual access to these means (e.g. due to limited access to gainful employment) and is therefore rooted in the “social structure” of an institution. Institutional anomie is therefore the result of the divergence of the generally mandatory, cultural goals and the socio-structurally determined distribution of the legitimate means which are to be used to achieve these goals (see also Lamnek, 2001: 114). This type of discrepancy exerts anomic pressure on the institutional members for an individual solution to this conflict.

It is against this backdrop that Merton outlines various types of reactions that could be conceived as a solution to the anomic pressure, and thus departs from the macro-perspective of anomie theory (see also Boudon & Bourricaud, 1992: 30; Ortmann, 2000: 76; see also Figure 1). The types of reaction are distinguished by the respective situation-specific acceptance and compliance with institutional goals and means and will be discussed in more detail in this article. Even though Merton’s own explanations on the exact connection between institutional anomie and specific types of reactions are less detailed¹, the appearance of these types of reactions in an institution can be viewed as the result (see also Ortmann, 2000: 85) and indicator of anomie in this institution.

¹ Basic criticism and corresponding proposals for the expansion of Merton’s concept start from here. They refer to the systematic inclusion of personality characteristics, player constellations and/or socializing influences (e.g. Cloward & Ohlin, 1960; Cohen, 1965).
DIMINUTION OF WORKPLACE NORMS AND STANDARDS DUE TO OUTCOME-ORIENTED PERFORMANCE MANAGEMENT

From the perspective of Merton’s concept of anomie, it can be seen that systems of outcome-oriented performance management can exert anomic pressure on the members of the organization. But we cannot assume there is a uniform change in the performance management which comprises all of the economic and public areas to the same extent. Rather, we can find clues which make reference to an increasing outcome-orientation of performance management in organizations and thus give reason to suspect and empirically search for traces of anomic tendencies. In this sense, on one hand we wish to present in the following – from a conceptual standpoint – how anomic tendencies can result from an outcome-oriented performance management and, on the other hand compile empirical indices of this type of trend.

We suspect that the discrepant normative and factual design of modern performance management systems, from an anomie theory perspective, may result in a diminution of the orientation of organization members as to their performance (see also Hales, 1999). This means that using these systems, organizations may destabilize their guiding role in dealing with their members or that this role is in a state of fundamental change of substance. The following discrepancies can therefore lead to the development of a diminution of workplace norms and standards in organizations: increasing specification of performance goals to be achieved with (1) simultaneously decreasing or (2) contradictory or (3) unclear specification of the means of job performance. Also, (4) factual reasons may stand in the way of applying the prescribed means.
Increasing specification of performance goals to be achieved with simultaneously decreasing specification of the means of job performance.

According to anomie theory, this discrepancy in the normative structure of organizational performance management arises from the fact that the focus of performance measurement and control is increasingly geared toward the result of the performance process or toward the achievement of performance objectives (see also Bahnmüller, 2001: 161; Franz, Gutzeit, Lessner, Oechsler, Pfeiffer, Reichmann, Rieble, & Roll, 2000). Within the meaning of Merton’s concept, we are therefore dealing with a tighter or more explicit specification of goals of the performance process, with a simultaneous decrease in the specification of the means to be applied to achieve them, i.e. individual work processes or procedures, and therefore the norms and standards of job performance (see also Voswinkel, 2000). The decreased emphasis on and differentiation of means can be explained as follows: the introduction of outcome-oriented performance management is most often linked to changes in the respective work segments or work requirements (e.g. Ackroyd, Batt, Thompson, & Tolbert, 2005; Procter, 2005). These changes can be identified basically by the characteristics of organizational decentralization or modularization (see also Child & McGrath, 2001; Faust, Jauch, Brünnecke, & Deutschmann 1995; McGrath 2006; Picot & Neuburger, 2004; Picot, Reichwald, & Wigand, 2001). This is marked essentially by the more or less extensive delegation of responsibility and decision-making authority to subordinate levels, the integration of functions into units responsible for outcomes and the application of market-like forms of coordination. Empirical proof for the decentralization in production in a German context is provided, for example, by the studies at Volkswagen AG (see also Schumann, Kuhlmann, Sanders, & Sperling, 2004), studies on new compensation systems in the German metal industry (see also Schmierl, 1995), investigations about new forms of work in machine building (see also Moldaschl & Schultz-Wild, 1994) and analyses of revised remuneration
systems and types of work at automobile manufacturer BMW, among others (see also Bender, 1997). All indicate a trend from a division of labor work organization toward decentralization in the form of more or less autonomous work units. These work units or groups are granted a higher degree of self-organization on one hand, but on the other hand they bear the responsibility for reaching the production outcome that has been set.

