



PERFORMANCE MANAGEMENT SYSTEM AT A PUBLIC DEVELOPMENT CORPORATION: SUCCESS FACTORS AND CHALLENGES

by

David Siphosethu Saki

December 2020

**PERFORMANCE MANAGEMENT SYSTEM AT A PUBLIC
DEVELOPMENT CORPORATION: SUCCESS FACTORS AND
CHALLENGES**

by

David Siphosethu Saki

Submitted in partial fulfilment of the requirements for the degree of
MA in Labour Relations and Human Resources (Research)
in the Faculty of Business and Economic Sciences
at the
Nelson Mandela University

Supervisor: Professor A. Werner
Co-supervisor: Professor M.R. Mey

Date: December 2020

DECLARATION

In accordance with Rule G4.6.3, I, David Siphosethu Saki (208021201), hereby declare that the treatise for the qualification of a Master of Labour Relations and Human Resources (Research) is my own work and it has not previously been submitted for assessment of any postgraduate qualification to another university or for another qualification.

David Siphosethu Saki

Place and Date

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude and appreciation to the following individuals, whose assistance made this dissertation possible.

- First, to almighty God who gives me wisdom and strength every day.
- Professor Amanda Werner for her encouragement and exceptional professional guidance during the study.
- Professor Michelle Ruth Mey for beginning this journey with me and ensuring that I remain on the right path.
- The National Research Fund and the Nelson Mandela University PGRS Funding which made it possible to fund my studies.
- Mr. Graham Terblanche who mentored and coached me in the field of Performance Management.
- The Coega Development Corporation (CDC) for granting me permission to conduct the empirical research and all of the employees who participated in the study.
- Carmen Stindt for her assistance with the statistical analysis.
- Lastly, my family and friends for their unending support they have shown me during this journey.

ABSTRACT

Public sector organisations often lack effectiveness in the implementation of an organisational strategy and seek out means of utilising a performance management system to ensure the productive implementation of its strategy (Auditor General South Africa, 2017). Therefore, it is important for organisations to utilise tools and techniques to ensure that the performance management system is efficiently implemented. Performance management is defined as a strategic and integrated approach aimed at delivering sustained success by using tools and techniques to improve the performance of people by developing the capabilities of teams and individual contributors (Armstrong, 2006).

The main purpose of the study was to identify success factors that contributed to the effective implementation of a performance management system and then determine the extent to which these factors have been successfully incorporated in the performance management system at the CDC. The literature review was conducted, highlighting the process of performance management, tools and techniques, success factors and challenges in order to effectively implement a performance management system.

In this study, a positive correlation between the PM purpose, success factors and tools revealed that the various success factors in relation to systems, resources, staff and measurement linked with the PM purpose. In addition, it was also revealed that the human resources component was considered as very important in driving an effective performance management system.

ACRONYMS AND ABBREVIATIONS

BSC	Balanced Scorecard
CDC	Coega Development Corporation
CSMART	Challenging, Specific, Measurable, Attainable, Realistic and Time-bound
DPSA	Department of Public Service Administration
HR	Human Resources
MBO	Management by Objectives
PDP	Personal Development Plan
PM	Performance Management

TABLE OF CONTENTS

DECLARATION.....	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
ACRONYMS AND ABBREVIATIONS	vi
LIST OF FIGURES	x
LIST OF TABLES.....	xi
CHAPTER ONE: INTRODUCTION AND PROBLEM STATEMENT.....	1
1.1 INTRODUCTION.....	1
1.2 PROBLEM STATEMENT AND RESEARCH QUESTIONS	5
1.2.1 Theoretical sub-research questions	6
1.2.2 Empirical research questions	6
1.3 RESEARCH OBJECTIVES.....	7
1.4 OUTLINE OF THE RESEARCH PROCESS	7
1.5 HYPOTHESIS.....	9
1.6 RESEARCH DESIGN AND METHODOLOGY.....	9
1.6.1 Methodology and justification	9
1.6.2 Population	10
1.6.3 Sampling	10
1.6.4 Measuring instrument.....	11
1.6.5 Nature of data collected	12
1.6.6 Data collection procedure	12
1.6.7 Data analysis techniques	12
1.7 ETHICS.....	13
1.8 DEFINITION OF CONCEPTS.....	13
1.9 ASSUMPTIONS.....	14
1.10 SIGNIFICANCE OF THE RESEARCH.....	14
1.11 OUTLINE OF THE STUDY	15

CHAPTER TWO: PERFORMANCE MANAGEMENT: PROCESS, TOOLS AND TECHNIQUES, SUCCESS FACTORS, CHALLENGES AND CURRENT TRENDS	16
2.1 INTRODUCTION.....	16
2.2 PERFORMANCE MANAGEMENT PROCESS	16
2.2.1 Performance management process defined	16
2.2.2 Key stakeholders in the performance management process in public organisations.....	17
2.2.3 Main components of the performance management process	21
2.3 PERFORMANCE MANAGEMENT TOOLS AND TECHNIQUES	25
2.4 SUCCESS FACTORS FOR IMPLEMENTING A PERFORMANCE MANAGEMENT SYSTEM.....	36
2.5 CHALLENGES IN IMPLEMENTING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM.....	47
2.6 CURRENT TRENDS IN PERFORMANCE MANAGEMENT	51
2.7 CONCLUSION	54
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY	55
3.1 INTRODUCTION.....	55
3.2 RESEARCH QUESTIONS	55
3.2.1 Theoretical sub-research questions	55
3.2.2 Empirical research questions	56
3.3 RESEARCH OBJECTIVES.....	56
3.4 HYPOTHESIS.....	57
3.5 RESEARCH DESIGN AND METHODOLOGY.....	57
3.5.1 Methodology	58
3.5.1.1 <i>Quantitative method</i>	58
3.5.1.2 <i>Qualitative method</i>	59
3.6 DATA COLLECTION METHODS.....	61
3.7 POPULATION.....	63
3.8 SAMPLING	63
3.9 MEASURING INSTRUMENT	66
3.10 VALIDITY AND RELIABILITY	67

3.11 DATA COLLECTION PROCEDURE	67
3.12 DATA ANALYSIS TECHNIQUES.....	68
3.13 POSSIBLE SOURCES OF ERRORS	70
3.14 ETHICS.....	71
3.15 CONCLUSION	71
CHAPTER FOUR: RESULTS / FINDINGS AND DISCUSSIONS	72
4.1 INTRODUCTION.....	72
4.2 SECTION A: ANALYSIS OF THE BIOGRAPHICAL AND OTHER INFORMATION.....	72
4.3 DESCRIPTIVE ANALYSIS OF RESULTS	76
4.4 INFERENTIAL STATISTICAL ANALYSIS.....	85
4.5 RELIABILITY OF SUB-SCALES PER FACTOR	95
4.6 CORRELATION ANALYSIS.....	97
4.7 SUMMARY AND CONCLUSION	98
CHAPTER FIVE: SUMMARY OF THE STUDY, MAIN FINDINGS AND RECOMMENDATIONS	99
5.1 INTRODUCTION.....	99
5.2 SUMMARY OF THE STUDY AND MAIN FINDINGS	100
5.3 EMPIRICAL RESEARCH QUESTIONS.....	103
5.4 RECOMMENDATIONS.....	108
5.5 THE LIMITATIONS OF THE STUDY	110
5.6 AREAS FOR FUTURE RESEARCH	110
5.7 CONTRIBUTION OF THE STUDY.....	110
5.8 CONCLUSION	111
REFERENCES	112
APPENDIX A: APPROVAL LETTER FROM THE CDC	123
APPENDIX B: ETHICS CLEARANCE LETTER	124
APPENDIX C: COVERING LETTER.....	129
APPENDIX D: QUESTIONNAIRE.....	130

LIST OF FIGURES

Figure 1.1: Outline of the research process	8
Figure 2.1: Role players in the performance management process in public organisations	18
Figure 2.2: Performance management process	21
Figure 2.3: Tools and techniques for implementing a performance management system	26
Figure 2.4: The Balanced Scorecard	33
Figure 3.1: Main differences between quantitative and qualitative research methods ...	60
Figure 3.2: Probability and non-probability sampling	64

LIST OF TABLES

Table 1.1: Study outline	15
Table 4.1: Responses according to gender	73
Table 4.2: Responses according to race	73
Table 4.3: Responses according to age	73
Table 4.4: Responses according to education	74
Table 4.5: Responses according to occupational position	74
Table 4.6: Responses according to position area	74
Table 4.7: Responses according to years of work experience.....	75
Table 4.8: Responses according to years of exposure to a performance management system	75
Table 4.9: Purpose of performance management.....	77
Table 4.10: Accountability in the performance management process.....	77
Table 4.11: Performance management process at the CDC	79
Table 4.12: Success factors for the implementation of performance management at the CDC	81
Table 4.13: Performance management tools and techniques.....	84
Table 4.14: General performance management: Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests.....	87
Table 4.15: Total variance for general performance management	87
Table 4.16: Factor Matrixa for general performance management	88
Table 4.17: Performance management process: Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests.....	89
Table 4.18: Total variance for the performance management process.....	89
Table 4.19: Performance management process: Exploratory Factor Analysis.....	90
Table 4.20: Success Factors: Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests.....	91
Table 4.21: Total variance for success factors for implementing a performance management system	92
Table 4.22: Exploratory Factor Analysis for success factors	93
Table 4.23: Tools and techniques: Total variance of performance management tools and techniques	94

Table 4.24: Reliability of items per factor extracted from the factor analysis	95
Table 4.25: Descriptive statistics for the factors - mean score and standard deviations	96
Table 4.26: Correlation analysis	97

CHAPTER ONE

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

Public sector organisations often lack effectiveness and efficiency in the implementation of an organisational strategy and seek out means of utilising a performance management system to ensure the effective implementation of the organisational strategy (Auditor General South Africa, 2017). The National Treasury (2017) in the Framework for Managing Programme Performance Information, emphasises that it is essential to measure performance results to ensure that public service delivery is efficient and economical as possible.

Performance management is defined as a process of creating a work environment or setting in which people are enabled to perform to the best of their abilities for the achievement of a shared goal (Nel et al., 2017). Performance management has also been defined as a strategic and integrated approach aimed at delivering sustained success by using tools and techniques to improve the performance of people by developing the capabilities of teams and individual contributors (Armstrong, 2006).

Attracting and sustaining the best employees in an organisation is critical for the performance of the organisation and its competitiveness. This is because employees are intangible and valuable assets in which an organisation can invest to enhance performance and achieve strategic goals (Mankin, 2009). Employees add value through their tacit knowledge which is often lost when employees leave an organisation. Knowledge management is therefore one of the critical aspects that cannot be separated from the performance management system of an organisation. Knowledge management, from a resource-based view, requires organisations to drive the process of enhancing performance by designing and implementing tools, processes, systems, structures and cultures to improve the creation, sharing and use of knowledge (Venter, 2014).

The South African Board for People Practices is an authoritative body representing HR practitioners and provides standards focusing on human resources development, ethics, governance and quality assurance. Organisations need to identify and develop their bench-strength by building a culture which defines the organisation's philosophy, principles as well as an integrated approach to talent (The South African Board for People Practices, 2014). Organisational culture is also important because it drives and influences the underlying values and beliefs in an organisation (Brown, 2006). Culture is important as it signals to employees what behaviours are expected, recognised or punished (Robbins, 2019). At the same time, culture creates identity and a sense of belonging which can lead to commitment (Bernard, 2017). Therefore, culture is an important feature in performance management as it assists in establishing an appropriate process methodology relevant to the needs and size of the organisation, which in turn, supports the development of a performance culture. For an effective performance management system to be implemented, it is important to translate and cascade broad organisational performance drivers into team and individual performance targets (The South African Board for People Practices, 2014).

One element, highlighted as critical in managing and sustaining employee talent, is that of establishing a credible performance management system that can identify employees who are performing outstandingly and employees whose performance is not satisfactory. Identifying employees who are performing outstandingly will enable the organisation to know and understand high potential employees and link them with key, future roles in the organisation through monitored development plans. Identifying employees whose performance is not satisfactory will enable the organisation to plan interventions that will improve the performance of these employees through performance development plans (Nammour, 2015).

This study focused on the implementation of a performance process in a public entity, namely a development corporation. In this respect, leadership is important. A report by the Auditor General South Africa (2017), reporting on national and provincial audit outcomes, reveals a need for leadership to drive performance more effectively. To drive

performance effectively, the Auditor General suggested a Plan, Do, Check and Act (PDCA) approach. Plan refers to clearly defining targets based on a strategic plan and annual budget. Do refers to record-keeping and continuous control. Check implies monitoring and taking corrective action, while Act refers to consistently investigating indicators of poor performance, as well as the creation of a culture of accountability. According to the Auditor General, a performance improvement strategy will not only improve audit results, but also improve the life of communities, and as such have a lasting impact.

The report of the Auditor General therefore highlights the issue of poor or ineffective performance in the public sector, and the need to cascade the performance management process down across departments and units, to individual level. It can be concluded from the above that for effective individual performance to occur, goal clarification, self-management, record-keeping, monitoring (by the manager) and creating a culture of continuous improvement are imperative. Both organisational and individual performance management must be aligned to ensure impact.

Research conducted by the Department of Public Administration (2017) shows that many performance management systems that are introduced, are not successful. The following challenges are identified:

- The system was a failure because a well-designed evaluation was not used to assess the effectiveness of the system in comparison to objectives.
- Measurement problems existed whereby the performance management system was largely dependent on the subjective judgement of a supervisor and the persona interaction between the supervisor and employee.
- Poor accountability frameworks existed as a result of poor management and poor implementation of policies and procedures.
- Disjuncture between unit and individual performance existed because there was no alignment between individual performance and the performance of the unit or organisation.

- The belief that technological systems could solve underlying problems if the performance management system was not well designed to fit the context of the organisation.
- Poor support from HR components whereby HR units provided insufficient support and guidance in the implementation of the performance management system.

This study was conducted at the Coega Development Corporation. The Coega Development Corporation is a state-owned enterprise (SoE) based in the Nelson Mandela Bay Municipality, with operations throughout South Africa. The corporation is mandated to develop and operate in the 11 500 ha Coega Industrial Development Zone (IDZ), which was established in 1999. To this end, the Coega Development Corporation is tasked with the responsibility of creating employment, providing training and development, SMME support and development opportunities to reduce unemployment, inequalities and eradicate poverty in the Eastern Cape, with a focus on Nelson Mandela Bay Metro in particular. According to the Annual Report of 2018/2019, the Coega Development Corporation's vision is to be the leading catalyst for the championing of socio-economic growth in the Eastern Cape (Coega Development Corporation, 2019).

The mission of the CDC was to be a champion for socio-economic growth by providing a competitive investment location supported by value added business services to effectively enable socio-economic development in the Eastern Cape and the rest of South Africa. To deliver the above-mentioned mission, it was critical to enter into a performance management system to efficiently and effectively deliver its mandate. The organisation used the Oracle ERP System (CDC Performance Management Policy, 2010) as its remuneration and reward system. The CDC received a Top Employer Award in 2018 as one of the organisations that have excelled in HR best practices by focusing more on talent strategy, workforce planning, learning and development, performance management, leadership management, career and succession management, and its organisational culture (Top Employers Institute, 2018). As such, one could expect the organisation to have a well developed and implemented performance management system.

This study therefore focused on identifying success factors that contributed to the effective implementation of a performance management system and then sought to determine the extent to which these factors have been successfully incorporated into the performance management system at the CDC.

This study is significant as it will contribute to understanding best practices and trends in how to implement a performance management system effectively in the public sector.

