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A Soft Organizational Culture and its Impact on Performance Management - the Case of a Unique Consultancy

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Abstract

Thesis Purpose: The main purpose of this thesis is to develop a more nuanced understanding of consultancies in terms of organizational culture and of consultants' identity and motivation. Further, to find out how organizational culture and performance management systems interrelate.

Methodology: We conducted a qualitative study in the consultancy SoftConsulting and took an interpretative and critical perspective to analyze our findings.

Theoretical Perspective: The study is based on the theoretical models of organizational culture, identity in organizations and employee motivation. Moreover, a recent discussion about the design of performance management systems provides the context of our study.

Empirical Foundation: We provide a case study of a big consultancy firm. Our empirical data was collected through interviews with HR personnel and consultants and interpreted with an hermeneutical approach. Publications of the firm complement our findings.

Conclusion: The culture at SoftConsulting seems to be noticeably different from the traditional view on consultancies, distinctly softer. This becomes apparent in a positive, helpful atmosphere without competition as well as in the self-perception and motivation of consultants. The consultant's identity is rather based on being decent persons than on being a superior elite. The motivation of consultants is based on internal values and social factors rather than on external incentives. The performance management, managerial practices such as feedback and the attitudes of senior management contrast this soft culture and rather fit to the classic tough understanding of consultancies.

Keywords: Organizational Culture, Consultancies, Consultants, Performance Management, Identity, Employee Motivation, Interactive Motivation, Work-life-balance, Modern Working Life, Cultural Antagonism

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1. Introduction

1.1. Preface and Background

*Of all the businesses, by far
Consultancy's the most bizarre.
For to the penetrating eye,
There's no apparent reason why,
With no more assets than a pen,
This group of personable men
Can sell to clients more than twice
The same ridiculous advice,
Or find, in such a rich profusion,
Problems to fit their own solution*

(Bernie Ramsbottom, Financial Times, 11 April 1981; quoted in Canback, 1998).

Consultancies are a peculiar kind of business. Many myths, stereotypes and clichés exist around this still young profession. Consultancies are known for their distinct organizational culture, which is based on an elite-identity (Alvesson & Robertson, 2006), long working hours, tough competition, strict rational thinking, a conservative dress code (Meriläinen, Tienari, Thomas and Davies, 2004) and an 'up-or-out' system (Batchelor, 2011). The latter meaning that employees are asked to leave a company if they do not advance their career within a certain timeframe. The organizational culture in consultancies seems to be differing from the recent discourse around working life in modern organizations; which is exemplified by a down-to-earth attitude, focus on work life balance, teamwork and collaboration, a rather casual dress code, humane aspects and workplace security with a focus on personal development (Eisner, 2005; Howe & Strauss, 2000). This is an interesting point of departure for our thesis, as there is obviously a contrast between general modern working life expectations and the way the consulting industry is depicted. A more nuanced picture of organizational culture in consultancies is called for, to discover possible differences from the classic picture commonly referred to. Is the culture in consultancies really that far off from the developments in other industries? We would assume that with the backdrop of the 'war for talent', consultancies need to address the demands of young graduates to attract and keep the best talent.

Our case study was originally triggered by an upcoming change program of the traditional performance management system to a modern performance management system. However, we were so intrigued by the empirical material we gained around the organizational culture at

the big consultancy company SoftConsulting, that we deemed it appropriate to build our analysis around this topic. We found a particular different consultancy. SoftConsulting portrays itself as less competitive and tough than expected. This softness appears in the organizational culture, the identity of the consultants and their motivation. As we will describe, the culture at SoftConsulting is characterized by a positive, helpful atmosphere and collaboration. The consultants portrait themselves as decent human beings and not as tough consultants. Their motivation appears to mainly depend on internal and social factors rather than external incentives. This soft culture is contrasted by some of the organizational systems and attitudes of senior management that rather fit to a traditional, tough consultancy.

1.2. Research Site and Occasion

Our research site is the Scandinavian consulting department of the company that we are going to call SoftConsulting, one of the big four professional-service firms. The occasion for our investigation is a planned change in the performance management system, which is typically a significant element for consultancies as they are focused on high performance. The traditional performance management system evaluates employees in a yearly process and is crucial for decisions about promotion and bonuses. Hence, it perpetuates many of the mentioned attributes typical of consultancies. For instance, it fosters the 'up-or-out' philosophy by ranking employees according to their performance in a specific order. It emphasizes rational evaluation criteria such as utilization in hours, and organizes the feedback process in a highly efficient and bureaucratic process. Further, the incentives to motivate employees to perform better are mostly monetary and focus on status and prestige. SoftConsulting plans to introduce a new modern performance management system. This new system will have a more agile approach, which focuses on softer factors such as: continuous development; social relations; more frequent feedback talks; and the ratings to rank employees are abandoned. This is a trend that can be observed in other industries as well: Companies such as Adobe, GE, Netflix and Microsoft also claim to redesign their performance management systems in a leaner and more effective way in the last years (Deloitte, 2014).

1.3. Research Aim

Based on this change of the performance management system, we conducted interviews with consultants and HR to find out how they describe the culture at SoftConsulting, how they see themselves in terms of identity and what motivates them in working life. Our research aim is to develop a deeper understanding of organizational culture at SoftConsulting as well as the identity and motivation of consultants. On the basis of their descriptions about themselves and their values we want to make interpretations and develop a multilayered perspective. Another route we take is the change of performance management, where we further want to evaluate how organizational systems, in particular the traditional performance management and the 'up-or-out' approach, as well as management practises, in particular feedback, interplay with culture. Our research questions are therefore:

How is the organizational culture at SoftConsulting described by employees and how does it interrelate with performance management and managerial practices?

Which role does employees' identity and motivation play in this context?

1.4. Research Purpose

The purpose of our study is to develop a more nuanced understanding of consultants and consultancies in terms of culture, identity and motivation. This understanding will help to better grasp social and cultural processes in that particular industry and can be a foundation for further interpretations. In particular, a deeper understanding of culture, identity and motivation can be used to more adequately design managerial systems, like performance management, and to adjust the managerial strategy.

To design an effective performance management system, companies need to understand its deeper cultural meaning and possible effects on social processes for the employees, such as identity building and motivation. To avoid blindly following trends, and the adaptation of standardized best-practice approaches, companies need to investigate and understand how performance management works in their internal environment. Our in-depth study aims to contribute to that understanding by delivering food-for-thought for SoftConsulting; planning a change to a more flexible, modern performance management system. We also aim to contribute insights for a more nuanced general understanding of performance management, in relation to the concepts of identity and motivation. In conclusion, our research has practical relevance, as many firms are already transforming their performance management systems,

and others may do so in the future. It also has theoretical relevance, as we enhance the theoretical knowledge with our field of work.

1.5. Outline of the Thesis

In the next chapter we will introduce the state of research on the topics of organizational culture, identity and motivation; as well as descriptions about consultancies in the literature. We will discuss research that addresses the relationship between organizational culture and systems, particularly the influence of the traditional performance management and the 'up-or-out' system. In chapter three we will present our methodology and framework. Empirical findings and interviews are presented in chapter four and are discussed in chapter five. Here, we focus on the organizational culture, which we found to be surprisingly soft. Also, we discuss certain misalignments in the performance management system, by introducing the concept of '*cultural antagonism*'. Lastly, we conclude by presenting a promising outlook for SoftConsulting: organizational culture based on soft values can be a competitive advantage for the firm as it prepares it for the complex tasks of the future. Those tasks involve negotiation, collaboration and creativity. A soft culture further is appealing to graduates and will ensure SoftConsulting a strong position in the competition for talent.

2. Literature Review

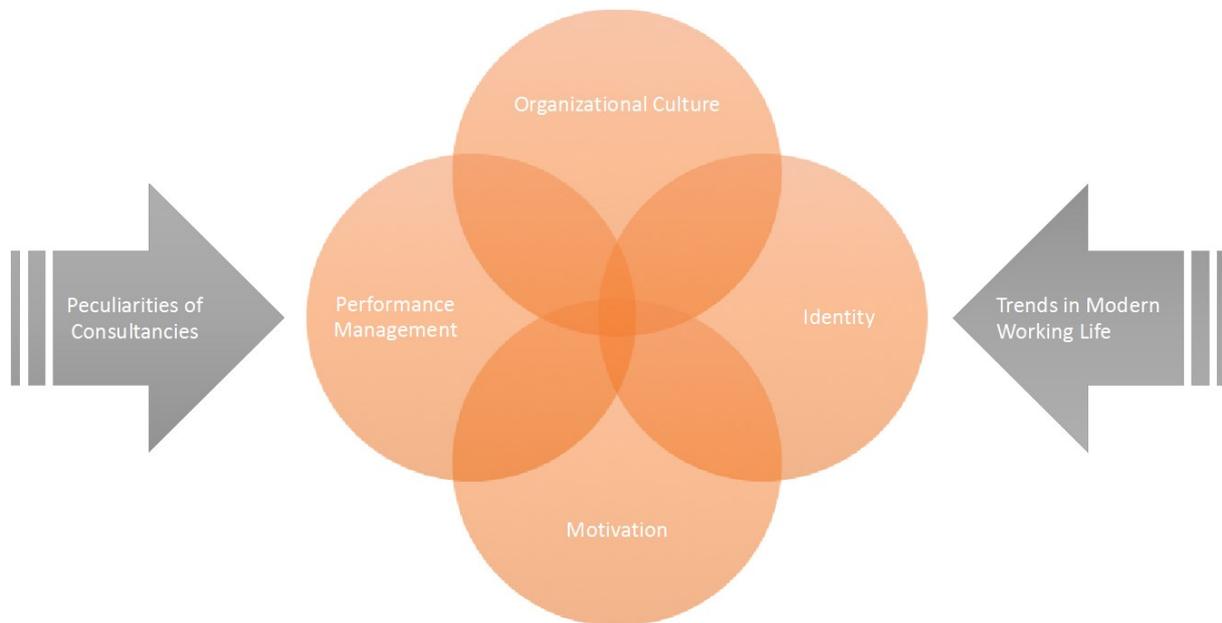


Figure 1 Overview of Theoretical Concepts

2.1. Introduction

In our review of the literature we will introduce several concepts which are relevant for our study. First we describe our main concepts; organizational culture, identity, motivation and performance management. Then we will describe the peculiarities of consultancies and recent trends in modern working life, as we will come back to them later in our analysis, where we consider their impact on our concepts (Figure 1). Of the concepts we introduce, organizational culture and motivation can be said to play a central role in our discussions. Even though all of them are closely connected we first introduce the concepts as single parts and in the end again as a whole to understand the overall picture.

2.2. Organizational Culture

A broad array of definitions of organizational culture was produced in organizational research (Alvesson & Sveningsson, 2016). Commonly in most of the definitions organizational culture is mainly about “*shared meaning, interpretations, values and norms*” (p.41) of a group of people in the organizational context (Alvesson & Sveningsson, 2016). According to a cultural

study by Hofstede, Neuijen, Ohayv and Sanders (1990), culture ordinarily refers to the way people think, their values and ideas and not to concrete and visible parts in the organization. Furthermore, there are different lenses through which we can see and understand organizational culture. An example is to understand the whole organization as a culture instead of understanding culture as only one component of the whole organization (Bate, 1994). To keep different views in mind can help us to create a better and more nuanced understanding when we study an organization.

A model to explain, analyze and intervene in organizational culture was created by Schein (1985) who talks about three different interrelated levels: Assumptions, espoused values and artifacts and symbols. Culture can also include the construction of meaning and sense making which can be expressed in language, stories and rituals (Alvesson & Sveningsson, 2016). As described above, organizational culture is seen as providing a coherent meaning for a group of individuals, however, differentiations within organizations can occur. For example different groups and occupations can share different values and ideas (Alvesson & Sveningsson, 2016). Hence, we have to be aware of possible different subcultures within an organizational culture. A distinct organizational culture can be a competitive advantage (Parker, 2012), especially in an industry where the offered services are similar, such as consulting. If a distinct organizational culture can develop is very much dependent on the extent to which members identify with the organization: *“To the extent that an organization (as identity) is a significant source for identity work, people tend to view themselves as part of an overall ‘we’ and experience unity and closeness with the whole organization”* (Alvesson & Sveningsson, 2016, p.45). Employees can also identify with certain elements such as their department, professional affiliation or hierarchical status which can lead to the emergence of further sub-cultures. Hence, the organizational identity is closely related to the organizational culture. Before we describe the concept of organizational identity we will first have a look on the concept identity on an individual level.

2.3. Identity

Overview

Identity is described as probably the most essential concept when it comes to describing human experience on the individual level, as it answers not less than the question *‘Who am I?’* (Godfrey & Whetten, 1998). Identity is a broad concept, which has been described in many different contexts such as personality psychology (e.g. Erikson, 1968), philosophy (e.g. Heidegger, 1969), sociology (e.g. Mead, 1934) and organizational studies (Albert & Whetten,

1985). Godfrey and Whetten (1998) give a broad description by summarizing the essence of different identity theories:

Identity is most usefully viewed as a general (...) framework for understanding oneself that is formed and sustained via social interaction (Godfrey & Whetten, 1998, p. 19).

This means that the individual forms its identity through constructing different social influences into one coherent concept and then also wants to act according to this identity. (Godfrey & Whetten, 1998). We will examine this concept first on the individual level and then on the organizational level.

Individual Identity

Further, Tajfel (1982) describes identity as a self-concept, a hypothetical cognitive structure that is the sum of the concepts that a person uses to define him- or herself. He mainly distinguishes the concepts in two categories, the *social identity* and the *personal identity* (p. 18). The former is defined as the concepts “*that denote one’s membership of various formal and informal social groups, i.e. social categories such as sex, nationality, political affiliation, religion and so on*” (Tajfel, 1982, p. 18). This means for example that a person can have a social identity from being member in a sports club and another social identity as working in an organization (who am I as a part of this group?). The personal identity on the other hand is defined as the concepts used to describe more personal attributes like “*bodily attributes, ways of relating to others, psychological characteristics, intellectual concerns, personal tastes and so on*” (Tajfel, 1982, p. 15). To sum it up, identity is shaped by affiliations in different social groups and by personal attributes and is therefore exposed to tensions from possibly divergent needs. As thus, identity is never finished but always adjusted and developed, even though, individuals have an interest in maintaining a stable identity to have an orientation for their behavior, as Sveningsson and Alvesson (2016) describe:

Identity is about seeking to build a self-view that is consistent and coherent and can provide a relatively stable platform for orienting oneself in life and organizations (p. 33)

In this sense, identity is a stabilized view upon oneself that has been developed from different experiences, crisis, roles, social connotations, attributes and self-views (Tajfel, 1982).

Organizational identity

The concept of identity has been linked to the organization first by Albert and Whetten (1985) and in this context answers the question '*Who are we as an organization?*' The organizational identity can be described as the shared assumptions of members of an organization about themselves as a group (Godfrey & Whetten, 1998). Through interacting with each other and through comparison with other organizations, members seek to find distinguishing characteristics of their group, which can also boost their self-esteem (Godfrey & Whetten, 1998).