Managers and highly qualified personnel are among those affected by the effects of formal decentralization. This is indicated both by international studies and studies focusing on Germany (see also Dopson & Neumann, 1998; Dopson & Stewart, 1990; Faust, Jauch, & Notz, 2000; Faust et al. 1995; Holden & Roberts, 2004; Kadritzke, 1997; Kotthoff 1997, 1998; Newell & Dopson, 1996; Thomas & Dunkerley, 1999). The industry-wide investigation by Faust et al. (2000) for instance shows a change in the requirements for managers in the German segment characterized by a model for an “intrapreneur”. This change implies a higher level of responsibility of the managers for their own areas of competence and more highly outcome-oriented monitoring of their performance (see also Faust et al., 2000: 116).

Through decentralization, greater self-organization and individual responsibility of employees are aimed for in both the production and management areas. The logic behind the decentralization concept therefore lies in making less explicit and differentiated requirements of job performance, which equates to less emphasis on the means used to achieve goals.

Decentralization opens up new options that must be met by members of the organization in new ways.

Without wishing to criticize these trends per se or evaluate them in a negative way, some problematic aspects for the performance process can be derived from an anomie theory perspective. The unequally weighted defaults with respect to the goals and means of job performance to be applied are critical if affected employees – due to the new requirements for their own jobs – cannot successfully revert back to previously legitimate means for achieving
their goals or can only do so conditionally. That means, for example, that applying traditional professional norms and standards of mastering tasks does not result in the newly specified performance outcome or can even stand in the way of achieving it (e.g. Kadritzke, 1997: 151ff.). The latter is evident, for example in the employees of human resource departments surveyed by Faust et al. (2000). These individuals had to deviate from the previous professional workplace norms and quality standards of personnel development in order to offer the services of their own department on the inter-company market at low cost and thereby also “sell” them (see also Faust et al., 2000: 135). Dopson & Neumann (1998: 59) and Kadritzke (1997) also refer to similar changes with respect to the required professionalization of managers and/or highly qualified personnel based on their empirical findings. In light of the often highly subjective ranking of one’s own profession, it can be assumed that relief from the norms and standards of job performance can prove to be prone to conflict. Uncertainty or resistance on the part of the employees can be expected here, since performance norms and standards must be newly defined – possibly in contradiction to their own professional standards and under the threat of sanctions.

Things are less critical in the case of employees and managers who already bring with them alternative ideas regarding job performance. The managers designated as “intrapreneurs par excellence” in the study by Faust et al. (2000) clearly see themselves in the role of a “lower-level executive”, for example, or that of a “small businessman” (Faust et al., 2000: 124) and connect certain modes of acting with these models.

(2) Increasing specification of performance goals to be achieved with contradictory specification of the means of job performance.

A discrepancy and resulting diminution of standards may also be the consequence of outcome-oriented performance management, if organizational norms and standards of job performance are indeed set, but are in conflict with each other on one hand, or with respect to
the performance outcome to be achieved on the other hand. Empirical clues to the first scenario can be found in analyses of new working methods and remuneration systems in the German metal industry (see also Moldaschl, 1994; Schmierl, 1995). They show that the introduction of decentralized work segments in the production area can be accompanied by contradictory performance parameters with respect to the performance process. That is, the attempt to comply with all of the parameters that have been set implies contradictory behavior patterns in carrying out one’s job. Requirements such as the greatest possible “machine utilization” are thus placed on an equal footing alongside “quality” and “overhead cost reduction” (Moldaschl, 1994: 128; Schmierl, 1995). Pursuing a higher level of “machine utilization” within a work group would entail being flexible enough to take on indirect job duties (e.g. material procurement) during a longer machine run (reduction of idle time). The reduced amount of monitoring of mechanical work cycles can run counter to the demand for the highest possible “quality”, however, which requires attentive monitoring of the mechanical process. Even if the authors of this study see the greater problem in the restrictions of balancing out this conflict of standards, a possible diminution of workplace norms and standards can be deduced from this discrepancy from an anomie theory perspective (Dreitzel, 1972: 74).