1.2 PROBLEM STATEMENT AND RESEARCH QUESTIONS

Performance management is considered as an important strategy in organisations to ensure that the objectives and strategies of that organisation are translated into actions (Armstrong, 2006). Armstrong (2006) further explains that in the public sector it has a role to ensure that service delivery is efficiently and effectively delivered to the community at large. However, van der Waldt (2006) and the Department of Public Service and Administration (2017) indicate that the implementation of performance management is often not successful. This could be because success factors for the effective implementation of performance management such as: a culture of accountability, leadership commitment, the change management process, system design and HR system integration, tools and techniques, IT infrastructure and support, rewards and recognition programmes, effective communication systems, and human resources systems are often not incorporated during the implementation stage (Barth & De Beer, 2018).

As previously iterated, the purpose of the study was to determine the success factors for the effective implementation of performance management that have been incorporated at the CDC.

The Department of Public Service and Administration (2017) suggests that to achieve a high degree of productivity, a good performance management system needs to be established to ensure that inputs are utilised effectively to deliver outputs that will have a

positive contribution to the outcomes of the organisational objectives and impact of service delivery.

This study is therefore significant in the sense that being able to effectively implement a performance management system and in utilising the success factors, organisations will be able to understand best practices and trends. The results of the study demonstrate practical solutions and can be utilised by organisations in the public sector for benchmarking best practices and trends that can be incorporated into policies and procedures and practices.

The main research question identified for the study was therefore formulated as follows:

To what extent has Coega Development Corporation incorporated success factors, tools and techniques in the implementation of their performance management system?

1.2.1 Theoretical sub-research questions

The following sub-research questions were developed from the main research question.

Sub-problem 1: What are the main components of an effective performance management system?

Sub-problem 2: What success factors influence the effective implementation of a performance management system?

Sub-problem 3: What tools and techniques can be used to assist the organisation to implement its performance management system?

1.2.2 Empirical research questions

The following research questions were developed to meet the above objectives.

Research Question 1: What are the main components of the performance management process used at the CDC?

Research Question 2: To what extent have success factors been incorporated into the performance management system at the CDC?

Research Question 3: What are the tools and techniques used in the performance management system at the CDC?

1.3 RESEARCH OBJECTIVES

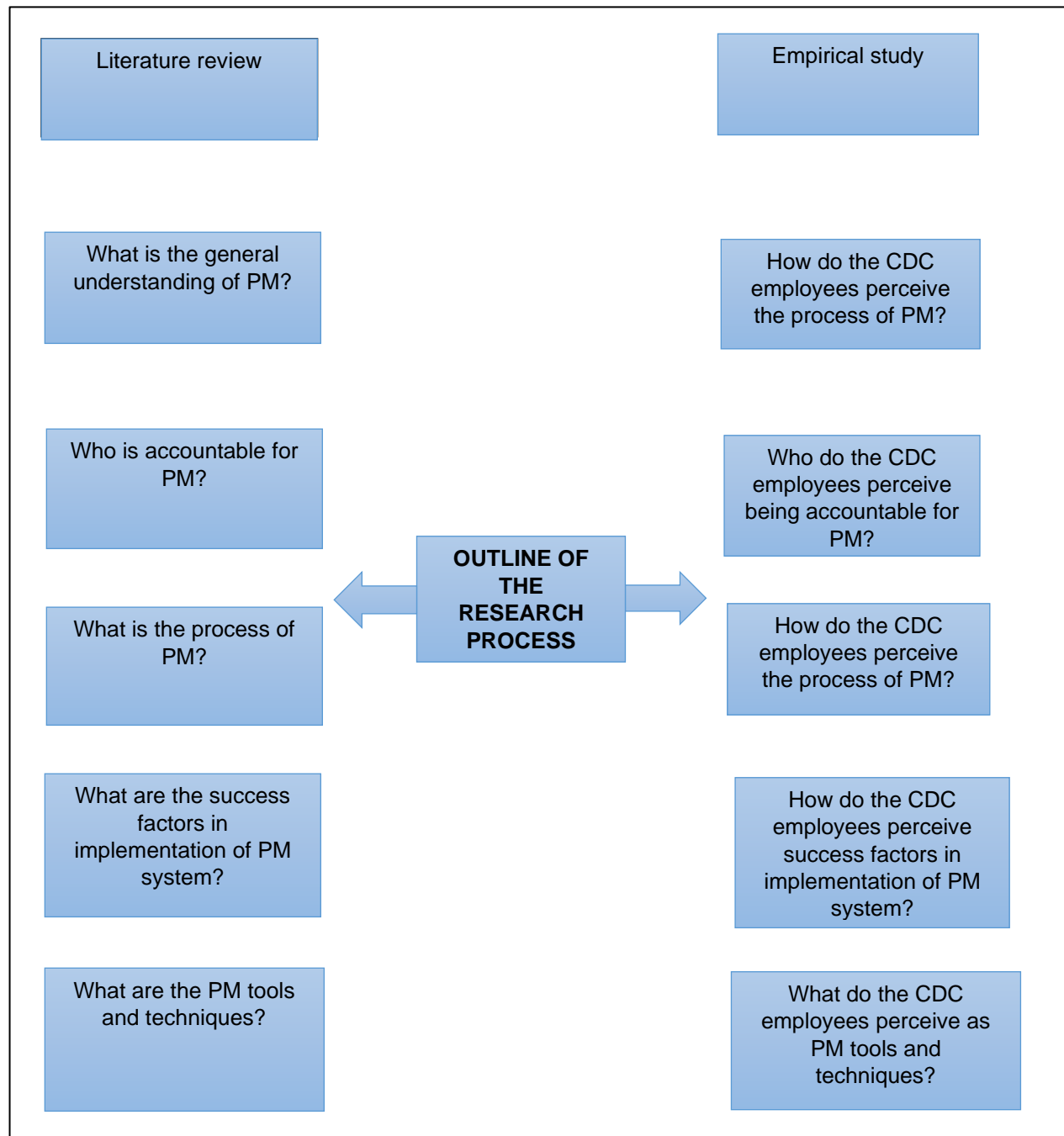
Based on the problem statement and sub-problems indicated above, the objectives of the study were to:

- Conduct a theoretical study to identify the main components, key success factors, tools and techniques that contribute to the effective implementation of a performance management system.
- Conduct an empirical study at the CDC to explore the extent to which the main components, key success factors, tools and techniques associated with effective performance management have been adopted by the CDC.
- Make inferences about the potential effectiveness of the implementation of the performance management system used at the CDC and provide recommendations for the improvement of the system.

1.4 OUTLINE OF THE RESEARCH PROCESS

The figure below provides a snapshot on how the literature review versus the empirical component of the study are outlined to ensure alignment.

Figure 1.1: Outline of the research process



Source: Own construction

1.5 HYPOTHESIS

A hypothesis is an assumption/assertion of an idea about a phenomenon under study. This hypothesis forms the basis of the entire research program. A hypothesis brings clarity, specificity and focus to a research problem, but it is not essential for all research programs. Hypotheses are based on the main and specific objectives of studies, and they direct a researcher to the type of information to be collected or not to be collected (Sahu, 2013). This study was exploratory in terms of the implementation of a performance management system at the CDC and as such, hypotheses were not formulated. The study did not investigate the effect of the performance management and therefore did not investigate a cause and effect relationship.

1.6 RESEARCH DESIGN AND METHODOLOGY

The purpose of the study was to explore success factors contributing to the effective implementation of a performance management system. The research method involved the collection of data via a survey to ensure that the research questions were addressed.

1.6.1 Methodology and justification

The quantitative research method is an approach that conceptualises reality in terms of variables and relationships between them, so therefore it tests, measures and restructures data. Quantitative research also focuses on testing theories by questioning respondents when collecting data to obtain a final decision. Quantitative research methods were used in this study to assist the researcher to collect information via a survey that consisted of a standard questionnaire to collect the data. The advantages of using a survey meant that respondents could express their opinions and concerns freely and confidentiality would be maintained (Miller, 2018).

1.6.2 Population

Population refers to a group of people from whom the researcher wishes to draw conclusions (Layder, 2018). The study was conducted at the CDC. The population of the study consisted of employees from different occupational levels, including senior managers, line managers and administrative officers at the CDC in Port Elizabeth. The workforce total at the CDC, at the time of this study, was 589 employees in the following categories: Industrial Development Zone Investment (203), Central Support Services (237) and External Consulting (149) (Coega Development Corporation, 2017).

For this study, a representative sample was drawn from the following occupational levels: senior managers, line managers and administrative officers. The sampling frame was drawn from a CDC headcount of employees, as they were based in Port Elizabeth on a full-time basis.

1.6.3 Sampling

Sampling is defined as a part or fraction of a whole or a subset of a larger set, selected by the researcher to participate in a research study. A sample consists of a selected group of the elements or units from a defined population (Maree, 2016).

The sampling frame consisted of senior management, line managers and administrative officers. The reasons for choosing the above sampling frame was to ensure representativeness of the respondents and to explore views and opinions. The sample size was 143 employees and the sample members were selected according to three occupational levels, namely senior management, line managers and administrative officers. The researcher wanted to ensure representativeness of the respondents and to explore views and opinions from white collar employees as they had a better understanding of the subject matter.

Stratified sampling ensures that a sample adequately represents selected groups in the population. Stratified sampling divides or classifies the population into groups based on some common characteristics such as gender, race or institutional affiliation. The classification should be done so that every member of the population is found in one of the stratum. Stratified sampling was used for the study as the study focused on different occupational levels within the organisation (O'Sullivan, Rassel, Berner & Taliaferro, 2017). The strata for this study were senior managers, line managers and administrative officers. Potential respondents in each stratum numbered 60.

1.6.4 Measuring instrument

As indicated, a questionnaire was used. The questionnaire consisted of five sections:

- Section A: Demographic information
- Section B: General performance management
- Section C: Performance management process
- Section D: Success factors
- Section E: Performance management tools and techniques.

Sections B, D and E consisted of close ended questions. Babbie (2016) indicates that a survey consists of a Likert rating scale with questions of a particular subject. Therefore, the study utilised a 5-point Likert rating scale format in which respondents strongly agreed, agreed, neither agreed nor disagreed to the extent to which they were in agreement with statements. For Section C, the scale ranged from annually (once a year), to bi-annually (twice a year), monthly/on-going to not used.

A pre-existing survey was benchmarked from an existing study in 2014 by Nico Nel of the Faculty of Business and Economic Sciences at the Nelson Mandela University was used to collect data. The total number of items included in the questionnaire was 47.

1.6.5 Nature of data collected

Biographical data namely: gender, race, age, level of education, level of current position, area of current position, years of experience and years of experience with a performance management system were collected. In addition, data related to a general understanding of performance management, the performance management process, success factors for the implementation of a performance management system and performance management tools and techniques were collected.

1.6.6 Data collection procedure

The researcher was granted permission to conduct the study at the CDC and the ethics number is: H19-BES-IOP-011. The data was collected in April 2019, as by that time the researcher had changed study course from a Master's course work degree to a full research Master's degree. Therefore, the FREC required a detailed proposal. The fully completed surveys were returned to the Corporate Services Department at the end of May 2019. The participation in this study was conducted voluntarily and responses were kept anonymous. The responses were captured on a MS Excel spreadsheet.

1.6.7 Data analysis techniques

The completed questionnaires were statistically analysed based on the different categories as per the format and content of the questionnaire. The researcher utilised coding to ensure that the information was analysed accordingly. The data was analysed using descriptive statistics such as item frequencies, percentages, mean scores and standard deviation. In addition, Exploratory Factor Analysis, Cronbach alpha and correlation analysis were used to find patterns in the responses. Descriptive statistics concerns the development of certain indices whereas inferential statistics concerns the estimation of population parameters (Kothari, 2004).

Exploratory Factor Analysis was used to determine whether specific components of the performance management system, tools and techniques, and success factors for the performance management process could be extracted and whether these correlated with each other.

1.7 ETHICS

DeCarlo (2018) explains that ethics in research methodology are critical because they enable the researcher to decide on the approach to be taken and they facilitate consideration of specific ethical issues by ensuring that informed consent, confidentiality, avoidance of harm, integrity and professionalism are considered. The researcher had applied for ethics clearance from the Faculty of Business and Economic Sciences ethics committee of the Nelson Mandela University. The application for ethics clearance was approved and the ethics number of H19-BES-IOP-011 was issued.

1.8 DEFINITION OF CONCEPTS

- **Individual performance management**

Aguinis (2019) defines an individual performance management system as a process of setting targets that will add value to the strategic goals and objectives of an organisation and then assess each individual contribution. Van der Westhuizen (2016) further explains that performance management focuses on the processes to be followed and performance appraisal focuses on the rating where the superior will rate employees using different rating scales.

- **Organisational performance management**

Bussin (2013) defines organisational performance management system as a process of translating the organisational strategy by setting clear strategic goals and objectives.

- **Human resources integration**

Gomez-Mejia, Balkin and Cardy (2012) define human resources integration as a process of integrating the human resources strategy with the organisational strategy both vertically and horizontally to ensure alignment.

- **Performance management**

Armstrong (2006) defines performance management as interlocking elements designed to achieve high performance. Within the system, performance management is carried out through the process of planning, goal-setting, monitoring, providing feedback, analysing and assessing performance, reviewing, dealing with underperformance and coaching.

- **Success factors**

Salem (2016) defines success factors as a combination of important factors required to accomplish one or more desirable business goals.

1.9 ASSUMPTIONS

For the purposes of this study, it was assumed that organisations will change due to internal and external pressures. Performance management systems help to translate the organisational strategy into actions, therefore it was critical to effectively implement a performance management system using the tools and trends that would add value to achieve the objectives and strategies of the organisation. It was also assumed that the success factors would contribute positively towards driving the implementation of a performance management system.

1.10 SIGNIFICANCE OF THE RESEARCH

In light of the above-mentioned assumptions, it is clear that a comprehensive analysis of the success factors for implementing an effective performance management system at the CDC was required. This was necessary as it was important to explore whether the performance management system was effectively implemented.

The results of the study could be utilised by:

- Employees who manage the performance of other employees, for example senior managers who have subordinates can raise concerns as to the effectiveness of the performance management system by providing direction and transparency in communicating and reinforcing the achievement of strategic goals and objectives.
- The Human Resources Department in terms of understanding the perception of employees of the current performance management system. This can enable the development of continuous improvement interventions on how best the performance management system can be implemented.
- CDC policy makers, who need to take into consideration the concerns of employees directly affected by the process, which will assist in the development of a more effective policy governing the process.
- Other state-owned enterprises, which may be about the effective utilisation of their performance management system as benchmark from this study.

1.11 OUTLINE OF THE STUDY

The study outline below indicates the order of the various chapters. These chapters of the various stages of the research indicate the flow of the research project in completion of the research project.

Table 1.1: Study outline

Chapter	Title of the chapter
1	Introduction of the study
2	Literature review
3	Research design and methodology
4	Results/findings and discussions
5	Summary of the study, main findings and recommendations

CHAPTER TWO

PERFORMANCE MANAGEMENT: PROCESS, TOOLS AND TECHNIQUES, SUCCESS FACTORS, CHALLENGES AND CURRENT TRENDS

2.1 INTRODUCTION

Chapter one introduced the study, the research questions and the objectives. It also outlined a plan for the study to respond to the main problem and sub-problems. The purpose of the study was to investigate the success factors contributing to the effective implementation of a performance management system in organisations and then to determine the extent to which these factors had been successfully incorporated into the performance management system at the CDC.

This chapter focuses on the process of performance management, key tools and techniques for performance management, success factors for implementing a performance management system, challenges in implementing an effective performance management system and the current trends in performance management.

2.2 PERFORMANCE MANAGEMENT PROCESS

In this section, the performance management process is defined on an organisational and an individual level, the key stakeholders in the performance management process are identified, and the main components of a performance management process are discussed.