Organizational identity is constructed by all organizational members. Furthermore, it is influenced by two different factors: First, external influences like the reputation of the company and opinions of clients. Second, the management can try to control the process of building an organizational identity (Alvesson & Kärreman, 2007), for instance by creating meaning through *excess ceremoniality*, *aspirational control* and by providing the context (p.721). Concretely, *excess ceremoniality* means the strong emphasis on rituals as exemplified by recruiting practices or performance management, as they "*strongly communicate cultural meanings and values such as rationality, improvement, effort, individualism, fairness, compliance, order, differentiation, and transparency*" (Alvesson & Kärreman, 2007, p. 721). *Aspirational control* means that the company controls the career aspirations of their employees, for example through performance management. In this way the company can set the expectations and values. Moreover, there are impacts on the individuals' self-perception as "*self-esteem becomes tightly linked to career progress*" (Alvesson & Kärreman, 2007, p. 721). Hence, aspirational control can be particularly powerful in companies where the career plays an important role for employees, such as consultancies. Lastly, the company can impact the reality of the employees by providing the context in which employees build an organizational identity for example through corporate stories, the working environment and incentives (Sveningsson & Alvesson, 2016).

To conclude, members of an organization construct an organizational identity under influences of external factors and managerial attempts to facilitate certain corporate values. Sveningsson and Alvesson (2016) describe this process of constant identity construction as "*identity work*" (p. 39). The personal and organizational identity we introduced are both important factors for the motivation of employees, as we will describe in the concept of interactive motivation in the next part.

2.4. Motivation

Overview

Before we outline our main concept in motivation, the interactive motivation, we give a short overview on the different theoretical concepts in order to set the basis for the reader. Motivation as a concept is not easy to grasp and hard to generalize (Ryan & Deci, 2000b). It is hidden within the subconsciousness of individuals and blurred by social expectations and images (Heckhausen & Heckhausen, 2006). Every individual has different levels of motivation and is motivated by different things. Also, it is determined by situational circumstances and cultural pattern. Therefore, universal generalizations on how motivation works are unlikely to be effective in reality. Ryan and Deci (2000b) contribute a definition of the term motivation which we find relevant: “*To be motivated means to be moved to do something*” (p. 54). Motivation is the driving force behind behavior. The concept is interesting for our topic, because inaccurate judgements about motivation could lead to inaccurate conclusions to managerial actions as “*behind every managerial decision or action are assumptions about human nature and human behavior*” (McGregor, 1960, p. 33). In the following part we are going to discuss different motivational theories and suggest the use of a holistic model of motivation, the ‘*motivational triangle*’ (Alvesson & Kärreman, 2007b).

Intrinsic and Extrinsic Motivation

An often made distinction is one between *intrinsic* and *extrinsic* motivation (Ryan & Deci, 2000a). *Intrinsic* motivation describes the “*inherent tendency to seek out novelty and challenges, to extend one’s capacities, to explore, and to learn*” (Ryan & Deci, 2000a, p. 70). White (1959) was one of the first researchers who conceptualized this and described it as the *longing for efficacy*, an instinctive motive of humans as well as animals to explore their own competencies and have an impact on their environment. Humans develop competencies through playful exploration, actions or reactions and positive or negative feedback (White, 1959). Most actions of adult humans are not intrinsically motivated in a narrow sense, as most actions target a future condition or have the purpose to comply to social standards (Ryan & Deci, 2000a). Extrinsic motivation in contrast is an “*activity in order to attain some separable outcome*” (Ryan & Deci, 2000a, p. 71) and therefore led by something outside of the individual itself. If an individual is motivated to do something because he or she expects a reward for the behavior, we speak about extrinsic motivation.

As described, most human behavior can be seen as extrinsically motivated. Ryan and Deci, (2000b) distinguish different kinds of extrinsic motivation. There is the classic, pure extrinsic

motivation that only focuses on achieving external rewards or avoiding punishments. As already said, the motive lays outside of the individual here. However, individuals can also internalize extrinsic motives. Through identification individuals integrate external motives into their self-concept and make them their own (Ryan & Deci, 2000b).

Following this argumentation, it appears to be more useful to focus on a distinction between *internal* and *external* motivation rather than *intrinsic* and *extrinsic*. Alvesson and Kärreman (2007b) bring into discussion the social dimension of motivation and describe a holistic theory that focuses on the interaction between the internal motives of the person, instrumental stimulus and social aspects. Before we will introduce this interactive theory of motivation we will next present classic theories of motivation. First those which focus on internal motivation and then those which focus on instrumental or external motivation.

Internal Theories of Motivation

The first group of theories, which is mainly represented by the classic motivational authors such as Maslow (1954) and Herzberg (Herzberg et al., 1959), locate motivation in the needs and wants of the individual itself.

An often discussed classic theory is Maslow's hierarchy of needs (1954). Here, the human needs are hierarchically ordered in the form of a pyramid. We will not describe it in detail here, as it is widely known. Herzberg's (Herzberg et al., 1959; Heckhausen & Heckhausen, 2006) two-factor theory is closely related to Maslow and distinguishes between hygiene factors and motivational factor. Individuals are driven by motivational factors such as recognition, responsibility and development. Just as in Maslow's pyramid, these needs are on a higher level than basic needs such as *salary, relationships* at the workplace or *working conditions*. These more basic needs are called *hygiene factors* because they do not produce satisfaction but can cause dissatisfaction and therefore demotivation. As a consequence, the hygiene factors need to be in place in order to not demotivate the individual. Maslow's and Herzberg's understanding of separated, hierarchical ordered needs can only be seen as a simplification of the more complex reality (Alvesson & Kärreman, 2007b). They do not take situational factors, higher motives or characteristics of the work itself into account. The different needs and motives should be seen as interwoven, heavily depending on situations and as not easily detachable. Also, the hierarchical order is not always fulfilled. Artists for example rate their need for self-realization higher than the need for workplace security.

Instrumental Theories of Motivation

Instrumental theories of motivation in contrast locate motivation outside of the individual in desired rewards or avoided punishment (Alvesson & Kärreman, 2007b). The most relevant theory of this group is the Expectancy-Theory of Vroom (McGregor, 1960). Briefly described he says that acts are motivated by the expected consequences of the act. Motivation is determined by three factors: *Valence*, *Instrumentality* and *Expectancy*. *Valence* describes how desirable a certain consequence is for the individual. *Instrumentality* describes the estimation of how much a certain action is a proper instrument to achieve a desired outcome and *expectancy* describes how likely it is, that an action leads to the desired consequences. The *instrumentality* evaluates external preconditions while *expectancy* evaluates the own, internal capabilities such as self-confidence.

In the organizational context this would mean that external rewards for instance salary and recognition (for example through titles and status) are the most important factors for motivation. However, others argue that the reality shows, that there is no mechanical and linear relation between external rewards and motivation (Alvesson & Kärreman, 2007b). Vroom focuses on the incentive expectations of the individual and hereby ignores internal wants and needs. Alvesson and Kärreman (2007b) criticize Vroom's theory as too simplistic, because it is obvious that every individual has some kind of personal needs, preferences and goals. Vroom reduces motivation to conditioning; the individual is seen as a "*beteendemaskin*" (Alvesson & Kärreman, 2007b, p. 361), as a *behavior machine* that only reacts to external incentives.

The aforementioned classic motivational theories provide interesting perspectives on motivation, although they have their shortcomings, as they simplify motivation. The internal motivation theories do not consider situational factors and complexity into account. The instrumental motivation theories do not consider personal preferences and values. Lastly, none of the theories considers the social factors around the individual.

Interactive Motivation

Alvesson and Kärreman (2007b) constructed a theory that tries to deal with these shortcomings of other theories, the *motivation triangle* or *interactive motivation*. They describe motivation in relation to social processes such as *norms*, *reciprocity* and *identity*.

First, individuals have a desire to conform to social standards and norms. Therefore, they adjust to the expected behavior that is shown by others or that is communicated by the company. For instance, a norm can be to work productively or to work long hours. The higher

the prestige of a company is the higher are usually the work and performance norms (Alvesson & Kärreman, 2007b).

Second, the rule of *reciprocity* describes individual's longing for balanced relations. In order to do this, people respond positively to positive actions of others. Moreover, reciprocity becomes apparent in loyalty. In the organizational context, individuals not just want to repay the worth of their salary in the form of work; they also receive non-monetary benefits such as workplace security, career perspectives, freedom for self-development and prestige from the company. In exchange employees bring in a high work motivation, work extra hours and are loyal.

Third, individuals want to live up to the standards of their *identity*. As described earlier, the identity is the self-perception of oneself. Employees, especially in prestigious, complex and professionalized jobs identify themselves with their work. Thus, they want to act accordingly to the expectations on their professional identity. Within our subject of studies, a consultancy, this could mean that people put in additional effort or work longer hours because they think that this is the natural thing to do for a consultant. Certain behavioral patterns are assigned to the role of a consultant. Through identifying themselves as a consultant, individuals' internalize the role and are motivated to act accordingly. Even simple and repetitive tasks are perceived as something necessary and positive when they are interpreted as part of the task spectrum of a consultant. (Alvesson & Kärreman, 2007b)

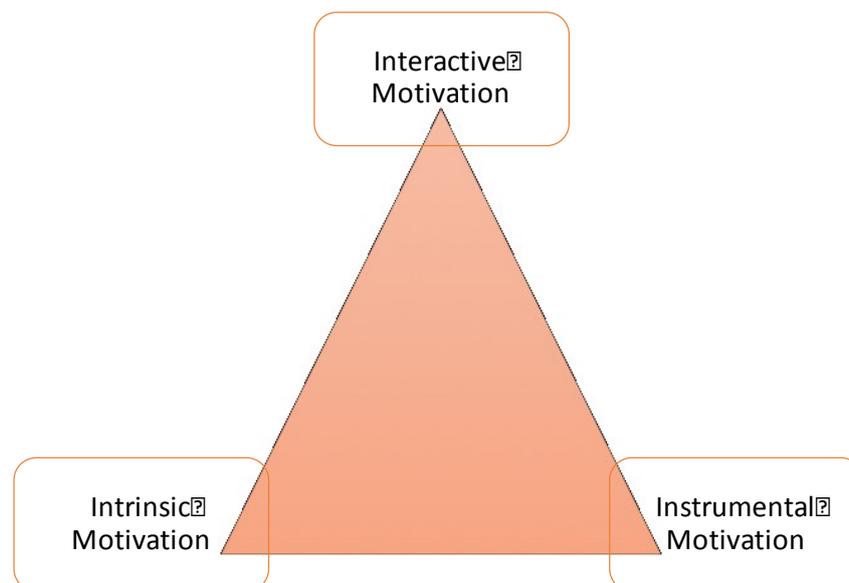


Figure 2 *The Motivation Triangle* (according to Alvesson & Kärreman, 2007b, p. 361)

Finally, according to Alvesson and Kärreman (2007b), motivation arises from the described social processes in interaction with individual internal needs of the individual and instrumental motivators (Figure 2). The internal individual needs and learned standards are the basis from where the individual deals with instrumental motivators and social relations such as *norms*, *reciprocity* and requirements of the professional *identity*.

For the organizational context this means that efforts to motivate people can not only be based on instrumental rewards, for instance money and titles. Motivation has to be understood as a more complex concept. Organizations have to consider the internal motivation of employees and social processes such as identity, reciprocity and values. Understanding the motivators of employees is also significant in order to adequately design a performance management system, as we will show in the next chapter.

2.5. Performance Management and Organizational Culture

Overview

In our analysis we will discuss the (mis-)alignment of the traditional performance management system at SoftConsulting with the organizational culture. In order to create the basis for this discussion we introduce some characteristics that are related to performance management. Concretely this means we first briefly introduce the special role of performance management in consultancies and its influence on consultants' identity. Second we delve into the importance of feedback and explain the approach of an *'up-or-out' system* (also *partnership system*).

Performance Management in a Consultancy

Performance management is a relevant theme in most companies and can be described as a broad concept that includes the whole process of managing employees' behavior to align it to the organization's strategy with the help of business systems that are supported by technologies (e.g. Cokins, 2004). For our study we focus on performance management as one of the main tasks in Human Resource Management, which is according to Pulakos (2009), an influential author in the field, "*the most difficult HR system to implement in organizations*" (p. 3). The design of the performance management system is an integral part of the HR strategy of the firm (Gruman & Saks, 2011). Pulakos (2009) argues that an effective performance management can support employees to achieve important goals and help the organization to implement its strategy. In a more practical sense, performance management is primarily used by top management and HR departments to measure, control

and improve employees' performance (Leopold & Harris, 2009). For example, different tools such as *annual feedback talks*, *management-by-objective*, *competency frameworks*, *360° appraisals*, *performance-related pay*, *team bonuses* or *personal-development plans* (Leopold & Harris, 2009, p. 191) are commonly used. A more critical view on performance management, however, can be found in Haine and St-Onge (2012) who describe, that different studies and surveys show that the high expectations on the effectiveness of performance management systems are often not met in practice. As a result, ineffective performance management can lead to lowered self-esteem of employees or demotivation, which in turn damages the functioning of the organization (Pulakos, 2009).

In particular for knowledge intensive firms, like consultancies, it is not easy to reliably and objectively measure performance, as the outcome of a task is very much depending on the opinion of the client (Alvesson & Sveningsson, 2011). Further, the outcome is influenced by external factors (Alvesson, 2004) as for example the general economic- and project specific situation. However, somewhat paradoxically, the overall performance of the company and especially the individuals' contribution is highly important for consulting firms (Maister, 2003). The employees are their most important production factor (Maister, 2003). Moreover, Leopold and Harris (2009) describe that in many cases a team-performance has to be considered, however, it can be difficult to measure the individual contribution to an overall outcome. Furthermore, they question whether the actual performance is evaluated or just the best adaption of the measurement criteria, the best impression and/or personal sympathy (Leopold & Harris, 2009). Considering the ambiguities and specifics of a consultancy firm, classic approaches of performance management are challenged as the performance is not easily measurable. Still, as the work of the employees is the main asset of consultancies, it is highly important for the management to find a way to effectively govern and enhance performance.

Influence of Performance Management on Consultants Identity

Nevertheless, effective performance management systems can deliver an understandable feedback for the employees about what is expected of them and how their performance is seen by their superiors (Leopold & Harris, 2009). Employees have an interest in receiving feedback on whether or not they meet or exceed their manager's expectations, to locate their role and position within the company. Alvesson and Kärreman (2007a) describe how managerial practices are constantly shaping the identity of employees. That means that performance management is not only measuring and controlling performance but also functions as a point of orientation for the employees' identities and their socialization within the company. Hence, performance management systems also reflect the values of a

company and give employees the opportunity to assimilate their behavior (Alvesson & Kärreman, 2007a). Particularly for consultants, as Alvesson (2004) explains, self-confidence and self-efficacy are important traits. Consultants are interested in receiving “*evidence of competence and rationality*” (Alvesson, 2004, p. 223) and reassure themselves that they are doing a good job. This means that the feedback consultants receive through a performance management system can remarkably shape their identity.

Feedback in Performance Management

Gregory and Levy (2015) describe feedback as “*the backbone of any performance management process. Feedback provides the critical information and self-insights that drive leader and employee development*” (p. 95). This includes the abilities of the manager to give valuable feedback, but also the ability of the employees to receive and use the feedback (London, 2003). However, in practice effective or valuable feedback seems to be problematic, as research has indicated that traditional performance management systems do not provide employees with useful feedback or set clear expectations for performance (Pulakos & O’Leary, 2011).

