A CRITICAL ANALYSIS OF THE INFLUENCE OF THE PERFORMANCE MANAGEMENT SYSTEM USED IN THE FINANCIAL DEPARTMENT AT GENERAL MOTORS SOUTH AFRICA

BY

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PROMOTER: Prof D. M. Berry

JANUARY 2005
DECLARATION

“I, Yasmien Beckett, hereby declare that:

- the work in this thesis is my own original work;

- all sources used or referred to have been documented and recognised;

and

- this thesis has not been previously submitted in full or partial fulfillment of the requirements for an equivalent or higher qualification at any other recognised education institution.”

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YASMIEN BECKETT      DATE
ABSTRACT

Recently, organisations have been faced with challenges like never before. Increasing competition from businesses across the world has meant that businesses must be more careful about the choice of strategies to remain competitive.

This situation has placed more focus on organizational effectiveness in that systems and processes be applied in the right way to the right things to achieve results. All of the organisational processes must continue to be aligned to achieve the overall results desired by the organisation for it to survive and thrive.

Performance management is an ongoing process that should reflect the current and emerging business challenges, as well as the company’s values about performance and careers. As the business and workforce change, the performance management process should be modified to ensure that the process and tools remain congruent with organisational values and priorities.

The objective of this study was to identify the influence of the current performance management system, in the Finance department at General Motors South Africa, as a facilitation tool in aiding or assisting management in achieving individual and departmental goals. To achieve this objective a comprehensive literature study was performed to determine the views on performance, and on performance management systems.

A questionnaire was designed based on the guidelines in the literature study, in order to establish the extent to which the organisation manages performance. The researcher used the random sampling method of selection and distributed the questionnaire to eighty one potential respondents via mail and electronic e-mail. Forty one completed questionnaires were returned and these were processed and
analysed using Microsoft Office Excel 2003, running on the Windows XP suite of computer packages.

The respondent’s opinion obtained from the questionnaires were compared with the guidelines provided by the literature study in order to identify shortcomings of the influence that the performance management system has on the achievement of individual and departmental goals at the selected organisation. It can be concluded from the respondent’s opinions that the greatest shortcomings of the current performance management system are the link between performance and reward, and commitment to the process in its totality. The other areas of concern are the lack of training and development, and the necessary resources required to achieve objectives. The study also indicates there is no overwhelming agreement that feedback, both positive and negative, takes place as the literature suggests.

The following were the main recommendations and conclusions made:

- Firstly, it is imperative that management undergoes training in the feedback and review process which is a critical element in the performance management cycle.
- Secondly, to realise the benefit of increased employee effectiveness, management should undergo training to become more effective career coaches to promote a climate of continuous learning and professional growth.
- Thirdly, the reward system should be reviewed, if management is committed to using pay as an incentive for desired levels and directions of performance.
- Fourthly, management can set an example and build commitment for effective performance management and be leaders at all levels.

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CHAPTER 1

PROBLEM DEFINITION AND DEFINITION OF CONCEPTS

1.1 Introduction

The concept of performance management has been one of the most important and positive developments in the sphere of management. It began to take shape in the later 1980s, growing out of the realisation that a more continuous and integrated approach was needed to manage and reward performance. All too often, crudely developed and hastily implemented performance-related pay and appraisal systems were not delivering the results that, somewhat naively, people were expecting from them (Armstrong, 1994:15).

Performance management has risen like a phoenix from the old-established but somewhat discredited systems of merit rating and management-by-objectives. Many of the more recent developments in performance appraisal have also been absorbed into the concept of performance management, which aims to be a much wider, more comprehensive and more natural process of management (Armstrong, 1994:15).

Performance management aims specifically to improve the following aspects of performance:

- Achievement of objectives;
- Knowledge, skill and overall competence;
- Day-to-day effectiveness.

It helps in the integration of corporate and individual and team objectives in communicating these objectives, and in underpinning the core values of the organisation. It is potentially a lever for achieving cultural and behavioural change and a means of empowering people by giving them more control over their work and their personal development (Armstrong, 1994:13).
1.2 Main problem

Performance management, as defined by Bacal (1999:4), is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about the jobs to be done. It is a system. That is, it has a number of parts, all of which need to be included if the performance management system is going to add value to the organisation, managers, and staff. Bacal (1999:8) also states that organisations work more effectively when the goals and objectives of the organisation, those of the smaller work units, and the job responsibilities of each employee, are all linked. When people in the organisation understand how their work contributes to the success of the company, morale and productivity usually improve.

Schultz (2001:516) states that when performance management systems are tied into the objectives of the organisation, the resulting performance is more likely to meet organisational needs. They also represent a more holistic view of performance. In order for performance management to be effective, it must be line-driven rather than personnel department-driven. Development of a performance management system should be a joint effort between line and human resources managers. Lundy and Cowling (1996:306), as quoted by Schultz (2001:516), point out that ownership should be taken a step further in that subordinates should play an active role in the management of their own performance, linked to organisational performance as a whole.

Hartle (1995:12) defines performance management as a process for establishing a shared understanding about what is to be achieved, and how it is to be achieved, and an approach to managing people, which increases the probability of achieving job-related success. By establishing a continuous management process that delivers clarity, support, feedback and recognition to all staff, you will take a major step in ensuring significant performance improvement of your organisation.
In terms of previous discussions, the question can justifiably be posed as to whether the current performance management system does empower management to attain individual and departmental goals, in order to enhance its overall performance.

This question also represents the main problem of the study: ‘What influence does the current performance management system have as a facilitation tool in aiding or assisting management to achieve individual and departmental goals?’

1.3 Sub-problems

An analysis of the main problem allows identification of the following sub-problems.

Sub-problem One
- What key elements does the literature reveal about performance management that will aid or assist management in achieving individual and departmental goals?

Sub-problem Two
- What key elements in the performance management process do current managers believe will assist in achieving individual and departmental goals?

Sub-problem Three
- What key performance management strategies should management follow to achieve individual and departmental goals?
1.4 Delimitation of research

The purpose of this delimitation is to make the research topic manageable from a research point of view. The exclusion of certain topics does not necessarily imply a lack of need for researching such topics.

1.4.1 Organisational level

The evaluation will only include the Finance Department within General Motors South Africa, specifically focusing on how performance management has influenced the achievement of the department and individual goals.

1.4.2 Management level

The study is limited to first-line, middle and senior management, as they are closely involved in the performance of their staff.

1.4.3 Individual level

The study is limited to salaried staff in various salary grades and does not include hourly-rated employees.

1.4.4 Geographical delimitation

The empirical component of the study will be limited to salaried staff and management in the Finance Department at General Motors South Africa, situated at the Kempston Road plant in Port Elizabeth.

1.4.5 Subject of evaluation

The study is limited to the evaluation of the performance management process in operation at General Motors South Africa, as compared to guidelines in literature.
1.5 Definition of terms

1.5.1 Influence
Influence can be defined as “…the capacity or power of persons or things to be a compelling force on, or produce effects on the actions, behaviour, (and) opinion of others.” (www.infoplease.com).

1.5.2 Performance management
Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. It ends when an employee leaves your organisation (Heathfield, 2003). Performance management as defined by Hartle (1995,12), “a process for establishing a shared understanding about what is to be achieved, and how it is to be achieved, and an approach to managing people which increases the probability of achieving job-related success.”

1.5.3 Performance management system
An effective performance management system sets new employees up to succeed, so they can help your organisation succeed. It provides enough guidance so people understand what is expected of them and enough flexibility and wiggle room so that individual creativity and strengths are nurtured. It also provides enough control so that people understand what the organisation is trying to accomplish (Heathfield, 2003).

1.5.4 Empowerment
Empowerment is defined by Newstrom & Davis (1997:227) as any process that provides greater autonomy to employees through the sharing of relevant information and the provision of control over factors affecting job performance.
1.5.5 Goals
A goal is a specific target that an individual is trying to achieve. It is what a person is attempting to accomplish (Bragain, 2003:61).

1.5.6 Management levels
Appendix A provides an organogram illustration of the Finance Department at General Motors South Africa.

1.6 Assumptions

It is assumed that a need for a performance management system that promotes, facilitates, and empowers management in order to achieve individual and departmental goals, will continue.

1.7 The significance of the research

Organisations are increasingly becoming aware that planning and enabling individual performance have a strategically critical effect on the overall organisation performance. This emphasises the importance of a shared view of expected performance between management and employees. Strategic success lies in focusing attention at all levels on key business imperatives, which can be achieved through effective performance management (Bennett & Minty 1999:58).

Performance management has a major role to play in South African organisations today, but current practice may be contestable (Mclagan, 1994:23-25).

Performance management begins when a job is defined. It ends when an employee leaves the company. Between these points, the following must occur for a working performance management system:
• Develop clear job descriptions.
• Select appropriate people with an appropriate selection process. Negotiate requirements and accomplishment-based performance standards, outcomes, and measures.
• Provide effective orientation, education, and training.
• Provide on-going coaching and feedback.
• Conduct quarterly performance development discussions.
• Design effective compensation and recognition systems that reward people for their contributions.
• Provide promotional/career development opportunities for staff.
• Assist with exit interviews to understand WHY valued employees leave the organisation (Heathfield, 2003).

Managers and supervisors are encouraged to take responsibility for managing performance in their work area and co-operating with performance improvement across the organisation.

They also need to promote the understanding that even if one individual’s work area, shift, or department is successful, it will not result in a well-served customer. Because all components of the organisation are part of a system that creates value for the customer, all components must be successful. So, too, in the performance management system, all components must be present and working to create value for each employee and the organisation.

1.8 An overview of related literature

The survey of the literature will be conducted by first introducing it, and thereafter examining what performance management is, where it fits in and the elements of an effective performance management process. The section closes with what performance management is supposed to accomplish and a discussion of the findings of certain authors.
1.8.1 Introduction

Performance management is used as the organisation’s steering wheel, helping all parts of the organisation to move together in the right direction. If the various departments’ activities and operations are not aligned to what the organisation has set out to achieve, it will be difficult to steer smoothly (Kermally, 1997:1).

Kermally (1997:1) also poses a few fundamental questions many organisations are asking today, namely:

- How can we translate our corporate strategy into action and reality?
- How are departmental and individual objectives aligned to our corporate objectives?
- How can we enhance shareholder value?
- What kind of measurement system should we use in an ever-changing business climate?
- What drivers of business performance do we need to focus our attention on?
- If we are talking about ‘customer focus’ and ‘values’ and ‘teaming’, should we incorporate such concepts in our performance appraisal system?
- What drives high performance organisations?

These and other questions have become the focus of discussion and debate in the late 1990s. Performance management is vital in this uncertain economy, when employers need to obtain the greatest possible productivity and value from their employees (Getting your performance, 2003:6).
1.8.2 Performance management: what is it?

It is an ongoing communication process between an employee and his or her immediate superior that involves establishing clear expectations and understanding regarding:

- the essential job functions the employee is expected to do
- how the employee’s job contributes to the goals of the organisation
- what “doing the job well” means in concrete terms
- how employee and supervisor will work together to sustain, improve, or build on existing employee performance
- how job performance will be measured
- identifying barriers to performance and removing them

Managing performance is done with the employee because it benefits the employee, the manager, and the organisation, and is best done in a collaborative, co-operative way (Bacal, 1999:3).

1.8.3 Where does performance management fit in?

The Burke-Litwin model of individual and organisational performance and change (Burke & Litwin, 1992) provides an integrated view on where performance management fits into the organisation performance.
1.8.4 The elements of an effective performance management process

Hartle (1995:65) states that an integrated performance management process should be designed to encourage open, ongoing communication between the manager and the employee about performance issues.

Source: Spangenberg (1989:20)
It should be seen as a flexible process which involves managers and their staff as partners; but within a framework which sets out how they can best work together.

Effective performance management has four basic phases: planning, managing, reviewing and rewarding performance. Hartle (1995:65) shows in Figure 1.2 the content of each phase and how they shape up as a yearlong process in the following diagram.

**Figure 1.2**

Performance management should be designed as an integrated core management process, which becomes ‘the way we do things’. It should embrace the four key phases – planning, managing, reviewing and rewarding.

The literature regarding performance management suggests a plethora of benefits and purposes that are designed to make organisations more effective (Bacal, 1999). Some of these include, 1) Increase in management control over work and results; 2) Increase in management ability to identify or ‘red-flag’ problems early; 3) Linking of employee objectives and functions to overall organisation objectives, thereby creating a sense of contribution for the employee; 4) Motivating employees by allowing them input into, and ownership of, their objectives and standards of performance; 5) Enhances communication by ensuring there is clear understanding of management expectations about results; 6) Providing a system where feedback can be given to employees on a more objective basis, and not on management’s subjective criterion; and 7) Provides a centralised record of performance for each employee. Where it is clear that a performance management system works well, you will invariably find a manager with superior interpersonal and leadership skills. No performance management system will make a poor manager a good one (Bacal, 1999).

Van Huyssteen’s (2001:92) research was aimed at determining whether the company researched manages performance in line with organisational strategy and employee goals. His study succeeded in recognising that there was a link between individual and organisational goals, but also that the ability to provide feedback, identify problem areas of performance and training and development, was lacking.
Van Huyssteen (2001:89) stated in his recommendations that in order to ensure the continuous improvement of performance, as a means of remaining competitive in a changing business environment, it is of utmost importance that an effective performance management programme ensures that the goals of the individual supports the strategic objectives of the organisation, and that the organisation supports the individual in achieving these goals.

Buys’s (2000:155) objective of his research was to develop a technically sound model for an integrated performance management system, rather than a rigid appraisal system. It is clear from the research conducted, that an integrated performance management system will only act as a facilitation tool to establish performance goals and set standards, measure performance and identify areas of weak performance.

Buys (2000:157) recommended that the company formulates formal training and developmental plans to ensure training needs are identified. He also noted that management be trained in the process of coaching, and that before implementing performance rewards, the company should ensure that its financial position allows it to be significant. He concluded that performance management can be used to improve performance, provide feedback, increase motivation, identify training needs, identify potential, let individuals know what is expected of them, focus on career development, award salary increases, and solve job problems. It can be used to set out job objectives, provide information for human resource planning and career succession, and assess the effectiveness of the selection process (Buys, 2000:160).

1.9 Research Design

In this section the broad methodology that was followed in the study is described.
1.9.1 Research methodology

The following procedure was adopted to solve the main and sub-problems:

1.9.1.1 Literature survey
The identification and definition of the principles and/or guidelines fundamental to an integrated performance management system was identified from the literature.

1.9.1.2 Empirical study
The empirical study consisted of:

(a) Survey: A survey was conducted among management and salaried staff within the Finance Department of General Motors South Africa, using a questionnaire drawn up by the researcher, to establish what key strategies management follows to achieve individual and departmental goals.

(b) Measuring instrument: As mentioned above, the researcher developed a comprehensive questionnaire according to principles and guidelines identified in the literature survey.

(c) Sample: All managers and salaried staff of the Finance Department at General Motors South Africa were surveyed.

(d) Analysis of data: The statistical procedure used in interpreting and analyzing the data was determined at the time the questionnaire was drawn up.

(e) Ethical aspect: The researcher obtained permission from the Finance Director, Mr C.B. Allen and Human Resource Director, Mr J. McGuire of General Motors South Africa, to conduct the said research.
The researcher used the information obtained from the questionnaire as a tool for evaluating whether the current performance management process meets the criteria stipulated in the literature.

Conclusions were drawn and recommendations made based on the findings of the research.