2.2.1 Performance management process defined

The performance management process is a continuous process of planning, coaching and reviewing organisational and employee performance to achieve strategic goals (Nel

et al., 2017). According to Aguinis (2016), before the performance management process can proceed, two pre-requisites must be met. Firstly, the vision, strategic intent and strategic plans clarifying the existence of the organisation, its future positioning and goals need to be clarified. Secondly, employees must be knowledgeable about their jobs to have a clear understanding of the key performance areas and key performance indicators.

The report by the Auditor General South Africa (2017) demonstrates performance management as a holistic process embedded in the overall alignment of vision, strategy, culture and the performance management system. On an individual level, the performance management cycle consists of the following steps: clarifying expectations, planning to facilitate performance, monitoring performance, providing feedback, coaching, counselling and support, recognising good performance and dealing with unsatisfactory performance (Werner, Bagraim, Cunningham, Pieterse-Landman, Potgieter & Viedge, 2010).

2.2.2 Key stakeholders in the performance management process in public organisations

Mello (2014) outlines four key role players in the performance management process in public organisations as illustrated in Figure 2.1. These are central human capital institutions, line managers and supervisors and the human resources department.

Figure 2.1: Role players in the performance management process in public organisations



Source: Adapted from Mello (2014)

(a) Central human capital institutions in the public service

A central human capital institution in the public service refers to an organisation or body that is tasked with ensuring that the same standards, for example in terms of performance management systems and procedures or quota systems are applied across all institutions in the public service. In South Africa, the Department of Public Service and Administration (DPSA) and the Public Service Commission are examples of central human capital institutions responsible for overall human capital policy in the public service. The DPSA evolved out of the Public Commission in 1995. The Public Service Commission is established in terms of the Constitution of the Republic of South Africa (1996). The commission is made up of 14 commissioners. The function of the Public Service Commission in relation to performance management is the adjudication of grievances that cannot be resolved satisfactorily within line departments. The DPSA formulates broad

policy guidelines for the implementation of performance management by other public service institutions. It is important to note that the department does not have jurisdiction over municipalities and other semi state-owned institutions. The municipalities in South Africa are regulated by the National Department of Local Government and Traditional Affairs, which assumes accountability for service delivery in the local government sphere.

As such, public organisations such as the National Department of Local Government and Traditional Affairs should play an oversight role by frequently conducting monitoring and evaluation of the performance management processes applied in the public service to ensure that they have been developed and implemented in an effective and efficient manner. A well developed and implemented performance management process supports the mandate of the public sector to deliver effective services to the public.

(b) Employees

Employees are the main participants in the performance management process. They perform their key performance areas and key performance indicators. In return, the employers pay a salary to each employee and expect a return in the form of a full day's work that meets or surpasses set standards. Therefore, employees enter into a performance management system by agreeing on key performance areas and indicators, and then sign a performance agreement that entails the key performance areas and key performance indicators to be delivered on a quarterly and an annual basis (Choi & Moynihan, 2019). As such, employees are not passive recipients of performance management evaluations, but should play an active role in the process.

(c) Line managers and supervisors

Managers achieve results through people. Line managers and supervisors within the public sector have the responsibility to measure and motivate their subordinates. By doing so, it is very important for them to have attributes that could assist in the process, whereby line managers and supervisors have sufficient knowledge of the work performed by an employee. An understanding and ability to follow procedures and complete forms in the performance management process and evaluate the performance of their employees,

must be their strength. In addition, good communication skills are critical to ensure that the message appropriately reaches the right person at the right time. Furthermore, an ability to observe behaviour and apply a psycho-dynamic leadership style by influencing and persuading people, assists in rectifying behavioural issues and mentoring, coaching and counselling skills are essential (Sage & Walley, 2014).

(d) Human Resources Department

The human resources department is responsible for operational policy formulation that supports the performance management system. Not all line managers understand policies and specific details regarding the implementation of a performance management system. Therefore, the human resources department must be at the central space to conduct capacity building of all stakeholders and ensure that all other human resources functions are integrated in the performance management system (Kaufman, 2015).

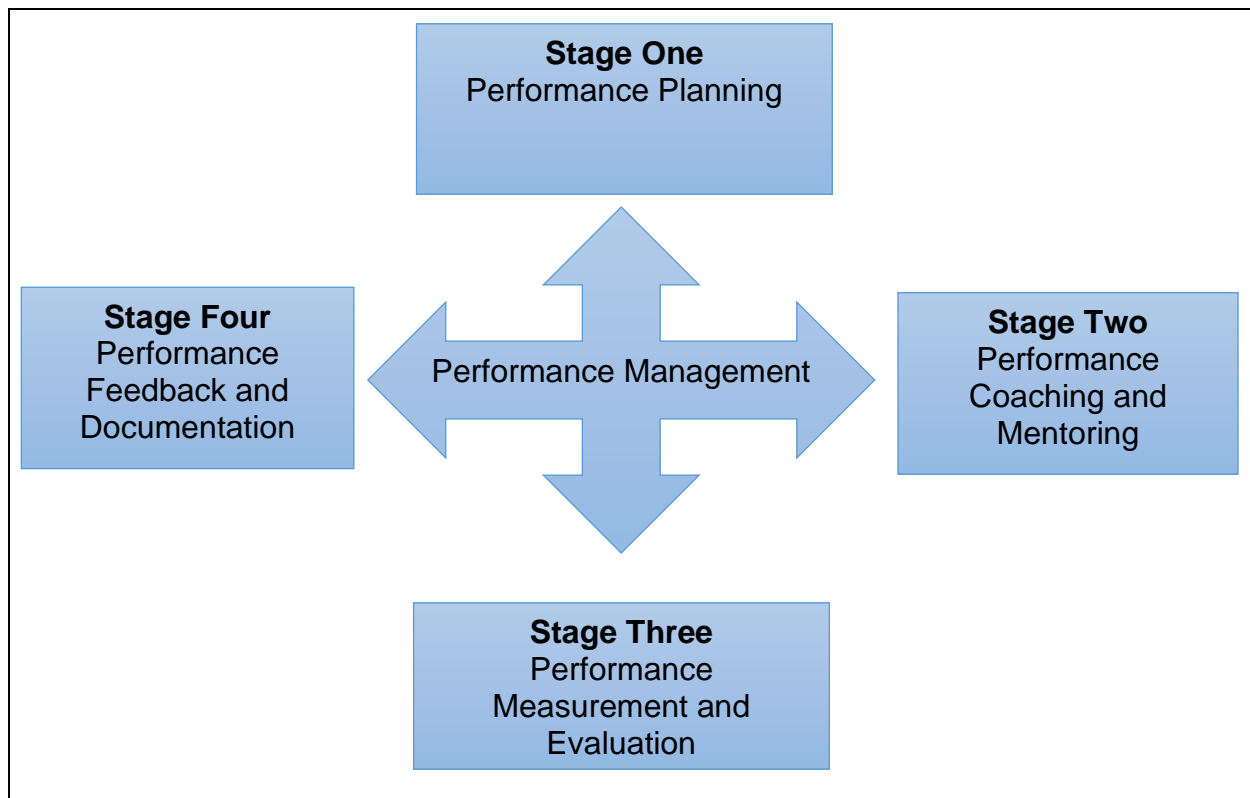
Almarzooqi, Khan and Khalid (2018) explain that utilising sustainable human resource management involves emerging HR strategies and practices. These strategies and practices enable organisational goal achievement, while simultaneously reinforcing the HR base through realistic performance indicators and futuristic plans. The role of human resources is also related to the creation of competitive advantages that are realised through the development of employees' skills and capabilities. The alignment of employee capabilities will enable the organisation to develop a succession plan that will later feed into the business strategy by recruiting talent, enhancing their knowledge through training, managing their performance and establishing a motivational reward system (Ulrich, 2014).

It is therefore evident that the success of a performance management system process depends on various stakeholders. Senior management need to provide strategic direction, commitment and drive. Employees have a responsibility to ensure that their goals are achieved by ensuring that their performance is frequently assessed, and feedback is given on a continuous basis to maintain transparency.

2.2.3 Main components of the performance management process

Nel et al. (2017) define the performance management process and it is illustrated in Figure 2.2 in terms of the following stages: performance planning, performance coaching and mentoring, performance measurement and evaluation, and performance feedback and documentation.

Figure 2.2: Performance management process



Source: Adapted from Nel et al. (2017)

Stage one: Performance planning

Performance planning is a process of directing, defining and clarifying performance expectations by setting realistic goals and targets. During performance planning, the line manager and employee discuss action plans that will assist in executing the set goals and targets. De Waal and van der Heijden (2015) indicate that during the planning stage, the following dimensions need to be considered.

1. Responsibility structure: The style of allocating tasks and responsibilities must be defined and applied consistently at all management levels.
2. Content: The organisation must use financial and non-financial performance information for key performance indicators.
3. Integrity: The performance information must be reliable, timely and consistent at all times.
4. Manageability: Performance management and performance reporting must be enabled through Information Communication Systems (ICT).
5. Alignment: The performance information must be aligned with other management systems, such as human resources, finance and operations to constantly monitor and reward good performance.
6. Accountability: Key performance indicators must align individual goals with organisational goals.
7. Management style: Senior management must be proactive and involved in the performance of the organisation and stimulate an improvement culture. At the same time, management need to consistently confront employees who are underperforming and address poor performance issues.
8. Action orientation: Performance information must be integrated into the daily activities of employees in such a way that problems are immediately addressed and corrective or preventive actions are taken.
9. Communication: Communication about the results must take place at regular intervals, as well as the sharing of knowledge and performance information between organisational units.

Stage two: Performance coaching and mentoring

Performance coaching and mentoring is a collaborative, ongoing process in which the line manager interacts with their employees and takes an active role and interest in their performance. In general, performance coaching involves directing, motivating and rewarding employee behaviours. A line manager checks progress and identifies the causes of poor performance, while providing guidance by coaching and mentoring the employee. Coaching is a more structured approach where an employee is given activities

that will enable them to breach the gaps that will later address poor performance. Line managers direct employees to think of their work and how it can be improved. Mentoring implies a voluntary process in which the line manager guides employees in terms of their career paths (Nel et al., 2017).

Mentoring also involves interim checks on the progress of employees (Armstrong & Murlis, 2007). The manager focuses on results achieved, as well as individual behaviours and team dynamics affecting the work environment.

Stage three: Performance measurement and evaluation

Nel et al. (2017) outline that employee performance can be measured by supervisors to compare employee performance to the performance standard expected. Organisations use different methods of evaluation, however the 360-degree method is a common method where employees are rated by their immediate supervisor, peers and subordinates, and this includes self-appraisal.

Other performance management frameworks that are used are Management by Objectives (MBO) and the Balanced Scorecard (BSC). Management by Objectives serves as a measure of performance because it is specific in nature. The Balanced Scorecard is a traditional performance evaluation method that is used to measure organisational performance and employee performance by assessing expected performance against the set targets and objectives by looking at functional areas such as finance, human resources, sales and marketing and operations management.

Armstrong and Murlis (2007) explain that there must be standardised measures of performance management to distinguish between the performances of employees. A clear performance management policy or framework needs to direct and guide employees and line managers on the measurement and evaluation criteria to be used.

Stage four: Performance feedback and documentation

Feedback is given on a continuous basis to ensure that employees understand their strengths and weakness in their roles. Line managers need to keep records of the performance reviews on a continuous basis to ensure that the information is kept safe. Employees are responsible to keep records of their own reviews throughout the year to remind themselves about what they need to improve on and what they are good at (Lazenby, 2014).

Aguinis (2016) explains that it is critical to provide constructive feedback as it helps the employee to understand the areas which need improvement. Feedback should be descriptive, detailed and focused on the action, but not on the employee. This will assist employees to understand where they stand in relation to the expected performance and behaviours. Line managers have a responsibility to consider the issues that need to be addressed and confirm facts and behaviour problems. Feedback is not a magic bullet for performance improvement, but it serves several important purposes (Ledford, Benson & Lawler, 2016). Feedback helps to build confidence regarding future performance. It also shows employees that their managers care about them. Feedback also develops competence where there is clear communication on what is expected and this helps employees to become more competent and improve their performance. Receiving feedback enhances understanding of the role and responsibilities of the unit or department. To enhance feedback, it is critical to adhere to timelines, be specific, verify information, be consistent, allow privacy and have a consequence management policy in place.

The South African Board for People Practices (2015) outlines that organisations should establish a good performance appraisal system. A good performance appraisal system should be carefully positioned within other elements of the performance management system. Aspects of performance that should be considered in appraisal include key performance indicators, performance against targets, goals, technical competencies and behavioural expectations. The organisational process for conducting performance appraisal should be well communicated to all employees. Results of performance

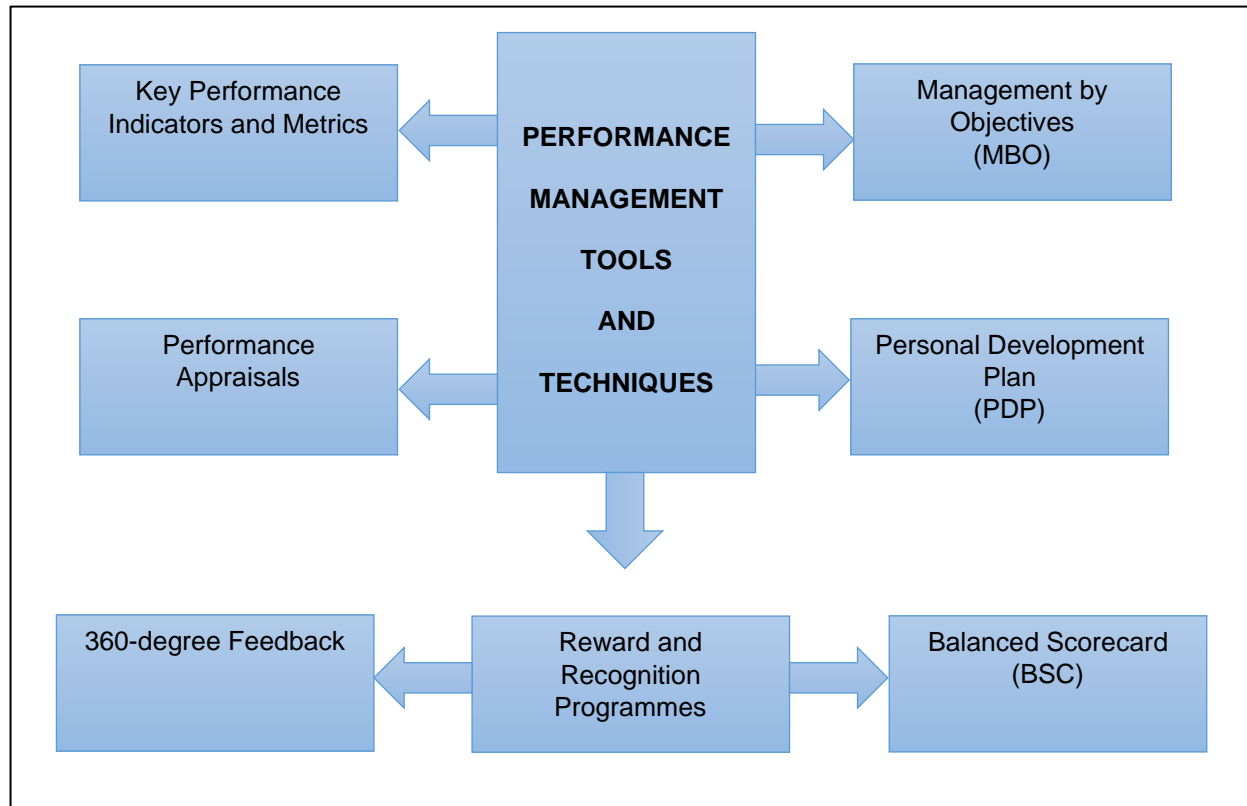
appraisals should be consolidated, audited and analysed to establish consistency across different parts of the organisation and consistency with business results.