In a laboratory investigation which was published in the journal of applied psychology it was found that the level of employee's performance influences superiors' behavior regarding the feedback they give to subordinates (Fisher, 1979). More concretely this means, that the ratings superiors give to poor performing employees are palliated and moreover, subordinates which were to give feedback to poor performing employees thought that employees would like them less (Fisher, 1979). Moreover, Fisher concludes that “*there is some evidence suggesting that superiors are often poor sources of performance feedback. Specifically, they may be reluctant to give timely and accurate feedback to their subordinates, especially if the feedback that should be given is negative*” (p.533). Even though there are many limitations to this study and the outcomes are therefore not generalizable, it gives an interesting hint into the psychological influence of feedback, which any system and organization needs to recognize.

According to Pulakos (2009) managers avoid providing critical feedback to employees, because they fear harming the individual relationship. On the other hand, also employees have motives to avoid performance talks or critical feedback. First, because they might fear negative consequences for their monetary rewards or career development and second, because they question the skills and abilities of superiors to support them (Pulakos, 2009). Hence, an open and trustful relationship between the manager and the employee seems to be an essential condition for a well-functioning feedback culture (Dirks & Ferrin, 2001). In

conclusion, a lack of understanding of the social context in which a performance management system is introduced can be a main reason why performance management often fails to meet the expectations of practitioners, as Levy and Williams (2004) argue in an extensive review of the literature on performance management. Furthermore, they emphasize that recent studies on the impact of feedback culture have significant implications on understanding performance management for researchers and practitioners (Levy & Williams, 2004). *“Performance appraisals are no longer just about accuracy, but are about much more including development, ownership, input, perceptions of being valued, and being a part of an organizational team.”* (Levy & Williams, 2004, p.889). However, in the end, the most important aspect about effective feedback might be how supervisors deliver the feedback and what the recipients do with this feedback for their development in the future (London, 2003). This implies that the skills of managers and consultants need to be well trained and developed, no matter how the system around feedback is designed. Nevertheless, in the literature a focus on systems seems to remain dominant, as we will show in the next part.

Alignment of Performance Management with Organizational Culture

In the last years a lot of popular management literature with striving titles such as *“Ahead of the curve: The future of performance management”* (Ewenstein, Hancock, & Komm, 2016) and *“The Performance Management Revolution”* (Cappelli, & Tavis, 2016) or *“Reinventing Performance Management”* (Buckingham, & Goodall, 2015) have appeared in management magazines or been published by big consultancy firms. The essence of the articles remains the same: The traditional approaches to performance management should be replaced with a modern performance management system (agile approach). There are four common points of critique to the classic systems.

First, they focus too much on the past performance and not on the future development of the employee (Buckingham & Goodall, 2015). The consultants are rated on how much they achieved their objectives in the past year and are rewarded accordingly. Rather than trying to enhance future performance of the employees, the traditional system mainly serves the managers to rank the employees in an order and give orientation about whom to promote.

Second, the method of using ratings at the end of the year is described as subjective (Buckingham & Goodall, 2015). Especially in knowledge-intensive-firms, as consultancies, the outcome of the work is not easily measurable (Alvesson, 2004). There is a high interpersonal variation of measurement criteria that managers use to assess performance

(Buckingham & Goodall, 2015). Raters also have a rating tendency; some tend to rate more positive than others.

Although it is implicitly assumed that the ratings measure the performance of the ratee, in reality most of what is being measured by the (...) ratings (...) is the unique rating tendencies of the rater. Thus ratings reveal more about the rater than they do about the ratee. (London, 2001, p. 170)

Consequently, companies such as *Microsoft, Accenture or Adobe* question the use of ratings and established other tools (Barry, Garr & Liakopoulos, 2014)

A third critique is that traditional performance management systems are not flexible enough for the fast working environment, which is characterized by changing tasks and short projects. As feedback is not given frequent enough and feedback talks are only scheduled twice a year. It is common sense in learning research that behavior should be rewarded or sanctioned within close time proximity (Ewenstein et al. 2016) and not several months later.

Fourth, the process oriented system creates a big bureaucratic effort and is seen as time consuming and formalized (Barry, Garr & Liakopoulos, 2014).

Instead, management literature and consultancies recommend a more flexible and agile approach. In these new systems, ratings are abandoned and feedback is provided more frequently, for example in *weekly check-ins* (Sloan, Agarwal, Sherman Garr & Pastakia, 2017, p. 65). The focus shifts to developing people and facilitating performance instead of just measuring it. SoftConsulting plans to implement such a new agile system. The interpretations and conclusions that we are going to make in this thesis consider the classic approach of doing performance management which we refer to as traditional performance management.

However, Cardy and Munjal (2016) argue that the effectiveness of different tools of performance management systems, as for example ratings, are not the major problem for performance management. Instead, they see the critical factor which primarily causes problems with performance management in the lack of importance the managers attribute to the task (Cardy, & Munjal, 2016). This view is also supported by Pulakos (2009) who argues that managers do not understand the benefits of performance management and often view it as *“a paperwork drill required by human resources, where ratings need to be submitted on a yearly basis for record-keeping purposes – a necessary evil that warrants the minimum investment of time.”* (Pulakos, 2009, p.4). In conclusion, this shows the importance of a genuine interest and deep understanding of performance management by managers. Performance management is a complex challenge for companies. It is to say that beside the

processual and system oriented issues, especially the social, cultural and firm specific implementation is crucial. By firm specific we mean the unique organization and its culture as such, but also characteristics of a specific industry, as we describe the consulting industry in the next part.

2.6. Peculiarities of Consultancies

Introduction to an Ambiguous Business

Consultancies are described as a peculiar kind of organizations in the literature (O'Mahoney, 2013). The still quite young industry experienced a steep growth since the 1980's to a massive revenue of \$330bn in 2008 (O'Mahoney, 2013), which makes it an important sector. Moreover, consultancies offer attractive career aspirations for business students (Chung, Herrey & Junco, 2008) and are known for their selective recruitment practices (Alvesson & Robertson, 2006). Along with the success of consultancies also critical voices appeared that frequently accused consultants to sell only empty envelopes, power point-slides and management fashion (Engwall & Kipping, 2013; O'Mahoney, 2013). And indeed, the content of consulting work is described as ambiguous (Alvesson, 2004; Clark & Salaman, 2004). The success of a consulting project is not easy to measure. The success of a changed strategy for example can only be measured long term and depends to a great degree on the implementation of the client, economic circumstances and other influences (Armbrüster, 2004, Clark & Salaman, 2004). Often, the success of a consulting project depends on the opinion of the client (Alvesson, 2004) who further often does not know how to assess the quality either (Alvesson & Johansson, 2002). Consequently, the client relies on the consultant and the *"signals or symbols of a supplier's competence and quality"* (Clark & Salaman, 1998, p. 22).

Concurrently, the expectations on consulting work are very high. Clients assign consultants to solve problems of which they assume that consultants will be able to solve them better than they could do it themselves. As the daily wages for consultants are very high, this creates a pressure to perform excellent (Armbrüster, 2004). Hence, an important part of consultant's work is to create a compelling and reliable picture to the clients by actively manage the impression to create *"a reality which persuades clients of value and quality"* (Clark & Salaman, 2004, p. 20).

The described ambiguity also has its effects on the consultants themselves, who also need to be reassured that they are doing a good job. *"The element of doubt and questioning from*

clients' personnel in combination with broad public skepticism and the instabilities of the work situation mean that a lot of identity work on creating, reconstructing, and repairing a positive and stable sense of self are sometimes needed" (Alvesson, 2004, p. 204). One way in which consultancies are known to create such an appealing picture is to construct themselves as an elite company.

The Construction of an Elite Identity

Alvesson and Robertson (2006) explain, how many professional service firms create an organizational identity of being an elite company. Elite in this case means a self-perception of being among the very best, in their field of competence as well as in their work ethic and quality expectations. The elite identity is shaped by recruitment practices of hiring only the best educated graduates from well-known universities, highly rationalized work procedures, frequent discourse about being elite and by symbols like dress code, facilities and equipment (Alvesson & Robertson, 2006). The employees, who are highly educated academics themselves, often willingly incorporate the corporate descriptions as long as they can find confirmation about the claims in the organizational reality and in the beliefs of colleagues (Alvesson & Robertson, 2006).

The identity serves four reasons (Alvesson & Robertson, 2006):

- 1. Promote self-discipline which sustains a want to accomplish high standards of performance (even when engaged in boring, repetitive work).*
- 2. Attract and retain consultants.*
- 3. Secure an image which appeals to the market.*
- 4. Provide a degree of 'ontological security' which enables consultants to function effectively in high-ambiguity work contexts, sometimes characterized by skeptical client personnel.*

(Alvesson & Robertson, 2006, p. 196)

The prestigious image makes the company an attractive employer for graduates and professionals. It communicates a high expectation on the work quality and even helps consultants to ignore the sometimes boring tasks and extensive working hours. It helps to appear qualified to customers and helps consultants to appear confident in ambiguous situations (Alvesson & Robertson, 2006).

In absence of clear formulated behavior pattern in the ambiguous working environment of consultants (Alvesson, 2004), the identity serves as a normative form of control that provides

a behavioral narrative to the consultants and reassure themselves of their value (Alvesson & Robertson, 2006).

Typical Characteristics

The explained ambiguities and the constructed identity as an elite company creates a certain picture of typical consultants that is displayed in the literature (Alvesson, 2012; Alvesson & Robertson, 2006 Meriläinen, Tienari, Thomas & Davies, 2004; O'Maohoney, 2013).

Management consultants are 'special people' (...). This special person is a highly ambitious, high-performing individual who excels at every aspect of work, is in total control, is successful, one of the chosen few, action oriented, a self- starter. (...) The long hours, essential mobility and selfless devotion to the organization (through self-devotion to personal career) are seen as part of the job description. (...) Thus, the British consultants' talk can be seen to draw on a discourse of competitive masculinity in their identity construction (Meriläinen, et al., 2004, p. 552).

The typical features of consultants are related to the kind of work they are doing. As they have to appear as confident and credible advisors, they are seen as highly rational, competitive and committed (Meriläinen et al., 2004). Furthermore, consultants are known to have a high workload and practitioners confirm, that a 60-hour week and more is common practice in many consultancies (Costas & Fleming, 2009; Engwall & Kipping, 2013). *"Phrases such as 'working night and day', 'working one's guts out', 'work around the clock' pepper the consultants' talk"* (Meriläinen, et al. 2004, p. 548). The long working hours are part of the self-concept as exceptional performers (Alvesson & Robertson, 2006).

Furthermore, Gill (2015) describes how the elite identity leads to a status anxiety of consultants. He describes how the permanent expectation of being outstanding evokes anxiety about not compelling to this standard. Thus, consultants are described as eager to find confirmation for their elite identity in prestigious signs, for instance titles, dress code and monetary rewards (Gill, 2015).

People who feel the (neurotic?) need to constantly and repeatedly test their skills against unfamiliar problems with an uncertain probability of success are frequently insecure, with a low sense of self-worth (never expressed in public), in constant need of external tests of their merits to prove (to themselves) that they have still 'got it' (...) because of their insecurity, and the ambiguity that surrounds the definition of 'good work' in professional contexts, they need quick, repeated feedback on their performance to validate their efforts (Maister, 2003, p. 168 - 169).

Finally, what we introduced so far were mainly stereotypical descriptions and the reality may vary significantly, depending on culture and personality of the consultants and organizations (Alvesson, 2012).

In many professional service firms as management consultancies, the typical career development system is an 'up-or-out' system (Stumpf, 2002; Malhotra, Morris & Smets, 2010). This system is described as the philosophy of hiring many well educated junior employees (often called associates) and have them compete with each other about who will be promoted after a certain time (Malhotra, et al., 2010). Those who are not promoted within this timeframe are expected to leave the company.

Candidates compete against each other for promotion to a limited number of positions at the next grade within a certain time period and promotion is based on relative ranking within the cohort rather than any individual's absolute merits. Those that fail to make the grade are barred from subsequent promotion rounds (or tournaments) and, in the 'up-or-out' version of the tournament, expected to leave the firm (Malhotra, et al., 2010, p. 1396-1397).

The final aspiration in this system is to become a partner, who in many cases also is a co-owner of the organization (Stumpf, 2002). The partnership position comes with many benefits and a high status. *"The entry partner compensation package is rarely below \$500,000"* (Stumpf, 2002, p. 115). The monetary rewards and status is expected to be the motivation for academic graduates to face the competition in a consultancy. *"Why would people who are intellectually gifted, highly motivated, achievement oriented and now on the fast track not want the role and rewards of being a partner and leader in a PSF [professional service firm]?"* (Stumpf, 2002, p.115).

In contrast, some authors argue that the classic 'up-or-out' philosophy seems to become softer. Junior employees seem to be more and more reluctant to join in the 'up-or-out' race (Maister, 2003). *"Given the competitive intensity of today's professional world, the economic and psychological satisfaction of being a partner at many (if not most) professional firms is not as great as once it was"* (Maister, 2003, p. 164). The increasing importance of work-life balance and decreasing importance of status and prestige seems to undermine the 'up-or-out' system.

Nevertheless, other authors come to different conclusions. *Malhotra et al., (2010)* also describe a change in the importance of motivation through 'up-or-out' in many industries but they cannot find these changes in many professional-service firms. Even though the concept is obsolete, consultancies still use the 'up-or-out' approach to motivate their employees.

Professional service firms have been under pressure for over a decade to become more corporate or business-like in their structures and systems. Changes in the labor market situation and the war for talent have especially challenged the promotion to partner tournament model, or 'up-or-out', that has long been the norm in elite professional service firms...We conclude that the motivational power of the 'up-or-out' tournament remains intact, notwithstanding the changes to the internal labor market structure of these professional service firms (Malhotra, et al. 2010).

The picture we draw in this part illustrates different views on consultancies. However, the main tenor in the literature portrays consultancies as business focused and the industry as characterized by high performance and long working hours for employees. However, there seem to be movements in different directions. The general trends in modern working life are hence briefly introduced in the next part.

2.7. Trends in Modern Working Life

The 21st century is shaped by a number of trends that have their impact on the reality in organizations. A different perception of distances (globalization) as well as space and time (information technologies) leads the way to a new working reality for employees (Heracleous, 2003). In this context, also traditional principles and values change. Researchers and popular writers pigeonhole the new generations in cohorts as for instance the *Millennials* (Howe & Strauss, 2000) or *Generation Y* (Eisner, 2005) and discuss the impact that they have on the work place (Howe & Strauss, 2000). Changes in such a big and unclear context are constantly ongoing and therefore not clearly to define as they have no clear beginning and multiple characteristics, which might be a reason for the variations in the descriptions of these cohorts (Shaw & Fairhurst, 2008). Without adopting such labels and engaging in speculation we can state that researchers agree upon a change of values and motives in the past 30 years (Shaw & Fairhurst, 2008).