Empirical studies of call center work point to the second case of diminution of norms mentioned above. Results of several studies show that organizational standards of job performance are both, in conflict with each other and with respect to the performance outcomes to be achieved. An enduring tension is reported between standardizing and customizing work practices, reflecting basic contradictions between a low-cost and high-quality strategy as a way to make profits.

The study by Frenkel, Korczynski, Shire, & Tam (1998) and Holtgrewe & Kerst (2002) point to these tensions. In the call center, the request for “customer-oriented” or active, friendly
advice given to the customer (high quality strategy) is contradicted by the standard of job performance, with the specific target of the shortest possible “call duration” and the “number of calls handled” (low cost, maximum productivity strategy) (Holtgrewe & Kerst 2002).

Knights & McCabe (2003), in their study on the introduction of group work in a call center, point out the frequent tension between the qualitative (“how” is the service rendered) and the quantitative (“what” is the result of the service) performance indicators. Without any clear-cut, individual preferences of standards or factual pressure to select one or the other standard, the immanent conflict between quality and productivity can lead to a diminution of norms and less positive performance. Research results show that call center managers have realized this tension. Many of them addressed related performance problems by prioritizing either quality or productivity standards, with mixed results (see Frenkel, 2005).

(3) Increasing specification of performance goals to be achieved with unclear specification of the means of job performance.

Another critical starting point for designing performance norms and standards can be found in the increasing interpretive openness with respect to content and appropriate performance level. Such norms and standards often indicate the desired general orientation of behavior in the workplace and may refer to the manner of communication and cooperation, or initiative or creativity in the work process (e.g. Bahnmüller, 2001). Empirical examples of this include the standard of “customer-oriented behavior” in the call center studies mentioned above. Further examples are “team-oriented or cooperative behavior”, “flexibility” and “initiative” in production groups (Bender, 1997; Schmierl, 1994). This type of standard must be subjectively interpreted by both the affected employee and the evaluator of the performance and assessed according to the degree of performance achieved. Empirical clues to the problems related to such a situation were provided, for example, by the study of Blutner, Brose, & Holtgrewe (2002) on the transformation of German Telecom. The persistent non-objectivity of a standard
with respect to content and level of performance can therefore result in constant uncertainty and resignation regarding one’s own performance potential (see also Blutner, 2002: 109; Knights & McCabe, 2003; Sanders & van Emmerik, 2004: 358). If the evaluation of performance appears to be little transparent or changeable in light of open standards or standards requiring interpretation, this can make the subjective, solid definition of performance norms and standards by the employee even more difficult.

(4) Specification of performance goals and means of performance with no access to specified means.

Even when norms and standards exist with respect to the means of job performance and are consistent and require little interpretation, anomic pressure from outcome-oriented performance management may occur. According to Merton, this is the case when factual access to the specified means is not guaranteed. Clues to this type of situation in decentralized organizations can be compiled. Thus we see, for example, that responsibility for a larger field of activity or a greater number of subordinate employees is often assigned to middle managers as part of the decentralization, without also granting them greater decision-making power or more resources. These powers and resources would be necessary, however, to manage the fields of activity according to the decentralization concept with the requested level of self-organization and to reach the prescribed performance objectives. Empirical references to this dilemma can be found, for example, in the German study on decentralization and its effect on managers by Faust et al. (2000: 156). Further empirical references to this subject matter are also provided by the study on new work requirements and the corresponding changes of the psychological contract of British middle managers by Dopson and Neumann (1998) and the cross-national study by Holden and Roberts (2004) on the working situation of middle managers.
To summarize the above: We assume that due to the discrepancies in the normative and factual design of new performance management systems anomic pressure develops with respect to the performance of one’s job. This pressure arises from an increasing standard of performance outcome to be achieved facing (1) a simultaneously decreasing standard and/or (2) a contradictory standard or (3) a standard that requires interpretation of means of job performance. Also, within the scope of decentralization, a 4th factor – factual reasons – can stand in the way of applying the prescribed means.

With the above factors in mind, we are going on the assumption that uncertainty arises regarding the norms and standards of job performance for the affected organization members and that relevant subjective adaptation activities must be undertaken. In this sense, we will take up Merton’s proposals regarding ways of responding to the discrepancies of performance management produced by the organizational structure (see also Fig. 2).