Considering the information on the performance management system that is presented in this section, it is evident that an organisation should, along with clear objectives, adhere to the CSMART principle: Challenging, Specific, Measurable, Attainable, Realistic and Time bound to successfully manage employee performance in the performance management process. It is also evident that activities in the performance management process related to performance planning, such as coaching and mentoring, individual performance evaluation, informal and formal performance reviews and continuous feedback, could all play critical roles in ensuring the performance management system is well implemented. Various tools and techniques should be utilised to effectively implement a performance management system, as will be illustrated in the next section.

2.3 PERFORMANCE MANAGEMENT TOOLS AND TECHNIQUES

Performance management tools and techniques refer to the systems, policies and procedures used in the implementation of a performance management system (Barth & de Beer, 2018). The purpose of this study was to assess the implementation of a performance management system and it is therefore important to consult existing theory and empirical studies to identify tools and techniques that are not only unique to the performance management process, but specifically contribute to the successful implementation of performance management. Figure 2.3 illustrates the techniques and tools for implementing a performance management system.

Figure 2.3: Tools and techniques for implementing a performance management system



Source: Adapted from Marr (2018)

The tools and techniques presented in Figure 2.3 are outlined and discussed below.

(i) Key performance indicators and metrics

As indicated, performance management starts with creating clarity about the goals that need to be attained. Key performance indicators are tools used to measure how well organisations, business units, projects and individuals are performing in relation to their strategic goals and objectives. Key performance indicators enable good data that is driven by a performance conversation and this could lead to better decision making in terms of business planning (Marr, 2018).

(ii) Performance appraisal

Performance appraisal, discussed in stage three of the performance management process in Section 2.2.3, refers to commonly used performance tools to assess employees. However, to get the best results from these tools, employees must feel that the appraisal is conducted on a regular basis, and that it is an honest, fair and constructive two-way conversation. It is important to start the performance appraisal discussion with the results that lead into the personal actions that were taken to achieve the results (Nel et al., 2017). The focus of performance appraisal is to enact an accurate measurement system of employee behaviours to maximise individual performance and organisational productivity. Performance appraisal is not about control, but rather involvement within the rating process. It is important that the performance appraisal system involves employees because it enables them to receive constructive feedback immediately from their supervisors or line managers (Carley, 2015).

Rock, Davis and Jones (2014) indicate that when performance appraisal is used as a tool in a performance management system, the following concerns need to be considered:

- Status

In performance management rankings, organisations automatically signify a lower-status position, with pay levels and promotion prospects to match people's performances in the workplace.

- Certainty

The process of determining how people are rated is usually set in the human resources department. People may work as hard and as cleverly as they can, but they still do not know if they will get higher rankings in their performance appraisal.

- Autonomy

The level of control people have over their lives. In many organisations, hard work may not result in better results as there are unseen factors. Therefore, this relates to the degree of having control of the results of the rating.

- Relatedness

Relationships between employees could be affected by ranking due to the inherent presence of competition for resources. Cooperation and sharing should be encouraged.

- Fairness

Using ranking can result in experiences of unfairness, especially when all those ranked performed on similar and adequate levels.

Performance appraisal is therefore a valuable tool in the performance management process. However, performance appraisal should be consistent and fair. Validity and reliability measures must always be applied to ensure that there is no bias in the ranking of employees.

(iii) 360-degree feedback

The 360-degree feedback tool, also referred to in Stage Three of the performance management system process in Section 2.2.3, implies obtaining feedback on performance from various stakeholders. These stakeholders could include managers, supervisors, peers and customers. The insight from 360-degree feedback is used in the employee training and development process (Armstrong, 2015).

The 360-degree feedback system has become a preferred tool for helping employees in supervisory positions to identify their subordinates' strengths and weakness. Relevant interventions are planned to improve performance by gathering information on their performance from different groups. The information is recorded in their performance action plans. A 360-degree feedback system makes provision for information on dimensions for which there is agreement that further development is needed. The 360-degree feedback system is also used as a developmental tool because people are more likely to be honest if they know the information will be used to help them to improve their performance (Nel et al., 2017).

Various authors outline advantages of the 360-degree feedback system:

- Decreased possibility of biases

As these systems include information from more than one source, there is a decreased possibility of biases in the identification of employee weaknesses (Aguinis, 2016; Venkateswara, 2016).

- Increased awareness of expectations

Employees become very aware of other's expectations of their performance. This includes not only a supervisor's expectations, but also the expectations of managers, subordinates and customers (Agiunis, 2019).

- Increased commitment to improve

Employees become aware of what others think about their performance which increases their commitment to improve as information about performance is no longer a secret (Aguinis, 2016; Nel et al., 2017).

- Improved self-perception of performance

Employees who distort views of their own performance are likely to change as a result of the feedback received from other sources (Aguinis, 2016; Marr, 2018).

- Improved sources

Receiving information about one's performance paired with a good developmental plan is likely to lead to performance improvement (Aguinis, 2016; Armstrong, 2017).

- Reduced undiscussable issues

The 360-degree system provides an excellent opportunity to co-workers, superiors and subordinates to provide information about performance in an anonymous and non-threatening way. Many supervisors may feel comfortable about providing negative feedback, but a 360-degree system makes provision of such feedback easier (Bussin, 2013; Aguinis, 2016).

Therefore, 360-degree feedback is a valuable tool to be used in performance management, provided that other stakeholders do not actively participate in the performance appraisal process. Both positive and negative critics will assist the employee to understand if their performance is satisfactory or non-satisfactory and clear interventions will be devised to ensure that the performance gaps are closed.

(iv) Management by Objectives (MBO)

MBO is a process of ensuring that there is tight alignment between organisational goals and departmental, team and individual goals. Strategic goals are developed with the mission and vision of the organisation in mind and these goals are cascaded down to individual level. It is stated that it is more suitable for situations where work outcomes can be clearly defined and quantified. Each objective is achieved and people within the organisation are aware of their achievements which result in boosting morale and motivation in the workplace (Nel et al., 2017).

(v) Reward and recognition programmes

Reward and recognition programmes form an important part of any performance management system by creating a method for celebrating those who are high performers. For many organisations, this means providing financial rewards such as bonuses, but simple praise and recognition for a job well done are as important for maintaining morale and continued high performance (Bwowe & Marongwe, 2018). Organisations design rewards and recognition programmes based on the nature of their business. Therefore, rewards and recognition programmes may consist of financial rewards and non-financial rewards. Examples of rewards and recognition programmes include, but are not limited to, merit pay to individual awards and employee of the month certificates (Milkovich, Newman & Gerhart, 2014).

Rewards and recognition programmes are therefore valuable tools in performance management on the condition that these programmes are effectively implemented by aligning the rewards strategy to the performance management system and business resources.

(vi) Personal Development Plan (PDP)

The personal development plan assists the organisation, line managers and employees in identifying relevant training interventions to close performance gaps and future training and development interventions. Within the personal development plan, lies an action plan that is based on the reflection of individual performance and needs, while setting out goals for future performance and actions that will support personal development. Training needs analyses are conducted based on the results of employee performance. Therefore, a personal development plan contributes in driving the process of performance management by keeping records of interventions needed to improve employee performance (Mankin, 2009).

Meyer (2007) outlines the following objectives of a personal development plan:

- Improve performance in the current job

A good development plan helps employees meet performance standards. Sustain performance in the current job. A good development plan provides tools that employees can continue to use to meet and exceed performance expectations in the current job.

- Prepare employee advancement

A good development plan includes advice and courses of action that should be taken so that employees will be able to take advantage of future opportunities and career development. Specifically, a good plan indicates which new competencies and behaviours should be learned to help with career advancement.

- Enrich the employee's work experience

A good plan provides employees with opportunities for growth and to learn new skills. These opportunities provide employees with intrinsic rewards and more challenging work experience, even if new skills learned are not a formal part of their jobs.

A PDP is therefore a valuable tool in the performance management process if development needs are taken into account when implementing learning and development interventions.

(vii) Balanced Scorecard

The Balanced Scorecard is the best known performance management (Hayes, 2010). The Balanced Scorecard is a strategy execution tool that helps organisations to clarify strategies and communicate their business priorities and objectives. It also monitors progress by measuring the extent to which priorities and objectives are being delivered. Kaplan (2010) outline the performance perspectives that are typically addressed by a balanced scorecard.

- Financial perspective

This perspective focuses on measuring and managing financial targets related to cash flow, budgeting, expenditure and revenue management to effectively utilise resources (Ndevu & Muller, 2018).

- Customer perspective

The customer perspective relates to customer service satisfaction on service delivery performance, measured by customers in terms of the services that are rendered by the organisation (Hayes, 2010).

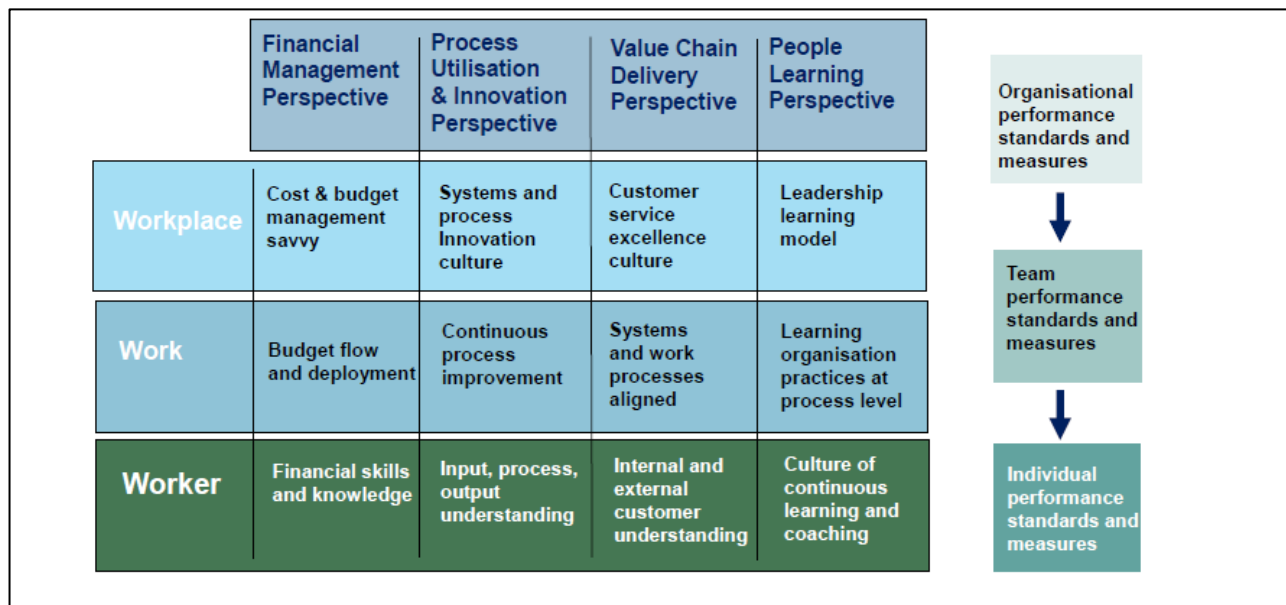
- Internal process perspective and learning

The organisation develops HR processes, operational processes, internal budgeting, accounting and budgeting processes. Learning enables organisations to acquire competencies by reinventing the above-mentioned processes to deliver services efficiently (Brewster, Carey, Grobler, Holland & Warnich, 2008).

- Innovation perspective

For continuous improvement, the organisation continues to improve and create value. Organisations have an ability to launch new products, create more value for customers and change the way of doing things by introducing new practices that will add value to the business (Nair, 2004).

Figure 2.4: The Balanced Scorecard



Source: Adapted from Viedge (2011)

According to Viedge (2011), the Balanced Scorecard can be used for the following purposes.

Measuring organisational performance

This aspect of a balanced scorecard focuses on the measurement of organisational performance by looking at the financial perspective of the organisation, with specifically measuring return on investment, economic value added and sales growth. The internal business perspective focuses on what the business should excel in to sustain the existence of the organisation.

Measuring team performance

An organisation cascades the Balanced Scorecard by conducting team assessments. This practice enables the heads of departments to see how their teams are performing by tracking the key components in the departments. The strength of the scorecard provides a simple concept and a diagnostic tool to ensure that organisations utilise the right processes and people to drive customer and business performance.

Measuring individual performance

This aspect focuses on individual performance in the workplace by conducting performance appraisals based on set targets, key performance areas and key performance indicators. Measuring individual performance also enables organisations to spot talent, motivate employees, promote meaningful work and reward good performers.

Pulakos (2009) emphasises that it is critical to introduce a computerised performance management system if organisations want to derive the best from the tools they are using. Automation of the performance management system is due to external pressures that force organisations to become current with technological systems to maintain competitive advantage and global competition. As such, these authors imply that when using the BSC, monthly, quarterly and annual performances should be tracked.

Dumitrescu and Fuciu (2009) outline nine steps for implementing an effective balanced scorecard:

Step 1: The implementation process starts with an assessment of the organisation's mission and vision, challenges, enablers and values. This first step also includes preparing a change management plan for the organisation and conducting a focused communication workshop to identify key messages, media outlets, timing and appointment of change agents to deliver the message across the organisation.

Step 2: The organisation's strategy is developed through workshops.

Step 3: The strategic elements developed in the first two steps are developed into strategic objectives, which are the basic building blocks of strategy and define the organisation's strategic intent. The objectives are first initiated and categorised by perspectives and are linked in the strategic theme and are then later merged to produce one set of strategic objectives for the entire organisation.

Step 4: The linkages between the organisational-wide strategic objectives are formalised in a strategy map. The strategy map outlines the direction or path that the organisation is intending to follow. The previously constructed theme strategy maps are merged into an overall organisational-wide strategy map that shows how the organisation creates value for its customers.

Step 5: The performance measures are developed for each organisational-wide strategic objective. Leading and lagging measures are identified, expected targets and thresholds are established, and baseline and benchmarking information is developed. Good performance measures provide a way to see if the strategy is working. The employee focus is on what matters most to success. Performance measures must allow the measurement of accomplishments, but not just of the work that is performed to provide a common language for communication to ensure that everybody understands their role.

Step 6: Strategic initiatives are developed that support the strategic objectives. To build accountability throughout the organisation, ownership of the performance measures and strategic initiatives are assigned to the appropriate staff and documented in the performance management information metrics.

Step 7: The implementation process begins by applying performance measurement software to get the right performance information to the right people, at the right time. Automation adds structure and discipline to implementing the Balanced Scorecard system.

Step 8: The organisational-level scorecard is cascaded down into business and support unit score cards, meaning that the organisational level score card is translated into business unit or support unit score cards and then later to team and individual score cards. Cascading is important to organisation alignment around strategy because it enables everybody to be held accountable for their key performance indicators. As the score card management system is cascaded down through the organisation, objectives become more operational and tactical, as do the performance measures. Accountability follows

the objectives and measures, as ownership is defined at each level. An emphasis on results and the strategies needed to produce results is communicated throughout the organisation.

Step 9: An evaluation of the completed scorecard is conducted on a continual basis. During this evaluation, the organisation will see whether the strategy has been successfully implemented and what measures need to be taken if there were drawbacks. However, it is very important to conduct monitoring and evaluation on a monthly basis to avoid stumbling blocks in the process.

It is therefore evident that the BSC is a valuable tool for performance management as it can be used on different organisational, team and individual levels. The BSC also gives a more holistic view of performance as performance is viewed from different perspectives. As such, it delivers an integrated approach to goal setting, performance measurement and problem-solving.