First, researchers describe a trend of debureaucratization in organizations (Heydebrand, 1989; Hodgson, 2004) to match the demands of today's fast changing work environment. Organizations are increasingly characterized by project work, networks, ad hoc structures and less hierarchies, and formalities (Hodgson, 2004). Work forms that fit with traditional bureaucratic forms are assumed to not match these new organizations anymore. Furthermore, management would rather become a matter of normative forms of control, for example through identity regulation (Alvesson & Willmott, 2002). Second, employees are less materialistic and status oriented than before (Eisner, 2005; Brown, Williams & Andrews,

2011). Some researchers even describe a trend of post-materialism, the age after materialism (Abrahamson & Inglehart, 2009). Although this term can be misleading, as materialistic values are still very important throughout almost every aspect of life, there is a clear tendency to other than materialistic values such as self-realization and having a quality social life.

Although individuals still value economic and physical security, they increasingly emphasize the need for freedom, self-expression, and improving the quality of their lives. Economic and security needs, which we term 'Materialism' goals, are still valued but they are no longer the top priority, for a growing segment of the public gives even higher priority, to 'post-materialistic' goals (Abrahamson & Inglehart, 2009, p. 9).

Impacts of this development are visible in our study. Employees want to have a qualitative and worthwhile life that includes meaningful tasks, good social relations and a balanced work-life, meanwhile learning and personal development is important. However, materialistic values and security still have an impact on the motivation of people but the overall importance seems to decrease (Abrahamson & Inglehart, 2009).

Millennials are looking for more in life than 'just a job' or a steady climb up the corporate ranks. They want to do something that feels worthwhile, they take into account the values of a company when considering a job, and they are motivated by much more than money. (Brown, Williams & Andrews, p. 10)

Concluding it is to say that the demands on the workplace change due to the development of globalization, technologization, interconnection and the evolution of values. These changes are multifarious, hence it is not reasonable to further describe them. Significant for our study is that there is a tendency towards flexibilization as well as de-bureaucratization and that younger generations tend to be less materialistic or status oriented. Internal motives and value oriented behavior become more important, as our study will confirm.

3. Methodology

3.1. Introduction

To tackle the research question we conducted a qualitative study and tried to scrutinize the problem from the angle of HR-personnel and consultants in order to get multiple perspectives. To interpret our data, we take a hermeneutic approach which means we understand reality as the sum of many parts and look behind the obvious meanings of statements. A pragmatic reflexivity helps us to not get stuck in a too critical thinking, while on the other hand still acknowledging our produced outcomes.

3.2. Epistemology of Our Study

In social science different paradigms and traditions, which dominated the way of doing research evolved over time. Alvesson and Sköldböck (2009) describe (post-) positivism as a dominant research approach. The positivist tradition, which is mainly characterized by quantitative research, is often not applicable for social science (Alvesson & Sköldböck, 2009), whereas the post-positivist tradition on the other hand is considered to be more relevant. The latter claims that beyond data and observation, interpretation should be used to look for pattern behind the visible reality (Alvesson & Sköldböck, 2009).

As a direction in the post-positivist tradition we want to understand the different possible perspectives on culture, identity, motivation and performance management through a hermeneutic approach (Prasad, 2005). In the hermeneutic tradition interpretation happens through the hermeneutic circle or spiral. The hermeneutic circle describes that a “*part*” can only be understood as part of the “*whole*” and the “*whole*” only as the sum of the “*parts*” (Prasad, 2005). In our case that means that our observations can only be understood when we look at the whole company, organizational systems and general cultural context. Vice versa, the whole company can only be understood through understanding the individual parts. Hermeneutics also goes beyond “*layers of text*” to capture “*hidden meaning*” (Prasad, 2005, p. 36). The meaning can be hidden behind “*ideological*” masks or a “*facade*” (p. 36). We also want to understand our interviewees perspectives and therefore “*enter their lifework*”, as Prasad (2015, p. 32) suggests. By analyzing our interviews with hermeneutic principles, we hope to gain insights into hidden personal, social and cultural perspectives and understand the *authentic spirit* of the issue.

3.3. Research Method and Design

Our main source for gathering information and insights about our topic are interviews. Talking to people about how they perceive and experience situations in their working life is one of the best ways for social scientists to find out how people make sense and relate to different things (Alvesson & Sköldbberg, 2009). Flanking our interviews we used some published material of the firm about performance management as well as an internal presentation on HR challenges. Other methods, such as a survey, do not appear to be suitable for the purpose of our study, as they do not provide us with in-depth stories and experience. Furthermore, surveys do not allow us to ask follow up questions and really understand the matter (Alvesson & Sköldbberg, 2009).

However, qualitative studies have their limitations as well, as interviews always only display a certain perspective. Of course we are not able to interview the whole company, but rather a sample of a few employees. Even though, they are chosen from a variety of functions and locations which allows us to make the statements more reliable for the firm in the specific region of the Nordics. Another distortion in the interviews could be that the interviewees further are in a particular kind of situation, where their answers might be distorted as they want to appear positive or desirable. Hence, they might portrait the company and themselves in a certain, appealing way to the outside. In the same way, we as interviewers might be affected by certain biases. For instance, through our education and previous studies we might be influenced from theoretical assumptions and practical experience in different contexts (Alvesson & Sköldbberg, 2009). Therefore, a pragmatic reflexivity as described by Alvesson and Sköldbberg (2009) gives us an approach where we acknowledge the interview as a possible source for our research, while being also critical about the interviewee's statements and what implications we can draw from it. We can cautiously draw conclusions by "careful interpretation and reflection" (p.9) of our data and possible biases (Alvesson & Sköldbberg, 2009). This means for our study that we will rely on interviews as our primary source, while being critical about the source itself and also about the substance of our interpretations. Overall we have to state that we are not talking about material facts. In social science there will always be different perspectives and interpretations and we have to live with some elements of uncertainty.

Our interview sample includes employees working in Sweden, Denmark, Norway and Finland and the interviews took place in the different offices. Hereby, we aimed to have a diverse sample of interviewees amongst the Nordic countries. This can enhance the credibility of our study and the interpretations we make. We interviewed overall nine employees, four of them from HR departments and five consultants, to get multiple perspectives.

Our interviews were semi-structured, which gave us the opportunity to engage in open conversations with the interviewees while also guiding them to our main interests. This technique allowed us to open the conversation for parts which would not come up in an interview that would be structured. Moreover, this created an atmosphere where the interviewees felt comfortable to talk about what they actually think as we were able to ask follow-up questions and showed genuine interest. Even though this study is not ethnographic nor the research sample is large, it still provides sufficient empirical maturity. The answers of the interviewees clearly overlap and we can sense a coherent storyline. Semi-structured interviews are the tool of choice for researchers to produce comparable data, while still being able to engage in a free discussion and react to interviewees statements (Bryman, 2012). Our interviews lasted about 45 minutes each and the semi-structured questions were separated in two main parts. The first part addressed questions around the general working atmosphere and personal work experience, for example “What was your biggest challenge so far, working at SoftConsulting?”. The second part of the interview delved deeper into performance management and the motivation through the system and its incentives. We tried to be very open at the beginning asking questions such as “What is your experience with performance management?” and then went deeper into the topics the consultants and HR employees brought up. We tried to let them talk and were consciously holding back our presumptions. Hence, we were able to gain interesting and surprising findings, which contrasted what we expected to hear. The great benefit of this method and procedure was that we were not putting words into our interviewee’s mouth to test a certain hypothesis.

In order to provide an idea for the reader about how most of our interviews were conducted we shortly describe the frame for our interviews. We conducted the interviews in the offices in Oslo, Stockholm and Copenhagen. The prior communication via mail was very professional: Our contacts responded quickly; even on a Sunday evening. Throughout the interviews we observed a highly efficient and service oriented organizational culture. One example is the registration process before we could enter the buildings. On arrival, visitors have to sign in at a system that then automatically prints a guest pass and notifies the requested contact person. Overall, we noticed a tenor to be efficient and start the interviews without having much small talk. This highly efficient attitude frames and partly influences the answers of the interviewees. Nevertheless, our interviewees articulated a genuine interest for the topic and seemed to give authentic and mostly reflective answers. The atmosphere in the buildings was nice and open. One example for the open atmosphere is one interview in a lounge, which was an open work space. This indicates that the interviewee was really open, even if the questions we asked were of personal nature. The answers about an open and

friendly culture at SoftConsulting, one of our main findings, hence appear to be very trustworthy and authentic.

We analyzed our interviews using 7 different theme clusters, which we found interesting and suitable for our research question and purpose of the study:

- Trend & Fashion
- Identity Construction
- Business goals vs. Employees Interests
- Problematic Feedback Culture
- Motivation
- The Function of Performance Management
- Organizational Culture

Those seven themes were developed on the basis of our first interviews and then applied on the following interviews. At the end, most of the clusters appear in our paper, except for trend and fashion. We decided to set the focus on motivation and organizational culture, as we gained the most interesting insights in these sections. When we started to look at our first material and compared it to the existing research, so to say our knowledge base from where we departed, we realized differences. Those differences allowed us to craft a hopefully interesting research and create a more nuanced understanding of consultancies.

3.4. Reliability and Empirical Maturity

Although we tried to be open to the interviewees' descriptions, we have to acknowledge that we as researchers are influenced and somewhat biased by the prior knowledge that we gained through our studies and literature we read on the themes. The answers of our interview partners may also be shaped by their prior knowledge from the organizational discourse around the change of performance management systems and corporate descriptions. Moreover, biases like social desirability or the interviewer effect can appear (Prasad, 2005). Furthermore, the questions we asked might have also provoked certain answers, however the questions were designed openly and not intended to produce a specific answer.

The empirical material we collected offers a variety of opinions. This means that obviously not everyone of our interviewees is telling exactly the same story or has the same view on the topics we asked them about. However, our findings represent a selection of quotes and material we assessed as credible and meaningful. We discovered similar expressions and

overall patterns which build the basis for our conclusion in the analysis. Nevertheless, one has to keep in mind that we are focusing on a particular story in order to provide a valuable and understandable crafted research paper for our readers. Hence, some voices of our interviewees might be left unheard. However, this does not mean that we are not able to make a good point which finds reasonable support in our material.

3.5. Contribution

The purpose of our study is to develop a more nuanced understanding of the identity and motivation of consultants and the organizational culture in consultancies. Rather than to generalize from our case to every other consultancy, we want to provide a case study of one particular organization. This insight can contribute new perspective to the field and in this way help to better grasp social and cultural processes in that particular industry and can be an origin for further interpretations. The goal of our theoretical generalization is to develop concepts derived from our study, which can then be used to develop further theory. In a more practical sense, our study is particularly interesting for companies that redesign their performance management systems, or are thinking about to do so. More generalized, our study contributes an insight in an organization in times of a transition and a new perspective on organizational culture, identity and motivation and the relation to performance management systems. From what we found in our research, we can provide a very intriguing and special case, which can be seen as an interesting indicator or basis for future developments in the consulting industry.

4. Empirical Findings

4.1. Case Presentation

Soft Consulting is a global firm and one of the “*Big Four*” professional service firms in the field of audit, tax advisory and consulting, with more than 200.000 employees worldwide. The focus on our study lays in the management consulting branch of the company within the Scandinavian countries Norway, Finland, Denmark and Sweden, where some hundred employees work. The branch is organized in the departments’ “*Human Capital*”, “*Strategy and Operations*” and “*Technology*” and is among the market leaders for management consulting in Scandinavia.

Introducing the Interviewees

We conducted 9 interviews with consultants and HR staff that we are going to introduce briefly.

Human Resource Staff

Nora is an experienced HR business advisor and joined SoftConsulting two years ago. She worked in other industries before and is still new to the world of consulting.

Mattias works as a HR business partner as well and joined SoftConsulting three years ago, coming from a similar job at a law firm.

Annika works in HR at SoftConsulting for almost 7 years now. She worked with performance management for around 3 years.

Katrine worked for SoftConsulting two years and is a senior manager in HR.

Consultants

Johanna has worked in SoftConsulting for three years as a consultant in the department Business system transformations and has just recently shifted to HR.

Magnus joined the company years ago as a manager and has worked in different consultancies before. He works in the *Human Capital* part of the firm and sometimes on internal projects. He has a special interest in work-life balance as he has a family with small kids.

Louise has worked for SoftConsulting for four years in total, two years as a student worker and two years full time as a consultant.

Simon is a young consultant who recently graduated from a business school and worked at SoftConsulting as a student worker for 3 years.

Jonas joined SoftConsulting a year ago as a consultant. He worked many hours during his first eight months and then decided to take it a bit slower.

Introducing the Performance Management System

The occasion for our study was the plan of the firm to change the performance management system in Sweden, Denmark and Finland in the coming year. During our interviews we touched on fundamental underlying topics related to performance management, which we sorted under the umbrella of organizational culture; an atypically soft culture for a consulting firm. To understand the context of our study, we are going to briefly describe the planned change from a traditional to a modern performance management system. However, it is not the change process we are interested in but the insights we gain from analyzing the current configuration of organizational culture in the firm with their traditional performance management.

In the current state, to which we refer to throughout this whole paper, the firm has a process oriented approach on performance management (traditional performance management), which they aim to change into a more agile approach (modern performance management). In the Harvard Business Review article “*Reinventing Performance Management*” the Director of Leadership Development at SoftConsulting New York, describes the main reasons for changing the performance management system:

Like many other companies, we realize that our current process for evaluating the work of our people—and then training them, promoting them, and paying them accordingly—is increasingly out of step with our objectives. (...) They [executives at Soft Consultancy], and we [the firm], are in need of something nimbler, real-time, and more individualized—something squarely focused on fueling performance in the future rather than assessing it in the past. (Buckingham & Goodall, 2015, p.2)

Figure 3 shows the different components of the both systems. Whereas in the traditional performance management (process approach) there are clear steps on fixed points in time, such as bi-annual reviews, the modern performance management (agile approach) is more flexible in time, using performance snapshots. The ratings, which put every employee on a scale according to how their work matched with what was expected of them, changes to four

“future-focused statements” which can then quarterly be discussed by leaders to take decisions on how to best develop or promote candidates (Buckingham & Goodall, 2015). This is called performance snapshot in the modern performance management system as it enables the firm to see employees’ performance faster than before and at a certain point of time during the whole year (Buckingham & Goodall, 2015). Instead of assessing past performance, the new system is also supposed to be focused on the future development. Through regularly feedback, expectations can be communicated more clearly which enables employees to bring in better performance (Buckingham & Goodall, 2015). This more frequent way of giving feedback is called check-ins in the modern system. In both systems, employees get assigned to a talent manager, who acts as a contact person and for employees and is responsible for the performance management process of that particular individual. In the new system, this role is even more emphasized. Overall SoftConsulting is aiming to get rid of the traditional ways in performance management (Buckingham & Goodall, 2015). We will mainly discuss the traditional performance management as our interviewees can refer to their experience with this system. Before we touch upon performance management again we will introduce our findings about the organizational culture at SoftConsulting.