1.10 Outline of the thesis

The thesis includes the following chapters:
Chapter 1: Problem definition and definition of concepts.
Chapter 2: Key elements of an effective performance management system.
Chapter 3: The empirical study, methods used, and analysis of data.
Chapter 4: Analysis and interpretation of results of empirical study.
Chapter 5: Conclusions and recommendations.

1.11 Conclusion

The aim of this chapter was to define the main problem to be addressed and to outline how the researcher intends to solve it. To ensure consistency throughout the research paper, the most important concepts and terms were defined. This chapter also clearly outlined what performance management is, where it fits in, and provides a brief on the elements of an effective performance management process.

Chapter 2 will outline the key elements of an effective performance management system which will aid the researcher’s objective to determine what influence the performance management system will aid or assist management in achieving individual and departmental goals.
CHAPTER 2

KEY ELEMENTS OF AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM

2.1 Introduction

Chapter 1 has clearly outlined what performance management is, where it fits in, and has given a brief on the elements of an effective performance management process. In chapter 1 it was stated that the objective of the research was to determine the extent to which a performance management system will aid or assist management in achieving individual and departmental goals?

Chapter 2 will provide guidelines to be used when establishing an effective performance management programme in an organisation. The researcher will discuss policy guidelines and key principles for improving performance through performance management. The key components for an effective performance management programme will be discussed, followed by a discussion on performance management problems in various domains of business and how to overcome these problems.

Performance management is vital in this uncertain economy, when employers need to obtain the greatest possible productivity and value from their employees (Getting your performance, 2003). Performance management has become an essential skill for many managers. In energizing the team to deliver superior business success and customer service, managers' have a difficult but crucial role to perform (Macaulay & Cook, 1994). They must encourage excellence without peering over employee’s shoulders; build motivation and commitment; measure, review and reward performance.
The ability of managers to deal with these issues rests on understanding and applying the techniques of performance management (Macaulay & Cook, 1994).

Employees are operating, or claiming the right to operate, in a more transparent and flexible environment. This requires that they know what is expected of them for daily performance and career success. Organisations are looking to employ people with flexible skills who can embrace the concepts of innovation and risk-taking whilst maintaining a focus on core products, services and customers. This is generating new competence requirements for managers and employees.

These realities are sending out a very clear message: we are moving away from business-as-usual to a new way of thinking – commonly referred to as the information age. In this age, judgement and participation are, and must be, the norm, changing the roles and values of people and the way in which they must perform and develop. This requires new philosophies and approaches to human resources management and development, with performance management as the centre of attention (Venter, 1998:44).

2.2 Performance management policy guidelines

With regard to managing performance in South Africa, it is important to note that the Employment Equity Act states, "Every employer must take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice." (No. 55 of 1998; Ch It, 5). The only way to ensure that a company is complying with current labour law in this regard, and that they are being fair, is through a structured approach by managing the performance of their staff (Quick guide to, 2002:24-25).

Performance management strategies, policies and procedures must be established with reference to the:
• values and strategies of the organisation,
• overall human resource management policies of the organisation; and
• requirements of prevailing legislation.

Every organisation must establish its own overall values, strategies and policies to achieve the maximum "buy-in" and consequent support of staff for whatever policies and strategies they develop (Quick guide to, 2002:24-25).

The following points should be incorporated into the general organisational policy or into a "stand-alone" policy on how to deal with performance management in the company (Quick guide to, 2002:24-25).

**Overall Philosophy** - points impacting on performance management.

The organisation:

• recognises the importance of both individual and collective contributions to performance;
• is committed to recognising the differences in contributions;
• is committed to managing performance to the benefit of both staff and the organisation;
• will give its full support to management and employees in this process.

**Overall Policy** - points impacting on performance management.

The organisation:

• is aware of the importance of optimising the job performance of its employees, individually and collectively, for the efficiency, profitability and growth of the organisation;
• recognises the fact that individual employees differ in their contributions towards achieving the organisation's goals, and regards performance management as the process for fairly assessing and managing these varying contributions;

• is committed to the management of performance to ensure both the development of staff and the productivity of the organisation (this includes persons living with HIV/AIDS who may not be discriminated against in any way, including in terms of interpersonal interactions, management support, training, development, promotion or benefits, or have employment terminated because of the disease or condition unless they are no longer capable of adequately fulfilling the functions of their position);

• realises that effective performance management is only possible with the full support and involvement of management and all employees, and undertakes to establish a performance awareness culture;

• is committed to an approach which makes provision for both the recognition of good performance and the managing of non-performance or under-performance;

• undertakes to reward good performance either through financial or non-financial means;

• is also committed to managing poor or non-performance effectively;

• is committed to performance measures which are output-directed and which reflect as clearly as possible the value added by individuals;

• is committed to a policy which reflects best practice thinking and will, from time to time, review and amend this policy in the light of any relevant new developments (Quick guide to, 2002:24-25).
2.3 Key performance management principles

Performance management systems that were developed in the traditional authoritarian organisation are being found to be ineffective in the emerging flexible organisation. Many of these performance management systems are proving to be counter-productive to the changes being made in the emerging organisation (Bennett & Minty, 1999:58-63).

What are the key principles for putting performance management on the business map? These principles and some examples of evolving performance management approaches will be discussed.

Be clear about the purpose of performance management in the organisation. There are generally three major purposes of performance management:

- It is a process for strategy implementation;
- It is a vehicle for cultural change; and
- It provides input to other HR systems such as development and remuneration (Bennett & Minty, 1999:58-63).

Traditionally, organisations have viewed performance management to be for Human Resources (HR) purposes, resulting in performance management being perceived to be owned and driven by the HR department. In organisations today it is of critical importance that the primary purpose of performance management is seen to be as both a process for implementing the business strategy and as a vehicle for changing or creating the desired culture. The HR purposes of performance management should be secondary. By doing this an organisation will elevate the status of performance management to that of a key business or management process implying that it will be placed on the business calendar and integrated with other business processes such as strategic planning and financial budgeting (Bennett & Minty, 1999:58-63).
Figure 2.1
THE CHANGING SHAPE AND NATURE OF ORGANISATIONS AND THE IMPLICATIONS FOR PERFORMANCE MANAGEMENT

Source: Bennett & Minty (1999:58-63)

Figure 2.1 represents the general manner in how organisations are changing to become more adaptive and competitive in an increasingly turbulent business environment (Bennett & Minty, 1999:58-63).

Some of the more specific changes occurring are:

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
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<tbody>
<tr>
<td>Large, hierarchical structures</td>
<td>Lean, flat, team- and/or process-based</td>
</tr>
<tr>
<td></td>
<td>structures</td>
</tr>
<tr>
<td>Narrow jobs and vertical career paths</td>
<td>Broader roles, member of several teams &amp;</td>
</tr>
<tr>
<td></td>
<td>lateral career moves</td>
</tr>
<tr>
<td>Authoritarian culture with top-down</td>
<td>Participative culture with multi-direction</td>
</tr>
<tr>
<td>communication</td>
<td>Communication</td>
</tr>
<tr>
<td>Long-term employment &amp; loyalty to</td>
<td>Employability and commitment to</td>
</tr>
<tr>
<td>organisation</td>
<td>development &amp; performance</td>
</tr>
<tr>
<td>Internal focus</td>
<td>External focus and customer focus</td>
</tr>
</tbody>
</table>

Source: Bennett & Minty (1999:58-63)
2.3.1 Align your performance management approach with the organisation’s strategy and culture

Before designing a new performance management system, it is important to have an "organisation architecture" or "organisation model" which shows the relationship between business strategy, culture and the "levers" (performance management being a key lever) which need to be pulled to achieve alignment of these processes. Such a model will be a guide in the decisions, which need to be made prior to, and concurrent with the design of a new PM system. An example is outlined below (Bennett & Minty, 1999:58-63).

**Figure 2.2**

ALIGNING BUSINESS STRATEGY & THE MANAGEMENT OF PEOPLE

(DE VOGE & DYSON 1996)

<table>
<thead>
<tr>
<th>Strategic Objectives</th>
<th>Critical Success factors</th>
<th>Organisation levers</th>
<th>Integrated solutions</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>What do we want to achieve externally?</td>
<td>What do we need internally to achieve the strategic objectives?</td>
<td>What org. levers need to be pulled to achieve the critical success factors?</td>
<td>What changes need to take place / how?</td>
<td></td>
</tr>
</tbody>
</table>

**LEVERS:** Leadership, values and culture, work processes, individual and team capabilities, organisation and job design, management processes (includes performance management and reward).

**Source:** Bennett & Minty (1999:58-63)
The model helps management to address these questions:

- How do we create an organisation to accomplish the business objectives?
- How do we translate the business strategy into action?
- Which levers need to be pulled and how do they need to be pulled?
- What are the implications for the performance management system? How can the performance management system be pulled as a lever and what other levers should be pulled through it?

These questions need to be answered in order to design an effective performance management system. Performance management, including all the activities associated with business planning, communication and goal setting, as well as feedback about business, team and individual performance has an enormous role to play in organisational success. Traditional performance management systems are inadequate for this role. They need to be re-engineered so as to elevate performance management to the status of a fundamental business process. To avoid falling into the trap of old remuneration systems sabotaging new performance management efforts, reward and recognition practices also need to be aligned to support strategy, required culture and performance management processes. Business organisations are constantly facing new challenges, as are their employees. Performance management has the potential to become a key lever in realising business strategy, facilitating culture change and creating responsibility, flexibility and innovation (Bennett & Minty, 1999:58-63).

2.3.2 Core processes in performance management

The following are the core processes or procedures in performance management (Quick guide to, 2002:24-25):
The procedures summarised:

- Establish, monitor and update the organisation's performance management policy or the points in the company's overall policy or philosophy that deal with performance.
- Develop organisational and divisional plans.
- Formulate individual and team performance agreements.
- Monitor performance and provide feedback - informally and formally.
- Formulate development plans (this is often done together with the previous step).
- Align performance management strategies with a reward/remuneration system to ensure the company has a coherent overall approach to performance and reward.
- Co-ordinate the overall process through effective planning, organisation and controls.

2.4 Critical success factors of performance management

Performance management is a dynamic process that integrates strategic planning, business planning, budgeting, team and individual goal setting, as well as measurement. It is not merely an appraisal of the performance of people in terms of a range of factors. Performance management must induce desired human behaviour otherwise it has failed as a system (Joubert & Noah, 2000:16-20).

Effective work behaviour in an organisation is a function of the passion gratification of individuals and the direction and control that management exert over individual passions. A system that encroaches too much on the passions and discretion of the individual stifles motivation and creates bureaucracy. A bureaucracy is a condition where people respond mechanically to rules and regulations. It is a system that allows total freedom of behaviour on the one hand but on the other hand induces organisational anarchy with a resultant loss in effectiveness. The ideal performance management system channels the passions, energies and
competencies of people in powerful energy streams to realise predetermined outcomes (Joubert & Noah, 2000:16-20).

The following factors are critical to the sustained success of a performance management system (Joubert & Noah, 2000:16-20):

**Focus** - the core service mission, vision, strategic objectives and values of the organisation must be sound and understood by every employee. The employee's role in the mission and objectives must be discernable, in other words, every worker must know what she or he must contribute to ensure that the strategic intent is realised. Every job must have a clear mission and set of objectives targets and measures.

**Balance** - performance must be planned and measured to ensure balanced performance. Focus must be on internal and external results as well as financial and non-financial results. The client portfolio and satisfaction is a key consideration in performance planning and measurement.

**Stretch** - easy goals and targets are sure to close the individual energy taps sooner than intended. It is critical to induce individuals to set demanding objectives and targets that require more than ordinary effort.

**Mobilisation** - people are mobilised through challenges; such as found in objectives, targets and standards. Momentum is sustained by continuously reviewing personal results to be achieved. Using a single set of factors that apply to all induces stagnation and the death of performance management.

**Latitude** - space for self-direction and prioritization in the context of the overall mission of the business is essential, as more value will be realised by the individual.

**Contracting** - individuals must enter into contracts with their supervisors to access resources and compensation.

**Motivation** - people need a continuous stream of recognition and support to stay inspired and content with the job.
Measurement - a popular saying based on the business wisdom contained in, "What gets measured gets done," holds true no matter what level or in which job an employee has to perform. The more specific and accurate the targets and measures, the better the value contributions.

Appraisal - it is essential to put a score or value on the achievement of the individual and to be sure that it is contextually ranked and objective. Latest indications are that a four-point scale has the most impact on behaviour and performance results.

Feedback - is the oxygen of excellent performance. Feedback induces behaviour change irrespective of whether it is positive or negative feedback. Embargoes must be placed on personal attacks that hurt the ego or self-concept of individuals - emotional disengagement is guaranteed if not done.

Money - is in the final analysis the tangible proof that the individual's contribution was appreciated. Make sure that incentives for performance are differentiated from basic remuneration. Paying for performance is the hallmark of excellence.

Caring - is the invisible compensation for loyalty and commitment. These factors are critical but neglected in the hurry and compensation structures of business. Caring is shown through birthday cards, flowers, kindness and small gestures towards the family of the employee.

A random appraisal of performance management systems currently in use in terms of these criteria, provide decision-makers with food for thought (Joubert & Noah, 2000:16-20).

2.4.1 Steps to improved performance management

Mercer Human Resource Consulting (www.mercerHR.com) has developed a list of 10 ways to improve your performance management system:

- Reflect your organisation's performance values.
- Secure the commitment and active participation of your company's executives.
- Find the relevant performance metrics.
• Build in accountability—hold managers accountable for performance feedback and differentiation.
• Establish complementary roles and responsibilities for managers and those they manage.
• Integrate performance management with other business and human resource processes.
• Minimize the administrative burden of your system.
• Provide the necessary training and communication.
• Measure and track your results.
• Don't rest on your laurels—continuously improve your process.
(Getting your performance, 2003:6-11).

2.4.2 Key requirements for an effective performance management system

• The Performance Management system is owned by line management and driven from the top of the organisation.
• Managers understand and accept the need to measure performance at all levels in a consistent way.
• Managers accept that the Performance Management processes that have been defined are needed in their business.
• Managers have the knowledge and skills needed and are committed to manage their subordinates (and be managed) this way.
• The way consequences and rewards are managed in the organisation reinforces this process in a consistent and positive way.
• There are no other management processes in place that conflict with the Performance Management processes.
• The whole process is transparent and can be openly challenged and defended.
• Position guides clearly define the jobs of the team leader and all team members in output terms without any gaps or overlaps.
• Each team develops measurable unit targets for the current planning period that reflect their contribution to implementing the short and long term strategy of the business.

• All the performance targets that are set add significant value to the business and are stretching, yet achievable.

• Managers allocate all their unit targets between themselves and their team members, appropriately to the jobs they are doing.

• Managers negotiate with each of their team members specific, measurable and stretching performance targets to which they are both committed.

• Every team member sees the targets they personally accepted as contributing to their unit's performance targets equitably with other team members.

• Managers and their team members accept that their rewards should reflect their achievement of the targets they accepted.

• Managers regularly review both unit and individual performance with those concerned and take appropriate action to ensure that targets are reached or exceeded.

• Managers, jointly with each of their team members, assess each other's performance for the full period under review.

• Both manager and subordinate accept and sign off the subordinate's performance assessment as valid, balanced and fair.

• Recorded performance assessments for each unit clearly discriminate between the more effective and less effective performers.

• Consequences and rewards for each individual are accepted as fairly reflecting their unit results and their own individual performance.