Having discussed the above tools and techniques that can effectively comprise a performance management system, it is imperative that organisations create a culture of exploring different tools, using an integrated approach in their performance system.

2.4 SUCCESS FACTORS FOR IMPLEMENTING A PERFORMANCE MANAGEMENT SYSTEM

The success factors are the key drivers in the success of any performance management system. These include factors such as leadership, alignment in the system, communication, culture, employee understanding of the purpose of performance management, fairness in the system, the ease of use of the system, employee voice and recourse, and perceived consequences or outcomes (Werner et al., 2010). In this section, these success factors are clustered into four themes: performance management system design and implementation, people, technology and process (Salem, 2016).

(a) Success factors for performance management system design and implementation

The performance management system design focuses on the approach that the organisation intends to utilise by establishing a performance management methodology and system for the implementation of the system. Alignment of the strategy and the ability to integrate with other functions such as human resources, operations, finance and performance management are important to ensure that the system is designed in a credible manner. This could assist the organisation to implement its performance management system effectively and for continuous improvement. In addition, the organisation can devise other strategies and interventions on how best to improve the performance management system on a continual basis (Armstrong, 2018).

- Linking performance management system to organisational strategy

The organisational strategy should form the basis for developing organisational functions and systems, such as the human resource management system which includes the performance management system. This alignment is required to translate the strategy into deliverables that will achieve the business goals and objectives. The mere presence of a strategic plan does not guarantee that this information will be used effectively as part of the performance management system. Countless organisations spend thousands of hours creating strategic plans that lead to no tangible actions (Armstrong, 2018).

Minnaar (2010) explains that it is very important to align budgets to strategy because budgets need to be realistic. The budget presents a plan that clearly links performance goals with estimated costs for achieving a target level of performance. Linking the strategy with the budget could enable the organisation to deliver the targets set and be able to execute projects and programmes that will later impact favourably or lead to good business results.

Venter (2014) emphasises that it is important for an organisation to adopt realistic strategic planning approaches by conducting internal and external environmental scanning analysis using PESTEL methodology. The internal environment consists of the following factors

namely, organisational structure, organisational culture, politics, processes and size. The external factors focus on the political, economic, social, technological and legal factors. The organisation could adopt a Management by Objectives (MBO) approach to achieve the intended goals, ensuring alignment between organisational goals, departmental, team and individual goals. This synergy will also enable employees to find it easy to execute operational activities to ensure that there is a shared vision.

- Designing and implementing an integrated system

The system design must be user-friendly as this will enable simplicity and flexibility for the users. The system must support the efforts of the organisation and individual users to assess the benefits of performance management, considering the opportunity to participate effectively in the performance management system. Lastly, the system needs to be designed in a way that it responds to the organisational structure and job design in the organisation to enable effective implementation of the performance management system (Aguinis, 2016).

- Continuous monitoring and improvement

Constant monitoring of the performance management system becomes critical as it enables the organisation to understand whether the targets set are achievable. In the event of poor performance, the organisation will be able to establish interventions that will improve the performance gaps. The system must also be designed in a manner that it can be audited by internal and external auditors for assurance and quality improvement. Performance monitoring and reporting are critical for employees and the organisation to be able to take corrective action and improve the system and performance (Meyer, 2007).

A synthesis of the above information highlights that before a performance management system can be established, it is very important for an organisation to conduct realistic strategic planning using relevant methodologies, thus linking the strategies and objectives. The design of a credible system to conduct continuous monitoring and improvement are critical to the successful implementation of a performance management system. A performance management system must be practical in a way that its context is

relevant to the industry of the organisation and it must be aligned to the organisational design and business planning process. The design of any system must suit the business needs. Therefore, designing and implementing an integrated performance management system could leverage and produce good results.

(b) Success factors related to people

The involvement of people in a performance management system is critical because people are key stakeholders who drive and perform the activities that incite the anticipated results in a performance management system. People involved in the performance management process include employees, trade unions, senior management, employer associations, board members, shareholders, customers and auditors.

People are perceived as assets in organisations where they add value by availing their skills, knowledge and experience in the workplace (Mankin, 2009). Therefore, a people centred approach, which includes setting clear targets, top management commitment to employees and staff involvement in the process, could make it easy to execute the performance management system as employees have a contractual obligation to the employer (Mello, 2014).

- **Clear targets**

During the strategic planning session, the organisation needs to set clear CSMART targets that will be achievable, while considering the available resources and how best they can be effectively utilised. Individual performance management becomes critical for assessing employee performance on a regular basis to ensure that the overall organisational targets and objectives are achieved. Therefore, employees must mutually agree to enter into a performance management system to deliver the set targets (Auditor General South Africa, 2017).

- **Top management commitment**

The effective introduction of performance management requires committed leadership with considerable skill and willingness to provide significant managerial investment and

reward to employees. The leadership in an organisation needs to provide strategic direction and support in any project that adds value to the objectives and goals of the organisation. Without leadership support, the followers will not feel valued and this will result in poor execution and implementation of the performance management system. Therefore, management commitment becomes very critical in driving an effective performance management system. During the performance management cycle, it is important for leadership to play two roles that focus on strategic planning and capacity building by setting direction in the key focus areas, goals and strategies to achieve the vision and mission and the return on investment on business goals (Pickering, Brokaw, Harnden & Gardner, 2014).

Leaders need to apply psychodynamic and transformational leadership styles related to energising and motivating people in the workplace. Interconnections between leaders, teams and individuals in an organisation mean that leadership in psychodynamic perspective needs to be applied to ensure behaviours are managed in an effective manner to achieve the objectives of the organisation. The strategic objectives and targets must be driven by leadership to ensure that the vision is translated into operational plans leading to attainment of the vision (Veldsman & Johnson, 2016).

- Staff involvement in the design and implementation of the system

To involve staff in the design and implementation of a performance management system is critical, as they are the main drivers and end-users of the system. However, employees need to understand the system they are entering. The organisation has a responsibility to involve employees in each phase or step of implementing performance management. Trade unions and employer associations are the voice for employees, therefore organisations needs to bring people on board to get buy-in. Therefore, employee engagement becomes critical as employees need to be motivated during the development of the performance management system as this can have great impact and bring success (Sole, 2009).

- Skilled information technology and human resources experts

When introducing a performance management system, it is critical to ensure that there are skilled people running the system. Human resources provide technical expertise on policies and plans that will drive the implementation of the system and provide guidance to the organisation. Information Technology experts provide technical support on how to operate the performance management system using an electronic system (Pulakos, 2009).

- Staff training

Training becomes a critical part of rolling-out a performance management system as employees need to be orientated in the system and have an opportunity to probe questions that will later assist in improving the system to suit the needs of people. Continuous training of employees will provide direction in a performance management system, allowing it to be effectively utilised (Meyer, 2007).

A synthesis of the above information highlights that people are the key drivers who can add value to the success of a performance management system by adding their human and technical expertise while taking ownership. Without people, organisations do not exist, therefore a people-centred approach is necessary in driving and implementing a successful performance management system.

(c) Success factors related to technology

Technology becomes one of the critical tools in the performance management system as it assists organisations to integrate performance information with other human resource functions. Technological factors consist of IT infrastructure such as electronic systems, cloud software and data mining software. The benefits of utilising technological factors in performance management include the increase of goal visibility as well as boosting shared accountability, eliminating paperwork, formulating data analytics that assist in decision-making and lastly the easier implementation of performance management best practice (van der Waladt, 2006).

- IT infrastructure and support

An automated performance management system enables the organisation to increase efficiency and effectiveness when implementing their particular system. Good support from the IT department is very important as any issues and errors may occur, therefore the technical support from the IT department will add value in the effective implementation of the performance management system. Having effective performance management tools are therefore critical. Automation of a performance management system is derived from external pressures that force organisations to be current with technological systems to maintain competitive advantage and global competition (Pulakos, 2009).

Marr (2006) indicates that automation, as an enabler, is critical for any organisational performance management processes. The following benefits of automation need to be considered by organisations to improve the implementation of a performance management system.

- Communication/collaboration

Strategic performance information to employees and other stakeholders teach them more about the organisation and its intended strategies and goals. Employees will understand the organisation's strategic direction if they are involved in all of the processes and if it is better communicated to people. Therefore, software solutions can display strategic performance information in various formats and with personalised user interfaces. The data can be visualised in a preferred format by making use of tables, graphs and speedometers.

- Data analysis

The second major benefit of strategic performance management software application is the ability to analyse performance data more effectively and comprehensively. The interactive drill-down capabilities within the software enable ways of exploring and analysing strategic performance data that consist of the following features: drill-down, data visualisation, trend analysis, impact analysis, correlation and regression analysis, multidimensional analysis, simulation and scenario features.

- Data integration and data management

The data issue is very critical in any performance management measurement system as any performance management system must be fed with relevant data that will integrate organisational targets and individual targets. Electronic performance management software could work in harmony with existing data sources to fulfil its function as a data integrator. This enables organisations to have a better picture of performance management trends and analytics to make the best, informed decisions.

(d) Success factors related to the performance management process

The process of performance management refers to performance planning, coaching, measurement, evaluation, feedback and documentation. Therefore, it is important to develop policies and procedures in support of the performance management process. When introducing a performance management system, factors relating to change management, an effective communication system, motivation and linking performance to incentives must be considered (Aguinis, 2019).

- Change management

When introducing a performance management system, change agents and a change management strategy become very important as employees do not adapt or buy-in readily to proposed change. This change management strategy must consist of strategies and change models that facilitate a better response to proposed organisational changes. During the planning stage, realities need to be considered and managed. The strategy must not be push, but pull because it explains what needs to be done. Attention must be given to the long-term implications of change. This is facilitated by designing a clear implementation plan with built-in time frames, monitoring and evaluation methods. A clear, impact-driven communication plan must be devised for employees (van Tonder, 2014).

- Role of effective communication

Communication should take place at regular intervals. Effective communication makes employees aware of the events and day-to day activities taking place and this can lead to increased employee engagement and commitment (Couturier & Sklavounos, 2018).

- Motivation and linking performance to incentives

Reward and recognition programmes are important parts of any performance management system. However, incentives need to be carefully considered by the organisation to ensure that there will be sustainable and continual improvement (Bwowe & Marongwe, 2018).

Kramar and Syed (2012) outline the criteria of effective performance management:

- Strategic alignment

Strategic alignment is the degree to which the employee's individual performance management system matches or fits the organisation's global business plan, therefore the employee's performance objectives should be aligned with the manager's performance objectives. The performance criteria need to identify and fit with the organisation's conceptual criteria. The Balanced Scorecard system is the most used method of developing strategic congruence by linking the organisation's long-term goals to its employees' short term actions.

- Validity

Validity and reliability are statistical terms at the centre of most research into various aspects of performance appraisal. Validity refers to the fact that people are being measured in areas that are truly important to the organisational objectives and deals with the extent to which a performance measure assesses all of the relevant aspects of the job. If a performance management process lacks validity, it does not measure all aspects of an employee's performance.

- Reliability

Reliability refers to the uniformity of performance and the freedom from random error. There are several types of reliability that are pertinent to the performance appraisal. The most important is interrater reliability which refers to the level of consistency among supervisors who are appraising employees. Evidence indicates that many supervisors are subjective, therefore their appraisal of employees will have a low reliability.

- Acceptability

The behavioural criterion of acceptability of a performance appraisal is a recent addition to the field. There is limited, available research literature on acceptability from the perspective of employees. Employees must understand the performance management process for it to be acceptable.

The relationship between purpose and acceptability reinforces the need for the performance appraisal to be surrounded in performance management rather than it to stand alone as a human resources event. For a performance appraisal to be acceptable, it must be ethical. One of the key intentions of an ethical performance appraisal should be to provide an honest assessment of performance. Some supervisors are competent and lawful in reviewing an employee's performance. However, if there is inconsistency in the ethical approach of a performance management process, the employee can become frustrated and demotivated.

Aguinis (2016) indicates the following characteristics of an ideal performance management system:

- Strategic congruence

The system should be congruent with the unit and organisational strategy whereby individual goals must be aligned with unit and organisational goals.

- Context congruence

The system should be congruent with the organisation's culture as well as the broader cultural context of the country. The importance of context in implementing a highly effective performance management system is emphasised.

- Thoroughness

The system should be thorough regarding four dimensions whereby all employees should be evaluated, major job responsibilities should be appraised, including performance spanning the entire review period and lastly feedback should be given on positive performance aspects, as well as those that are in need of improvement.

- Practicality

Systems that are too expensive, time consuming and convoluted would obviously not be effective. Good and user-friendly systems are available to help organisations.

- Meaningfulness

The system must be meaningful in several ways. First, the standard evaluations conducted for each job function must be considered to be important and relevant. Secondly, the performance assessment must emphasise only those functions that are under the control of the employee. Next, evaluations must take place at regular and appropriate intervals, as one formal evaluation for the system should provide for the continuing skills' development of evaluators. Lastly, the results should be used for important administrative decisions.

- Specificity

A good system should be specific. It could provide detailed and concrete guidance to employees about what is expected of them and how they could meet these expectations.

- Incisiveness

Good systems include input from multiple sources on an ongoing basis. The evaluation process must present the concerns of all people who will be affected by the outcome. Consequently, employees must participate in the process of creating the system by providing input regarding what behaviours or results will be measured and how. This is particularly important in today's diverse organisations, including individuals from different cultural backgrounds, which may lead to different views regarding what is performance and how it could be measured. The input about employee performance should be gathered from employees themselves before the appraisal meeting.

- Openness

A good system must have no secrets. The performance must be evaluated frequently and performance feedback must be provided clearly.

- Correctability

The process of assigning ratings should minimise subjective aspects, however it is virtually impossible to create a system that is completely objective because human judgement is an important component of the evaluation process.

- Standardisation

Good systems are standardised, meaning that performance is evaluated consistently across people and time. To achieve this goal, there must be ongoing training of individuals in charge of appraisals.

- Ethicality

A good system must comply with ethical standards. This means the supervisor should suppress their personal self-interest in providing evaluations. Enough information must be available and privacy must be maintained.

A synthesis of the above information highlights that these performance management system success factors are relevant and consistent, but it is important to remind organisations that these factors alone do not guarantee the successful implementation of an effective performance management system. Rather it provides a comprehensive idea of how to incorporate critical components that could drive a performance management system. The presence of leadership commitment, communication, people, change management, performance management organisational culture, resources and best practices in the implementation of policies and plans can yield successful implementation of a performance management system.

2.5 CHALLENGES IN IMPLEMENTING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM

The challenges of implementing an effective performance management system relate to the strategic planning process, business planning of performance information and evaluation.

(a) Lack of alignment

Lack of alignment is caused by various organisational processes created in isolation. There should be a link between strategy development, organisational structure budgeting and operational planning developed by different groups of people even if they have different frameworks. This results in a performance management system that lacks alignment between organisational, departmental and individual performances and organisational delivery (Armstrong, 2018).

(b) Resistance of staff to adapt to change interventions

Change management is one of the key interventions, integrated when introducing and implementing performance management. Therefore, resistance becomes a stumbling block that delays the process, as people fear change. Performance management experts, including senior management should act as change agents. In the public sector, organisations often outsource the organisational development function which could create resistance. In addition, internal factors relating to technical, behavioural and structural challenges are also stumbling blocks that prohibit transformation (van der Waltd, 2006).

(c) Organisational culture not supporting performance management

Cultural factors are critical components in performance management. Therefore, organisational culture needs to support the effective use of performance information, especially in accommodating new perspectives in the decision-making process. The institutionalisation of performance management relies on the likeness and participation of people. One of the challenges in performance management is to get buy-in and instil a performance-orientated organisational culture as changes in leadership, systems, practices and policies may result in miss-alignment in the performance management system. Consequently, performance management systems must be customised to business needs. It is believed that systems, structures, controls, rules and practices should be monitored and evaluated continually (Holzer, Ballard, Kim, Peng & Deat, 2019).