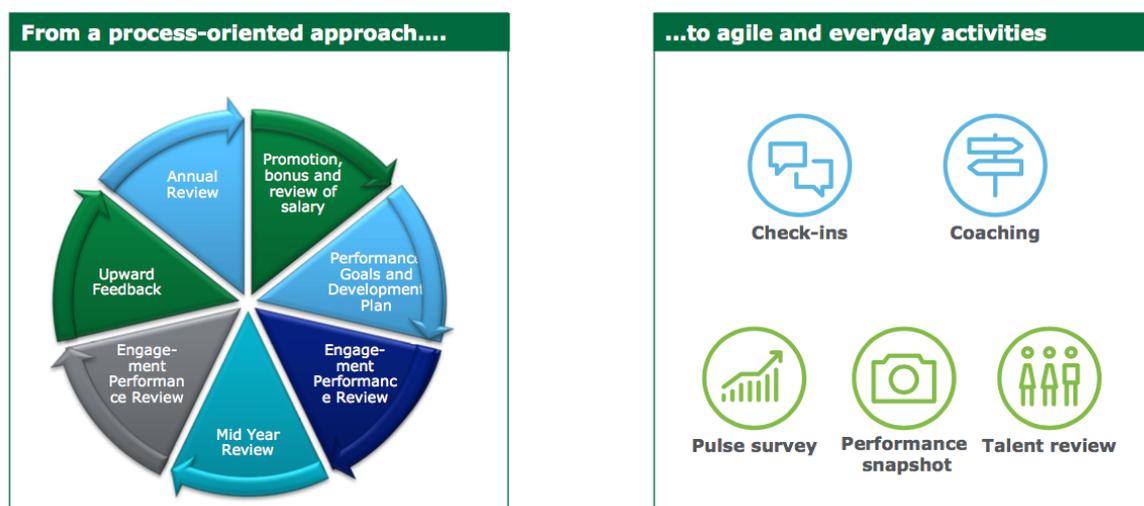


Figure 3 Performance Management: old rules vs. new rules (SoftConsulting, 2016)

4.2. Organizational Culture at SoftConsulting

Overview

Throughout our interviews, the organizational culture is overall described as very open and friendly. Teamwork and collaboration are clearly emphasized, while competition is avoided.

Furthermore, consultants describe themselves as motivated by interesting tasks and by having fun at work. Moreover, a high degree of participation or at least sufficient information within projects is vital for consultants' work, as they articulated the need and wish to understand the purpose of what they do. Lastly, personal development and learning are key drivers for consultants' motivation. In contrast, the career ambitions concerning titles and status are portrayed as less significant. Another interesting finding is that a need for work-life balance was accentuated and descriptions indicated that there are several possibilities in the firm to configure work-hours according to individual preferences. Overall, consultants at SoftConsulting construct themselves in a different way than the usual elite-consultant identity, which we introduced in our literature review. They want to appear more modest and ordinary as they adjust their identity to societal standards of modern work and question stereotypical images of consultants.

A Unique Organizational Culture

As just described, the organizational culture is portrayed as open and friendly. Especially young employees emphasize the good working atmosphere and their colleagues as important motivating factors. Employees push each other by collaboration and a positive, enthusiastic attitude.

Annika (HR): I think the best thing is the colleagues, so everyone is willing to help you and they are the same minded. I have good friends at SoftConsulting and I like the atmosphere and the feeling that we are all working together, you are never alone, you always get help and then you have the chance to work with the most intellectual people in your company ... that's what I like about SoftConsulting.

The working atmosphere is described as encouraging and the accumulation of many intelligent colleagues in one place provides a good feeling for the consultants:

Johanna (Consultant): You know that there are a lot of very talented people in here, so if you were one of the best in your class before, you're suddenly in a bunch of a lot of talents. But that's also, it's challenging but also the most encouraging part. Because, you feel like you're part of a big talent pool.

Problems can be discussed openly and people are eager to help and support each other. The consultants seem to be aware that this cannot be taken for granted in any company, especially in a consultancy which can generally be expected to be very competitive. In addition, the consultants also distinguishes the organizational culture of SoftConsulting explicitly and label the own culture as unique.

Johanna (Consultant): *And the environment here at SoftConsulting is really open, that you can be open about your challenges. I had some challenges when I came here, concerning some tasks that I simply didn't have the competencies and the time for. And then I said it out loud and then someone else helped me do it. And that's not usual for any company.*

Teamwork seems to be an essential part of the mindset of the consultants, as everyone is eager to help and support others. The fact that consultants say that there is no real competition between peers also confirms this argument.

Johanna (Consultant): *I don't see it as a big competition ... for me I've not seen others as competitors.*

Louise (Consultant): *I think we really try a lot to not make it a competition. So I haven't at least experienced anything competitive around it. So I am very aware of that we are maybe a handful of people who want a promotion and that maybe not everyone can have it and but I can't really change anything from being extra competitive, well it's not my mindset to think that I can.*

It seems that a positive atmosphere is something which the employees at SoftConsulting are proud of and eager to tell us about. This organizational culture can be a competitive advantage for the firm, as especially younger employees demand it and firms are competing in the 'war for talent' to attract the best employees. Furthermore, the norms and values of being a nice person and caring about other employees' feelings are described by one of the consultants.

Jonas (Consultant): *The expectation is that people are really really nice guys, at least what I have experienced, so there is an expectation that you are a nice person and that you don't make other people on the project or in the service line feel bad. If you do that you will get pushed back immediately, that's for sure. So there is definitely a culture of people having the need to feel good, they need to feel comfortable and that they are at a good place, I think that's a big part of the culture as well, even though it is a consulting firm.*

This quote indicates, that the open and friendly organizational culture is also guided and controlled by the firm through values and norms, normative control (Alvesson & Willmott, 2002; Alvesson & Kärreman, 2007). Moreover, the firm provides many social opportunities for employees. Through social activities and parties, the company fosters a positive atmosphere.

Louise (Consultant): *It's a very social place so they make sure that we have a lot of opportunities so if you want you can join all kinds of social clubs. And we have parties many times a year and you can be part of*

planning all these things. So personally, I am very interested in internal work as well, besides client work and it's not something you have to do but you have the option to do that if you like that. So I think you have a lot of opportunities just besides working on clients and I like that part.

As most people, consultants are social animals that enjoy mutual acknowledgement and confirmation of belongingness. One consultant even describes that having a very positive attitude is crucial for the success of projects. Employees want to motivate each other for the sometimes dry topics of their projects.

Simon (Consultant): And there is something about the energy. I have been at projects where the energy was lower, where people were not that excited about what they do. And that automatically reflects onto the entire team. That is really something I learned, when you manage someone here, it sounds simple, but just to be excited about what you are about to do will affect the whole performance of the team.

In this case, the positive organizational culture is in particular valuable for the motivation of employees, as it seems to be a way to 'have fun' at work, even when the tasks itself are rather boring.

Consultants Motivation

Internal Motives & Task Orientation

However, many of the consultants also describe that they are usually highly motivated by the interesting tasks. The importance of the career path, titles and salary is downplayed by the consultants and having fun at work and doing something meaningful is emphasized as key for their motivation.

Simon (Consultant): I think a lot of it is about whether it's fun, whether you're passionate about it. You spend a lot of hours, it should be fun and interesting what you are doing. And second or not it's whether or not you are happy about your compensation... I would lie if I say it's [the career path] not important to me. But I think the self-development is more important. For me, the title does not matter too much - of course it should reflect what you do on a daily basis. But I am more motivated by the task, the people around me and stuff like that.

Another consultant tells about her experience and motivation through interesting projects, interesting colleagues and fun at work. Especially the social factors seem to have a high impact on the motivation. The consultants like to see themselves as part of an outstanding intelligent group where everyone is 'one of a kind'.

Louise (Consultant): *The projects that we do in my department are super interesting and I really like the high academic level in here. Everyone you meet is super intelligent but on the same time also very socially intelligent. Everyone here or at least most of the people I meet, I click with and we have a lot of fun while working. You can be serious but you can also have fun. I like that balance.*

Learning & Development

Furthermore, as a result of the identity of being an outstanding performer, employees have high expectations on their own development. The terms 'development', 'learning' and 'to challenge oneself' are frequently used by consultants as well as HR staff. Different consultants say that learning and development is a strong motivation for them.

Magnus (Consultant): *What motivates me most is (...) learning, I like learning new things and go really deep into new topics. (...) So I like the research based approach. I also have great colleagues who teach me a lot. (...) Something else is to get the opportunity to develop your skills. Right now I am a part time student as well, and it's a four year program, next to my job. For me that was important, that I am able to do this, to take time off to study. For me that means more than many other things.*

Annika (HR): *I think the main motivator for me is to be able to challenge myself and learn new things all the time, I think those are the most important things.*

Meaningful Work

Consultants, as most people, want to render their lives as something meaningful to themselves and their environment. *Having an impact* on something can be a strong motivator. Through their work in change projects and in the role of an adviser, consultants perceive themselves as impactful on the reality of people and organizations.

Magnus (Consultant): *What motivates me most is two things: that my life is meaningful and what I want to do is that I want to help people and see that what I do has an effect. I am also a coach, sometimes I do coaching as a part of leadership development and that is meaningful to me. To see that what I do has an impact and people change their behavior.*

Furthermore, consultants want to participate or at least be informed about the purpose of the projects and their specific tasks. There is a need to understand why a certain task is important and to make sense of the overall picture.

Louise (Consultant): *I think what motivates me a lot is sitting in on all the important meetings, so some project managers will allow you to be*

in the room with the CEO and the CFO and all the interesting people (...) that really motivates me to sit in those discussions and kind of be part of planning the future of a company. And when I am not allowed to be in those discussions when I am just kind of do the monkey work, so they go to all the important meetings and have their very interesting discussions and then they come back and say 'do this analysis' that's not very motivating for me. I don't mind doing the monkey work at all as long as I am kind of all the way in the loop 'why are we doing this and what is the purpose of this analysis, what do we want it to show us'. That's a big factor for me.

Similarly, another consultant tells how she needs to see the value and final goal in her work.

Johanna (Consultant): It's important to me to have a goal and to work towards that goal and to have a sponsor who also sees that goal. To stay on track what is important for the business. Because if I don't see that, than I can't see the value in what I am doing

Work-Life-Balance

Consultancy firms are typically known to expect long-working hours from their employees. However, in SoftConsulting it seems that the amount of work can be controlled by the individual itself. If consultants fulfill the minimum expectations on working hours, the rest is basically up to their engagement.

Jonas (Consultant): As long as you are putting in the hours on the project you have promised which is usually a maximum of 40, then you do not have to work much more. I mean people can have an average week of 40 to 45 (h) so you can have a lot of free time if you want to. I really feel that there is a culture for doing that, at least for accepting that. Myself, in the start I didn't have much free time because I also did a lot of internal work like branding and recruiting and I thought it was fun to be part of those things so I haven't had that much free time for the last 8 months but well for now the last 2 months I had more free time because I just take it. So there is a culture for having free time even though it's a consultancy firm.

Furthermore interesting in this description of the consultant is, that he decided for himself to work more than the minimum amount of hours for a certain time and after that he cut back on his hours to have more free time. A week of 40 to 45 hours can be said to be an average work week (the average working hours/week in Sweden in 2015 have been 40.7 hours) (Statista, 2015). Nevertheless, the topic work-life-balance is frequently discussed within the firm. Employees demand a more balanced relation and the firm and the majority of managers support this view:

Katrine (HR): And the reason this has been a big topic the last years is that we have some issues with the work life balance, for both, men and women. At a certain time they get kids and they start to think 'Is this a place where I can work and have kids?' And if you ask certain partners, they would say 'no it's not'. You can have kids, but you have to work 24/7 anyway, but they are not many.

Even though there might be some managers who do not support the work-life balance and see the high workload as a usual feature of the industry, which employees have to accept, the issue seems to be widely accepted within the rest of the organization. Employees are classically torn between the company's expectations and expectations of their family and standards of the society. They feel obligated to put a lot effort into their job but also want to have time for their families and hobbies. Interestingly, employees emphasize the possibility of not working an extraordinary amount of hours and spend more time with their families.

Magnus (Consultant): For me, I have small children at home, it is important not to travel that much. So I have turned down projects, because it would mean to travel much. And then I checked with my counselor 'have I turned down to many things'? And she thought about it for a time and then said 'no, I don't think so'. I know I was pushing the limit, but some family life – work balance is important.

To withdraw from working to a certain degree seems to be possible, especially for more senior or specialized consultants. If employees have reached a certain level they can dare to work less, without having to fear negative consequences.

Simon (Consultant): One of the things that makes SoftConsulting pretty cool is that you have very different people. Some people go for the promotion instantly and put everything behind that. Some people want to prioritize their kids and their kite surfing or whatever and they say, 'I only wanna work 7 hours a day'. I have seen both examples. I have seen people who work here for 5 or 7 years in the same position without getting a promotion. And they are fine with it. They simply say, they want 37 hours a week and that's it. But they are really good at what they are doing.

However, from our interviews it remained a bit unclear, how the situation of work-life-balance looks like in the firm, especially considering that there are partners that think SoftConsulting is not a place where employees have kids. We pick up the topic again in our analysis and discuss it in more detail.

Organizational Identity and the Self Concept of Consultants

Throughout the interviews we could sense a high esteem about the quality of employees at SoftConsulting. The interviewees strongly emphasized the intellectual capabilities and

exceptional skills of other employees at SoftConsulting, but were also emphasizing the social competences:

Louise (Consultant): *I really like the high academic level in here. Everyone you meet is super intelligent but on the same time also very socially intelligent.*

The image and understanding of working in a firm that only employs the most outstanding and high performers is an integral part of the culture at the firm.

Johanna (Consultant): *It definitely is a part of the culture, nothing formulated, but that everyone wants to be among the best. I think that's something about the renom  of SoftConsulting.*

The elite part of identity is needed in organizational reality, as consultants face challenging work and the projects and tasks are demanding and change frequently. Hence, they have to appear confident in ambiguous situations (Alvesson, 2004). To perform well in frequently changing contexts is described as one of the biggest challenges for consultants.

Johanna (Consultant): *Probably, I think the biggest challenge for me was to work with different clients and always perform at your best.*

However, for the organizational identity and the way consultants define themselves, we found other values to be more fundamental. The consultants portray themselves as decent human beings and nice persons. Beside the interviewees description this also becomes apparent in what consultants do not say about themselves. They are not proudly talking about their salary and bonuses or about working extra-long hours. On the contrary, they downplay certain aspects, for instance career, salary and long-working hours. Furthermore, they are not talking about themselves as being the brightest and most intellectual people, but only about the people around them. Values such as being open and friendly seem to rank above being an outstanding performer, or at least are on the same level. For example, the consultants talk about supporting others and distance themselves from being competitive or mean. Also the aim of being the best would not justify a highly competitive behavior here. Again, as described above, teamwork is emphasized instead of competition and people are said to be very helpful and supportive. All of that is part of a softer consultant identity. Consultants like to portray themselves as human beings and not as superior working machines. Also the talk about work life balance, which we will discuss later, fits into this picture.

Concluding Remarks on the Soft Culture

Overall, consultants describe a soft culture at SoftConsulting in respect to the mentioned aspects. They portrait themselves as highly internally motivated. Interesting projects, learning and development and meaningful tasks are the most stated motivators. Still, external motives such as career building and money cannot be denied and the career perspective is an important driver for consultants. Furthermore, social processes such as a feeling of belongingness and personal relations to inspiring colleagues are emphasized as crucial. The working hours seem to be humane and a work life balance is provided in respect to the individuals' preferences. Within this soft organizational culture consultants construct their identity as normal, decent persons.