• The effectiveness of the Performance Management system is formally evaluated at least once a year and appropriate improvements are made for the next cycle (Renton, 2000:40-45).
2.5 Key components of an effective performance management system

Four key components of effective performance management are planning, managing, reviewing, and rewarding.

2.5.1 Planning

Bacal (1999:27) points out that performance planning is the usual starting point for an employee and manager to begin the performance management process. Hartle (1995:65) describes performance planning as the process of identifying desired performance and gaining employees’ commitment to perform to those expectations. He further emphasises that it is of vital importance because unless individuals know what is expected of them, in the future they will be unable to work effectively to achieve the objectives.

Performance planning means setting goals and determining what needs to be done to reach those goals http://www.opm.gov/perform/articles/040.htm. Planning means setting performance expectations and goals for groups and individuals to channel their efforts towards achieving organisational objectives. Getting employees involved in the planning process will help them understand the goals of the organisation, what needs to be done, why it needs to be done, and how well it should be done http://www.opm.gov/perform/overview.asp. Bacal (1999:27) agrees with this, stating that the manager and employee work together to identify what the employee should be doing for the period being planned, how well the work should be done, why it needs to be done, and when it should be done.

2.5.1.1 Establish clear goals and objectives

The first step in the performance and development planning state is to establish individual performance goals and objectives that directly correlate with the overall goals of the organisation (Costello, 1994:13). She further defines goals and objectives as follows: “Goals are statements of general direction or intent. Goals
are aspirations. Objectives are specific statements that describe results to be achieved, when, and by whom, in order for a goal to be accomplished. Goals are expectations.” Every objective must relate to a goal as well as to the overall mission of the organisation.

Armstrong (1994:53) describes an objective as something that has to be accomplished. Objectives or goals define what organisations, functions, departments, teams and individuals are expected to achieve. Locke & Latham (1987:84) re-iterate that the primary purpose of goal setting is to increase the motivation level of the individual. They further state that goals should be treated as guidelines for enhancing performance and developing employees to overcome or remove obstacles in order to reach their goals.

According to Cherrington (1994:122), the goal-setting theory states that setting realistic but challenging goals can significantly increase performance of employees.

The basic elements of the goal setting theory are illustrated in Figure 2.3.

**Figure 2.3**

<table>
<thead>
<tr>
<th>Personal Values</th>
<th>Present Conditions</th>
<th>Goal-setting Process</th>
<th>Goal-setting Attributes</th>
<th>Behaviour</th>
</tr>
</thead>
</table>
| Desired conditions | Assessment of current conditions | 1. Participative goals  
2. Assigned goals  
3. Do-your-best goals | 1. Specificity  
2. Difficulty  
3. Acceptance  
4. Commitment | 1. Performance  
2. Satisfaction |

*Source: Cherrington (1994:117)*
Mechanisms
Goal setting improves performance through three major mechanisms:

- Goals give people direction, and focus their thoughts and actions.
- Goals give people the ability to regulate their efforts in proportion to the difficulty level of the goal they have accepted.
- Difficult goals that employees accept increase employee persistence at achieving the goals.

Key Steps to Goal Setting

- Specify Tasks
- Set Targets
- Develop Clear Measures
- Outline a Time Frame
- Prioritize Goals
- Rate Goal Performance
- Coordinate Efforts Necessary for Goal Achievement

Establishing critical elements with standards set at and above the "Fully Successful" level, developing a measurement system, and using employee participation throughout the process, can optimise the benefits of goal setting and performance planning [http://www.opm.gov/perform/articles/040.htm](http://www.opm.gov/perform/articles/040.htm).

Goal setting: Dangers and pitfalls

Although goal setting can be extremely beneficial to an organisation, there are some dangers and pitfalls to avoid in the process.

*Excessive Risk-Taking:* Setting high goals also have a higher probability of failure. As goals are set, and work is planned to reach those goals, a risk analysis also should be done to determine:

- the possible negative consequences of a given course of action;
- the seriousness of those consequences; and
• contingency plans for avoiding or mitigating those consequences.

*Increased Stress*: Sometimes setting goals can increase employees' stress levels. Although stress can most likely never be completely eliminated, it can be managed.

Ways to decrease stress include:
• lowering goals that are set too high;
• providing training when stress is caused by a lack of skills;
• giving employees more control and authority over how their work is done;
• reducing goal ambiguity by making goals specific; and
• reducing goal conflict by ensuring compatible assignments from different sources.

*Fear of Failure*: If employees are penalised for not achieving their goals, further negative consequences can develop, such as feelings of inadequacy, lowered self-esteem, anxiety about the future, anger, and/or depression. These may be avoided if goals are treated as guidelines, not as tools to punish those who fall short. If managers and employees treat goal failure as a problem to be solved rather than blaming each other, they can work together to ensure future success.

*Goals as Ceilings*: Goals can easily turn into ceilings on performance, which means that once the goal is achieved; performance improvement efforts cease for a variety of reasons (e.g., fear of performance exceeding the goal, will work against the employees' interests in the long run). Well-designed and well-administered incentive systems can lessen the likelihood of the ceiling effect if they are designed to reward performance that occurs above the goal. Also, careful, conservative staffing can lessen the ceiling effect because it will reduce the chances for layoffs.

*Non-goal Areas Ignored*: Work for which goals are not set may not get done. If that work is critical, setting a goal for it will solve the problem.
Short-Range Thinking: Managers and employees often take shortcuts so that short-term results will look good. To lessen this effect, managers and employees could be appraised not only on outcomes or actions achieved, but also on the quality of the particular tactics or strategies used to achieve them. Short-range thinking also occurs when the time frames of goals are short. To avoid this, long-range goals with shorter sub-goals could be established.

Dishonesty and Cheating: Sometimes managers and employees will "fudge" data to make it look like they are achieving their goals. This can be extremely detrimental to the organisation and everyone involved. Approaches that will reduce the likelihood of systematic cheating include the following:
- honesty should be valued and recognized throughout the organisation;
- goals should not be used as devices for punishment;
- managers should be open to negative information and show willingness to act on it.

Goal setting as part of performance planning for employees is a technique that can be used to improve performance and to facilitate the accomplishment of the organisation's mission and goals. If used incorrectly, it will not work and may even backfire. But when used effectively, goal setting can inspire employees and lead them to new levels of achievement [http://www.opm.gov/perform/articles/ 040.htm].

2.5.1.2 Describe job responsibilities

Defining individual roles and performance expectations is a key to sound performance planning. A mechanism that can be used for this is ‘key accountabilities’, which refers to an area of responsibility for which the jobholder is expected to produce results. A new trend nowadays, is to define jobs, not only in terms of key accountabilities, but also in terms of skills and competencies necessary for success (Van Huyssteen, 2001:63).
Schultz (2001:205) states that many human resource and business experts believe employees cannot contribute to organisational success without an awareness of the structures and limits imposed on a job by a specified job description. She further notes that not many organisations are able to function entirely without job descriptions. The need for greater flexibility has resulted in a number of organisations replacing the traditional job description with a general job description – a concise list of bullet points or accountability statements, often limited to one sheet of paper.

The job description specifies (Carrell, Elbert & Hatfield, 1995:191-193):

- **Job identification** – specifies the title, location, title of supervisor, job status and pay grade.
- **Job summary** - the specific job functions and tasks.
- **Job duties and responsibilities** - the functions and tasks that are essential.
- **Job specifications** - the skills, knowledge and abilities required to perform the job successfully. The physical and mental requirements of the position, special conditions of employment, and the level of supervision received and exercised.

Generally, job descriptions should contain a complete identification of the job and its location within the organisation. Management and employees should revise and update job descriptions regularly to reflect current duties and responsibilities. In this way the manager can learn what the employee has actually been doing and have a better understanding of the employee’s job (Adams, 1998:206).

### 2.5.1.3 Define performance standards

Standards of performance are written statements describing how well a job should be performed. Performance standards are developed collaboratively with employees, whenever possible. It provides a benchmark against which to evaluate work performance [http://www-hr.ucsd.edu/~7Estaffeducation/guide/](http://www-hr.ucsd.edu/~7Estaffeducation/guide/).
Bacal (1999:63) agrees that standards of performance are statements that outline what criteria will be used to determine whether the employee has met each objective.

Steps in developing performance standards (Carlyle & Ellison, 1987:76). The process of developing performance standards involves four steps:

- Identifying tasks performed by the employee.
- Grouping related tasks into required elements.
- Designing required elements critical to overall successful performance in the job as critical elements.
- Developing performance standards for each task.

Guidelines for performance standards
In developing performance standards, management or supervisors should keep the following points in mind:

- Performance standards should relate to the employee’s assigned work and job requirements.
- Reporting systems should be adequate to measure and report any quantitative data listed.
- Quantifiable measures may not apply to all functions. Describe in clear and specific terms the characteristics of performance quality that are verifiable and that would meet or exceed expectations.
- Accomplishment of organisational objectives should be included where appropriate, such as cost–control, improved efficiency, productivity, project completion, process redesign, or public service.

Standards of minimum acceptable performance are developed for the position with the employee. Additionally, standards for performance, which exceeds expectations, may be set to encourage the employee to strive for even better results http://www-hr.ucsd.edu/%7Estaffeducation/guide/.
2.5.1.4 Development planning

Increasingly, organisations are stressing the need for employees to take responsibility for planning their own personal development. In organisations facing dramatic change, employees often have the best understanding of the development they need to deliver the organisation’s objectives (Gannon, 1995:80).

Costello (1994:31) describes development planning as providing a means of helping an employee maintain or enhance the knowledge, skills, and abilities needed to do his or her current job. As jobs change, it is management’s responsibility to help the employee identify and obtain new skills and knowledge.

Armstrong (1994:54) adds that developmental objectives are concerned with what individuals should do, and learn to improve their performance and or their attributes and competences. By including personal performance improvement objectives in the planning process, employees can strive to achieve better results. This could ultimately lead to an improvement of individual and organisational performance (Hartle, 1995:71).

Conditions for an effective development plan

- Personal development objectives should be an agreeing interactive process between managers and their staff.
- Individuals should take ownership for their own development.
- Discussion should focus on future performance rather than past failings.
- Training and development should support achievement of key objectives during the planning phase.
- Development activities should compliment the preferred learning style of the individual (Hartle, 1995:71).
Benefits of development planning

Managers are increasingly called upon to play a more active role in the career development of their employees. Organisations in which managers currently help employees with their careers have realised some of the following benefits (Leibowitz, Farren & Schlossberg, 1987:166):

- Increased employee effectiveness.
- Better matches between employee abilities and organisation needs.
- An identified pool of managerial talent.
- Increased attractiveness of the organisation to potential employees.
- Reinforcement/improvement of existing personnel system.
- Improved long-range planning and forecasting.

These pressures and benefits have made other organisations aware that they should urge their management to become more effective career coaches and have tied responsibilities in this area to performance appraisal and compensation schemes.

Developing employee performance, furthers the mission of the organisation and enhances the overall quality of the workforce within the organisation, by promoting a climate of continuous learning and professional growth; helping sustain employee performance at a level which meets or exceeds expectations; enhancing job or career-related skills, knowledge and experience; enabling employees to keep abreast of changes in their fields; making employees competitive for employment opportunities within the organisation; promoting affirmative action objectives; and motivating employees [http://www-hr.ucsd.edu/%7Estaffeducation/guide/](http://www-hr.ucsd.edu/%7Estaffeducation/guide/).

2.5.2 Managing performance

One of the most important concepts of performance management is that it is a continuous process which reflects normal good management practices of direction setting, monitoring and measuring performance and taking action accordingly
Managers and individuals should be ready, willing and able to define and meet development and improvement needs as they arise.

Continuous assessment should be carried out by referring to agreed objectives as well as work, development and improvement plans. If performance management is to be effective, there needs to be a continuing agenda through regular meetings to ensure good progress is being made towards achieving agreed objectives for each key result area (Armstrong, 1994:77). According to Hartle (1995:72), this is most probably the most neglected area of the performance management cycle.

Macaulay & Cook (1994) proclaim that managing performance involves a cycle of clarifying business goals and then agreeing individual objectives and standards of performance. Further to this, effectively managing the performance of staff will bear fruit through:

- **Accountability** - everyone knows what they are responsible for and can be held accountable for it.
- **Quality improvements** - performance targets are well defined and capable of measurement and improvement.
- **Good communication** - there is a clearly identifiable means to discuss performance; roles are clear and so are expected standards.
- **Achievement** can be readily recognized and rewarded. In this way work can be stimulating and satisfying for the individual.

Managing performance involves several activities, which will now be discussed.

2.5.2.1 Coaching

A manager has a vital role to play in enhancing employees' skills. This can be achieved by providing day-to-day coaching on the job, rather than relying purely on training courses to develop skills. When coaching staff, realistic performance
objectives should be set, guidance and support given, and importantly, feedback and encouragement on performance should be provided (Macaulay & Cook, 1994).

Adams (1998:23) views coaching as the continuing evolution of one-on-one management communication skills, designed to effectively achieve both company success and employee professional development objectives, in a rapidly changing work environment. He further states that coaching is a process of using questions, active listening, and support to assist coached employees to develop fundamental self-assessment skills that result in increased productivity, skills levels, and overall job satisfaction.

The coaching process
Armstrong (1994:131) mentions that every time a manager delegates a new task to someone, a coaching opportunity is created to help the individual learn any new skills or techniques which are needed to get the task done. Armstrong (1994:131) and Adams (1998:27) provide the following coaching guidelines as part of the normal process of management:

- A specific time period and length for the coaching session should be set.
- Define and agree on the coaching topic and the specific goals for the session
- Make individuals aware of how well they are performing through questioning to determine their understanding.
- Listen actively and offer support or acknowledge understanding of the response.
- Controlled delegation – ensuring individuals not only know what their expectations are, but also understand what they need to know and do to complete tasks satisfactorily.
- Using whatever situations may arise as opportunities to promote learning.
- Encourage individuals to look at higher-level problems and how they would embark upon them.
- Agree on a next-step plan, noting what has been agreed to.
Planned coaching

Coaching may be informal but it has to be planned (Armstrong, 1994:132). Hartle (1995:72) adds that coaching on a timely basis eliminates the often unpleasant – punitive – ‘post-mortem’ aspects of the performance appraisal.

Costello (1994:48) provides the following guidelines on when to provide interim coaching:

- When strengths and accomplishments are recognized – commend employees in an appropriate way when notable accomplishments have been made.
- When performance needs improvement – when employees are under-performing, the manager needs to speak to them immediately and coach for improvement.
- When growth and development are necessary – employees must grow and develop to meet current and future demands of their jobs, therefore discussions of this nature should be held as needed.
- When projects and/or priorities change – change is healthy for organisations, but needs to be acknowledged as it affects individual performance goals throughout the review period.

Rather than wait until the annual appraisal review, it is imperative that managers provide ongoing performance feedback, or coaching. The feedback, positive and negative, is critical to a successful performance management system (Costello, 1994:47).

2.5.2.2 Counselling

Effective counselling is an important part of managing performance. This is necessary when, for whatever reason, performance has not met expectations and the manager needs to take a formal and planned approach in order to help the employee overcome the obstacles. This is not a disciplinary measure - it is meant to be positive and helpful (Hartle, 1995:73).
How this is performed:

- The sessions should be timely: That is, they should occur soon after the problems arise. Counselling sessions should not be delayed until the end of the year.
- They should be planned in advance and, as for formal review meetings, should be in an undisturbed and comfortable environment.
- There should be a two-way dialogue: In most situations it will be more constructive if the manager is in “active listening” mode. A two-way session will encourage, and demonstrate openness.
- Do not focus only on negative issues: To maintain a good climate it is also important to be factual and specific about positive aspects of performance. There should be positive reinforcement as well as specific advice on how to improve some aspects of performance.
- Always end with agreement on specific action plans, which both parties are committed to take to bring about performance improvements (Hartle, 1995:73).