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REACTION TYPES ACCORDING TO MERTON

The above-mentioned reaction types differ according to the respective acceptance of the prescribed goals of a social interaction area or a social institution and the prescribed means of achieving them (see also Fig. 3). For example, we could have acceptance of goals and means or only acceptance of goals, etc. The types represent modes of long-lasting reactions of individuals or groups in certain social situations or interaction areas, but not personality types. This means that individuals can also change their method of reacting depending on the social interaction area. Corresponding experiences can also move individuals to change their previous method of reacting in the same social situations.
Assumptions are made below as to which reaction types could be important within the scope of an ensuing diminution of norms and standards under new performance management and which conditions could contribute to the manifestation of specific types. We shall also try to interpret empirical results of other studies from an anomie theory perspective.

The adaptation type known as the “innovator” is of particular interest. This type accepts the prescribed goals of an institution, but applies means which are “deviant” from the institutional defaults or “innovative” to achieve the goals. Since there is a more or less distinct renouncement of prescribing the means to be applied under the new performance management system and in the course of decentralization, but at the same time emphasis on the outcome, the innovator appears to be the organizationally intended reaction type. Before we investigate further into this type, however, we would like to shed some light on the conformist, rebel, ritualistic and retreat types from our investigation perspective (see also following Fig. 3).

The conformist type accepts both the prescribed goals and the prescribed methods of achieving them and therefore contributes to the stability and continued existence of a social system. This type in itself does not represent any evidence of the anomie of an institution and is also of little relevance for our investigation perspective of diminution of norms and standards under new performance management. We will focus on possible discrepancies in the specification of performance goals and performance processes and therefore assume, that there is no possibility of a conflict-free or problem-free or smooth adaptation to organizational standards.

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2 This appears to be a rather narrow view of “innovative” behavior. Nevertheless, we shall continue to use Merton’s description of this adaptation type below.
The *rebel* rejects the prescribed goals and means of a social institution. He has some basic alternative ideas as to the possible character of the social institution concerned and tries to actively bring these conceptions to life. Within the scope of our key issue, rebellion could be expressed in the radical rejection of the new performance management and resistance. This type of response is expected, we believe, if one’s particular situation within the organization was already perceived as problematical before the changes in performance management were implemented, so that the changes in essence constitute the straw that breaks the camel’s back. Rebellion could generally be expressed on one hand via termination of the respective employee and his/her active opposition, outside of the organization, to the tendencies implied by the new performance management. Holtgrewe (2002: 205), for example, tells about the establishment of a company by former employees of a call center. After the call center was closed following a strike, the affected employees established their own company. In addition to call center services, this company provides consulting for employee initiatives against plant closings and is also involved in political issues. On the other hand, rebellious behavior could also manifest itself in ongoing resistance in the organization.

In light of the radicalism of such reactions and the fact that the new performance management is to be thought of more as the final catalyst of a growing conflict, we consider this response type to be less relevant for the problem at hand.