(d) Lack of commitment from leadership

Leadership in organisations drive initiatives in anticipation of positive results. The performance management system fails when leaders do not support or drive the system from design through to its implementation. A lack of knowledge among leaders about performance management means they do not invest adequate time in driving the process and monitoring progress. This lack of buy-in further results in a culture where the performance management system is not effectively supported and implemented (Ribeiro, Yucel & Gomes, 2018).

(e) Lack of support from the human resources department

The human resources department is critical in the effective functioning of a performance management system. HR process should be aligned with the performance management system, providing the right guidelines, training and recognition. Proper integration between other human resource functions and the performance management system can often be problematic, resulting in some human resources divisions not being able to provide strategic and operational support towards the performance management system. (Paauwe, 2004).

(f) Lack of buy-in from key stakeholders

When designing the performance management process, it is important to involve key stakeholders. Buy-in limitations regarding the involvement of key stakeholders can cause resistance. Some either refuse to accept the value of performance or they do not want to embrace the concept. For example trade unions are critical stakeholders, however there are often buy-in challenges due to poor relationships with leadership (Holzer et al., 2019).

(g) Lack of building a sustainable performance management system

To build a sustainable performance management system requires different components or characteristics to drive sustainability. As such, the performance management system itself must be continuously improved and it must drive continuous improvement in the organisation. Feedback must be obtained about the effectiveness of the system and the

role players in the system, and actions plans should be implemented for continuous improvement (Holzer et al., 2019).

(h) Lack of strategic focus

The organisation's overall strategy and goals must be integrated into the performance management process to deliver real business value. A well-designed process begins with focus. Having too many company goals and relying on a cascade process will cause employees to feel confused, unaligned and inefficient. For business growth, the organisation must simplify and prioritise organisational goals. Another challenge that organisations often lack, is the development of strategic mapping in creating synergies to enable the organisation to realize its strategic intent or direction (Venter, 2014).

(i) Lack of budgeting

It is important to have resources in place to implement a performance management system. Lack of budgeting may arise from little understanding of the budgeting processes and management not taking ownership in ensuring that divisions or departments have sufficient budget to execute their strategic and operational plans. In the public sector, the budget systems are regulated by National Treasury, however organisations fail to ensure alignment or synergy between projects and related budgets. This results in key performance areas and key performance indicators not being achieved (National Treasury, 2007).

(j) Ineffective ICT systems

Technological systems are the key drivers in implementing automated enterprise resource planning. Therefore, challenges lie with the design and context of the ICT systems that support the effective implementation of a performance management system. The capacity of the ICT staff is an additional pitfall, whereby they are not well capacitated to design and support ERPs. Lack of maintenance and updating of the ICT system can lead to inconsistency in collating, analysing and reporting performance information (Auditor General South Africa, 2017).

(k) Lack of understanding of the performance management system

Knowledge limitations result from a lack of experience and understanding of performance management principles within the organisation. With insufficient knowledge and clarity, comes an inability to measure and analyse performance data. Capacity building is one of the challenges whereby people are not provided with credible training, customised to their particular performance management system (Holzer et al., 2019).

2.6 CURRENT TRENDS IN PERFORMANCE MANAGEMENT

To identify success factors for the implementation of performance management, it is necessary to explore contemporary views. Organisations are operating in an ever-changing environment, therefore by reinventing performance management, organisations will ensure employees have the capabilities, skills and abilities to participate and enhance the performance of the organisation. A shift that is occurring currently, is the focus on the science of ratings as it has been discovered that the assessment of employees' skills produce inconsistent data (Buckingham & Goodall, 2015).

Two organisations that have made contributions in this regard are the Top Employers Institute (2017) and Deloitte (2019). Reinventing performance management is critical as organisations realise that the current process for evaluating, training, promoting and paying people accordingly, is out of step with organisational objectives.

According to Deloitte (2019), a new trend in performance management is to focus closely on organisational and team performance, in addition to individual performance. Therefore, organisations need to be restructured to ensure work is effectively arranged around teams to override the tendency of people to work in silos. Team coaching and stimulating self-directed learning are strategies used to add value to team performance (Maseko, van Wyk & Odendaal, 2019).

The South African Board for People Practices (2014) indicates the following issues that should be considered in contemporary performance management:

- Data on organisational performance is readily available and could be used to track trends and evaluate whether specific performance management interventions are impactful.
- Audits of compliance with performance management procedures could form part of regular internal audits.
- Feedback could be gathered from both line managers and employees on how easy they find using contemporary performance management tools.
- Performance management can be addressed in employee engagement surveys to check that the key principles of effective performance management are being applied.

The Top Employers Institute (2017) outlines four key performance management trends that are shaping the future of performance. These are discussed below.

(a) Key Trend 1: Performance culture as a foundation

Performance management evolves towards the creation of an organisational culture that promotes transparency and open feedback. This helps employees to improve both their individual performance and that of their teams on a continuous basis. According to Hayes (2014), the most effective philosophies for establishing a performance culture is that performance management should be fully aligned with organisational goals, values and culture. In addition, open, honest and constructive feedback will lead to continuous improvement. One of the best practices for establishing such a culture is manager/employee dialogue where robust engagement takes place regarding performance management issues.

(b) Key Trend 2: Agile and transparent goal setting

To stay competitive, organisations need to adapt and respond quickly to changing business needs and optimise new opportunities. The high level of instability within the commercial market has resulted in the traditional, inflexible, yearly cycle of goal setting becoming less effective. It is increasingly common for goals to be adjusted during the year if they become irrelevant, thus they are re-aligned in response to changing business needs.

(c) Key Trend 3: On-going coaching and feedback

Regular feedback is now an essential element of an effective performance culture. If organisations fail to create an environment based on trust, performance management processes will not have any significant impact on the improvement of performance. A shift in the mind-set of managers is necessary, where such managers need to be focused on creating an effective, continuous high-performance environment, with a performance culture that includes regular quarterly updates with their direct reports.

According to the Top Employers Institute (2019), human resource trends reports indicate that continuous feedback is the key driver in managing performance management. Conversations that are held continuously throughout the year, enable organisations to keep the goals and targets CSMART and employee teams undergo their annual performance with a clear understanding where they stand in terms of performance.

(d) Key Trend 4: Focus and collaborative evaluation

Organisations are becoming increasingly aware that business performance is not just the sum total of each individual's performance. Individual tasks are now being assessed in the broader work environment. A gradual shift has taken place from individual to collaborative evaluation to identify the key capabilities of social awareness, agility and flexibility, and this in turn has resulted in performance management having a much broader focus that includes collaborative evaluation.

In today's highly interconnected business world, the effectiveness of interactions between colleagues can no longer be seen in isolation. Employees operate in a personal ecosystem that consists of colleagues, peers, managers and clients. This new approach incorporates an examination of the employee's impact on the organisation and internal networks including enterprise collaboration, contribution to the performance of others through shared work and knowledge transfer, provision of feedback to peers and the offering of help to co-workers.

Contemporary performance management approaches emphasise the timing of feedback, as feedback must be regular and continuous, not necessarily given by the supervisor, but also by the operational system itself. This immediate and more objective feedback system, supported by technology, gives performance management more credibility.

2.7 CONCLUSION

In this chapter, the literature review covered the process of a performance management system, tools, techniques and success factors in effectively implementing a performance management system, as well as challenges that could be stumbling blocks in the implementation of performance management. The chapter concluded by outlining the current trends in performance management that could assist organisations to reinvent their performance management systems and adapt best practices that could add value to the performance management system of their organisation. Therefore, the next chapter addresses the research design and methodology used in the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Chapter two presented the literature review on performance management by outlining the relevant theory in support of the research questions and study objectives. This chapter focuses on the research design and methodology followed in executing the empirical component of the study. Research design is a process that entails the planning and implementation of a research project from identifying the problem through to reporting and publishing the results. The research design therefore includes the methods and procedures utilised by researchers to conduct scientific research (Creswell & Creswell, 2018).

Durbarry (2018) defines research methodology as a process of searching for knowledge on a specific topic by conducting a scientific investigation to resolve the problem statement. Bandalos (2018) indicates that the empirical research component focuses on observing, real-world experience, evidence and information as a way of developing and testing experience. The empirical research of the study was conducted at the Coega Development Corporation in Port Elizabeth.

The purpose of the study was to explore the success factors and challenges contributing to the effective implementation of a performance management system. In this chapter, the research method, population and sampling as well as data collection methods are presented and justified.

3.2 RESEARCH QUESTIONS

3.2.1 Theoretical sub-research questions

The following sub-research questions were developed from the main research question:

Sub-problem 1: What are the main components of an effective performance management system?

Sub-problem 2: What success factors influence the effective implementation of a performance management system?

Sub-problem 3: What tools and techniques can be used to assist the organisation to implement its performance management system?

3.2.2 Empirical research questions

The following research questions were developed to meet the above objectives:

Research question 1: What are the main components of the performance management process used at the CDC?

Research Question 2: To what extent have success factors been incorporated into the performance management system at the CDC?

Research Question 3: What are the tools and techniques used in the performance management system at the CDC?

3.3 RESEARCH OBJECTIVES

Based on the problem statement and sub-problems indicated above, the objectives of the study were to:

- Conduct a theoretical study to identify the main components, key success factors, tools and techniques that contribute to the effective implementation of a performance management system.

- Conduct an empirical study at the CDC to explore the extent to which the main components, key success factors, tools and techniques associated with effective performance management have been adopted by the CDC.
- Make inferences about the potential effectiveness of the implementation of the performance management system used at the CDC and provide recommendations for improvement of the system.

3.4 HYPOTHESIS

A hypothesis is an assumption/assertion of an idea about a phenomenon under study. The hypothesis forms the basis of the entire research program. A hypothesis brings clarity, specificity and focus to a research problem, but it is not essential for all research programs. Hypotheses are based on the main and specific objectives of studies, and they direct a researcher to the type of information to be collected or not to be collected (Sahu, 2013). This study was exploratory in terms of the implementation of a performance management system at the CDC and as such, hypotheses were not formulated. The study was to investigate the effect of performance management and therefore did not investigating a cause and effect relationship.

3.5 RESEARCH DESIGN AND METHODOLOGY

The purpose of this study was to explore success factors contributing to the effective implementation of a performance management system. The research method was undertaken to ensure the research questions were addressed by collecting data using a survey.

Durbarry (2018) explains research methodology as a process of searching for knowledge on a specific topic by conducting a scientific investigation to resolve the problem statement. Bandalos (2018) indicates that the empirical research component focuses on observing, real-world experience, evidence and information as the way of developing and

testing experience. The empirical research of this study was conducted at the CDC in Port Elizabeth.

3.5.1 Methodology

There are two major paradigms from which research is approached and these are the positivistic and interpretative paradigms.

The positivistic paradigm focuses on exploring social realities relating to rational proof of scientific assertions, assumptions of knowledge and objectivity (Kothari, 2004). The interpretative research paradigm focuses on exploring socially constructed multiple realities through the eyes of participants. The researcher explores these realities and then extracts meaning from it. The interpretative paradigm is therefore subjective (Babbie, 2016).

A positive research paradigm was followed in this study as the research was aimed at exploring realities and truth in an objective manner. The assumption was that the researcher could, by surveying the opinions of a larger representative sample of senior managers, line managers and administrative officers in an organisation, develop an objective understanding of success factors and challenges in the implementation of performance management.

3.5.1.1 *Quantitative method*

The quantitative research method is an approach that conceptualises reality in terms of variables and the relationships between them, therefore it tests, measures and restructures data. Quantitative research also focuses on testing theories by questioning respondents when collecting data to obtain a final decision. Quantitative research methods assist the researcher to collect information by utilising a survey that consists of a standard questionnaire to collect data. The advantage of utilising a survey is for

respondents to express their opinions and concerns freely while confidentiality is being maintained (Miller, 2018).

3.5.1.2 *Qualitative method*

Durbarry (2018) describes a qualitative research method as the process of gathering information which concerns the subjective assessment of attitudes and behaviours of respondents to give insight into the topic under research. Qualitative research generally examines people's words and actions in a narrative way. Babbie (2016) indicates that a study using a qualitative method is one in which the researcher works directly with a selected group of respondents. The advantage of utilising a qualitative research method is that it enables the researcher to collect information from a selected population to get more in-depth answers to the research problem or problem statement.

Krysik (2018) explains the difference between qualitative and quantitative research. Qualitative research focuses on an inductive process and is used to formulate a theory or hypothesis, and it is also more subjective where a problem or condition is described from the point of view of those who experience it. Quantitative research focuses on a deductive process used to test pre-specified concepts and statistical tests are used for analysis.

Adams and Lawrence (2019) explain that the reasons for utilising a quantitative research method are to explain phenomena by collecting numerical data and to employ statistical methods to test developed theories. Figure 3.1 presents the main differences between qualitative and quantitative research. In this study a quantitative research method was used and it is illustrated in a table, of how the characteristics of quantitative research applied to this study.

Figure 3.1: Main differences between quantitative and qualitative research methods

Quantitative Research as applied in this study	Qualitative Research
Quantitative research focuses on a small number of concepts. In this study, the focus is on the components of performance management, success factors and tools/techniques.	Qualitative research attempts to understand the phenomenon in its entirety.
In quantitative research, the researcher does not participate in the research data gathering, but is at a distance. In this study, questionnaires were self-administered by the respondents.	In qualitative research, the researcher participates in the research data gathering.
Quantitative research strives for control during the implementation of the research. In this study, the survey was conducted in a uniform manner and all respondents received the same questions.	Qualitative research has a shared interpretation.
Quantitative research develops and implements research instruments. In this study, a questionnaire as data collection tool was used.	Qualitative research uses communication and observations as research instruments.
In quantitative research, numbers are the basic element of analysis. The data from this study, obtained via a Likert scale, was quantified and analysed.	In qualitative research, words are the basic element of analysis.
Quantitative research focuses on statistical analysis of the data. For this study, descriptive and inferential statistics were used.	Qualitative research focuses on interpretation of content.

Quantitative Research as applied in this study	Qualitative Research
Quantitative research strives to generalize research results to a larger context. After conducting the study, generalisations about performance management at the CDC could be made.	Qualitative research focuses on understanding phenomena in multiple realities and the generation of theory.

Source: Adapted from Botma, Greeff, Mulaudzi and Wright (2010)

The reasons for utilising a quantitative method was that the researcher envisaged to collect information from a large number of people and use this combined data to make inferences about the performance management system used at the CDC. Data collected on the components of performance management, success factors and tools/techniques used at the CDC could then be compared against what was revealed in the theoretical study, therefore representing a deductive analysis.

3.6 DATA COLLECTION METHODS

Walliman (2018) explains that data is available in many forms, depending on its closeness to the event recorded. Primary data consists of data that has been observed, experienced or recorded (e.g. that obtained through a survey or interview), while secondary data is data that has already been interpreted and recorded (e.g. recorded in journal articles). Secondary data can also consist of existing written materials (e.g. organisational records), non-written materials (e.g. information from television programmes and radio programmes) and survey data (e.g. census of population, employment and household surveys). Jackson, McDowall, Mackenzie-Davey and Whiting (2016) point out that for quantitative approaches, data collection instruments include surveys, standardised measuring instruments and the kind of observation schedules that involve counting the number of times an event or activity occurs.

Layder (2018) outlines the following data collection methods:

- **Surveys**

Surveys are conducted with the specific intent of generalising the results to the population of interest. Surveys can be better controlled than cases studies and the information obtained is accessible. Two critical aspects of surveys are the development of a valid and reliable survey and the selection of the sample. However, because the intent is to generalise the results to the population, the sample must be representative. Probability sampling is representative of the randomness of probability that every member can be included in the sample.