Counselling has a powerful, long-term impact on people and the effectiveness of the organisation, therefore it cannot be separated from performance management.

Counselling objectives

Counselling has several objectives as part of performance management, including:

- Advising an employee that his/her performance is inadequate
- Ascertaining the reasons why performance is inadequate
- Specifying precisely what is unacceptable in the employee’s performance
- Specifying precisely what the employee is expected to do in the future
- Providing clear warning that failure to correct performance deficiencies will result in adverse consequences http://phoenix.lrp.com/CF/mentor/WebHelp/performance_problems/perfprob_counseling.htm.
The reason for counselling, is to help employees develop in order to achieve organisational or individual goals. At times, the counselling is directed by policy, and at other times, leaders should choose to counsel and develop employees. Regardless of the nature of the counselling, leaders should demonstrate the qualities of an effective counsellor (respect, self-awareness, credibility, and empathy) and employ the skills of communication http://www.nwlink.com/~donclark/leader/leadmot.html.

Armstrong (1994:129) concludes that counselling is therefore central to performance management in that one of the key aims of performance management is to get individuals to accept as much of the responsibility for their own self-development.

2.5.3 Reviewing performance

The relationship a manager builds with his or her staff is critical to sustained performance. A vital part of this is letting employees know how they are doing. Everyone needs feedback. If they are to perform well, this should take place on a regular basis and culminate in a formal appraisal. Periodic performance review, repays the time and effort involved. Above all, do not wait until appraisal time to agree actions and set new targets - this should be part of an ongoing process (Macaulay & Cook, 1994).

Adams (1998:205) adds that a performance review can be one of the most positive and proactive tools a manager has to communicate with employees, and is necessary as both an encouragement of positive accomplishment and as a suggestion for future improvement.
Performance review guidelines

Many managers fight shy of carrying out appraisals: they prefer to "let sleeping dogs lie" rather than risk an uncomfortable meeting. Maybe they fear a drop in performance. Such fears rarely become reality if reviews are skilfully carried out. A performance review is more likely to lead to a full exchange of views and clarity of commitment to actions, if you heed the following guidelines (Macaulay & Cook, 1994):

• Prepare beforehand. Select examples of different kinds of performance - good, average and poor. Think about the most appropriate style for the discussion - telling, joint approach, consultative, largely self-appraisal.

• For major reviews, give plenty of notice - at least a week - to allow the employee time to prepare.

• Confirm understanding of the purpose of the review, which is improvement not blame.

• Ensure a quiet, uninterrupted setting.

• At the review, start in a positive, receptive manner. Agree on the agenda.

• Listen carefully and summarize regularly, checking joint understanding.

• When you criticize, describe what you observe and its effect. Be specific, not general. Follow the same principles to praise.

• Do not hold a defensive post-mortem - look forward to what you can do to make things better in the future. Cover all aspects of performance - good, bad and average, and definitely do not dwell on problems alone.

• At the end, summarize each key point. Check understanding and commitment. End on a positive note.

• Do what you have agreed to do by way of follow-up action.

Performance review provides the opportunity to step back from day-to-day activities, assess performance trends, and plan for the future (Hartle, 1995:75).
Objectives of performance reviews

- Motivation – to encourage people to improve their performance and develop their skills
- Development – provide a basis for developing and broadening attributes and competences relevant to both current, and future roles of the employee.
- Communication – to serve as a two-way channel for communication regarding roles, objectives, relationships, work problems and aspirations (Armstrong, 1994:90).

2.5.3.1 The formal appraisal review

The formal performance review is both the beginning and the end point of the annual process. The analysis of past performance provides the basis for planning next year’s expectations, and at the same time, it ‘closes the loop’ of the current cycle (Hartle, 1995:75).

Armstrong (1994:90) notes that the argument for a formal review is that it provides a focal point for the consideration of key motivation, performance and development issues. It is a means for considering the future in the light of an understanding of the past and present. Formal reviews do not supplement informal or interim progress reviews, but they can compliment and enhance them, and therefore have an important part to play in performance management (Armstrong, 1994:90).

Preparing for review

Review meetings are likely to be much more effective if both parties – the manager and the individual – have prepared for them carefully. The purpose of the meeting would be to (Armstrong, 1994:99):
- Provide an opportunity to hold an open but non-threatening discussion about the individual’s performance and development needs.
• Give the individual an opportunity to discuss their aspirations and any work problems.
• Focus the attention of both the individual and the manager on objectives and plans for the future.
• The preparation process involves review and data gathering, holding a preliminary meeting with the employee, and employee preparation of a self-appraisal. The following steps are suggested:
  o Before meeting with the employee, review his or her job description and work record for the review cycle. Review observations, notes, and the previous performance appraisals. Obtain performance feedback from peers. Have all supporting information readily available.
  o Give the employee advance notice of the performance review so that he or she has the chance to review and prepare.
  o Hold a preliminary meeting with the employee in private. Appraiser should explain what will happen during the appraisal process and review the form used for the review process. Together, review employee’s job description and department’s strategic goals. Discuss and decide which essential functions and strategic initiatives should be appraised for the period.
  o Conclude the meeting by scheduling a second meeting. Invite the employee to prepare a written self-appraisal, if used in your department. The self-appraisal is a valuable tool through which the employer can discover the employee’s perspective on his or her performance for the review cycle, as well as identify interests related to goals and career development initiatives http://www-r.ucsd.edu/%7Estaffeducation/guide/.

Conducting the review
Adams (1998:211) notes that because performance reviews can be highly emotional, especially for the employee, it is best to approach a review with a specific agenda in mind. Adams (1998:211), Costello (1994:107) and Armstrong
(1994:101) suggest the following key guidelines when conducting performance review meetings:

- Start the review with a warm greeting and perhaps some brief small talk to help relax tension and create an atmosphere more conducive to the review.
- Be prepared and work according to a clear structure. Refer to a specific agenda such as a list of agreed objectives and notes on performance throughout the year.
- Review each performance objective and discuss your appraisal of the degree of success achieved. Reach consensus with the employee before moving on to the next objective. Be sure the employee understands exactly how his or her overall performance ranks.
- Use praise, but it should be sincere and deserved. Compliment the employee on both major and minor strengths as they relate to their job.
- Provide feedback on areas of weakness or suggest room for improvement.
- Let employees do most of the talking enabling them to respond. Avoid being argumentative and let the employee know that his or her feedback has not affected your review.
- Invite self-assessment.
- Discuss performance not personality. Performance should be based on fact not opinion.
- Encourage analysis of performance. Analyse jointly and objectively why things went well or badly and what can be done to maintain a high standard in the future.
- Discuss conclusions about the employee’s overall performance. Be sure your evaluation is objective, based on measurable standards, and defendable.
- Agree on measurable objectives and a plan of action. The aim should be to end the review meeting on a positive note.
- Be sure you have communicated your review clearly. Employee should be given the opportunity to record any comments, including disagreements, on the appraisal form.
• Forms should be signed and dated by both parties and a copy should be made for the employee.
• Establish a date for next performance and development planning discussion.

Performance review problems
The performance appraisal process needs to be constantly monitored to ensure that it is both effectively managed, and that it continues to meet the needs of the organisation (Walters, 1995:73). Armstrong (1994:96) identifies the main problems that arise in conducting performance reviews:
• Identifying criteria for evaluating performance.
• Collating accurate and comprehensive information about employee performance.
• Resolving conflict between reviewers and the people they review.
• Defensive behaviour exhibited by individuals in response to criticism.

2.5.4 Rewarding performance

Increasingly, companies are looking for ways to include employee pay as an element in the strategic planning process. Pay should probably be a cornerstone of strategy if management is committed to using pay as an incentive and a reward for desired levels and directions of performance (Sears, 1987:198).

In an effective organisation, rewards are used well. Rewarding means recognizing employees, individually and as members of groups, for their performance and acknowledging their contributions to the organisation's mission [http://www.opm.gov/perform/overview.asp](http://www.opm.gov/perform/overview.asp).

It has become increasingly common for managers to advocate that pay should be linked to performance, to provide motivation and feedback. Employee good performance awards can lead to definite improvements if the culture is right (Macaulay & Cook, 1994).
**Objectives of performance-related pay**

- To focus reward on contribution
- To improve motivation and commitment
- To encourage acceptance and participation in changing procedures and processes

Above all, the purpose of performance-related pay must be to reinforce the performance goals and priorities determined by the organisation. If the performance pay system is aligned with the organisation's performance needs, pay can become, in effect, the fuel that drives the overall performance management process (Walters, 1995:117).

**2.6 Performance management problems and guidelines**

Many organisations are still struggling with the implementation of effective performance management systems. Perhaps the single reason for this failure lies not so much in the technologies being applied, but as a consequence of the human factor in the performance management process. The central question becomes one of understanding why managers, despite advanced systems, still fail to execute their competence in the domain of performance management (Arumugam, 2001:24-25).

2.6.1 Problems in the knowledge domain

**Symptoms and consequences**

- Performance management is not understood as a core management activity that is central to effective organisational performance. It is said to be synonymous with performance appraisals.
- Employees report high levels of stress and burnout.
- Managers do not integrate performance issues into other management decisions.
Diagnosis

• The underlying ineffective management behaviour is the result of a lack of systematic training in performance management theory and methodology.
• Managers are unable to systematically develop a personal working model to guide their day-to-day practices.

Guidelines

• Create a shared understanding of performance management amongst all managers and staff through systematic outcomes-based performance management training programmes.
• Establish a corporate communication strategy that effectively informs and influences a culture of high performance (Arumugam, 2001:24-25).

2.6.2 Problems in the skills domain

What happens when the manager can demonstrate reasonable understanding of performance management but is unable to effectively translate this knowledge into skill?

Symptoms and consequences

• Manager shows resistance to conducting performance appraisals.
• Complaints from subordinates of poorly conducted appraisals.
• There is a climate of tension and conflict in the employment relationship.
• Managers lose confidence in their ability to manage performance and are going through the motions to avoid any conflict.

Diagnosis

• There is often a gap in effective interpersonal skills, which is core to effective performance management.
• The appraisal process specifically, and other performance management processes, are inherently conflict-based processes and people tend to generally avoid conflict in the workplace.

• Few managers are trained and confident in handling conflict thus compromising the dynamics of performance management interactions.

Guidelines

• Conduct a systematic programme of skills training, moving beyond merely raising awareness.

• In the application of performance management technologies, skills training must incorporate working sessions that allow managers to apply their knowledge and skill to organisation-specific tools.

• The interpersonal dynamics of performance management processes must be measured as performance outcomes and demonstrated as behavioural skills by managers (Arumugam, 2001:24-25).

2.6.3 Problems in the motive and trait domain

Knowing what to do and being skilled at how to do it does not mean that the manager will do it. Our personal volition impacts our behaviour in respect to performance management.

Symptoms and consequences

• Managers’ negativity towards performance appraisals.

• Low self-esteem and a feeling of personal threat in the appraisal process.

• Using avoidance as a coping mechanism in dealing with performance management demands.

• Projection and blaming the system for poor performance or denying that any performance problem exists.
Diagnosis

- Unresolved intra- and interpersonal issues become barriers to effective performance management.
- There is a thin boundary between the manager's private psyche and his/her work psyche.
- Work is an integrated part of the manager's functioning and is impacted by his/her motives and traits. This is especially so, given that in no other management task are intra- and interpersonal dynamics so critical to effectiveness.

Guidelines

- The process starts at the selection interview stage where companies need to explore issues of intra- and interpersonal dynamics, which is central to the management role instead of solely focusing on technical expertise.
- Coaching with respect to performance management will help the manager address specific issues of knowledge and skill in a systematic individualised manner.
- At a more personal level individual counselling with a psychologist could benefit the manager struggling with deeper issues related to personal efficacy and self-esteem (Arumugam, 2001:24-25).

2.6.4 Problems in the self image and social role domain

In an increasingly diverse workforce, the challenges of dealing with individual and group issues are impacted by our-self and role perceptions.

Symptoms and Consequences

- Abdication of performance management tasks.
- Intolerance to cultural and other diversity variables impacting performance,
- Hypersensitivity towards diversity issues to the point of paralysis in managing performance.
Diagnosis

- Performance management practices become compromised because organisations generally do not effectively deal with transformation and its personal and corporate implications for managers and staff.
- Organisations don't often engage their managers to a new level of commitment as part of their organisational transformation.
- The role of management is also not perceived as valuable a role as is technical competency.

Guidelines

- Personal development programmes conducted as part of a broader management and leadership strategy could add value to addressing issues related to personal esteem and self-concept.
- Management competency profiles could also provide the corporate guideline as to expected behaviour with the requisite standards at all levels.
- Diversity management programmes could add value in allowing managers to reflect on their changing social roles in the context of organisational demands (Arumugam, 2001:24-25).

2.6.5 Problems in the formal culture domain

For effective performance management to happen, the organisation must set up the necessary policies, procedures, systems and practices to support a culture of high performance. Individual management competence in the area of performance management can only happen in a well-defined organisational context.

Symptoms and Consequences

- Confusion as to the company's standards and systems.
- No sense of organisational alignment in respect of performance.
- Gap between expected practice and organisational support systems.
• Performance management is considered a farce.
• Decline in individual and corporate performance.
• Difficulty achieving strategic alignment and performance.

Diagnosis
• The management of organisational performance is a strategic task. Often in the absence of a clear senior management mandate and informed support, all subsequent performance management practices are compromised.
• Employees and managers lack an inherent faith in the system and perceive it as invalid.
• There are no sanctions for non-compliance and/or poor performance with managers quickly learning to just get by.
• Remuneration and reward systems are not consistent with the company's overall performance management policy and practices.
• The total employee workforce does not have a shared understanding of the corporate vision of high performance, which is consistently upheld as a non-negotiable.

Guidelines
• At a broad systems' level, the organisation would benefit by defining a policy in respect of performance management.
• The senior management team needs to engage in a strategic business process, which integrates performance management systems and practices with the overall business strategy.
• At the next level, a multi-disciplinary team of specialists needs to establish the operational subsystems, procedures and practices (Arumugam, 2001:24-25).
2.6.6 Problems in the informal culture domain

The informal culture refers to what is generally understood as organisational culture - the unwritten rules of organisational behaviour.

**Symptoms and Consequences**
- A culture of mediocre performance merely to stay out of trouble.
- Perceptions amongst employees that excellence is not valued.
- Blaming and hiding become the dominant defence mechanisms.
- Creativity, innovation and personal growth are blocked.
- Employees resigned to a state of learned helplessness.

**Diagnosis**
- There is a gap between formal and informal cultures resulting in perceptions of the organisation not 'walking the talk'.
- Employees experiencing cognitive dissonance tend to take the path of least resistance, often tending to mediocre performance.
- Organisations don't celebrate success and high performance.
- Senior management does not support a culture of congruence and organisational alignment.

**Guidelines**
- The performance management system should be aligned throughout the organisation in support of a high performance culture.
- Ensure that at a practice level there is shared understanding and working towards a common agenda.
- Subsystems should be 'talking' to one another. High performance is about systemic behavioural change.
- The culture should demonstrate consistent sanction in cases of poor performance.
The effectiveness of performance management systems in organisations depends on a whole systems approach, at the heart of which, is the often-neglected human dynamic (Arumugam, 2001:24-25).