The *ritualist* is characterized by giving up on or only slightly accepting the prescribed goals while at the same time being highly receptive to the prescribed means. Since no clear new norms and standards with respect to the means of job performance were set as part of the new management performance, we should like to designate the retention of previous means accompanied by the willingness to miss the prescribed performance goals as ritualistic behavior.
The reasons behind such behavior could lie in the strong internalization of practices or professional orientations that have been acquired over a number of years (see also, for example, Türk, 2000 on the “organizational personality”), which people do not want to give up even in the course of the new performance requirements. It is therefore conceivable that corporate experts do not identify themselves with the achievement of the new targets set by the organization, but rather gain their motivation to work largely from the subjectively professional fulfillment of their jobs. This does not mean that the majority of professionally oriented employees and managers are inclined to be against decentralization efforts and revised requirements – in fact, the opposite is more likely. Similar findings are reported by Faust et al. (2000); Kadritzke (1997); Kotthoff (1998). But due to the professional orientation there are limits to such openness, which can be overstepped in the course of the new performance management (see also Dröge, 2003; Kadritzke, 1997; Kotthoff, 1998). Empirical references to such an assumption can be found in the study by Baethge, Denkinger, & Kadritzke (1995) on corporate experts and highly qualified personnel. It shows that the content-related/functional recognition of their professional performance is particularly important to these individuals. If these employees would have to deviate significantly from professional norms and standards to achieve the newly prescribed performance outcome, this would mean simultaneously giving up essential identity-forming guiding principles (e.g. Gildemeister & Günther, 1987). Empirical references to the relevance of this problem are provided, for example, by the study by Dooling (2002) and Henkel (2001), in which the effects of the new performance management at a New Zealand hospital and at British universities on the professional identity of the affected employees were analyzed. Dooling (2002) shows how the intended measurement of resource consumption and the respective monitoring of treatment methods threaten the professional identity of some physicians, which results in their resistant stance toward the reform.
If the achievement of the newly prescribed goals demands that employees place significant limits on their professional principles, their orientation toward organizational targets may take a back seat to professional job performance – i.e. cause ritualistic behavior. From our perspective, ritualistic behavior is also conceivable if there is underlying and lasting uncertainty regarding new procedures. This uncertainty can result, for example, from the above-described changeable and not very transparent assessment of one’s own performance (see also Blutner et al., 2002, p. 109; Knights & McCabe, 2003). We think that ritualistic behavior could also occur if the achievement of targets is viewed as unrealistic, uncontrollable or uncertain. This could be the case, for example, if performance outcomes are measured by variables which are subject to market fluctuations, i.e. environmental fluctuations, and rewards are experienced more or less as a “lottery”. Reference to this subject can be found in the works of Wiseman and Gomez-Mejia (1998) and Lehner (2003: 338), who deal with the success-based remuneration of managers.

The adaptation mode known as retreat is characterized by the fact that both the prescribed goals and the means are rejected. According to Merton (1938), this rejection results from the disappointment of not achieving one’s goals when applying subjectively legitimate means and is expressed in the form of passive resignation. On one hand, such means could be previously applied norms and standards of job performance. Examples of this include the already discussed professional principles or many years of applied practices. The ritualistic behavior described in this context could, therefore, ultimately result in a retreat response. On the other hand, employees could also bring to the table or actively develop alternative ideas of “suitable”, legitimate job performance in decentralized work segments (“innovator”). Faust et al. (2000) report in their empirical study, for example, on employees who expand their professional principles accordingly. In addition, they found employees who have made the normative model of the “intrapreneur” their own and would like to develop within the new
work segments under a new form of performance management. These employees perceive the
newly prescribed performance goals as legitimate and worth striving toward and gear their job
performance toward these goals to the best of their ability. Blutner et al. (2002) also show
how employees in human resources can develop new, subjectively suitable workplace norms
and standards of job performance. If the organizational targets are not reached despite the
application of such subjectively legitimate or “suitable” means of job performance or if such
behavior does not elicit the anticipated recognition on the part of the organization, the
“retreat” response type can arise – both organizational goals and any means of achieving the
goals lose acceptance.

Innovative behavior stands out, according to Merton, for its high level of acceptance of
prescribed goals and the simultaneous willingness to creatively “deviate” from the
organizationally prescribed means of achieving goals. Since there is a more or less distinct
renouncement of prescribing the means to be applied under the new performance management
system and in the course of decentralization, but at the same time emphasis on the outcome,
the “innovator” appears to be the organizationally intended reaction type. Below, we further
distinguish between active and reactive innovators, based on the extent to which the
innovative behavior is of a voluntary nature or emanates from perceived external force.
The active innovator bases his behavior on a clearly subjective idea of what a “modern”,
appropriate job performance should look like in today’s organizations. Faust et al. (2000) in
their case studies geared toward executives in Germany, distinguish between “intrapreneurs
par excellence” and “entrepreneurial professionals”. The “intrapreneur par excellence”,
inclined to be more of a generalist and ready to take risks, breaks away from the
bureaucratically-oriented professional previously dominating the German scene (see also
Faust et al., 2000: 116.; Walgenbach, 1994). He or she can therefore “realize her/his full
potential” within the context of decentralization. By way of the structural changes, he is
assigned a great deal of decision-making authority and also identifies fully with the new concept of outcome-oriented performance management (Faust et al., 2000: 122). The term “entrepreneurial professional” identifies executives in human resources departments, who actively interpret their own changing roles and department work. This is interesting due to the fact that human resource departments, within the context of decentralization processes, frequently find themselves under a great deal of pressure to gain legitimacy. They must be financed increasingly by the internal as well as the external market, for example, while at the same time facing a loss of resources. Nevertheless, based on their previous professional principles, the entrepreneurial professionals take up their roles in a self-assured manner. They define new performance norms and standards for their own area and represent claims with respect to the quality of their own performance in order to thereby profile themselves as well. That way, there is an active, entrepreneurial evolution of professional principles (Faust et al., 2000: 137).