- **Observation method**

The observation method is commonly used, especially in studies relating to behavioural sciences. Observation becomes a scientific tool and method of data collection, when it serves a formulated research purpose. Under the observation method, information is sought by way of an investigator's own direct observation of the situation without asking the respondents for input.

- **Experiments**

Experiments are used when the respondents are tested in terms of the data required. For example, experiments are conducted at a laboratory where an eye tracking and psychogalvanometer is used to test respondents' reactions to new advertisements. In social sciences, quasi-experiments can be used when respondents are subjected to pre-arranged conditions and their reaction to these conditions are probed.

In this study, a survey with a self-administered questionnaire was used to collect data. Beins and McCarthy (2018) view that the purpose of a survey is to collect quantitative data from the study population. The main way of collecting information in a survey is by asking people questions and their answers constitute the data to be analysed. The reasons for utilising a self-administered survey is that it enables respondents to express their views in an anonymous way and allows the measurement of variables with numerous values. Both the experimental and observation methods of data collection were not suitable methods for collecting information in this study, as these methods would have

required much more time and required the assistance of research assistants, potentially leading to research bias. The benefits of using a questionnaire include that there is a low cost even when the universe is large and widely spread geographically, they are free from interviewer bias, answers are recorded in the respondent's own words, respondents have adequate time to formulate careful answers, respondents who are not easily approachable, can also be reached conveniently and large samples can be used and therefore the results are dependable and reliable (Khotari, 2004).

3.7 POPULATION

Population refers to a group of people from where the researcher wants to draw conclusions (Layder, 2018). This study was conducted at the CDC. The population of the study consisted of employees from different occupational levels, including senior managers, line managers and administrative officers at the CDC in Port Elizabeth. At the time of the study, the workforce at the CDC was 589 employees in the following categories: Industrial Development Zone Investment (203), Central Support Services (237) and External Consulting (149) (Coega Development Corporation, 2017).

3.8 SAMPLING

Sampling is defined as a part or fraction of a whole, or a sub-set of a larger set, selected by the researcher to participate in a research study. A sample consists of a selected group of elements or units from a defined population (Maree, 2016). There are two major classes of sampling methods: probability and non-probability methods. Probability methods are based on the principle of random probabilities and probability theory, while non-probability methods are not based on these principles. Probability samples satisfy the requirements for the use of probability theory to accurately generalise to the population, while this is not the case with non-probability samples (du Plooy-Cilliers, Davis & Bezuidenhout, 2018). The researcher utilised probability sampling because the number of respondents from where the probability sample was drawn, namely the population of the CDC employees based in Port Elizabeth, was known in advance.

Gravetter (2018) outlines the following characteristics of a good sample design:

- It must have a truly representative sample.
- This design must have low sampling error.
- The design must be viable in the context of funds available for the research study.
- Systematic bias must be effectively controlled.
- Research results must be, in general, applicable to the universe with a reasonable level of confidence.

Figure 3.2 illustrates the differences between probability and non-probability sampling.

Figure 3.2: Probability and non-probability sampling

Probability Sampling	Non-probability Sampling
Simple random sampling is the basic sampling method for the statistical computation of social research. This sampling can only be used where there is a complete number of sampling frames of each element of the universe.	Convenience sampling is one where each respondent's participation is voluntary or where the interviewer selects sampling units.
Systematic sampling is used where there is a large universe, but an objective method of selecting sample members is required.	Judgement sampling is when respondents are chosen by an expert who provides a list of respondents whom he feels forms a representative sample.
Stratified sampling divides or classifies the population into groups, based on some common characteristics such as gender, race or institutional affiliation.	Quota sampling focuses on a specific number of respondents, chosen based on certain characteristics known or presumed to affect the subject of the research study.
Cluster sampling is based upon some classification variable or natural grouping and the entire population is divided into mutually exclusive and collectively exhaustive sub-sets called clusters.	Snowball sampling is as a judgement sample used for a small specialized target population whereby each respondent is asked to provide names of other respondents who qualify for the sample.

Source: Adapted from O'Sullivan et al. (2017)

The sampling frame for this study consisted of senior management, line managers and administrative officers. The reasons for choosing the above sampling frame was to ensure

representativeness of the respondents and to explore views and opinions. The sampling frame was drawn from the CDC headcount of employees as they were based in Port Elizabeth on a full-time basis, at the time of this study. The sample size range was 143 employees and the sample members were selected according to three occupational levels, namely senior management, line managers and administrative officers. Twenty potential respondents were selected from each stratum by instructing the information person to distribute the questionnaires according to the three occupational levels up to a total of sixty questionnaires. The researcher wanted to ensure representativeness of the respondents and to explore views and opinions from specifically white-collar employees as they would have a better understanding of the subject matter.

Stratified sampling ensures that a sample adequately represents selected groups in the population. Stratified sampling divides or classifies the population into groups based on some common characteristics such as gender, race or institutional affiliation. The classification should be done so that every member of the population is found in one of the strata. Stratified sampling was used for the study as the study focused on different occupational levels within the organisation (O'Sullivan et al., 2017). The strata for this study were senior managers, line managers and administrative officers. Potential respondents in each stratum was 20.

Having discussed the above-mentioned types of sampling, it was very critical to outline a sample that met the requirements and nature of the study. Therefore, stratified sampling focused on different characteristics such as race, gender, affiliation and representativeness. As the study sample focused on senior management, line managers and administrative officers, it was suitable to choose stratified sampling to ensure the data collection process was effectively executed.

3.9 MEASURING INSTRUMENT

The importance of measurement in research design is outlined in two critical areas (Khotari, 2004). Firstly, measurement allows researchers to quantify abstract constructs and variables. Secondly, the level of statistical sophistication used to analyse data derived from a study is directly dependent on the scale of measurement used to quantify the variables of interest.

The researcher utilised nominal interval scales as they allowed for the categorising and counting of answers without providing information about the size of the difference between them. Nominal scales provide convenient ways of keeping track of people, objects and events. The scale weighs any information that relates to varying degrees of attitude, skills and understanding (Heath, 2018).

As indicated, a questionnaire was used. The questionnaire consisted of five sections:

- Section A: Demographic information
- Section B: General performance management
- Section C: Performance management process
- Section D: Success factors
- Section E: Performance management tools and techniques.

Section A to Section E consisted of close-ended questions. Sections B, D and E contained a 5-point Likert scale ranging from strongly disagree to agree, while Section C consisted of a 4-point Likert scale, with intervals that ranged from once a year, twice a year, monthly / on-going and not used.

The questionnaire also contained a cover page that addressed the purpose of the study, ethical issues related to participation and instructions for completing the questionnaire (attached as Appendix C). The development of the Likert scale questionnaire was benchmarked from an existing study in 2014 by Nico Nel of the Faculty of Business and Economic Sciences at the Nelson Mandela University. The questionnaire measured the

perceptions of the performance management system by non-bargaining unit employees at Transnet Engineering.

3.10 VALIDITY AND RELIABILITY

Delvin (2018) emphasises that a test for good measurement in research methodology is that the instrument must meet the test of validity, reliability and practicality. Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Babbie (2016) explains two types of validity, namely content and face validity. Content validity refers to the extent to which a measuring instrument provides adequate coverage of a topic under study, while face validity refers to the quality of an indicator that makes it seem reasonable for some variables. This study applied content validity because the items were developed based on the theoretical study and the questionnaire was checked by an academic experienced in the field of research and performance management.

Reliability is another important test for good measurement and this indicates that consistent results are produced. Reliability focuses on the quality of the measurement and suggests that the same data could be collected each time, in repeated observation of the same phenomenon (Babbie, 2016). During this study, Cronbach alpha values and subscales were analysed to the value of greater than 0.7 in order to be deemed reliable. Each factor extracted was deemed reliable. To further explain, the combination of reliability and validity enables assurance and quality of the results produced in a research project.

3.11 DATA COLLECTION PROCEDURE

Once the questionnaire was developed by the researcher and approved by an experienced academic, hard copies were printed. The questionnaires were distributed by the researcher to potential participants via physical contact. Participants were allowed to complete the questionnaire in a convenient time period and the completed questionnaires

were collected by the appointed statistician. Anonymity was protected by placing the questionnaires in an envelope.

3.12 DATA ANALYSIS TECHNIQUES

Ruel, Wagner and Gillespie (2016) explain that data analysis for quantitative studies involves critical analysis and interpretation of figures and numbers to find the rationale behind the emergence of trends and main findings. Comparisons of the empirical research findings with the findings of the literature review are critically important in a quantitative research method. Kolb (2018) emphasises that the quantitative results from surveys need to be calculated. The data can then be analysed using descriptive statistics to find patterns in the responses. The basic analysis requires only counting and mathematics as numbers are compared for new meanings, while sophisticated analysis of findings requires knowledge of statistics and numbers are used to disprove or support a hypothesis. Gurnsey (2018) outlines the following critical steps in data analysis.

Step 1: Scrutiny of data

The scrutiny of data ensures the accuracy, uniformity and consistency of data. It also helps to understand whether the data set could be used for analysis towards fulfilling the objective of the study or not. In this study, this process was conducted under the guidance of a statistician.

Step 2: Arrangement of data

The arrangement of data assists in obtaining preliminary knowledge about the nature of the data set by understanding the maximum and minimum values of the observation. For example for Section B of the questionnaire, the maximum value was 5 and the minimum value was 1.

Step 3: Coding of data

Coding refers to a process of assigning numerals or other symbols to the responses so that these can be categorised. Coding should be done in such a way that data is non-

overlapping and all the observations are categorised in one of the categories framed for the purpose. In the study for example, the response for male/female was coded as BF_1.

Step 4: Classification of data

The classification of data focuses on the clustering of data with common characteristics or groups of different themes. This enables the researcher to align responses based on the questions in the survey by conducting a comparison between the questions and responses. For this study, the initial broad classification was on components of performance management, success factors and techniques/tools.

Step 5: Presentation and analysis of data

The presentation of data demonstrates the ultimate results of the data analysed in the empirical research component. Data is presented using pie charts, graphs, line diagrams, bar diagrams and histograms which enable the reader to visualise and make sense of it. The data for the study was captured in a Microsoft Excel spreadsheet and then analysed by a professional statistician. The researcher worked closely with the statistician to ensure the data had been scrutinised to ensure accuracy, uniformity and consistency. Descriptive statistical methods were used to analyse the data from the survey and the mean, mode, median and standard deviation, Kaiser-Meyer-Olkin and Bartlett's tests were calculated with the aid of statistical software. To further explain, the data was classified according to the thematic categories of the survey that enabled the data to be presentable.

Descriptive statistics concerns the development of certain indices, whereas inferential statistics concerns the estimation of population parameters (Khothari, 2004). Also included were item frequencies, percentages, mean scores and standard deviations. In addition, Exploratory Factor Analysis, the Cronbach alpha and correlation analysis were used to find patterns in the responses. Exploratory Factor Analysis was used to determine whether specific components of the performance management system, tools and techniques, and success factors for the performance management process could be extracted, and these were then correlated with each other.

3.13 POSSIBLE SOURCES OF ERRORS

Leavy and Harris (2019) indicate that the researcher must be aware of the sources of error in measurement. The following sources of errors were considered by the researcher:

- **Respondent**

At times the respondent may be reluctant to express strong negative feelings or it is possible that they may have very little knowledge, but may not admit the ignorance. To prevent such an error, the sample group for this study was carefully selected to ensure that people knowledgeable of performance management at the CDC would be included in the study.

- **Situation**

Situational factors may also come in the way of correct measurement. Any condition which places a strain on the survey can have serious effects on the researcher-respondent rapport. An example would be if a survey at an organisation is conducted during a strike.

- **Measurer**

The researcher can distort responses by rewording or reordering questions. Careless mechanical processing may distort the findings. Errors may also creep in because of incorrect coding, faulty tabulation and/or statistical calculations, particularly in the data analysis stage. This error was prevented by ensuring the data was inserted in the system using different coding for each category as per the questionnaire.

- **Instrument**

Error may arise because of a defective measuring instrument. The use of complex words, beyond the comprehension of the respondent, ambiguous meanings, poor printing, inadequate space for replies or response choice omissions are a few characteristics that make the measuring instrument defective and may result in measurement errors. To prevent this error, the researcher used one standard questionnaire printed in good quality print to ensure that the respondents were able to clearly view the instructions.

The researcher applied practical solutions by having detailed instructions for administering the test, used scoring keys, scrutinised evidence about the reliability and developed guides for using the test as well as for interpreting the results.

3.14 ETHICS

DeCarlo (2018) explains that ethics in research methodology are critical because they enable the researcher to decide on the approach to be taken, while considering specific factors such as informed consent, confidentiality, avoidance of harm, maintenance of integrity and upholding professionalism. During this study, the researcher took responsibility by ensuring that the data was kept secure. In addition, the researcher applied for ethics clearance through the Faculty of Business and Economic Sciences Ethics Committee at the Nelson Mandela University. The application for ethics clearance was approved and the ethics number is H19-BES-IOP-011.

3.15 CONCLUSION

This chapter presented the research methodology and design that were used during the empirical study. This chapter further discussed the general approach to the research by identifying the research questions and objectives, the particular research method used, population and sampling to determine respondents for the study. The measuring instrument, developed to collect and analyse data was also discussed. Lastly, sources of errors and ethics were identified to ensure that quality assurance was maintained. The next chapter will present the results and the data analysis for the empirical component of the study.

CHAPTER FOUR

RESULTS / FINDINGS AND DISCUSSIONS

4.1 INTRODUCTION

This chapter presents the research findings obtained through questionnaires sent to the respondents via a self-administered survey at the Coega Development Corporation in Port Elizabeth. In addition, this chapter presents a discussion of the research findings. The chapter is divided into five sections. Section A focuses on the sample profile or biographical information of the respondents. Section B focuses on general performance management aspects and specifically the purpose and accountability for driving performance management at the CDC. Section C focuses on the performance management process. Section D focuses on success factors for the implementation of a performance management system and Section E focuses on performance management tools and techniques.

The objectives of the study, as reflected in chapter one, were to investigate the success factors for implementing a performance management system and to explore the tools, techniques and practices adopted by the Coega Development Corporation for performance management. Therefore, this chapter presents the analysis, interpretation and discussion of the research findings in order to satisfy the objectives of the study.

4.2 SECTION A: ANALYSIS OF THE BIOGRAPHICAL AND OTHER INFORMATION

This section describes the respondents' biographical information relating to gender, racial group, age, level of education, current occupational level, area of current position, years of experience and years of exposure to the performance management system. Sixty questionnaires were received from the survey, but only 44 questionnaires were fully completed and useable. The final sample size was thus 44.

Table 4.1: Responses according to gender

Gender		
Gender	Frequency	Percent
Male	21	47.7
Female	23	52.3
Total	44	100

Table 4.1 shows that there were more female (52.3%) than male (47.7%) respondents. However, it is evident that gender was adequately represented.

Table 4.2: Responses according to race

Race		
Race	Frequency	Percent
African	31	70.5
Coloured	5	11.4
Indian	2	4.5
White	6	13.6
Total	44	100

Table 4.2 shows that 70.5% of the respondents were African, 11.4% were Coloured, 4.5% were Indian and 13.6% were White.

Table 4.3: Responses according to age

Age Category		
Years	Frequency	Percent
Less than 30	3	6.8
30 - 39 years	22	50
40 - 49 years	12	27.3
50 - 59 years	4	9.1
60 + years	3	6.8
Total	44	100

Table 4.3 shows that most respondents were between the ages of 30 to 39 of years, but other age groups were also represented.