2.7 Design and implementation of a new performance management approach

Modern thinking is acknowledging the dilemma faced by organisations today. Although many performance experts are advocating doing away with an appraisal process completely, they recognise that the need for feedback and performance improvement, staff development, fair promotion and remuneration, is more critical than ever. It is important to adopt an approach which encourages new mind-sets and a participative culture; one which fosters self management, where people really take responsibility for their performance and development and where management is only one of a number of possible performance feedback sources (Bennett & Minty, 2001:20-23).

Such an approach might encompass the following features:

- A culture whereby the responsibility for seeking coaching lies with the individual and only forms a part of an appraisal process where it is the most appropriate counselling method for that specific individual in that specific situation.
- A culture where feedback is an integral part of daily performance and not reserved for formal appraisal.
- Feedback tools and processes that are readily available to everyone, including 360 degree feedback, customer feedback, and process feedback formats.
- Access to development and assessment tools, including career counselling and professional assessment where this is required, as well as training and development funding.
• A review of supporting systems where rapid organisational performance improvement is required. Much individual underperformance is created through systemic constraints and performance management processes can highlight areas needing attention.
• Profit or gain sharing practices that reward everyone fairly when the organisation is profitable.
• Remuneration systems that focus on market-related adjustments, special skill acquisition and special increases for those who are indeed exceptional performers.

In transforming performance management (PM) processes, it is essential that complementary approaches be used. Where participation and accountability are the goals, the traditional 'edict from top management' or 'design, implementation and policing by Human Resources (HR)' is clearly a fundamental contradiction and, is perpetuating the adverse assumptions described above. An approach, firmly routed in the principles of participation, is outlined below (Bennett & Minty, 2001:20-23).

2.7.1 Phase 1: Planning

• **Assess the need for change**
Investigate and assess the current performance system. Inquire into its acceptance and effectiveness. Has it undergone numerous revisions? What do people say about the process over lunch; are they supportive or sarcastic? How much day-to-day focus is there on goals set at appraisal time? Are some of the purposes undermined by others; focus on ratings or increase rather than on developmental aspects, for example?

• **Gain top management commitment and mandate for a new PM approach**
It is essential that the top team is committed to a new PM process and to adopting a participative approach to the design and implementation of it. The top team
members need to understand their role as change leaders and they must be prepared to model and live the new behaviours when they are in place.
The top team would take part in a workshop to review the aims of a PM system, current practices and assumptions, and alternative approaches to meet organisational needs. A broad framework for the change would be agreed.

- **Set up a project team**
The team would represent every level and function and be composed of no more than 12 individuals. If the organisation does not have an open, trusting culture, preferably keep the team narrower in scope, including passionate people who have divergent perspectives and are respected for their ideas. The team will undergo change management training and will clarify its role, goals, outputs and deadlines.

- **Review the past**
The team will review the current appraisal system, its purposes, outcomes and underlying assumptions.

- **Clarify the objective**
The team will clarify what it intends to achieve as well as success criteria.

- **Build new assumptions**
This is the most important and challenging step in the process. New assumptions will form the foundation of a new approach. Identifying more constructive assumptions about people is essential if they are to be encouraged to behave in new ways. Replacing old assumptions requires patience and creativity and the design will need to be checked against these new assumptions as it evolves (Bennett & Minty, 2001:20-23).

### 2.7.2 Phase 2: Design

- **Begin the design**
Design is about hypotheses rather than solutions to problems, which improves the opportunity" for learning. At this stage the team needs to design a framework with a clear purpose, a set of new underlying assumptions, the key components of their recommendation and an estimate of required resources.
• **Plan a communication and education process**
At this stage, the design team needs to build trust rather than acceptance of any particular design, so it needs a strategy for dissemination of general information and the goals of the new design. It needs to assure people that the design process will be transparent and open to suggestions.

• **Collect feedback on the proposed design from stakeholders**
The team needs to check that its thinking is on track and needs to share its design concept, rather than details. Focus-group type meetings best accomplish this. Separate sessions for managerial and non-managerial staff are important as the needs of each group will be different and may contradict.

• **Refine the design**
The design team will apply the feedback received in the previous step.

• **Check with top management**
The new design will have a powerful impact on organisational culture and therefore needs a final go-ahead.

• **Complete the design and plan implementation**
This step will see the team finalise objectives, underlying assumptions, success criteria, processes, procedures, forms and roles that are required for effective implementation (Bennett & Minty, 2001:20-23).

2.7.3 Phase 3: Implementation

• **Decide if a pilot is appropriate**
A pilot project may make sense, especially in a large corporation. A pilot will highlight the benefits and drawbacks of a new system in a smaller environment and allow for learning. The team will decide if areas need to be strengthened, clarified etc and can, with an open mind, make the necessary adjustments. These advantages need to be weighed against the extended time required: the possibility of alienating groups not involved in the pilot, and other politics of change; the opportunity for 'real-time' learning and so on.
• *Present the final design to top management*

As it takes only one or two dissenting voices to derail a potentially promising project, this last visit to top management is important.

• *Design training material and train on the alternative system*

Training is arguably the most important step in implementation. People must understand the “why” as well as the “what” and trust the design is flexible and subject to a continuous improvement process (Bennett & Minty, 2001:20-23).

2.7.4 Phase 4: Follow up and alignment

• *Monitor results and improve as required*

In most cases, successful new processes initially make things worse, so they need time to bed down before changes are made. Implementation is not an end; it is still part of the learning process. The team needs to avoid becoming defensive about complaints. Remember, complaints are a gift, an opportunity for improvement.

• *Realign other HR systems e.g. remuneration*

Other HR systems may need to be re-aligned to integrate with the new process. Particular attention needs to be paid to remuneration. Any changes to HR systems need to be made in a participative manner (Bennett & Minty, 2001:20-23).

The concept of participation needs to be carried through into all day-to-day operations, with everyone accountable for his or her own performance and development. This will not happen overnight; it will take time and patience to achieve. To set in motion this transformation process, it is critical to first review past practices and the assumptions that underlie them. This is followed by redesign of the way in which people work, based on a new set of much healthier assumptions about human nature; assumptions that complement our vision of a new world of work (Bennett & Minty, 2001:20-23).
2.8 Conclusion

Chapter 2 provided the reader with policy guidelines and key principles for the establishment of an effective performance management programme. Critical success factors to the sustained success of a performance management system are also provided. The key components for such a programme were highlighted as a means of improving performance, while the importance of each phase within a performance management programme was emphasised. The chapter concludes with guidelines to performance management problems, emphasizing consequences of the human factor as opposed to technologies being applied, and the design and implementation of a new performance management approach. In the following chapter the empirical study will be described.
CHAPTER 3
THE EMPIRICAL STUDY, METHODS USED AND ANALYSIS OF DATA

3.1 Introduction

In Chapter 2, guidelines for establishing an effective performance management system were discussed. The literature study was used to establish the answer to the first sub-problem: What key elements do the literature reveal that will aid or assist management in achieving individual and departmental goals?

The purpose of this chapter is to describe the research methodology employed by the researcher to solve the sub-problems. The manner in which these sub-problems were addressed was explained in Chapter 2.

3.2 Research design

Research, according to Welman & Kruger (1999:2), refers to the process in which scientific methods are used to expand knowledge in a particular field of study. Leedy & Ormrod (2001:3) define research as the systematic process of collecting and analysing information (data) in order to increase our understanding of the phenomenon with which we are concerned or interested. With this in mind, the research design for this study was broken down into a main problem, with three sub-problems. The main problem is:

**What influence does the current performance management system have as a facilitation tool in aiding or assisting management to achieve individual and departmental goals?**

Following on from the main problem, three sub-problems were identified to assist with the solution to the main problem, namely:
• What key elements do the literature reveal that will aid or assist management in achieving individual and departmental goals?

• What key elements in the performance management process do current managers believe will assist in achieving individual and departmental goals?

• What key strategies should management follow to achieve individual and departmental goals?

The procedure used to solve the main problem and the sub-problems was as follows:

• In Chapter Two, a literature survey was conducted providing guidelines to be used when establishing an effective management system in an organisation;

• In order to resolve sub-problems two and three, a questionnaire based on the key elements of a performance management system, identified in Chapter Two, was developed and circulated to management and salaried staff in the Finance department, General Motors South Africa.

3.3 Conducting the empirical study

The empirical study was conducted by means of a mail survey. The questionnaire developed for this purpose served as the measuring instrument. The results of the questionnaire were statistically analysed. Sampling procedures, the questionnaire, the mail survey, and the research response are discussed in detail below.

3.3.1 Sample

Before the study could be initiated, it was necessary for the researcher to decide whether to study General Motors South Africa in its entirety, or to study only a sample of the workforce. Leedy et al., (2001:211) emphasises that “the sample should be so carefully chosen that, through it, the researcher is able to see all the
characteristics of the total population in the same relationship that they would be
seen were the researcher, in fact, to inspect the total population.”

Struwig & Stead (2001:118) explain that if a population has certain characteristics
that are completely homogeneous (the same), a sample of one would be adequate
to measure those particular attributes. If a sample is chosen according to sound
scientific guidelines, and if that sample is truly representative of the population, the
findings from the sample can be safely generalised to the entire population
(Struwig & Stead, 2001:109). In the light of these facts, a sample of the population
was used to collect the data for this research study.

3.3.1.1 Sampling methods

According to Struwig & Stead (2001:117), the sampling method selected by the
researcher to collect primary data is crucial because it will form the foundation for
the conclusions derived. There are several alternative ways of sampling and the
techniques may be grouped into probability and non-probability sampling
techniques (Struwig & Stead, 2001:111).

Non-probability sampling - the probability of any particular member of the
population being chosen is unknown. The selection of sampling units is arbitrary
as researchers rely heavily on personal judgement. The following techniques are
used to conduct non-probability sampling.

- Convenience sampling – researcher chooses samples purely on the basis of
  availability.
- Judgement sampling – an expert or experienced researcher selects the sample
to fulfil a purpose, such as ensuring all members have a certain characteristic.
- Quota sampling – researcher classifies population by pertinent properties,
determines desired proportion of sample from each class and fixes quotas for
each interviewer.
• Snowball sampling – initial respondents are selected by probability samples; Additional respondents are obtained by referral from initial respondents.

Probability sampling – every element in the population has a known non-zero probability of selection, meaning each element has a known probability of being included in the sample. The following are probability-sampling techniques:

• Systematic sampling – researcher uses a natural ordering or order of sampling frame, selects an arbitrary starting point, then selects items at a pre-selected interval.
• Stratified sampling – researcher divides the population into groups and randomly selects sub-samples from each group; variations include proportional, disproportional, and optimal allocation of sub-sample sizes.
• Cluster sampling – researcher selects sampling units at random and then observes all items in the group.
• Multi-stage sampling – progressively smaller areas are selected in each stage; researcher performs some combination of the probability sampling techniques.

It is clear that for the purposes of this study, the most useful sampling method is that of random sampling, which is part of the probability group of sampling techniques. In making this choice, the researcher must also be aware of the sample size.

3.3.1.2 Sample size

Leedy et al., (2001:221) emphasises the basic rule “the larger the sample, the better.” Generally speaking, then, the larger the population, the smaller the percentage (but not the smaller the number) one needs to get for a representative sample. To some extent, the size of an adequate sample depends on how homogeneous or heterogeneous the population is – how alike or different its members are with respect to the characteristics of research interest (Leedy at al., 2001:221). In a case such as the sample linked to this study, where the population
has been established at between 50 and 100, the authors suggest that the sample should consist of between 32 to 45 respondents. Sample size is critical because it provides a basis for the estimation of sampling error.

3.3.1.3 Sampling error

According to DSS Research (2001) every survey contains some form of error. Even a complete census of all known members of a population is subject to random error or potential measurement error. DSS Research (2001) describes two major forms of sampling error that might be encountered in a survey:

- **Random error** is the difference between the sample results and the true results. Even if all aspects of the sample are executed properly, the results will still be subject to a certain amount of error (random error or random sampling error) because of chance variation. This error cannot be avoided, only reduced by increasing the sample size. It is possible to estimate the range of random error at a particular level of confidence.

- **Systematic error** occurs when sample results consistently vary in one direction (consistently higher or lower) from the true values for that population. Systematic error includes all forms of error not directly attributable to the sampling process. Systematic error is made up of sample design error and measurement error.

**Sample design error.** Sample design results may be biased for a number of reasons:
- Frame Error - results when the sampling frame does not represent a true cross-section of the target population.
- Population specification error - results from an incorrect definition of the universe or population from which the sample is to be selected.
- Selection error - involves a systematic bias in the manner in which respondents are selected for participation in the survey (DSS Research, 2001).
Measurement Error. Occurs when there is a variation between the information being sought (true value) and the information obtained by the measurement process. There are several types of error that can occur during the measurement process (DSS Research, 2001):

- Surrogate information error - occurs when there is a discrepancy between the information sought by the researcher and the information required to answer a particular question.
- Interviewer error - there is a potential for respondents to be influenced by the interviewer’s physical appearance or body language resulting in them giving inaccurate or false answers.
- Measurement instrument bias - results from poorly written questionnaires.
- Processing error - mistakes results in transferring information given by respondents to computer data files.
- Non-response bias - refers to the people who are selected to participate in a research study, but who fail to respond to the survey for one of several reasons.
- Response bias - occurs when survey participants deliberately falsify information or misrepresent information when they are not certain of the facts.

3.3.2 The questionnaire

Leedy (1997:191) states that a common instrument for observing data beyond the physical reach of the observer is the questionnaire. The literature review in Chapter Two served as the basis for the development of the questionnaire (see Appendix C). Specific aspects regarding the development of the questionnaire and the covering letter are discussed below:

3.3.2.1 The development of the questionnaire

Questionnaires seem to be simple, yet in our experience they can be tricky to construct and administer, and one false step can lead to uninterpretable data or an abysmally low return rate (Leedy et al., 2001:202). Leedy et al. (2001:202) further
suggest the following guidelines for developing a questionnaire that encourages people to be cooperative and yields responses you can use and interpret.

- Keep it short – be as brief as possible and solicit only the information essential to the research project.
- Use simple, clear, unambiguous language – write questions that communicate exactly what you want to know. Avoid terms such as obscure words and technical jargon.
- Check for unwarranted assumptions implicit in your questions.
- Word your questions in ways that do not give clues about preferred or more desirable responses.
- Check for consistency – respondents may give answers that are socially acceptable rather than true, you may wish to incorporate a “countercheck” question some distance from the first question.
- Determine in advance how you will code the responses - even before constructing the questionnaire, the researcher must know precisely how the data will be processed after the results are received; for example should the researcher want to computerise the data, the questionnaire would be structured quite differently than if the data were to be handled in more conventional ways.
- Keep the respondent’s task simple – make the instrument as simple to read and respond to as possible.
- Provide clear instructions – communicate exactly how you want people to respond.
- Give a rationale for any items whose purpose may be unclear – at a minimum, each question should have a purpose, and in one way or another, you should make that purpose clear.
- Make the questionnaire attractive and professional looking.
- Conduct a pilot study – give the questionnaire to at least half a dozen friends or colleagues to see whether they have difficulty understanding any items.
- Scrutinise the almost-final product carefully to make sure it addresses your needs – a questionnaire should be quality-tested again and again for precision
of expression, objectivity, relevance, and probability of favourable reception and return.