In a further large scale study on changing job demands of German executives, Faust et al. (2000) find that around 30% of their sample (N=947) are faced with more entrepreneurial job demands (“intrapreneur par excellence” 16%; “entrepreneurial professionals” 14%). The above-mentioned case study results, however, indicate serious problems in changing previous job behavior according to these new job demands.

The reactive innovator does not base his innovative behavior on a clear, alternative principle of job performance and the resulting active arrangement of the new situation, as is the case with the active innovator. It is difficult for this type to give up traditional norms and standards of job performance. Rather, he or she feels the inherent necessity to change his or her own behavior. Empirical findings imply that such a response occurs more often in employees who have experienced an actual deterioration of their own position as part of decentralization and new performance management or who must deal with a situation marked by ambivalence.
This ambivalence is expressed most often through an increase in the range of duties and assigned responsibility on one hand and the simultaneous reduction or continuation of the actual scope for action on the other hand (see also Holden & Roberts, 2004; Kadritzke, 1997). According to Faust et al. (2000) the reactive innovator type can be found, for example, in line managers in the production and development departments and in human resources managers (Faust et al., 2000: 127). The majority of these welcome an increase in responsibility, but at the same time feel a stronger compulsion with respect to the corporate orientation of their job performance than do the active innovators. This could be due to the fact that they have less freedom of action and fewer resources in reality, compared to the active innovators, to control their own job performance.

SUMMARY AND DISCUSSION OF RESULTS

The goal of this study was to test the premise as to whether in connection with outcome-oriented concepts of performance management, anomic tendencies can be detected in organizations which can be traced back to a lower level of effectiveness of norms and standards of job performance - standards regarding how a task is to be fulfilled. Following Merton, anomie was characterized as a condition of instability of an institution, elicited by a lack of effectiveness of behavior-regulating norms in that institution. Merton assumes that the ability of the institution to fulfill its functions purposefully is undermined by anomic tendencies, for instance because various forms of deviating behavior, including criminal behavior, threaten the objectives and survival of the institution.

In summary, our study has shown that outcome-oriented systems of performance management in organizations according to all indices do not erratically cause an anomic – unstable – state of the entire organization. We cannot overlook the fact, however, that anomic pressure is built up with respect to the performance of one’s job. Based on studies from various industries, we
were able to show that this pressure arises in production areas and in areas of middle management: while on the one hand ever more challenging performance outcomes (results and goals to be achieved) are being prescribed, job performance is at the same time being made more difficult due to its discrepant normative and actual design. These job performance standards are therefore becoming more contradictory and equivocal. It is also evident in some of these studies that sufficient resources for achieving the requested performance outcome (time, money, personnel, and support within the hierarchy) are not being made available.

The objectively prescribed work situation is accordingly characterized by increasing anomic tendencies, caused by outcome-oriented systems of performance management. Entirely in line with the theoretical assumptions of Merton, indices can also be found showing that the discrepancies between ever more challenging default outcomes on one hand and weaker performance norms and standards and a lack of resources on the other hand build up this anomic pressure also in the subjective perception of those affected by this performance management. Indicators of this pressure in terms of the theory, which were not specifically investigated in the studies, include specific response modes of the affected organization’s members to the changed working situation. They range from ritualistic to retreat-type to innovative behaviors. Here, too, respective responses can be filtered out of the empirical studies to a certain degree. All of the response forms mentioned above can be found.

How, in summary, are we to evaluate the connection between performance management, the resulting anomic tendencies, and the functional conditions of organizations as a whole (in terms of the objective and resource efficiency, ability to adapt and stability of the social structure according to Parsons referred to in the beginning)?

Anomic tendencies within the meaning of Merton are an expression of institutional change, and thus also for the viability and adaptability of organizations in a dynamic environment. Anomic tendencies become dysfunctional when the anomic pressure cannot be adequately
processed by the organization’s members and in the longer term becomes a threat to its continued existence. In terms of the theory, we must therefore ask to what extent the individual, empirically deducible response modes to anomic tendencies of outcome-oriented performance management are beneficial or detrimental to the organization. The best answer is given by those who retreat, who quit internally, hold back their capabilities and thereby at least compromise the resource efficiency of the organization.