4.3. Clash of Organizational Culture and Organizational Systems

Clash with the Traditional Performance Management System

Overview

As described, SoftConsulting appears to be an organization with a soft culture where elements like collaboration, meaningful work, openness and transparency are in the focus. This soft culture is contrasted by organizational systems such as performance management. The way the traditional performance management system is designed does not fit to the described soft values of the culture. In particular, there are clashes with the underlying 'up-or-out' philosophy, instrumental incentives, in-transparent evaluation and with feedback (see table 1). We will describe them according to the descending order of the table.

| Values in SoftConsulting | Values promoted by system |
|--|--|
| Humane approach to HR | Strict Up-or-out system |
| Openness and trust | Distrust and anxiety |
| Motivation interactive: mainly through internal incentives | Motivation through external incentives |
| Constant need for development and learning | Evaluation of past performance |

Table 1 *Overview clashing values*

'Up-or-Out' Philosophy

A basic assumption of the traditional performance management approach is that the employees compete with each other about climbing up the organizational hierarchy. This is institutionalized in the 'up-or-out' system, so to say the career path of SoftConsulting.

Katrine (HR): It's one of the ground stones of SoftConsulting. That's how the system is build. (...) They all aspire to become manager, then senior manager and then partner and then equity partner. There is a lot of competition on the road to equity partnership. That's part of the game.

As described, the consultants themselves portrait a different reality in the organizational culture. They are not that much motivated by career aspiration and they deny competition. The organizational culture is rather characterized by collaboration and a positive atmosphere. Still, one of the partners in SoftConsulting describes that performance management follows an 'up-or-out' mentality at the firm (Anonymized Partner of SoftConsulting, 2016). 'Up-or-out' means, that there is the expectation, that employees either step up the career ladder within a certain time or leave the company to find work somewhere else. This description seems to clash with the organizational reality, the practical experience and managerial actions, that consultants and HR managers describe.

Magnus (Consultant): I've heard about it at other companies, that they have this 'up-or-out', but we don't do that so much.

The 'up-or-out' approach represents a traditional consultancy culture with a focus on promotion, titles and monetary rewards. This used to be the philosophy at SoftConsulting as well, now employees' distance themselves from a pure career focus.

Nora (HR): It has been like that, but we have, actually the last years (...) talked about: 'Is that the case? Is that how we want it to be?' And I think 'up-or-out' is a traditional consulting or partner firm philosophy.

Consultants in SoftConsulting describe that they rather care about personal development and less about the titles.

Johanna (Consultant): It's [the career path] quite important, not exactly the next level concerning titles, that's not so important for me. For me it's important that I see the development in my skills and in my different tasks, that's quite important for me.

Instead of constantly climbing up the career ladder and a focus on the next promotion, consultants construct differentiating views of themselves. One consultant on the manager level would rather have a career path as a specialist.

Magnus (Consultant): *So, the typical career path would be to go up to a certain level, and then you become a partner, and there you have to be able to sell. And there is the discussion, if you are not interested in selling, is there a career path for specialist? In some countries they have introduced a system for this, in the UK for instance, where you can become basically a specialist, but you can't get above director level. I am more interested in the specialist path, I don't necessarily want to become a partner.*

Even though consultants play down the 'up-or-out' philosophy at SoftConsulting, at least the *out* part seems to still create a high pressure to perform excellent. The need to develop seems to be less pronounced at SoftConsulting but if people do not perform well enough they are asked to leave.

Nora (HR): *They don't want anyone that's not motivated or not good enough, because then they can work somewhere else. They can be good, but they are not good enough for us, so then they have to find a place somewhere else to work.*

A consequent 'up-or-out' approach seems to not fit to employees expectations on a safe workplace and some sort of workplace continuity. The company slowly accepts these new demands and tries to include employees who want to stay at their position but other elements still remain, for instance the common practice to ask low-performers to leave. The departure from that principle is a long way as it is deeply rooted within the culture of a classic consultancy.

Nora (HR): *...it's a long way before we can get rid of this 'up-or-out'. If that is something they [the partners] want, I am not sure. But what I know is that we have more people now that have said that 'I do not want to be a partner. I can be a manager or senior manager and I am happy with that and the organization is happy with that' and they deliver at the best, and that's okay.*

Instrumental Rewards

The traditional performance management system focuses on motivating consultants to higher performance through instrumental incentives. For example, the bonus and promotion depends on the performance appraisal and the titles and career ladder are visible symbols of achievements. On the contrary, in the organizational culture, as described by consultants, monetary rewards and titles appear not to be so significant. Consultants rather emphasize the importance of responsibility, the improvement of skills and the personal development.

Johanna (Consultant): *It (the career path) is quite important, not exactly the next level concerning titles, that's not so important for me.*

For me it's important that I see the development in my skills and in my different tasks, that's quite important for me.

One junior consultant admits that monetary rewards have an impact on his motivation but nevertheless he favors interesting tasks and social relations.

Simon (Consultant): I would lie if I say it's [promotion] not important to me. But I think the self-development is more important. For me, the title does not matter too much - of course it should reflect what you do on a daily basis. But I am more motivated by the task, the people around me and stuff like that.

One interviewee describes monetary compensation as a hygiene factor, in terms of Herzberg's Two-Factor theory (Heckhausen & Heckhausen, 2006). According to that, salary is a factor that is not particularly motivating but can be demotivating when it is not perceived as fair.

Magnus (Consultant): It's not the salary, in my case, the salary and the level which, at the end of the day motivate me. It's a hygiene factor, it should be in place. (...) But still, it says something, 'this is how much they value me' as an opposite to my colleague. If there is a discrepancy between what you get and what others get, then it becomes an issue.

Intransparency

Another contrast between the traditional performance management system and the organizational culture is a lack of transparency. Even though the career path is clear in theory and there are written expectations about what employees have to fulfill in order to get in the next position (Appendix A: Expectations on Consultants), in practice it often remains unclear which criteria are applied to decide who gets promoted. Consultants describe it as a 'black box'.

Magnus (Consultant): To me it's a black box. I don't see how the ranking work...how what I do affects my ranking. What comes out on the other end, promotion, or salary, bonus. I don't understand the system. (...) of course there are various other considerations, you know, not everyone can get promoted. That's a black box, for me, its many different criteria.

The assessment of employees mainly takes part behind closed doors, where managers, HR and counselors meet to discuss the performance of the employees in performance conference meetings. Not knowing what is being said about the performance and about the individual in general can create a feeling of anxiety.

Johanna (Consultant): *So, it's a little bit of a blurry process, because when today, when you move towards the end of the year, the management and the partners in the different service areas meet up and then they have a lot of meetings with closed doors where they discuss each consultant and that's a little bit of a closed process, you don't know what is said and what is not said.*

Another important point our interviewees mentioned was that the rating system is highly formalized and based on much paperwork in order to come to a decision which grade to give to each employee. Therefore one could assume, that the focus of employees was also on impression management within the company in order to appear as a high performer. Hence, the employees would need political skills in order to sell their image of a high performer to decision makers. HR managers suggest that the formalization is problematic and costs too much time for managers, which leads the traditional performance management system to provide the wrong focus for employees:

Nora (HR): *I think they were motivated by performing also, but two times a year when they needed to get grades from their project managers and they needed to do the right thing and talk to the right people to get the highest grades, it didn't give them the right focus, it didn't give them the focus on their career and development. It was more like, getting the right words on the paper.*

Focus on Ranking Employees instead of Development

The traditional performance management system first and foremost focuses on ranking employees to know whom to promote. The development of employees seems to be of secondary importance. Consultants are graded on a rating scale (see Table 2) at the end of the year. All consultants are ranked in order to promote the best and have serious talks with the low performers.

| Rate | Sweden | International | Distribution |
|-------------|------------------------------------|----------------------|---------------------|
| SEE | Significantly Exceed Expectations | A | 5% |
| EE | Exceed Expectations | B | |
| ME | Met Expectations | C | 90% |
| NME | Not Met Expectations | D | 5% |
| NSME | Not Significantly Met Expectations | E | |

Table 2 *Grading Scale at SoftConsulting
(Distribution assumed by one of the HR managers and confirmed by other interviewees)*

For the consultants personally these ratings have a rather demotivating effect, because most of them receive the mediocre rating 'Met Expectation' or a 'C'.

Katrine (HR): Most of the young people get a C or D rating. So it means you're in the middle. Some can be a little higher and some a little lower in the middle. And they all want to have a B rating, because there are very few who can get a B rating. I think its maximum 5%.

In the perception of HR managers, the ratings only serve the reason to rank employees and fail to motivate them. Consultants would rather need a system that focusses on developing and growing.

Annika (HR): I think we really don't need the rating we kind of used it more as a basis for rewarding than really motivating and helping our people to grow and I think that was something that needs to be changed as well.

The example of ratings clearly shows that the performance management is misaligned to the organizational culture in respect to its values, such as the importance of development and learning for the consultants. We will discuss this further in our analysis chapter.

Clash with the Feedback Practices

Overall the HR managers and consultants describe a problematic feedback culture. This particular part in organizational reality, or everyday working life, does not fit to the transparent and open organizational culture that consultants describe and demand. On the one hand, HR staff mainly criticizes the abilities of senior managers to provide both, positive and critical feedback for employees. On the other hand, consultants mainly criticize that the feedback is not given frequent enough and temporal detached from the actual work. Hence, consultants try to find their own ways of dealing with the lack of feedback provided, by either actively demanding feedback from managers or sharing feedback with their peers. In addition, HR staff and consultants describe a lack of leadership as managers would focus on the business needs of their clients and care less about internal issues.

The problematic feedback culture is described by one of the HR managers. She describes that managers struggle to give both encouraging and critical feedback, as it is not considered to be necessary.

Nora (HR): They [the managers] think that 'we don't have to tell the employees that they are smart, because they know it anyway [...] and if they don't perform, we do not have to tell them either, we just don't put them on

the project anymore and they will understand themselves'

Another HR manager even goes further and describes that many managers are not capable of providing honest and direct feedback.

Katrine (HR): They are not direct, they don't make clear points. They become extremely nice. They tend to give more positive feedback, only the raisin. Sometimes there can be quite a big gap between the very rating and the very positive feedback. And if there is something that the partners hate, I don't think they hate anything more than a woman crying. Interviewer: Or a man crying. Katrine: Or a man, that would be directly scary.

This indicates a lack of communication between employees and managers. However, feedback is an important factor for the self-esteem and positioning of employees within their team and the organization as such (Alvesson & Kärreman, 2007). Consultants tell several stories about the lack of substantial feedback. It is rather described as superficial or as timely detached from the actual situations. This prevents employees from being able to show improvements to managers.

Louise (Consultant): You end up by the end of the project after three months and then you are told 'I didn't like anything you did and this was bad and this was bad' and you are like 'why didn't you tell me? Then I could have just changed along the way'.

A reason for the infrequent feedback lays in the way the performance management system is designed, because feedback is only scheduled twice a year in the process.

Mattias (HR): In the current model we have a system (...) that tends to actually cause that in some cases people are more reluctant to give you verbal feedback because they are kind of set up to give you the written feedback and engagement feedback instead. But I think when it comes to feedback you need to get it right there and then and not wait like 6 months and then get a very nice document with written feedback.

Asked for possible reasons, the consultant reflects on the system but also on the mindset of managers which puts business more in the focus than leading the people.

Simon (Consultant): One of the things could be the way the system is build. Another thing is...people would argue that the client is the main

thing. And there is no time for it. I find it a bit bullshit, five minutes of feedback are not gonna ruin your day.

Managers do not take time to provide feedback to their subordinates. They focus on the client and the business goals and do not consider feedback as important.

Louise (Consultant): When the project finishes, well also in between, you are supposed to get feedback on how you performed and lot of times you already started a new project before the old one ends and there is no time to sit down and talk about all those things.

As described, the consultants have an internal drive for continuous development and also want to reassure themselves that they are doing a good job. Due to the lack of time and the business focus of managers, consultants find themselves in a position where they have to actively ask for feedback.

Simon (Consultant): I think in overall terms it [the feedback culture] could be better. I think that currently we give feedback when we need to. And that culture of asking for feedback is also not good enough. Of course there are systems that allow you to get feedback every now and then, but just feedback every half a year if not enough. (...) You have to, sort of, constantly poke people to get some feedback.

Finally it seems that consultants need a lot of feedback in order to know they are doing a good job and to know how to develop their skills. The interviewees all appraised the planned change in the modern performance management system of SoftConsulting, which will focus on a mandatory, more frequent feedback. In conclusion, it is clear that receiving constant feedback might be more important than only working towards a monetary reward at the end of the year. Monetary rewards are downplayed but nevertheless expected by the consultants. The traditional performance management system seems to support the insufficient feedback culture, as it is described as too formalized and process oriented.

Clash with the Business Focus and Leadership Skills of Senior Management

The approaches and behavior of some senior managers seem to contradict the described soft organizational culture, as HR staff and consultants describe. In the understanding of those managers, the main focus is to primarily satisfy the clients' demands. By contrast, internal issues, such as feedback or the personal well-being and development for junior consultants are not considered to be equally important. One HR manager says how the missing leadership focus surprised her when she started working at SoftConsulting.

Katrine (HR): *I was almost shocked that there was a discrepancy about the professional brand and the way to...I think at SoftConsulting you work with management more than with leadership. And I expected to work with leadership more than with management. And I don't think the managers, they don't have any skills, they have no training. [...] So, honestly, that quite shocked me. So totally lack of leadership. Lack of strategic competencies, things like that.*

Another HR manager examines that senior managers and partners focus on customer satisfaction instead of leadership and communication.

Nora (HR): *It demands a great deal of communication between the different leadership roles, which is difficult when everyone is out just making customers happy. And not that used to thinking about leadership, they are more like customer focused then leadership focused.*

In general the role of HR in the organization is rather faint. The development of employees has not the highest priority.

Nora (HR): *I think the biggest challenge is actually the maturity, the HR maturity in the organization. Which I thought was on another level than it actually was.*

Also consultants point out that managers have very different leadership skills and that the personal relations to their manager are considered as very important for their motivation. The role of the talent manager is supposed to be the one of a mentor, who is responsible for the consultants' development and the performance management process. The junior consultant Simon made different experiences with his talent managers.

Simon (Consultant): *Through my time I had 3 or 4 talent managers. Overall I would say it's a very personal thing. It is one thing to say whether or not you connect work wise but if you connect personal it makes a huge difference. (...) I switched my mentor who I liked a lot, unfortunately he changed the job and currently I am having a talent manager who I do not connect so well with. We sometimes talk in different ways and eventually it's difficult to be quite as open and frank with her as I was with my previous talent manager. I think that personal relations make a huge difference, for my motivation at least. If you can have that intimate discussion about the things that concern you, for me at least it's very very important.*

On the whole, it is to say that the philosophy of some senior managers stands in contrast to the organizational culture and values that consultants and HR describe.