3.3.2.2 Validity and reliability of the measuring instrument

According to Leedy et al., (2001:98) measuring instruments provide a basis on which the entire research effort rests. He further states that as you plan your research project, you should determine clearly and definitely the nature of the measurement instruments you will use. Furthermore, you should describe any instrument in explicit, concrete terms. You should also provide evidence that the instruments you use have a reasonable degree of validity and reliability for your purposes.

Validity
In general, the validity of a measurement instrument is the extent to which the instrument measures what it is supposed to measure. Validity takes different forms, each of which is important in different situations (Leedy et al., 2001:98):

- Face validity is the extent to which, on the surface, an instrument looks like it’s measuring a particular characteristic. Face validity is often useful for ensuring the co-operation of people who are participating in a research study.
- Content validity is the extent to which a measurement instrument is a representative sample of the content area (domain) being measured. A measurement instrument has high content validity if its items or questions reflect the various parts of the content domain in appropriate proportions and if it requires particular behaviours and skills that are central to that domain.
- Criterion validity is the extent to which the results of an assessment instrument correlate with another, presumably related measure (the latter measure is called the criterion).
- Construct validity is the extent to which an instrument measures a characteristic that cannot be directly observed but must instead be inferred from patterns in people’s behaviour (such a characteristic is called a construct).
Reliability

The reliability of a measurement instrument is the extent to which it yields consistent results when the characteristic being measured hasn’t changed. Like validity, reliability takes different forms in different situations. Leedy et al., (2001:99) details the several forms of reliability that are frequently of interest in research studies:

- Interrater reliability is the extent to which two or more individuals evaluating the same product or performance give identical judgements.
- Internal consistency reliability is the extent to which all the items within a single instrument yield similar results.
- Equivalent forms reliability is the extent to which two different versions of the same instrument (e.g. “Form A” and “Form B” of a scholastic aptitude test) yield similar results.
- Test-retest reliability is the extent to which the same instrument yields the same result on two different occasions.

Leedy et al., (2001:100) points out that we can measure something accurately only when we can also measure it consistently. In other words, in order to have validity, we must also have reliability. He further emphasises that the more valid and reliable our measurement instruments are, the more likely we are to draw appropriate conclusions from the data we collect and, thus, to solve our research problem in a credible fashion.

3.3.2.3 Questionnaire covering letter

The primary objective of the cover letter is to attempt to ensure a high response rate, as well as an honest reaction. In the covering letter, the selfish interest of the researcher should be set aside. The correspondence should be persuasive, courteous, understanding and have respect for others. This should ensure cooperation (Leedy, 1997:196).
In the covering letter (Appendix B) accompanying the questionnaire (Appendix C), the aim of the research was briefly explained, and the respondent was also assured that the content of the questionnaire would be regarded as strictly confidential. The covering letter was sent out as a memorandum to management and salaried staff of the Finance Department at General Motors South Africa and was signed by the researcher. The covering letter also identified the individual to whom the questionnaires must be returned and a specified return date for the completed questionnaire.

3.3.3 Mail survey

For the purpose of the empirical study, the researcher administered an internal mail survey. Leedy et al., (2001:206) gives the following guidelines that can help increase the return rate of mailed questionnaires.

- Consider the timing – consider the characteristics of the sample group you are surveying, and try to anticipate when respondents will be most likely to have time to answer a questionnaire. For the purpose of this study, the questionnaire was mailed a week after month-end was completed, which was considered a reasonable time for the Finance divisions.

- Make a good first impression – put yourself in the place of the respondent. Consider the following questions:
  - What is your initial impression as you draw the questionnaire from the envelope?
  - Is it inordinately long and time-consuming?
  - Is it clean and neatly typed?
  - Are the areas for response adequate and clearly indicated?
  - Is the tone courteous, and are the requests reasonable?

- Motivate potential respondents – give people a reason to want to respond. More often than not, you will have to rely on the power of persuasion to gain their co-operation. Probably the best mechanism for doing so is the cover letter you include with your questionnaire.
• Be gently persistent – experts often suggest that when people do not initially respond to a questionnaire, you can increase your response rate by sending two follow-up reminders, perhaps sending each one out a week or two after previous mailing.

3.3.4 Administering the questionnaire

The names and respective divisions of the salaried employees of the Finance department were obtained from the Department Head Secretary. The questionnaire was mailed internally to these employees with a covering letter (see Appendix B). The researcher adhered strictly to all the guidelines relating to the development of the questionnaire, the covering letter and the mail survey (refer to Sections 3.3.2.1, 3.3.2.3, and 3.3.4).

3.3.5 Response rate

Letters and questionnaires were mailed to eighty-one employees on 4 October 2004 and respondents were requested to return the questionnaire by 7 October 2004. Forty-one questionnaires were returned, which represented a response rate of fifty one per cent.

3.4 Analysis and interpretation of the biographical information

Section A of the questionnaire required respondents to complete general biographical information. The questions were designed to highlight independent variables that could be used to facilitate comparisons between responses to the dependent variables in the responses to the questions in Sections B. The results of the questions posed in Section A of the questionnaire are presented in Tables 3.1 to 3.5 and Charts 3.1 to 3.5. A brief discussion of the data is offered immediately following the respective tables and charts.
TABLE 3.1
RESPONSES ACCORDING TO DIVISION EMPLOYED

<table>
<thead>
<tr>
<th>Division</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management</td>
<td>11</td>
<td>27%</td>
</tr>
<tr>
<td>Management Accounting</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Financial Accounting</td>
<td>14</td>
<td>34%</td>
</tr>
<tr>
<td>Overhead Cost Control</td>
<td>9</td>
<td>22%</td>
</tr>
<tr>
<td>VLPM Finance</td>
<td>3</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total Respondents</strong></td>
<td><strong>41</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Survey Questionnaire, Section A1

CHART 3.1
DIVISION IN WHICH THE RESPONDENT IS EMPLOYED

Source: Table 3.1 converted to a Pie Chart

From Table 3.1 and Chart 3.1, it can be seen that a fair spread of responses were received from the different divisions, with the majority being from the Financial Accounting Department.
### TABLE 3.2
RESPONSES ACCORDING TO POSITION HELD

<table>
<thead>
<tr>
<th>Position held</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Management</td>
<td>5</td>
<td>12%</td>
</tr>
<tr>
<td>Supervisory</td>
<td>11</td>
<td>27%</td>
</tr>
<tr>
<td>General Staff</td>
<td>23</td>
<td>56%</td>
</tr>
<tr>
<td><strong>Total Respondents</strong></td>
<td><strong>41</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Survey Questionnaire, Section A2

### CHART 3.2
POSITIONS HELD BY RESPONDENTS

- Senior management and management represent 17% of the respondents.
- Supervisory positions represent 27% of the respondents.
- General staff represents 56% of the respondents.

Table 3.2 and Chart 3.2 reflect the positions currently held by the respondents.
Table 3.3 and Chart 3.3 reflect the number of years the respondents have been employed in the organisation.

- 47% of the respondents have been in the company’s employment for more than ten years.
- 29% of the respondents have been in the company’s employment between five to ten years.
- 24% of the respondents have been in the company’s employment for less than five years.
Table 3.4 and Chart 3.4 reflect the number of years the respondents have been employed at the organisation in their current positions.

- Altogether 64% of the respondents have been in their current positions for less than five years.
- Altogether 36% of the respondents have been in their current positions for more than five years.
### TABLE 3.5
RESPONSES ACCORDING TO NUMBER OF APPRAISAL INTERVIEWS

<table>
<thead>
<tr>
<th>No. of appraisal interviews</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>More than 3</td>
<td>35</td>
<td>85%</td>
</tr>
<tr>
<td><strong>Total Respondents</strong></td>
<td><strong>41</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Survey Questionnaire, Section A5

### CHART 3.5
NUMBER OF APPRAISAL INTERVIEWS

Source: Table 3.5 converted to a Pie Chart

Table 3.5 and Chart 3.5 indicate the number of appraisal interviews the respondents had in the organisation.

- 85% of the respondents had been exposed to more than three appraisal interviews.
- 15% of the respondents had been exposed to less than three appraisal interviews.
3.5 Concluding remarks

The aim of this chapter was to document the research methodology that was used during the study as well as a quantitative analysis of the bioChartic details of respondents.

During the discussion on the methodology, special attention was given to the development and administration of the questionnaire and the selection of the sample. An analysis of the biographical information (Section A of the questionnaire) was provided by means of explanatory tables and charts.

The following chapter will take the research findings a step further by analysing and interpreting the extent to which key performance management elements will aid or assist management in achieving individual and departmental goals.
CHAPTER 4
ANALYSIS AND INTERPRETATION OF RESULTS OF EMPITICAL STUDY

4.1 Introduction

In the previous chapter the research methodology that was used during the study was described. In addition, the results obtained from Section A of the questionnaire, namely, the biographical data, were presented in Chapter Three.

The aim of Chapter Four is to assist in resolving the second sub-problem: What key elements in the performance management process do current managers believe will assist in achieving individual and departmental goals?

The results of Section B of the questionnaire, namely, the use of performance management systems as a strategy to achieve individual and departmental goals are presented in this chapter. The questions from Section B were designed to verify the information sourced during the literature study described in Chapter Two.

A summary of the study’s research findings has been organised and presented in tabular form in the same order and numbering as the questionnaire, in Appendix D. These tables were compiled by the researcher, and for ease of reference, these tables will be duplicated throughout this Chapter. The method used to calculate the statistics was a computer spreadsheet application called Microsoft Office Excel 2003, running on the Windows XP suite of computer packages.
4.2 Analysis and interpretation of the evaluation of the performance management system's influence on the achievement of individual and departmental goals.

The analysis and interpretation of the data relate to sub-problem two, namely: What key elements in the performance management process do current managers believe will assist in achieving individual and departmental goals?

To solve the sub-problem, the objective is to determine whether the management of individual and departmental performance, in the Finance department at General Motors South Africa, is in line with the guidelines identified in Chapter Two.

4.2.1 Performance management strategies

Managing performance requires firstly that we know exactly what end-results we want to achieve, develop innovative plans to achieve those end-results and then manage the attainment in a disciplined way. The greatest advantage of managing according to a clear vision of pre-determined end-results (objectives) is that it becomes possible for all employees to control their own performance (self management).

In this section, the emphasis is on determining to what degree individual performance is linked to organisational strategic objectives, and the achievement of these objectives.

Table 4.1 shows the respondents’ opinion to the extent of which organisational strategic objectives are clear, and the extent to which individual and organisational goals are achieved through the current performance management system.
An analysis of Table 4.1 indicates the following:

- 85% of the respondents strongly agree or agree that they know what the strategic objectives of the organisation are.
- All the respondents strongly agree or agree that they are committed to the organisation.
- 83% of the respondents strongly agree or agree that the current performance management system makes them more accountable for their own results.
- 93% of the respondents strongly agree or agree that they are clear about how their roles fits into the organisation’s plan.

To summarise Table 4.1, and in order to provide the reader with a visual picture of the responses relating to the performance management strategies within the organisation, the total number of responses to all the questions where added together, and are presented in Chart 4.1.
From Chart 4.1 it is evident that performance management strategies are clear to most of the respondents.

Relating the results of the analysis of Part 1 of the questionnaire to the theory previously discussed, the findings are as follows:

- The strategic objectives of the organisation are clear, and more importantly, linked to the goals set for each individual. This is indicative of the theory, where Joubert & Noah (2000:16-20) mention that a critical success factor of performance management is that the core service mission, vision, strategic objectives and values of the organisation must be sound and understood by every employee. The employee's role in the mission and objectives must be discernable, in other words, every worker must know what she or he must contribute to ensure that the strategic intent is realised.
• In the general organisational policy, the organisation identifies commitment to the management of performance to ensure both the development of staff and the productivity of the organisation (Quick guide to, 2002:24-25). The analysis of the questionnaire reveals that individuals are very committed to the organisation, which could result in higher performance and enhance the performance of the organisation as a whole.

• There is a very strong feeling that the performance management system has empowered each and every individual. Macaulay & Cook (1994) emphasise that through accountability, everyone knows what they are responsible for and can be held accountable for it.

• Defining individual roles and performance expectations is a key to sound performance planning (Van Huyssteen, 2001:63). The analysis indicates positively that employees are clear about how their role fits into the organisation’s plan.

4.2.2 Goals and performance measures

An effective performance management system should assist in the establishment of individual performance goals and objectives that directly correlate with the overall goals of the organisation.

This section is aimed at established goals and performance measures, according to which individuals can enhance determining whether the performance management system has in actual fact their own, and the organisation’s performance.

Table 4.2 shows the respondents’ opinion to the extent of which clear goals and performance measures have been established.


### TABLE 4.2

**GOALS AND PERFORMANCE MEASURES**

<table>
<thead>
<tr>
<th>Part 2</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 I have a clear understanding of what my duties and responsibilities are.</td>
<td>No. 18</td>
<td>22</td>
<td>1</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 44%</td>
<td>54%</td>
<td>2%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>6 I have a chance to influence the performance goals and standards that are set for my job.</td>
<td>No. 11</td>
<td>22</td>
<td>7</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 27%</td>
<td>54%</td>
<td>17%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>7 I participate in setting deadlines for the achievement of my goals.</td>
<td>No. 15</td>
<td>18</td>
<td>7</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 37%</td>
<td>44%</td>
<td>17%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>8 The goals set for myself support the strategic objectives of the organisation.</td>
<td>No. 10</td>
<td>28</td>
<td>2</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 24%</td>
<td>68%</td>
<td>5%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>9 I experience feelings of achievement and satisfaction in my job.</td>
<td>No. 8</td>
<td>24</td>
<td>8</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 20%</td>
<td>59%</td>
<td>20%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>10 Management makes best use of my skills and abilities when making assignments.</td>
<td>No. 2</td>
<td>23</td>
<td>13</td>
<td>3</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 5%</td>
<td>56%</td>
<td>32%</td>
<td>7%</td>
<td>100%</td>
</tr>
</tbody>
</table>

An analysis of Table 4.2 indicates the following:

- 98% of the respondents strongly agree/agree that they are clear on what their job responsibilities are.
- 81% of the respondents strongly agree/agree that they have a chance to influence the performance goals and standards set for their jobs.
- Similarly 81% of the respondents strongly agree/agree that they participate in setting deadlines for achievement of their goals.
- 92% of the respondents strongly agree/agree that the goals set for them support the strategic objectives of the organisation.
- 79% of the respondents strongly agree/agree that they experience feelings of satisfaction and achievement in their jobs.
- It is important to note that only 61% of the respondents strongly agree/agree that management makes best use of their skills and abilities when making assignments.
To summarise Table 4.2, and in order to provide the reader with a visual picture of the responses relating to the goals and performance measures within the organisation, the total number of responses to all the questions where added together, and are presented in Chart 4.2.

From Chart 4.2 it is clear that most respondents agree that goals and performance measures have been established.
From the questions analysed in Table 4.2, the findings are as follows:

- Costello (1994:13) mentions that the first critical step in the performance and development planning state is to establish individual performance goals and objectives that directly correlate with the overall goals of the organisation. Locke & Latham (1987:84) re-iterate that the primary purpose of goal setting is to increase the motivation level of the individual. They further state that goals should be treated as guidelines for enhancing performance and developing employees to overcome or remove obstacles in order to reach their goals. From the analysis, it is evident that individuals are clear on what their job responsibilities are and they are able to participate and influence the achievement of their goals. Contrary to this, there is a fair number of individuals who feel their skills are not utilised effectively and they are not experiencing job satisfaction.

4.2.3 Performance feedback and review

An effective performance management system should provide a focal point for the consideration of key motivational, performance and development issues in the form of feedback and reviews. It is a means for considering the future in the light of an understanding of the past and present.