It is considerably more difficult to evaluate the response of the ritualist, who in accordance with the empirical indices feels an obligation primarily toward professional norms and standards. On one hand, this appears to impede adaptability to market requirements or the efficient management of internal resource distribution, therefore weakening critical functionalities of an organization. On the other hand, ritualism may designate an individual response form to modern systems of performance management, which also produces effects which are functionally necessary for the organization as a whole. The orientation of organizational members on professional standards creates security, reliability and stability of job performance (efficient integration and monitoring of activities in the sense of Parsons), which watered down standards of outcome-oriented performance management no longer offer. Professional standards ensure quality standards in the performance process and thus contribute to the organization’s efficiency in reaching objectives. Ritualism as seen from this perspective would have to be interpreted merely as an extreme case of an excessively rigid and organizationally dysfunctional adherence to workplace norms and standards. A substitution process at the appropriate level, however – substitution of bureaucratically standardized performance management with professionally standardized performance management – would have to be evaluated positively from the standpoint of functional capacity of organizations as a whole. Heckscher (1995) also presented arguments along these lines according to which the traditional “organization man” has increasingly become a thing
of the past against the background of a flat, flexible and continually reorganizing company (see also, similarly, Sennett, 1998). Loyalty to an organization and the performance standards it has prescribed could increasingly be replaced by loyalty to professional standards, in particular in specialized staff and executives. In this sense, the debate put forth by Mintzberg (2004) regarding the future orientation of manager training becomes even more relevant. An evaluation of the innovator response type also turns out to be ambivalent. In the following distinction made between innovative behavior that is beneficial to the organization and innovative behavior that is damaging to the organization, we would like to point out that innovative behavior does not necessarily always have a positive effect on organizations despite its positive connotation. Innovation within the meaning of Merton implies the use of “deviating” means to achieve the prescribed goals, but says nothing about the exact characteristics of these means. The “intrapreneur par excellence”, who can only fully develop his potential under conditions of outcome-oriented performance management, is evaluated as an innovator who is beneficial to the organization. Persons of this response type have strongly internalized the conditions of outcome-oriented performance management and are highly motivated. Their performance level increases under these conditions (contribution to efficiency of resources). However, these studies do not show what other effects on the organization are being brought about as a result of this increased performance level. Among executives, in particular, it is not unlikely for managers - in the interest of their careers or workplace security and the associated pressure to also achieve the objectives prescribed by the organization (Thomas & Dunkerley, 1999; Tengblad, 2004) - to make decisions and carry out actions which, in the long run, are harmful to the organization (endangering the social structure within the meaning of Parsons). This issue is particularly relevant when specifying performance goals to be realized over the short-term, such as stock
value or increasing shareholder value pressure in general. We then have the danger of
decisions by managers being oriented on short term results, which could over the long term
cause damage to the organization’s pool of resources. Cascio (2002) and Kieser (2002)
illustrate this problem, for example, showing the effects of downsizing measures on the
competitiveness and the financial success criteria of organizations. The desired diminution of
norms and standards – the scope for action – in the execution of one’s duties actually invites
managers to control subjectively perceived career risks, by initiating projects with fast and
relatively safe returns, such as personnel reduction measures. This proves their efficiency and
enhances their reputation, an important signal in an increasingly more competitive career and
labor market (see also Hirshleifer & Thakor, 1992; Höpner, 2004). This “efficiency” can be
very damaging to the organization if one-sided short-term optimization occurs at the expense
of long-term development opportunities for the organization (see also Cascio, 2002; Rumelt,
1987).
Furthermore, LaNuez & Jermier (1994) and Scarbrough & Burrell (1996) refer to the possibly
increasing potential for acts of sabotage or “white collar criminality” within the sphere of
middle management (potential danger to the social structure; on cultural differences in this
behavior see also Cullen, Parboteeah, & Hoegl, 2004). They base their assumptions on the
increasingly conflict-laden situation of middle managers as part of the decentralization
process, which is expressed for example in the already discussed discrepancy between
responsibility and decision-making authority, greater workloads or the increasingly uncertain
career opportunities (see also Holden & Roberts, 2004; Newell & Dopson, 1996). In the
interest of their own careers or based on simple frustration, middle managers allegedly had a
tendency toward corruption or sabotage. The decreased importance of performance process
norms and standards and simultaneous emphasis on performance outcomes within the context
of the new performance management can therefore cause these tendencies to continue, by
increasing the pressure to achieve objectives and at the same time establishing scope for action.