5. Discussion

5.1. Introduction

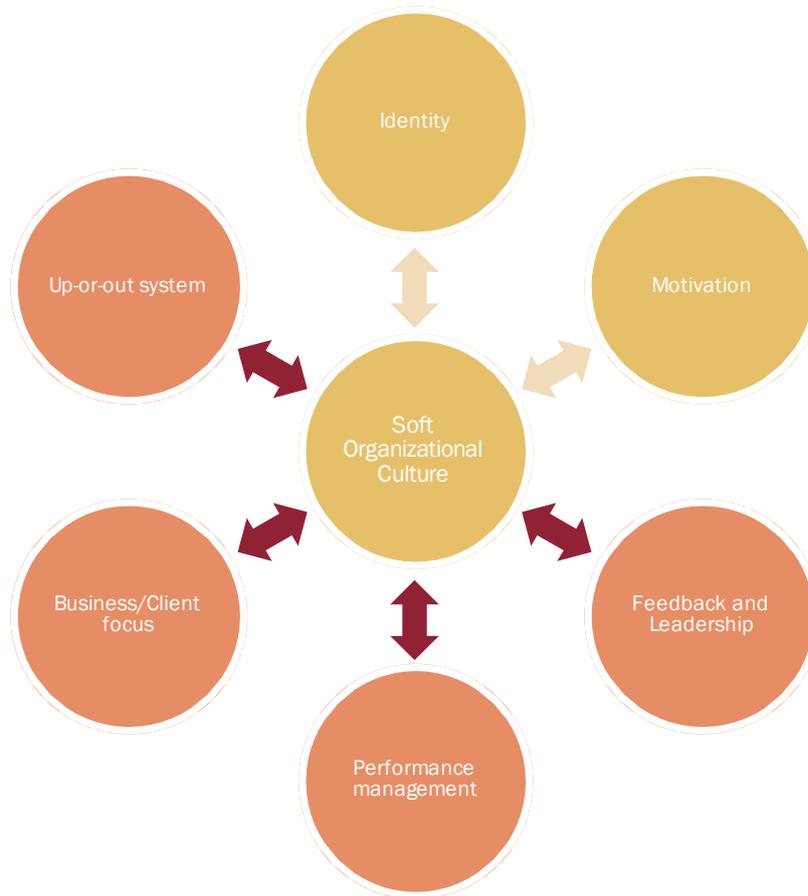


Figure 4 *Soft Organizational Culture and (Mis-)Alignments*

Our findings indicate a divergence from the typical consultancy described in most of the literature. We expected a tough cultural environment with a 'dog-eat-dog' mentality where consultants are eager to rapidly climb the career ladder. Moreover, we presumed to find consultants with a distinguished identity as elite performers and a focus on social/professional status. We assumed their motivation would be based on material rewards and that they would take pride in working long hours. Instead, we were surprised to find a softer version of a consultancy. This phenomenon becomes apparent in a soft organizational culture, a softened self-perception of being elite, soft competition between consultants, possibilities for work-life balance and a motivation that is based on soft social factors. The traditional performance management system and some senior managers are still stuck in the classic consultancy style. This becomes apparent in a missing focus on feedback and in problems with leadership, as managers are primarily focussed on the business and the

client. Also, relics of the 'up-or-out' approach still remain; however, in SoftConsulting, a departure from this former legacy is demonstrated in the change of the performance management system. The organizational systems and processes in general are slowly aligned to the organizational culture. We describe this phenomenon as *cultural antagonism*; whereby an organizational culture that develops over time and antagonizes classic systems of the organization or an industry. However, this development also raises some fundamental questions. Does the softened organizational culture fit to a competitive industry where clients have high expectations - can it be even a competitive advantage?

5.2. The Unique Consultancy: Soft Cultural Elements

In our study, we observed an ongoing shift of paradigms. In the literature, consultancies are displayed as very hard, mechanical systems that strictly follow rules of rationality and efficiency (Meriläinen *et al.*, 2004; O'Mahoney, 2013). The organization we studied turned out to be considerably softer, oriented on social values, for instance collaboration. Table 3 gives an overview of elements we found to differ from the conventional consultancy image. In the following part we will discuss those elements in detail.

| Cultural element | Conventional consultancy | SoftConsulting |
|---------------------------------|--|---|
| Culture | | |
| Work ethic | Long working hours | Flexible working hours |
| Organizational structure | Top-Down | Participation |
| Career Path | Partnership/ Up-or-Out | Variety of options |
| Organizational Identity | | |
| Individual identity | Elite identity | Openness and humane, more "normal" |
| Competition | Dog bite dog mentality | Teamwork and collaboration |
| Values | Focus on outcome and performance | Focus on feedback and development |
| Work-Life-Balance | No environment to have kids | Kite surfing & family life |
| Motivation | | |
| Motives | Instrumental: Status & Monetary | Internal motivation & social factors |
| Career | Motivated by getting titles | Motivated by developing and more responsibility |
| Work tasks | Not questioning the purpose of work (functional stupidity) | Questioning the purpose of every task |
| Work environment | Individual performance | Team performance |

Table 3 Comparison of values and cultural elements

Diverging Identities

The described elite identity that is apparent in many consultancies (Alvesson & Robertson, 2006) is more fragmented, and includes and emphasizes softer elements at SoftConsulting. Even though employees are among the best graduates from well-known universities and are proud of their intellectual capabilities, they also emphasize the positive cultural atmosphere and the collaboration. This means that values and norms such as teamwork, helpfulness, openness, honest feedback, fun, interesting tasks and personal development are highlighted by consultants and HR. Hard factors that can be associated with the classic elite identity as described in the literature (Alvesson & Robertson, 2006) are even downplayed, for example competition, salary increases and status.

Another indicator that the organizational and individual identity is not only based on 'eliteness' can be seen in the struggle of consultants to identify themselves with the classic image. Employees experience identity conflicts when they struggle to adapt the classic organizational identity. Different interview partners describe how they questioned whether or not they are good consultants. A good example is Magnus, who constructed his own image of a consultant as a coach and sparring partner, instead of the expected image as a confident consultant.

Magnus (Consultant): I especially remember me in 2012, I questioned myself: 'Will I ever be a good consultant?'. Because I am not confident enough. I don't like giving advice. I like to give it with a coaching style. (...) I do not need to know content of their work better than they do. And I can be a coach for a group or something else. (...) I'm not that kind of consultant.

Collaboration instead of Competition

As illustrated in our empirical findings, consultants and HR managers question the ruthless 'up-or-out' system, where everyone focuses on climbing up the career ladder as soon as possible.

HR managers further downplay this approach and emphasize that it is not consequently applied. They do not expect their employees to function as machines, and rather portray the consultants as humane and patient. Also, consultants distance themselves from a pure career orientation and describe a genuine interest in tasks and an inspiring social life. One HR manager summarizes the 'up-or-out' system as *the game*: "*That's how the system is build. (...) That's part of the game*" (Katrine (HR)). This indicates that the system still seems to be visible and partly influential. This could mean that even though HR and consultants deny and relativize the importance of the system, senior management and partners are still

powerful enough to keep it alive. Consequently, some managers and partners at the company still seem to appreciate the underlying values and importance of the 'up-or-out' system. Those values contradict with the values of the soft culture consultants and HR described at SoftConsulting. For HR staff, it seems to be unclear whether or not 'up-or-out' is a strategy or just a relic of former times.

Nora (HR): *I think it's a long way before we can get rid of this 'up-or-out'. If that is something they [the partners] want, I am not sure.*

Consultants and HR staff rather create a softer, less competitive environment, but the company still has a system where consultants are expected to compete with their peers to stay in 'the game'. Consultants view the system increasingly critically, and those who do not participate in the competition are widely accepted. For instance, there are several examples of employees who stay on the same position for several years without negative consequences.

Maister (2003) describes a shift in how junior employees in consultancies are motivated.

In the past, the 'up-or-out' partnership structure of the typical professional service firm provided all the motivating force that was required (...). Personal attention by partners was not necessary: the system, combined with the inherent ambition of young professionals, took care of the problem (Maister, 2003, p. 163).

There seems to be a transition of values and motivation for younger consultants. The status of making a career is increasingly losing its appeal and a competitive dog-eat-dog mentality is seen critically. Maister (2003) also uses the word *game* for the 'up-or-out' mentality and describes that younger employees doubt this approach. "*Juniors are increasingly questioning whether the game is worth the candle*" (Maister, 2003, p. 163). Instead of competing with each other, junior consultants at SoftConsulting create an atmosphere of collaboration. Without exceptions, consultants describe the culture as helpful and inspiring. *Collaboration* appears to be a central value for employees. Still, relics from the former 'up-or-out' style remain visible in the career ladder and probably in the perceptions and practices of senior managers as well.

Work-Life-Balance

The topic work life balance is frequently discussed in the firm. Consultants portray themselves as working moderately, and paint a picture of a flexible company with space for different working models. Work-life-balance seems to have gained a lot of importance. However, the topic work-life-balance obviously conflicts with the business model of

SoftConsulting, where junior employees used to work a lot because they are the cheapest production factors.

Katrine (HR): I mean, in the business model, SoftConsulting wants to gain the most possible money. And that means, the younger employees have to work extremely hard, because they are the cheapest production hours, so it is, but it means that you get tired. Even young people get tired. So the question is, do we want to talk a lot about 'values, diversity, work-life-balance, what can we do for you' or do we want to maintain the business model that we want the most possible money with the lowest cost? That's a decision, the SoftConsulting management has to take. But all the conflicts come from that and there is no clear line between those two.

Moreover, work-life-balance is an important trend in modern organizations (Leopold, Harris & Watson, 2005). Providing a healthy work-life balance makes the working environment and HR practices more humane (Legge, 2007). There is a trend that many consultants are not willing to make too many sacrifices in their personal life in order to be successful.

I frequently hear things like 'The closer I get to firm's partners, the less attractive their lives seem to be. I'm increasingly questioning whether what they do is what I want. Professional life requires significant sacrifices, for both my spouse and me, and I'm no longer certain that the rewards are there to justify them (Maister, 2003, p. 164).

This is also apparent at SoftConsulting. The ultimate goal of becoming a partner seems to become less desirable, and consultants increasingly focus on their life outside work. Many consultants do not want to work unrealistically long hours. Consultants like Magnus (Consultant), who we met in chapter 4, even turn down projects in order to travel less and spend more time with their families.

Overall, the discourse and importance of work-life-balance in SoftConsulting is surprising, as the classic way in which consultancies are described is associated with long and intense working hours (Costas & Fleming, 2009; Engwall & Kipping, 2013; Meriläinen et al., 2004). If we take a critical view on how consultants talk about work-life-balance, some of the statements of the consultants might describe reality in a euphemistic way. They can tell positive examples of work life balance but overall the long working hours are still a requirement of the industry and work peaks are inevitable (Engwall & Kipping, 2013). The described positive work life relation is possibly partly just a socially desirable image in which the consultants like to portrait themselves to the external environment. In SoftConsulting's business model, junior employees are the cheapest production factor so they most likely work a lot.

These insights give us a skeptical view on work-life-balance in the organizational reality of the firm. Do consultants sugarcoat their working hours and hide the actual reality? Nevertheless, the fact that the topic is discussed amongst consultants and HR implies that some work life balance is important.

In conclusion, we observe that demands of modern working life have also reached the consulting industry, which might have protected itself so far from those demands, by creating an organizational culture where consultants perceive long-working hours as '*part of the game*'. These new values seem to partly change the work life balance at SoftConsulting but in general they are conflicting with the business model; which focuses on long working hours from junior employees as the cheapest production factors.

Motivation

In the literature consultants are portrayed as '*status anxious*' and they rely on signals to ensure themselves of their supposedly elite identity (Gill, 2015, Maister, 2003). Therefore, commonly external rewards such as bonuses, and status-loaded symbols such as titles, are used to motivate consultants (Stumpf, 2002). However, consultants at SoftConsulting downplay the importance of instrumental rewards, especially money and titles. They rather describe these motives as hygiene-factors in the manner of Herzberg's two-factor theory (Herzberg et al. 1959). Such factors can create demotivation when they are absent, yet they usually have no particular motivating effect. Consultants describe mainly internal motives as truly motivating; interesting tasks, personal development and inspiring atmosphere are mentioned as the strongest motivators.

We assume that these descriptions may also be influenced by social desirability. This means that consultants may want to portray themselves as decent human beings and not as greedy consultants. Hence, the motivation of consultants cannot be explained solely by internal or external motives. Instead motivation can be more accurately explained with Alvesson & Kärremann's (2007b) motivational triangle.

In this concept, motivation arises in the interaction of instrumental rewards, internal motives and, as a third element, three social processes: Identity, reciprocity and values. Individuals are motivated to maintain a stable identity and want to act accordingly. This means that consultants see themselves as professionals, but also as normal people (who are oriented on common behavior). They identify themselves as excellent consultants on the one hand and as decent social people on the other hand. Also, reciprocity and values need to be considered. One implication of reciprocity could be that if the performance management is providing more frequent and valuable feedback for the employees, they will feel more obliged

to pay back with even higher performance. Another implication could be that if the performance management is designed in a way that aligns with important values of the organizational culture, this can also lead to a higher motivation. Hence, the performance management system based on instrumental incentives fails to consider the complexity of motivation.

Organizational systems, such as the performance management at SoftConsulting, still primarily focus on instrumental incentives to motivate employees. The expectation of a promotion, monetary incentives like bonuses and the status of working in a prestigious company are supposed to be the rewards for working extra hours, performing with excellence in difficult projects and sleeping in hotels during the week. To concentrate exclusively on those external incentives seems to be outdated, considering the aforementioned interactive theory of motivation. This provides us with a more nuanced picture of reality, which can help practitioners in the consulting industry to think about the design of performance management systems in respect to consultants' motivation.

To summarize, there seems to be a shift of values for consultants. In the case of SoftConsulting, the internal motives such as a genuine interest in work tasks are explained to be exceptionally important. This stands in contrast to how consultancies are generally described in the literature (e.g. Stumpf, 2002). The traditional performance management system at SoftConsulting primarily focuses on instrumental motives and hence seems to neglect important aspects of the more complex and differentiated nature of consultants' motivation.

5.3. Relics of the Past: Organizational Practice Clashes with Organizational Culture

Clash with the Performance Management

The traditional performance management system fits to the classic organizational culture of a consultancy, with its values and norms, as described in the literature (Alvesson, 2012; Alvesson & Robertson, 2006; Meriläinen et al., 2004; O'Maohoney, 2013). Furthermore, the ideas of the performance management system, for example ranking consultants by their performance, are used to maintain an efficient 'up-or-out' philosophy. The 'up-or-out' system is designed to let consultants compete for promotion (Malhotra, Morris & Smets, 2010). Furthermore, the traditional way of performance management wants to motivate through

instrumental incentives, such as monetary bonuses and promotions, which also create a certain status.

However, this traditional performance management system does not fit with the organizational culture, identity and demands of consultants at SoftConsulting and we would argue it rather supports a competitive and unfriendly atmosphere. However, that is not the organizational reality, as described by the consultants. Consultants describe being motivated by meaningful tasks, learning and development and inspiring relationships with their colleagues, which means that they are predominantly motivated by social processes (see Alvesson & Kärreman, 2007b). Moreover surprisingly, consultants and HR staff overall do not see an 'up-or-out' philosophy in SoftConsulting. Nevertheless, if we look at the structure of the organization from the outside perspective, the partnership system is factual there and undeniably real. Our interpretation is that there seems to be a softer 'up-or-out' system compared to the one that is described in the literature and exists in other consultancies. For instance, consultants and HR tell stories about employees staying at the same position for a long time; however, this is only possible if they continually deliver good performance or possess skills that are valuable to the company.