This section is aimed at determining whether the performance management system has improved employee motivation and performance through continuous feedback and reviews.

Table 4.3 shows the respondents’ opinion as to whether their performance improved as a result of feedback and reviews.
<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>There is continuous review between myself and my manager, regarding my performance.</td>
<td>No. 2</td>
<td>20</td>
<td>13</td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 5%</td>
<td>49%</td>
<td>32%</td>
<td>14%</td>
<td>100%</td>
</tr>
<tr>
<td>12</td>
<td>I know what necessary skills and competencies are essential to perform my job.</td>
<td>No. 12</td>
<td>28</td>
<td>1</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 29%</td>
<td>68%</td>
<td>2%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>13</td>
<td>My manager and I work together to reach mutual agreement on how my performance will be measured.</td>
<td>No. 0</td>
<td>32</td>
<td>5</td>
<td>4</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 0%</td>
<td>78%</td>
<td>12%</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>14</td>
<td>My performance was measured against the agreement reached with my manager.</td>
<td>No. 2</td>
<td>31</td>
<td>5</td>
<td>3</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 5%</td>
<td>76%</td>
<td>12%</td>
<td>7%</td>
<td>100%</td>
</tr>
<tr>
<td>15</td>
<td>My manager provides a climate whereby staff can openly communicate performance-related problems.</td>
<td>No. 12</td>
<td>21</td>
<td>5</td>
<td>3</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 29%</td>
<td>51%</td>
<td>12%</td>
<td>7%</td>
<td>100%</td>
</tr>
<tr>
<td>16</td>
<td>I was given verbal and written feedback on the positive aspects of my performance.</td>
<td>No. 4</td>
<td>24</td>
<td>8</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 10%</td>
<td>59%</td>
<td>20%</td>
<td>12%</td>
<td>100%</td>
</tr>
<tr>
<td>17</td>
<td>My performance problems have been identified and a specific plan is in place to improve and eliminate these areas.</td>
<td>No. 1</td>
<td>24</td>
<td>10</td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 2%</td>
<td>59%</td>
<td>24%</td>
<td>15%</td>
<td>100%</td>
</tr>
<tr>
<td>18</td>
<td>I feel I receive adequate acknowledgement and recognition for my contributions and excellent performance.</td>
<td>No. 1</td>
<td>19</td>
<td>16</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 2%</td>
<td>46%</td>
<td>39%</td>
<td>12%</td>
<td>100%</td>
</tr>
<tr>
<td>19</td>
<td>I get a written performance appraisal consistent with the feedback I have received informally during the performance period.</td>
<td>No. 3</td>
<td>24</td>
<td>11</td>
<td>3</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 7%</td>
<td>59%</td>
<td>27%</td>
<td>7%</td>
<td>100%</td>
</tr>
<tr>
<td>20</td>
<td>I believe that the performance management system has assisted me in achieving my goals.</td>
<td>No. 0</td>
<td>21</td>
<td>15</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 0%</td>
<td>51%</td>
<td>37%</td>
<td>12%</td>
<td>100%</td>
</tr>
</tbody>
</table>
An analysis of Table 4.3 indicates the following:

- 54% of the respondents strongly agree/agree that there is continuous review with management, while 46% strongly disagreed or disagreed.
- 98% of the respondents strongly agree/agree that they knew what necessary skills and competencies are essential to perform their job.
- There is an equal division in responses relating to performance being measured against a mutual agreement reached with management.
- Responses to verbal and written feedback relating to performance are reflected equally.
- 80% of the respondents strongly agree/agree that management provides a climate whereby staff can openly communicate performance-related problems.
- Problems influencing performance have been identified for 61% of the respondents, while 39% disagreed or strongly agreed with the statement.
- 49% of the respondents felt that they received adequate acknowledgement and recognition for their contributions and excellent performance, while 51% of the respondents strongly disagreed or disagreed.
- 51% of the respondents supported the statement that the performance management system assisted them in achieving their goals, while 49% strongly disagreed or disagreed.

To summarise Table 4.3, and in order to provide the reader with a visual picture of the responses relating to feedback and review within the organisation, the total number of responses to all the questions where added together, and are presented in Chart 4.3.
From Chart 4.3 it is clear that most respondents agree that the performance management system has improved employee motivation and performance through continuous feedback and reviews.

From the questions analysed in Table 4.3, the findings are as follows:

- If performance management is to be effective, there needs to be a continuing agenda through regular meetings to ensure good progress is being made towards achieving agreed objectives for each key result area (Armstrong, 1994:77). According to Hartle (1995:72) this is most probably the most neglected area of the performance management cycle. It is evident from the analysis that less than half of the respondents feel that there is no continuous performance review with management.

- The process of continuing assessment should be carried out by referring to agreed objectives (Armstrong, 1994:77). Agreeing measurable objectives on performance throughout the year is critical, and evidence in the analysis indicates that the majority of the responses agreed that this occurs.
It is evident that feedback provided to individuals, regarding both positive and negative aspects of their performance is not being applied consistently. The relationship a manager builds with his or her staff is critical to sustained performance. A vital part of this relationship building is letting employees know how they are doing. Everyone needs feedback - this should be part of an ongoing process (Macaulay & Cook, 1994). Feedback is the oxygen of excellent performance. Feedback induces behavioural change irrespective of whether it is positive or negative feedback (Joubert & Noah, 2000:16-20).

A critical success factor to sustain the success of a performance management system is motivation (Joubert & Noah, 2000:16-20). People need a continuous stream of recognition and support to stay inspired and content with their jobs. The analysis indicates that recognition is lacking and that the performance management system is not making a major contribution to the achievement of individual goals.

4.2.4 Development and training

Personal development objectives should be a mutually agreed interactive process between managers and their staff. This section is aimed at determining whether the performance management system aids the improvement of employee performance, and develops future potential and commitment to the organisation, through career planning and development.

Table 4.4 shows the respondents’ opinion as to whether their performance improved as a result of development and training.
An analysis of Table 4.4 indicates the following:

- There is an equal division between responses relating to necessary training, support and opportunities provided to learn, grow, and develop to expand their career options.
- However, it can be noted that more than 54% of the respondents felt that they are not encouraged to create a career development plan for future advancement within the organisation.
- 73% of the respondents strongly agree or agree that career planning and development gives them a sense of power and control to initiate change.

To summarise Table 4.4, and in order to provide the reader with a visual picture of the responses relating to development and training within the organisation, the total number of responses to all the questions where added together, and are presented in Chart 4.4.
From Chart 4.4 it is clear that most respondents agree that the performance management system aims to improve employee performance, develop future potential and commitment to the organisation through career planning and development.

From the responses analysed in Table 4.4, the findings are as follows:

- Increasingly, organisations are stressing the need for employees to take responsibility for planning their own personal development (Gannon, 1995:80). Developing employee performance furthers the mission of the organisation and enhances the overall quality of the workforce within the organisation by promoting a climate of continuous learning and professional growth; helping sustain employee performance at a level which meets or exceeds expectations; enhancing job- or career-related skills, knowledge and experience; enabling employees to keep abreast of changes in their fields; making employees competitive for employment opportunities within the organisation; promoting affirmative action objectives; and motivating employees [http://www-hr.ucsd.edu/%7Estaffeducation/guide/](http://www-hr.ucsd.edu/%7Estaffeducation/guide/).
It is clear from the analysis that a fair percentage of respondents feel that the organisation is lacking in respect of providing the necessary training, support and learning opportunities to expand their career options. More than 54% of the respondents also indicated that they are not encouraged to create a career development plan for future advancement within the organisation.

4.2.5 Rewards

In an effective organisation, rewards are used well. Rewarding means recognising employees, individually and as members of groups, for their performance and acknowledging their contributions to the organisation’s mission.

Table 4.5 shows the respondents’ opinion of the following statements with regard to reward.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>Part 5</td>
<td>The most important reward for good performance is an increase in pay.</td>
<td>No.</td>
<td>13</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>32%</td>
<td>29%</td>
<td>37%</td>
</tr>
<tr>
<td>26</td>
<td>Does the performance appraisal system link reward to business objectives?</td>
<td>No.</td>
<td>1</td>
<td>14</td>
<td>24</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>2%</td>
<td>34%</td>
<td>59%</td>
</tr>
<tr>
<td>27</td>
<td>Is it a fair system to determine merit pay awards?</td>
<td>No.</td>
<td>1</td>
<td>14</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>2%</td>
<td>34%</td>
<td>51%</td>
</tr>
<tr>
<td>28</td>
<td>Are salary and promotion decisions based on ratings?</td>
<td>No.</td>
<td>0</td>
<td>13</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>0%</td>
<td>32%</td>
<td>51%</td>
</tr>
<tr>
<td>29</td>
<td>Is every effort made to be fair with employees regarding their pay?</td>
<td>No.</td>
<td>11</td>
<td>22</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>27%</td>
<td>54%</td>
<td>20%</td>
</tr>
</tbody>
</table>
An analysis of Table 4.5 indicates the following:

- Altogether 61% of the respondents strongly agree/agree that an increase in pay is the most important reward for good performance.
- 64% of the respondents felt that the system to determine merit pay awards was not fair and not directly linked to the attainment of business objectives.
- 68% of the respondents felt that salary and promotion decisions are not based on ratings, whereas 81% of the respondents felt that every effort is made to be fair with employees regarding their pay.

To summarise Table 4.5, and in order to provide the reader with a visual picture of the responses relating to rewards within the organisation, the total number of responses to all the questions where added together, and are presented in Chart 4.5.

From Chart 4.5 it is clear that the respondents equally share strong opinions relating to the reward system in the organisation. The majority indicates that they are not being rewarded fairly for their performance and contributions to the organisation’s goals.
From the responses analysed in Table 4.5, the findings are as follows:

- Pay should probably be a cornerstone of strategy if management is committed to using pay as an incentive and a reward for desired levels and directions of performance (Sears, 1987:198). If the performance pay system is aligned with the organisation’s performance needs, pay can become, in effect, the fuel that drives the overall performance management process (Walters, 1995:117). The analysis indicates that the majority of respondents felt that the system determining merit pay awards was not fair and not directly linked to the attainment of business objectives. On the contrary, 81% of the respondents felt that every effort was made to be fair with employees regarding their pay.

4.2.6 Suggestions for improving the current performance management system

Table 4.6 shows the respondent’s suggestions for improving the current performance management system.

<table>
<thead>
<tr>
<th>SUGGESTIONS FOR IMPROVING THE CURRENT PERFORMANCE MANAGEMENT SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Separate merit awards and economic increases</td>
</tr>
<tr>
<td>4.2 Link salary increases to ratings and not to budget restraints</td>
</tr>
<tr>
<td>4.3 Same ratings should attract same percentage salary increase across the company.</td>
</tr>
<tr>
<td>4.4 Human Resources should conduct audits to identify where inequities exist regarding salaries (same grade, skill &amp; performance)</td>
</tr>
<tr>
<td>4.5 Appraisal is a process not seen as a &quot;must be done&quot;</td>
</tr>
<tr>
<td>4.6 Management commitment to performance management system</td>
</tr>
<tr>
<td>4.7 Continual review throughout the year, not only once</td>
</tr>
<tr>
<td>4.8 Performance problems to be actioned immediately</td>
</tr>
<tr>
<td>4.9 Fairness, transparency, consistency</td>
</tr>
<tr>
<td>4.10 Strict policy adherence</td>
</tr>
<tr>
<td>4.11 Need to remove the personal subjective PM items and focus on objectives and how they are met</td>
</tr>
</tbody>
</table>
4.3 Concluding remarks

The purpose of this Chapter was to analyse and interpret the data obtained through the research questionnaire. The analysis and interpretation was undertaken in terms of the aims of the research stated in Chapter 1. The evaluation done by the researcher and the results of the survey indicates that some of the guidelines discussed in Chapter Two were adhered to, but also that certain key aspects of performance management were not being applied.

Chapter 5 will focus on various recommendations, based on the abovementioned findings. Problems and limitations encountered during the research, as well as opportunities for further research will be highlighted.
CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this final chapter, the researcher will endeavour to summarise the main findings of the study of the performance management system within the Finance department at General Motors South Africa. The problems and limitations experienced during the research process will be described. The conclusions that have been reached with respect to the problem and sub-problems will be stated as clearly as possible. Lastly, recommendations for future research and suggestions for application of the findings will be presented and a conclusion will then be derived.

5.2 Problems and limitations

No major problems were encountered. Certain events within General Motors South Africa however, could have possibly influenced the outcome of the research. These are as follows:

- The research was conducted shortly after General Motors acquired the remaining majority shares of Delta Motor Corporation.
- Due to the acquisition, key management changes were made.

These events could possibly have resulted in employees experiencing some sensitivity and uncertainty regarding future employment security.

Minor problems encountered were:

- Failure of a substantial number of respondents to return questionnaires by the deadline stipulated. The researcher had anticipated this problem, as the respondents were only afforded three days in which to complete, and return, the questionnaire. Follow-up phone calls addressed this problem.
• A few respondents mislaid the questionnaire and requested an electronic copy, which the researcher duly e-mailed.

5.3 Summary of study

The main problem identified in this study was,

What influence does the current performance management system have as a facilitation tool in aiding or assisting management to achieve individual and departmental goals?

The following sub-problems were identified, in order to make the main problem more researchable and manageable:

Sub-problem One
• What key elements does the literature reveal that will aid or assist management in achieving individual and departmental goals?

Sub-problem Two
• What key elements in the performance management process do current managers believe will assist in achieving individual and departmental goals?

Sub-problem Three
• What key performance management strategies should management follow to achieve individual and departmental goals?

The main and sub-problems were identified in order to determine the influence of a performance management system on the achievement of individual and departmental goals. The sub-problems were dealt with in the literature review in
order to identify the key elements and strategies that will aid and guide management in achieving individual and departmental goals. Although General Motors South Africa’s performance management system meets some requirements for such a system to be successful, a number of recommendations need to be made to enhance the achievement of individual and departmental goals. The main findings from the research conducted, can be summarised as follows:

- The strategic objectives of the organisation are clear, and more importantly, linked to the goals set for each individual (85%).
- Clear direction of individual’s roles and how they fit into the organisation’s plan (93%).
- Individual goals and performance measures are established that directly correlate with the overall goals of the organisation (more than 80%).
- Continuous performance review and feedback, both positive and negative, is lacking.
- Mutual agreement between management and individuals about performance expectations are established (more than 76%).
- It is clear from the respondents that the performance management system is not being used effectively in assisting individuals in the achievement of their goals (only 51% agreed).
- The performance management system aims to improve employee performance through training and development (more than 60%).
• Career planning for future advancement within the organisation is lacking (more than 54%).

• The system determining merit pay awards is not considered fair and not directly linked to the attainment of business objectives (more than 64%).

• 60% of the respondents suggested that the reward system needs to be improved or reviewed as inequities exist.

• 40% of the respondents suggested that the performance management system lacks commitment in its totality.

5.4 Recommendations

The objective of this study was to determine the influence of a performance management system on the achievement of individual and departmental goals. To achieve this objective, various literature was consulted, in order to identify guidelines according to which General Motors South Africa’s, Finance department should manage individual performance.