It is striking that career opportunities perceived as positive – whether within or outside of the organization – are associated with innovative modes of behavior by the respective organization members in several studies. The anomic pressure, which as has been described above develops when outcome-oriented performance management is introduced in decentralized organizations, is accordingly more easily converted into creative energy when there are career opportunities perceived as positive (response type of the active innovator). The anomic pressure appears to call forth fewer responses which are beneficial to the organization if the career opportunities are threatened or if they clearly deteriorate when the new performance management systems are introduced.

From an anomie theory perspective, the dilemma of introducing new systems of performance management can be seen here. If flexibility and rationality are aimed for through these systems, it seems these objectives can only be realized simultaneously to a limited extent before the anomic tendencies are intensified. Improved outside options could be an effective means to a certain extent to check anomic behavior that is harmful to the organization. There is the danger, however, that knowledge relevant for competition can flow out unrealized and that the social and organizational capital could be damaged (see also Sadowski & Ludewig, 2004).

Our arguments and the conclusions drawn from them are subject to constraints. First and foremost, they arise from the use of secondary empirical material. One problem, for example, is the fact that the substantive orientation of all of the studies used is not identical to the question we pose. Since the studies were carried out for other research questions and the data was gathered as part of other investigational focal points and interpreted from other perspectives of analysis, we were only able to test an anomie theory version and interpretation
– and this expressly without wanting to derogate the studies. There were also constraints due to the fact that only a few studies were available which were useful for our purposes. The small number of studies on specific types of responses to new performance management systems presented a particular problem. We were thus only able to support our arguments with the aid of empirical indices or by drawing on indirect references from other investigative fields. In this sense, only a specific empirical investigation can provide better information about the correlation of new performance management systems and anomie and/or respective response types. This data situation also means that we cannot make any statements about possible correlations between the types of diminution of workplace norms and the response types. This also applies to any findings as to which areas of the organization, e.g. the operative or the administrative area, certain types of diminution of workplace norms and response types occur predominantly.

OUTLOOK

Career outlooks in an organization and loyalty to its standards are means of social integration, without which an organization cannot function for long. For an organization to function as a collective player requires a higher degree of coordination, cooperation and social integration of the players than is usually required on markets. The “organizational advantage” (Nahapiet & Goshal, 1998) is based on this. A specific diminution of standards resulting from new systems of performance management will only generate innovative behavior that is beneficial to the organization on a continuing basis and to a large extent if some kind of integration performance is also rendered by the organization. The negative effects of increasing career risks and the identifiable substitution processes among standards point in this direction. This means, in our opinion, that decentralization and the granting of autonomy as an indication of new performance management must paradoxically involve increased commitment of
organizational members to the goals, values and standards of the organization and to professional standards if it is to function. In an age of increasing flexibility and “patchwork” careers, this is likely to pose the problem of how temporary loyalties to organizations can be rebuilt time and again. It is also important to consider that in the post ENRON era, society’s disappearing trust in the legitimacy of the guiding standards of managers could make this very identification with professional standards more difficult. In conjunction with the targeted diminution of workplace norms and standards through outcome-oriented performance management, this could contribute to a much greater extent to the normative destabilization of organizations than can be guessed when first observing the behavior of top managers.
FIGURE 1
Macro- and micro-level in the anomie concept according to Merton
Source: own representation

FIGURE 2
Types of discrepancies, Source: own representation
FIGURE 3
Typology of reaction types
Source: according to Merton (1938)

<table>
<thead>
<tr>
<th>Reaction types</th>
<th>Culturally prescribed goals</th>
<th>Culturally prescribed means</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Conformist</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>II. Rebellion</td>
<td>+/-</td>
<td>+/-</td>
</tr>
<tr>
<td>III. Ritualism</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>IV. Retreat</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>V. Innovation</td>
<td>+</td>
<td>-</td>
</tr>
</tbody>
</table>

(+ Acceptance, - non-acceptance, +/- indicates that the activity of the rebel is geared toward the realization of objectives and means which lie outside of the existing cultural structure)
REFERENCES