The crucial point is that the classic 'up-or-out' does not fit with the culture that consultants and HR describe, which can lead to misalignment and confusion. For instance, a partner at SoftConsulting still talks about the 'up-or-out' system as one of the cornerstones but – conversely – consultants and HR emphasize different softer elements in various situations as more important.

A good question to deepen our understanding of the matter is to examine the focus of the performance management. It becomes clear from the quote of one HR manager that the current performance management system is mainly designed to support an 'up-or-out' approach.

Katrine (HR): It's more to identify your potential and of course to promote the ones who work very very good during the year. If you have low performance, then a manager should talk to you during the year so you know what you can do better and if that doesn't work, then we have to say goodbye to each other.

Here it becomes clear that there is a strong focus on performance management as a tool to separate the rotten grapes from the rest, and also finding out which grapes are the best. In this light, the dominant purpose of the system is to achieve the most efficient company. Within this focus, development and learning come second, as the experience of our HR managers and consultants' show. For example, using ratings, besides the critiques of their

effectiveness, sends a clear signal that measurement of performance is most important in the performance management approach. Another example is that managers' discussions about employees occur behind closed doors. This indicates that the information gained by observing consultants is primarily used for the 'grape sorting'. This is problematic in two ways: 1) developing people is one of the promises of the firm to its employees and if those expectations are not fulfilled it can lead to demotivation and employees leaving the company; 2) it is good for identifying high performers, but it is bad improving performance across various levels. One main reason for this is the lack of leadership, as described in further detail in the following section. We also critically question whether the company has a genuine interest in the personal development of its employees.

However, we would argue that the change of the traditional performance management system at SoftConsulting to a more agile approach is trying to shift the focus and to "*replace rank and yank with coaching and development*" (Barry, Garr & Liakopoulos, 2014). Nevertheless, the main problem of the performance management does not lie in the tools that are used (Cardy & Munjal, 2016). The crux for SoftConsulting is to understand how performance management needs to work in alignment with the organizational culture, and additionally to decide whether development or assessment is required. Another challenge can be seen in the interplay of the performance management with the 'up-or-out' system. Here, we need to take into account the interpretation that the importance of becoming a partner for young consultants has decreased, as indicated by Maister (2003). In contrary, the organization sees career aspirations of junior consultants still as one of the main drivers.

Clash with the Feedback Practice

As described, we were surprised that the feedback culture at SoftConsulting was described by consultants as problematic, to such a high degree. Throughout our interviews, we found a culture that is focused on learning and development – so why are these values not apparent in the feedback culture? As will become evident, the reason for the poor realization of developmental feedback in the organizational practice not only lies in the avoidance of uncomfortable situations or the design of the performance management system but also in the attitude of senior managers, who mainly focus on the client.

One reason why the feedback culture is a problem is that senior managers fail to be honest because they either do not want to make employees too proud, or do want to hurt their feelings or destroy their self-esteem. By just giving superficial feedback, senior-managers avoid uncomfortable situations for themselves and the consultants. One HR manager says that "*feelings don't look well in this house*" (Katrine (HR)). Senior-managers see themselves

as highly rational and unemotional – similar to how consultants are often described in the literature (Meriläinen et al., 2004) – and they do not want to have to deal with uncontrollable emotional situations.

A trustful relationship is the basis for valuable feedback (Dirks & Ferrin, 2001). Consultants describe that the quality of the relationship to their talent manager varies significantly even though it is crucial for valuable communication. Difficult characters or unfortunate personal matching between the talent manager and the counselee might be possible reasons for bad feedback relations.

As another reason, HR managers and consultants blame the performance management system for the lack of feedback, as feedback talks are only scheduled twice a year. This was a main point of critique that led SoftConsulting to change their performance management system. In the new system, feedback will be given more frequently via weekly check-ins. Currently consultants must actively request feedback.

Simon (Consultant): I think that currently we give feedback when we need to. And that culture of asking for feedback is also not good enough. (...) If you ask for it, people will usually say 'sure, you can get feedback', it's not gonna be very structured but you get it. And it varies a lot, because you really have to be striving to get it. You have to, sort of, constantly poke people to get some feedback.

It is questionable whether the infrequent appointments are the only reason for the lack of feedback. When consultants were asked about possible reasons for the lack of feedback, they explain that managers do not consider giving feedback as important and do not take time for it. This correlates to the findings of Cardy and Munjal (2016) as well as Pulakos (2009) who argue that managers do not understand the benefits of performance management and see it as unnecessary bureaucracy.

Providing feedback is one of the essential tasks in leadership (Gregory and Levy, 2015; O'Leary & Pulakos, 2011). We argue that the main reason for the weak feedback culture is that managers are exclusively concerned about the client. Because of the ambiguous work of consultants (Alvesson, 2004) and their constant expectation to perform with excellence (Alvesson & Robertson, 2006) the senior managers seem to live with an anxiety about whether they can fulfill expectations (Gill, 2015). This is a possible explanation why they are only client focused and leave subordinates to solve their internal affairs alone. A further explanation may lie in the 'up-or-out' system that fails to develop leadership skills and focuses only on performance. Consultants as well as HR staff criticize this; as long as career development focuses mainly on performance and the utilization of projects, up-coming managers will not be able to develop their leadership skills.

However, the modern performance management system is expected to address the lack of feedback. HR managers and consultants discussed expectations that feedback will be given on a more frequent basis in the so-called *check-ins*. Also, the check-ins are predicted to ensure that feedback is given moment to moment, as opposed to some distant month, well after a project is finished. Even though the new system sounds promising in theory, we approached this with skepticism. Indeed, we feel the change could possibly reinforce and strengthen the problematic feedback and leadership culture. The responsibility to actively demand feedback will be further given to consultants, who must request feedback. Doing so does not seem to be effective or easy, and moreover, not every consultant might see himself or herself in an active role and be bold enough to constantly request feedback from managers. Conversely, for managers this loosening of fixed processes allows more space for interpretations, regarding what responsibility they take on feedback. What is needed seems to be a mind shift, from exclusively focusing on the client, to focusing on both, client and the people within the firm. Even though official material and HR declare a focus on the consultants and their development, the focus of senior managers seem to be the client. Senior managers must acknowledge the need for feedback and development of their subordinates, and must act accordingly. To further investigate this problem one would need to discuss with managers about their business focus and how they see themselves in their roles – as managers, or better, as leaders.

5.4. Cultural Antagonism: Organizational Practice Clashes with Organizational Culture

The phenomena we identified can be described as *cultural antagonism*. Antagonism is defined in Meriam-Webster's dictionary (2017) as "*opposition of a conflicting force, tendency, or principle*". This suggests an organizational culture that develops over time and is opposed to classic structures of the organization or whole industry. In SoftConsulting, as described in the aforementioned analysis, the organizational culture opposes the structural elements. On one hand this can lead to a degradation of old systems and the introduction of new ones, as is the case with the performance management system. On the other hand, this can lead to contradictions and problems in the organization if systems are not aligned, as described with the 'up-or-out' system at SoftConsulting. The importance of organizational culture is often emphasized in the literature (Alvesson & Sveningsson, 2016); therefore, we can argue that culture seems to have a substantial impact on the company's organizational systems. However, one must also consider that organizational culture can be fragmented, and different groups or hierarchies in a firm form subcultures with differing values and norms.

Given that culture is possibly the hardest organizational factor to change (Balogun & Johnson, 2004), the system will instead be the factor needing alignment. Our case exemplifies this phenomenon.

5.5. A Critical Discussion: Can a Soft Organizational Culture be Sustainable in the tough Consulting Industry?

Lastly, we want to critically discuss whether a soft culture can be sustainable for SoftConsulting in particular, and for the consulting industry in the long term. Even though the contradictions with the organizational systems and the business model are likely to cause problems in the near future, we argue that SoftConsulting must nevertheless align their systems to the culture in order to gain a competitive advantage. A distinctive culture can be an asset to organizations, as they delimit themselves from other organizations and create an outstanding image (Parker, 2012).

One reason for SoftConsulting to display themselves as a softer version of a consultancy is that the needs of their clients have changed. Consultants previously appeared as the confident, hard-working and rational advisers (Meriläinen et al., 2004). This image has frequently been criticized. Many challenges require soft approaches such as, negotiation and creativity – as opposed to hard approaches, such as standardized concepts, processes and systems (Engwall & Kipping, 2013). By creating a softer appearance, SoftConsulting is more appealing to their customers. In this way, SoftConsulting could also adjust their working style to softer tasks and might be better prepared for unstandardized tasks and complex projects. Soft factors as exemplified in a balanced work life and well-nurtured social relations may lead to higher team performance; through synergies, higher commitment and more creativity.

Conversely, hard factors as exemplified in working long hours, rationality and status through titles used to be a competitive advantage for the firm. Consultants need to appear superior to reaffirm themselves and their client of their competence. To abandon those principles could also lead to problems, as the superior image to the client cannot be maintained. Moreover, consultancies are often hired for important projects by clients under significant time pressure. These situations lead to peaks in the working hours of consultants. However, if work-life-balance is taken seriously, there could be more situations where consultants cannot deliver on the time the demands and requirements of the clients. This could damage reputation, while decreasing the satisfaction of the client.

Considering the points above, there are valid arguments for and against a soft culture being sustainable in the consulting industry. In conclusion, one argument appears to outweigh others. For the future, to attract the best employees and maintain the highest performance standards, SoftConsulting needs to have a softer culture. Eventually, the culture can be a competitive advantage in the industry. SoftConsulting can be a pioneer leading the standards of the industry by having created a unique organizational culture and by adapting its systems accordingly. Consequently, if we dare to predict a look into the future of the industry, it seems realistic that the organizational culture in consultancies will change, and the systems they used for decades to motivate their employees will have to follow.

6. Conclusion

6.1. Research Aims

Our research aim was to develop a deeper understanding of organizational culture at SoftConsulting and of the identity and motivation of consultants. This aim was triggered by the upcoming change of the performance management system at SoftConsulting. The underlying goals were to contribute useful insights for the firm and to contribute to a more nuanced understanding of consultants and consultancies. Our research questions were:

How is the organizational culture at SoftConsulting described by employees and how does it interrelate with performance management and managerial practices?

Which role does employees' identity and motivation play in this context?

In the following we are going to summarize our findings in relation to our research question.

- Consultants and HR staff describe the organizational culture at SoftConsulting softer than expected, given the common consultancy literature:
 - Consultants' identity is not dominantly defined by being elite;
 - Consultants are motivated by internal and social motives such as tasks, collaboration, personal development and a fun working atmosphere, rather than instrumental incentives;
 - Consultants do not work long hours; rather they expect to have a work-life-balance.
- Performance management and managerial practice clash with the organizational culture:
 - The performance management system promotes values such as competition, and is focused on efficiency, whereas consultants' own values are collaboration and a focus on feedback and development;
 - The performance management system further promotes instrumental incentives to motivate employees, such as monetary rewards and status through titles;
 - The 'up-or-out' system focuses on competition regarding the career path, whereas consultants focus on collaboration and downplay career promotions and titles;

- Managers are only focused on the client and care less about internal leadership, for example they fail to give honest and constructive feedback.
- The business model of SoftConsulting is to have many junior consultants work a lot as they are the cheapest production factors. Hence, this business model clashes with the soft organizational culture.

Our findings seem to counter the literature, and therefore do not align with our expectations. This was a valuable insight, as it allowed for a more nuanced understanding by qualifying general assumptions on consultancies with a specific case study. SoftConsulting gives us an interesting insight, as it is one of the major consultancies yet differs from the general descriptions. We assigned a name to the phenomenon we identified, *cultural antagonism*, to make it clearer and easier to grasp. *Cultural antagonism* describes an organizational culture, which contradicts the systems of a firm. It can consequently lead to two different outcomes: 1) either the systems are changed to align with the organizational culture; or 2) the misalignment might lead to confusion and demotivation. This phenomenon and the described findings lead to several practical implications, as outlined in section 6.2.

6.2. Practical Implications

For SoftConsulting, the soft organizational culture can possibly lead to be a competitive advantage for the firm (see discussion in section 5.5). However, we also identified impediments involved in realizing this competitive advantage. A soft culture could dilute a valuable image of superiority, as consultants might appear as 'normal' humans; or the firm could lose reliability in the work with clients as consultants are not ready to put in much extra-hours. Conversely, the 'superior' image of consultancies was often criticized, and an improvement could make Softconsulting more friendly and open to clients. Furthermore, a boost in creativity and autonomy of consultants might leave it well placed for future demands of work tasks. Finally, and most important, SoftConsulting needs an organizational culture which attracts future high-performing employees. We argue that this culture can be a competitive advantage, as it fits with expectations of young employees for conditions such as flexible working hours and meaningful work.

Further practical implications are discussed in the analysis of the (mis-)alignment of the organizational culture; with the performance management system, the 'up-or-out' approach and in managerial practice. The performance management system and the 'up-or-out' approach both clash with what is expected and valued by the consultants. However, these relicts of former times of consulting seem to remain, and might even be valued by partners

and higher hierarchies in general. Furthermore, in managerial practice, feedback and leadership problems arise from an exclusive focus on the client instead of internal leadership. It seems to be of utmost importance to provide a clear strategy and consequently to commit to topics such as work-life-balance. This means changing the systems, as SoftConsulting has already commenced via its performance management. Furthermore, managers need to show a genuine interest in developing young consultants, for instance by giving more frequent and valuable feedback. Instead of focusing on the 'up-or-out' approach, managers should think about different ways to motivate consultants, as several examples in our empirical findings suggest. Our practical implications should be taken as food for thought, as they do not contain specific advices or steps on what to do. What we provided should be seen as a new perspective; to consider organizational culture in consultancies, and the interplay with managerial systems.

6.3. Reflections & Future Research

Throughout the discussion, we aimed to remain critical about responses from interviewees, and where necessary questioned how their statements relate to organizational reality. Of course, the question surrounding what 'organizational reality' is also needs to be considered. In our judgement, we found the best insight of organizational reality by talking and listening to a diversity of people and their various experiences and perceptions. However, as described in our research methodology, we viewed the organizational reality from a specific perspective - that of the consultants and HR managers. However, overall, we can take their statements as reliable, and we found clear patterns emerging within our sample that seems to suggest confirmation of this perspective. To further investigate the phenomenon, it would need to be studied also from the angle of higher levels in hierarchy, such as senior managers or partners. Furthermore, the topic could be studied in more detail, regarding how lower levels of motivation can be ascribed to the system of performance management, or to the 'up-or-out' system. In summary, we feel this thesis is meaningful, and we hope it will deliver valuable insights for practitioners and researchers alike.

6.4. Summary

Our study aimed to identify how consultants and HR staff described the organizational culture at SoftConsulting, as well as consultants' identity and motivation in the light of the change in performance management. We found a culture that can be described as soft and surprisingly different from how consultancies are described in the common literature. This

soft organizational culture does not yet fit to all organizational systems and assumptions. We called this discrepancy *cultural antagonism*. The change of the performance management system shows how the company adjusts their systems to the existing culture. Those changes are an adjustment to the requirements of today's work life and can be a competitive advantage in the future for SoftConsulting.

7. References

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