It is clear from the respondent’s opinions that they are aware of the strategic objectives of the organisation and the link to their individual goals. This is indicative in that respondent’s are strongly committed to achieving the organisation’s goals. It can be concluded from the respondent’s opinions that the greatest shortcomings of the current performance management system are the link between performance and reward. The other areas of concern are the lack of training and development, and the necessary resources to achieve objectives. The study also indicates there is no overwhelming agreement that feedback, both positive and negative, takes place as the literature suggests.
There is no simple formula for success in performance management. The following is a suggested framework:

- commitment by managers to the process:
- an atmosphere of mutual respect and support, so that communication is open and feedback is regularly given:
- a definite link between performance and reward (monetary and non-monetary);
- both the manager and his or her staff are committed to achieving identified goals.

Managing performance involves a cycle of clarifying business goals and then agreeing individual objectives and standards of performance. With feedback, development and reward, improved performance is possible.

In order to achieve this objective it is necessary to adopt the following approach:

- Firstly, it is imperative that management undergoes training in the feedback and review process which is a critical element in the performance management cycle. Rather than wait until the annual appraisal review, it is essential that managers provide ongoing performance feedback, or coaching. The feedback, positive and negative, is critical to a successful performance management system. One of the key aims of performance management is to get individuals to accept as much of the responsibility for their own self-development and this can be achieved through continuous feedback and reviews.
- Secondly, in organisations facing dramatic change, employees often have the best understanding of the development they need to deliver the organisation’s objectives. Career development planning provides a means of helping employees maintain or enhance their knowledge, skills, and abilities needed to do their current jobs and advance within the organisation. To realise the benefit of increased employee effectiveness, management should undergo training to become more effective career coaches to promote a climate of continuous learning and professional growth.
Thirdly, a fair amount of respondents agreed or strongly agreed that reward for good performance would lead to additional pay. Individuals need to change this perception as non-financial rewards could be just as important and rewarding for them. Reward should probably be a cornerstone of strategy if management is committed to using pay as an incentive and a reward for desired levels and directions of performance.

Fourthly, respondents have suggested that the reward system be improved or reviewed. The purpose of performance-related pay must be to reinforce the performance goals and priorities determined by the organisation. If the performance pay system is aligned with the organisation’s performance needs, pay can become, in effect, the fuel that drives the overall performance management process.

Fifthly, commitment to the performance management system is inevitable. The organisation should encourage:
  o a shared understanding of performance management amongst all managers and staff,
  o skills training that allow managers to apply their knowledge and skill to organisation-specific tools to avoid resistance to conducting performance appraisals,
  o remuneration and reward systems to be consistent with the company’s overall performance management policy and practices,
  o senior management to engage in a strategic business process, which integrates performance management systems and practices with the overall business strategy,
  o the performance management system to be aligned throughout the organisation in support of a high performance culture.

5.5 Opportunities for further research

Lastly, the study can also provide a basis for further research. The current performance management system has been in place for a number of years and it is evident that the system still has some flaws. Taking cognisance of the
recommendations could result in a different outcome, if this study is repeated at a later stage.

The findings of this study can prove to be a useful resource to those responsible for managing performance, as well as other organisations wishing to evaluate their performance management systems.

5.6 Conclusion

When a relationship between a supervisor / manager and subordinate is good with mutual trust and respect, frequent, open communication, clearly set performance expectations, continuous performance feedback, then an effective performance management system becomes a useful managerial tool. The best managers see managing performance all year, not just once a year, as their primary responsibility and they work at it. Avoiding performance issues ultimately decreases morale, decreases credibility of management, decreases the organisation’s overall effectiveness and wastes more of management’s time.

The performance management system could be used to promote a variety of management goals. In addition to systematically driving performance, the system can prove useful in identifying individuals with high potential, providing the grounds for rewarding performance, and identifying employees’ needs for development. These activities are all components that should support the organisation’s strategic orientation. Strengthening the linkage between the performance management system and the long-run implications of strategic plans could improve organisational effectiveness in the future.

The aim of this research was to determine whether the Finance department at General Motors South Africa manages performance in line with departmental strategy and employee goals, through resolving the sub-problems identified. Sufficient evidence from the research findings indicates that this study has
succeeded in recognising that there is a link between individual and organisational goals, but that feedback and review, career development, and the reward system needs attention.

A performance management system consists of a strategic plan with goals and objectives, guiding principles, and performance measurement, as well as common performance expectations for both employees and management. It communicates and reinforces the critical linkages between the activity's strategic intent, individual performance, and organisational performance. Very rarely are performance management systems critically evaluated. It is assumed that they work. Where it is clear that a performance management system works well, invariably you'll find a manager with superior interpersonal and leadership skills. Good managers can make almost anything work. Where the system succeeds it succeeds because of the managers, not because of anything intrinsically wonderful about a traditional system.

One hazards a guess that managers who can make performance management work so well, would bring success to the organisation even if there was NO performance management of any consequence. An excellent manager can use a performance management system as a tool to enhance performance. No performance management system will make a poor manager a good one. Good performance management provides direct benefits to the organisation through a rigorous, focused approach to the achievement of individual and organisational goals. The manager is pivotal in providing leadership to make this happen.
References


Kemp, N.D. 2003. *Technical requirements for writing a research paper for the MBA.* PE Technikon


APPENDIX A
APPENDIX A (CONT.)

Director Finance & Business Support

Department Head Secretary

Financial Controller

Manager Management Accounting
Manager Financial Accounting
Manager Overhead Cost Control
VLPM Financial Manager Passenger
VLPM Financial Manager Commercial

Manager Costing
Manager Financial Planning & Analysis
Supervisor Non-standard Pricing
Supervisors
Supervisors
Supervisor

Staff
Staff
Staff
Staff
Staff
Staff
Staff

111
APPENDIX B

MEMORANDUM

4 October 2004

Dear colleague,

**Performance Management System Survey**

You are invited to participate in a survey aimed at investigating the influence of the Performance Management System in assisting management in achieving individual and departmental goals. The survey is being conducted by Ms Yasmien Beckett, in order for her to obtain a Master’s Degree in Business Administration at the Port Elizabeth Technikon.

The company has agreed that Ms Beckett conduct this evaluation of the Performance Management System as part of her thesis. It will be greatly appreciated if the attached questionnaire can be completed by yourself. The questionnaire has been designed in such a way, that minimum time is required for the completion thereof. It is important to note that you need not reflect your name on the questionnaire, and that your response will be treated as strictly confidential.

Your kind co-operation in this regard will be highly appreciated.

Kindly return the completed questionnaire to Ms Beckett before 7 October 2004.

_________________

YASMIEN BECKETT
RESEARCHER
Research title: A critical analysis of the influence of the performance management system used in the Finance department at General Motors South Africa.

Researcher: Yasmien Beckett
Business Analyst: Finance Systems Support
General Motors South Africa (Pty) Ltd

This study is based on research to identify what key performance management elements will aid or assist management in achieving individual and departmental goals.

This questionnaire is designed to test the degree to which you agree that the performance management system can assist management to achieve individual and departmental goals.
<table>
<thead>
<tr>
<th>1.1 Risk Management</th>
<th>1.2 Management Accounting</th>
<th>1.3 Financial Accounting</th>
<th>1.4 Overhead Cost Control</th>
<th>1.5 VLPM Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Senior Management</td>
<td>2.2 Management</td>
<td>2.3 Supervisory</td>
<td>2.4 General Staff</td>
<td></td>
</tr>
<tr>
<td>3.1 0-5</td>
<td>3.2 5-10</td>
<td>3.3 More than 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 0-5 years</td>
<td>4.2 5-10 years</td>
<td>4.3 More than 10 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1 1</td>
<td>5.2 2</td>
<td>5.3 More than 3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The strategic plan sets the nature and direction of the business and performance management recognises that relating work performance to the strategic plan of an organisation is critical for success. An effective performance management system should provide clarity of the organisation’s goals, establish key results, objectives and measures, and lead to the continuous improvement of performance.

Please indicate the extent to which you agree with the following statements by indicating with an “X” in the appropriate box.

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am aware of the organisation’s strategic objectives.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. I am strongly committed to achieving the organisation’s goals.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. The performance management system stresses the need for employees to take responsibility for their own results.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4. I am clear about how my role fits into the organisation’s plan.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5. I have a clear understanding of my duties and responsibilities.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6. I have a chance to influence my work performance goals and standards.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>7. I participate in setting deadlines for the achievement of my goals.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8. The goals set for me supports the strategic objectives of the organisation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>9. I experience feelings of achievement and satisfaction in my job.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>10. Management makes best use of my skills and abilities when allocating assignments.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>11. My manager and I continually review my performance.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>12. I know what skills and competencies are essential to perform my job.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>13. My manager and I mutually agree how my performance will be measured.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>14. My performance is measured against the agreement reached with my manager.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>15. My manager provides a climate whereby staff can openly communicate performance-related problems.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>16. I am given verbal and written feedback on the positive aspects of my performance.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>17. My performance problems have been identified and a specific plan is in place to improve and eliminate these problems.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Question</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>18</td>
<td>I feel I receive adequate acknowledgement and recognition for my contributions and excellent performance.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>19</td>
<td>I get a written performance appraisal consistent with the feedback I have received informally during the performance period.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>20</td>
<td>I believe that the performance management system has assisted me in achieving my goals.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>21</td>
<td>When given a new task or responsibility, I am provided with the necessary training.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>22</td>
<td>I am given opportunities to learn, grow, and develop to expand my career options.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>23</td>
<td>I am encouraged to create a career development plan for future advancement within the organisation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>24</td>
<td>Career planning and development gives me the sense of power and control to initiate change.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>25</td>
<td>The most important reward for good performance is an increase in pay.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>26</td>
<td>The performance appraisal system links reward to business objectives?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>27</td>
<td>The PM system fairly determines merit pay awards?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>28</td>
<td>Salary and promotion decisions are based on ratings?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>29</td>
<td>Employees believe they are rewarded fairly?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

30. Do you have any suggestions for improving the current performance management system?

Thank you for your kind co-operation.
RESULTS OF THE EMPIRICAL STUDY

QUESTIONNAIRE

SECTION B: PERFORMANCE MANAGEMENT SYSTEMS IN ORGANISATIONS

1. The respondent’s opinions to what extent the organisations current performance management strategies meets the following criteria.

<table>
<thead>
<tr>
<th>Part 1</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I am aware of what the strategic objectives of the organisation are.</td>
<td>No. 7</td>
<td>28</td>
<td>6</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 17%</td>
<td>68%</td>
<td>15%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2 I demonstrate strong personal commitment to, and persistence in, achieving the organisation’s goals.</td>
<td>No. 17</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 41%</td>
<td>59%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>3 The performance management system in place stresses the need for employees to take responsibility for their own results.</td>
<td>No. 12</td>
<td>22</td>
<td>7</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 29%</td>
<td>54%</td>
<td>17%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>4 I am clear about how my role fits into the organisation’s plan.</td>
<td>No. 11</td>
<td>27</td>
<td>3</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 27%</td>
<td>66%</td>
<td>7%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>
2. The respondent’s opinion to the following goals and performance measures statements.

<table>
<thead>
<tr>
<th>Part 2</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a clear understanding of what my duties and responsibilities are.</td>
<td>No. 18</td>
<td>22</td>
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</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>6</td>
<td></td>
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</tr>
<tr>
<td>I have a chance to influence the performance goals and standards that are set for my job.</td>
<td>No. 11</td>
<td>22</td>
<td>7</td>
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<tr>
<td></td>
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<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>I participate in setting deadlines for the achievement of my goals.</td>
<td>No. 15</td>
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<td>7</td>
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<td>41</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The goals set for myself support the strategic objectives of the organisation.</td>
<td>No. 10</td>
<td>28</td>
<td>2</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
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<tr>
<td>9</td>
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<tr>
<td>I experience feelings of achievement and satisfaction in my job.</td>
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<td>8</td>
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</tr>
<tr>
<td></td>
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<tr>
<td>10</td>
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<tr>
<td>Management makes best use of my skills and abilities when making assignments.</td>
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3. The respondent’s opinion to the following feedback and review statements.

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<th>Part 3</th>
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<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
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<td>51%</td>
<td>37%</td>
<td>12%</td>
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</tbody>
</table>
4. The respondent’s opinion to the following statements with regard to the development and training aspects of performance review.

<table>
<thead>
<tr>
<th>Part 4</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 When given a new task or responsibility, I am provided with the necessary training and support for the success thereof.</td>
<td>No. 2</td>
<td>24</td>
<td>13</td>
<td>2</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 5%</td>
<td>59%</td>
<td>32%</td>
<td>5%</td>
<td>100%</td>
</tr>
<tr>
<td>22 I am given opportunities to learn, grow, and develop to expand my career options.</td>
<td>No. 2</td>
<td>23</td>
<td>15</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 5%</td>
<td>56%</td>
<td>37%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>23 I am encouraged to create a career development plan for future advancement within the organisation.</td>
<td>No. 2</td>
<td>17</td>
<td>17</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 5%</td>
<td>41%</td>
<td>41%</td>
<td>12%</td>
<td>100%</td>
</tr>
<tr>
<td>24 Career planning and development gives me the sense of power and control to initiate change.</td>
<td>No. 5</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 12%</td>
<td>61%</td>
<td>24%</td>
<td>2%</td>
<td>100%</td>
</tr>
</tbody>
</table>

5. The respondent’s opinion to the following statements with regard to reward.

<table>
<thead>
<tr>
<th>Part 5</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 The most important reward for good performance is an increase in pay.</td>
<td>No. 13</td>
<td>12</td>
<td>15</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 32%</td>
<td>29%</td>
<td>37%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>26 Does the performance appraisal system link reward to business objectives?</td>
<td>No. 1</td>
<td>14</td>
<td>24</td>
<td>2</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 2%</td>
<td>34%</td>
<td>59%</td>
<td>5%</td>
<td>100%</td>
</tr>
<tr>
<td>27 Is it a fair system to determine merit pay awards?</td>
<td>No. 1</td>
<td>14</td>
<td>21</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 2%</td>
<td>34%</td>
<td>51%</td>
<td>12%</td>
<td>100%</td>
</tr>
<tr>
<td>28 Are salary and promotion decisions based on ratings?</td>
<td>No. 0</td>
<td>13</td>
<td>21</td>
<td>7</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 0%</td>
<td>32%</td>
<td>51%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>29 Is every effort made to be fair with employees regarding their pay?</td>
<td>No. 11</td>
<td>22</td>
<td>8</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>% 27%</td>
<td>54%</td>
<td>20%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>
6. The respondent’s opinion for improving the current performance management system.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Separate merit awards and economic increases</td>
</tr>
<tr>
<td>4.2</td>
<td>Link salary increases to ratings and not to budget restraints</td>
</tr>
<tr>
<td>4.3</td>
<td>Same ratings should attract same percentage salary increase across the company</td>
</tr>
<tr>
<td>4.4</td>
<td>Human Resources should conduct audits to identify where inequities exist regarding salaries (same grade, skill &amp; performance)</td>
</tr>
<tr>
<td>4.5</td>
<td>Appraisal is a process not seen as a &quot;must be done&quot;</td>
</tr>
<tr>
<td>4.6</td>
<td>Management commitment to performance management system</td>
</tr>
<tr>
<td>4.7</td>
<td>Continual review throughout the year, not only once</td>
</tr>
<tr>
<td>4.8</td>
<td>Performance problems to be actioned immediately</td>
</tr>
<tr>
<td>4.9</td>
<td>Fairness, transparency, consistency</td>
</tr>
<tr>
<td>4.10</td>
<td>Strict policy adherence</td>
</tr>
<tr>
<td>4.11</td>
<td>Need to remove the personal subjective PM items and focus on objectives and how they are met</td>
</tr>
</tbody>
</table>