Table 4.4: Responses according to education

Education		
Education level	Frequency	Percent
Degree/Diploma	19	43.2
Postgraduate	21	47.7
Other	4	9.1
Total	44	100

Table 4.4 shows whether the respondents completed diplomas/degrees or post graduate degrees. While 43.2% of the respondents indicated they had completed a degree/diploma, 47.7% indicated that they had completed a postgraduate degree and 9.1% indicated that they had completed other qualifications. It can be concluded that most respondents had a tertiary education and could be considered as professional employees.

Table 4.5: Responses according to occupational position

Occupational Position		
Occupational position	Frequency	Percent
Specialist/Professional	12	27.3
Middle Management	11	25
Senior/Executive Management	9	20.5
Other	12	27.3
Total	44	100

Table 4.5 shows occupational level, which was adequately represented. It is interesting to note that both the specialist/professional and other (administrative officers) levels were indicated at 27.3% of the respondents.

Table 4.6: Responses according to position area

Position Area		
Position area	Frequency	Percent
Operational	14	31.8
Supportive	26	59.1
Strategic	4	9.1
Total	44	100

Respondents were requested to indicate their position in the organisation. The results in Table 4.6 show that 31.8% of the respondents held operational positions, 59.1% were in support positions, whereas 9.1% held strategic positions.

Table 4.7: Responses according to years of work experience

Years of Work Experience		
Work experience	Frequency	Percent
less than 5 years	2	4.5
5 - 10 years	15	34.1
10 - 19 years	15	34.1
20 - 30 years	11	25
Total	43	97.7
Missing on the system	1	2.3
Total	44	100

Table 4.7 shows that only two respondents (4.5%) were employed for less than five years. It could therefore be assumed that respondents were experienced enough to comment constructively on a performance management system. This comment is supported by the relatively high level of education of the respondents as reflected in Table 4.4 and their more senior occupational positions.

Table 4.8: Responses according to years of exposure to a performance management system

Years of exposure to a Performance Management System		
Years of exposure	Frequency	Percent
less than 5 years	9	20.5
5 - 9 years	16	36.4
10 - 14 years	9	20.5
15 - 19 years	6	13.6
20 - 30 years	3	6.8
Total	43	97.7
Missing on the system	1	2.3
Total	44	100

Table 4.8 shows that 36.4% of the respondents had five to nine years of experience in a performance management system. An even response rate of 20.5% occurred between respondents with less than five years of experience and those with 10 to 14 years of experience.

The next part focuses on the sections of the questionnaire related to performance management.

4.3 DESCRIPTIVE ANALYSIS OF RESULTS

Descriptive analysis refers to numerical statements about the properties of the data (Haslam & McGarty, 2019). The results from Sections B to E of the survey questionnaire are presented in the same order as they appeared in the questionnaire. The questionnaire consisted of four main sections which dealt with the following aspects:

- Section B: General performance management (purpose and accountability)
- Section C: Performance management process
- Section D: Success factors for implementing a performance management system
- Section E: Performance management tools and techniques.

SECTION B: GENERAL PERFORMANCE MANAGEMENT AT THE CDC

Section B of the questionnaire included two questions, one relating to the purpose of performance management and the other relating to accountability for driving performance management at the CDC. Table 4.9 presents the results for the purpose of performance management (B1) and Table 4.10 presents the responses related to accountability in the performance management process (B2).

Table 4.9: Purpose of performance management

No	General Performance Management	Strongly Disagree (%)	Disagree (%)	Neither Agree/Disagree (%)	Strongly Agree (%)	Agree (%)
2.1	Achieving strategic goals	2.3	2.3	25.6	41.9	27.9
2.2	Translating strategic goals into actions	4.5	-	15.9	52.3	27.3
2.3	The role is not clear	27.9	37.2	16.3	11.6	7

Table 4.9 shows the responses of the general understanding of the purpose of performance management. In particular, it demonstrates that the combined agree and strongly agree responses (79.6%) are an indication that the purpose of performance management is seen to be linked to the translation of strategic goals into action.

The results indicate that the CDC employees understood the purpose of performance management. This concurs with Aguinis (2016) who indicated that performance management focuses on the organisation's mission and strategic goals. Venter (2014) emphasized that the strategic intent and direction is established by conducting strategic planning that defines the existence of the organisation and its future position.

Table 4.10: Accountability in the performance management process

No	General Performance Management	Strongly Disagree (%)	Disagree (%)	Neither Agree/Disagree (%)	Strongly Agree (%)	Agree (%)
2.4	Finance	20	20	20	12.5	27.5
2.5	Human Resources	2.4	-	14.6	36.6	46.3
2.6	Strategic Services	7.5	30	20	12.5	30
2.7	Everybody (All employees)	4.7	23.3	23.3	20.9	27.9

Table 4.10 shows responses on accountability in the performance management process. The combined strongly agree and agree responses (82.9%) give an indication that respondents believed that the human resources department was responsible for performance management system.

The results indicated that the HR department of the CDC was at a central point in ensuring that performance management was driven effectively. This is line with the suggestion of Kaufman (2015) that the human resources department is responsible for operational policy formulation to support the performance management system. Not all line managers understand policies and specific details regarding the implementation of a performance management system. Therefore, the human resources department must be at the central point to conduct capacity building of all stakeholders and ensure that all other human resource functions are integrated in the performance management system (Mello, 2014).

Fifty eight percent of the respondents indicated that everybody (all employees) were accountable for the performance management process. This result is encouraging as one would want to guard against performance management being forced upon organisational members. There is room to develop this perception of shared responsibility further.

A synthesis of the above-mentioned results, shows that the purpose of performance management was to serve strategic goals and their implementation, and that the HR department was considered to be mostly responsible for the system, although all employees have a role to play in ensuring that the system worked.

SECTION C: PERFORMANCE MANAGEMENT PROCESS

Section C of the questionnaire required the respondents to assess the inclusion of important aspects of the performance management process.

Table 4.11: Performance management process at the CDC

No	Performance Management Process	Annually (once a year) (%)	Bi-annually (twice a year) (%)	Monthly /ongoing (%)	Not used (%)
3.1	Performance plans	42.9	42.9	9.5	4.8
3.2	Coaching and mentoring	6.8	9.1	43.2	40.9
3.3	Individual performance evaluation	31.8	65.9	2.3	-
3.4	Informal performance reviews	9.3	11.6	30.2	48.8
3.5	Formal performance reviews	44.2	41.9	9.3	4.7
3.6	Peer review	2.3	9.1	27.3	61.4
3.7	Performance improvement plans	25	22.7	13.6	38.6
3.8	Performance management training	25.6	25.6	11.6	37.2
3.9	Self-appraisal	13.6	18.2	45.5	22.7
3.10	Continuous feedback	15.9	15.9	31.8	36.4
3.11	Team performance evaluation	22.7	25	18.2	34.1

Table 4.11 shows all the components of a performance management system. It is noted that performance management practices used on a monthly basis, were coaching and mentoring (43.2%), informal performance reviews (30.2%) and peer review (27.3%). Performance management practices that stood out as being used either once or twice a year were performance plans (85.8%) and individual performance evaluation (97.7%). This means that the CDC was implementing the performance management cycle.

The above is in line with the emphasis that authors such as Nel et al. (2017) place on performance management as an ongoing process and that the supervisor plays a central

role, for example through the coaching and mentoring of employees. In general, performance coaching involves directing, motivating and rewarding employee behaviours (Armstrong & Murlis, 2007). A line manager checks progress and identifies the causes of poor performance and provides guidance by coaching and mentoring the employee (Sage & Walley, 2014). Coaching is a more structured approach where an employee is given activities that will eliminate the breach of performance gaps before performance appraisal takes place. Line managers direct employees to think about their work and how it can be improved (Parsloe & Leedham, 2018). Mentoring is an approach where the line manager voluntarily establishes a relationship with subordinates to guide them in their career paths and to ensure career objectives are met (Connor & Pokora, 2017).

The questionnaire required respondents to indicate practices that were not used. The last column in Table 4.11 captures responses related to coaching and mentoring (40.9%), informal performance reviews (48.8%), performance improvement plans (38.6%), self-appraisal (22.7%) and continuous feedback (36.4%) as not used.

Peer review was indicated as a performance management practice least used, with 61.4% of the respondents provided a not used response. There was thus opportunity at the CDC for optimizing the use of these performance management aspects. The item team performance evaluation received the most distributed responses, with 22.7% indicating team performance evaluation was used annually. Twenty five percent of the respondents indicated that it was used twice annually, while 8.2% indicated that it was used monthly and 34.1% indicated that it was not used.

A synthesis of the results indicates that the majority of these practices were implemented in the performance management process. It is also evident that the CDC implemented the four stages of the performance management cycle, namely performance planning, performance mentoring and coaching, performance measurement and evaluation, and lastly performance feedback and documentation, as outlined by various authors (Bussin, 2013; Nel et al., 2017).

SECTION D: SUCCESS FACTORS FOR THE IMPLEMENTATION OF PERFORMANCE MANAGEMENT AT THE CDC

Section D of the questionnaire required the respondents to indicate how much they agreed that the listed success factors were present in the implementation of performance management at the CDC.

Table 4.12: Success factors for the implementation of performance management at the CDC

No	Success factors for implementation of a performance management system	Strongly Disagree (%)	Disagree (%)	Neither Agree/Disagree (%)	Agree (%)	Strongly Agree (%)
4.1	PMS is linked to the organisational strategy	-	9.1	25	43.2	22.7
4.2	PMS is designed and integrated with human resources functions	-	4.7	27.9	55.8	11.6
4.3	Continuous monitoring and reporting	-	14.3	42.9	31	11.9
4.4	Clear targets and business benefits	-	2.3	29.5	52.3	15.9
4.5	Top management commitment and support	-	4.7	27.9	53.5	14
4.6	Staff involvement in the system	-	9.1	25	47.7	18.2
4.7	Skilled resources running the system	-	9.3	30.2	51.2	9.3

No	Success factors for implementation of a performance management system	Strongly Disagree (%)	Disagree (%)	Neither Agree/Disagree (%)	Agree (%)	Strongly Agree (%)
4.8	Staff training and awareness are conducted on continuous basis	-	15.9	29.5	43.2	11.4
4.9	IT infrastructure and support	2.3	2.3	23.3	51.2	20.9
4.10	Effective data management system	-	9.3	23.3	48.8	18.6
4.11	Motivation and linking performance to incentives	4.5	4.5	20.5	47.7	22.7
4.12	Change management strategy for rolling out performance management	7.3	7.3	51.2	29.3	4.9
4.13	Effective communication system	2.3	7	25.6	53.6	11.6

Table 4.12 shows that the respondents agreed and strongly agreed that almost all of the success factors were present at the CDC. The exceptions were continuous monitoring, evaluation and change management for rolling out performance management. Even though the responses were mostly positive, respondents should stay cognizant of many of the items in the region of 25% (a quarter of responses) for which the respondents gave neither agree/disagree answers. This is contrary to the notion of Salem (2016) that the success factors are the key drivers to the success of any performance management

system. The success factors consisted of performance management system design and implementation, people, technology and the performance management process.

The CDC could improve on the above-mentioned success factors that are not being implemented because in terms of the theoretical perspectives (Werner et al., 2010; Salem, 2016), it is critical to conduct continuous monitoring and reporting of performance management as it helps to determine whether the targets are achievable (Meyer, 2007). In an event of poor performance, the organisation will be able to establish interventions that will improve the performance gaps. Change management is also a critical success factor when performance management is introduced in the organisation (van Tonder, 2014). Organisations need to have a detailed change management strategy that consists of strategies and change models that will better respond to the proposed changes within the organisation. A detailed implementation plan is also very critical as it will guide the implementation of change in an effective and efficient manner (Couturier & Sklavounos, 2018).

A synthesis of the results in Table 4.12, indicate that a majority of the success factors were applied and implemented, but some components of the success factors were not applied at the CDC. The results suggest that performance management success factors were effectively implemented at the CDC and that leadership, alignment in the system, communication, culture, a clear understanding of the purpose of performance management, fairness in the system, ease of use of the system, employee voice and recourse, and perceived consequences or outcomes were considered, even if these factors were not directly probed in the questionnaire.

SECTION E: PERFORMANCE MANAGEMENT TOOLS AND TECHNIQUES

Section E of the questionnaire requested the respondents to indicate the extent to which the following performance management tools and techniques were indicative of performance management at the CDC.

Table 4.13: Performance management tools and techniques

No	Performance management tools and techniques	Strongly Disagree (%)	Disagree (%)	Neither Agree/Disagree (%)	Agree (%)	Strongly Agree (%)
5.1	Key performance indicators and metrics	-	4.5	18.2	27.3	50
5.2	Performance appraisals	-	-	11.6	39.5	48.8
5.3	360-degree feedback	6.8	20.5	38.6	11.4	22.7
5.4	Management by objectives	2.5	12.5	25	27.5	32.5
5.5	Automated performance management system	-	13.6	34.1	20.5	31.8
5.6	Rewards recognition programmes	2.4	19	19	28.6	31
5.7	Personal Development Plan (PDP)	-	2.3	13.6	47.7	36.4
5.8	Balanced Scorecard approach	-	-	6.8	34.1	59.1

Table 4.13 reflects a majority of agree and strongly agree responses for performance management tools and techniques.

Based on the above-mentioned results, it is evident that the CDC utilised the majority of tools and techniques by incorporating policies, procedures and plans in driving performance management. These results can also be verified against a CDC Audit opinion from the Auditor General of South Africa (Coega Development Corporation, 2019) which was an Unqualified Audit Opinion, meaning that the audit reflected business financial statements that were transparent and compliant with generally accepted

accounting principles. In addition, planned performance targets were achieved. The results are also in line with the suggestion from Marr (2018) that performance management tools and techniques could assist in implementing an effective performance management system consisting of key performance indicators and metrics, performance appraisals, 360-degree feedback, Management by Objectives (MBO), reward and recognition programmes, the Balanced Scorecard method and a personal development plan. However, it should be noted that the results indicated in Table 4.13, at responses for item 3 (360-degree feedback), elicited responses that were widely dispersed across the Likert-scale and with 38.6% of the responses revealing a neither agree nor disagree stance.

A synthesis of Table 4.13 shows that the CDC had systems in place that assisted in implementing and leveraging the holistic performance management system and that the Balanced Scorecard method was indicated as the most observed performance management framework. This is in line with the suggestion from Hayes (2010) that the Balanced Scorecard is a strategy execution tool that helps organisations to clarify strategies and communicate their business priorities and objectives. The Balanced Scorecard can also be used to monitor progress by measuring the extent to which priorities and objectives are being delivered. The following section presents the inferential statistical tests used to further interrogate the responses received in the study.

4.4 INFERENCE STATISTICAL ANALYSIS

Inferential statistics are used to generalise research findings via analysis of a sample of the larger population from which the sample is selected (Haslam & McGarty, 2019). In this study in particular, inferential statistics were utilised to present and analyse the raw data obtained from the survey. The inferential results for the analysis of Sections B to E of the survey questionnaire are presented in this section. The purpose of the study was to investigate the success factors contributing to effective implementation of a performance management in organisations and then to determine the extent to which these factors had been successfully incorporated in the performance management system at the CDC.

Exploratory Factor Analysis is a tool used to make a number of decisions that are too often misinformed, to the detriment of theory, research and practice. The reasons for using Exploratory Factor Analysis manifest from the factor extractor method used to ensure that factors are verified for theoretical validity (Reio & Shuck, 2015). In this study, Exploratory Factor Analysis was used to determine whether specific components of the performance management system, tools, techniques and success factors for the performance management process could be extracted, and whether these factors correlated with each other. The reliability of the scales (Cronbach alpha coefficients) as well as the descriptive scores (mean scores and standard deviations) for the various scales and sub-scales are also provided and interpreted.

SECTION B: GENERAL PERFORMANCE MANAGEMENT (PURPOSE AND ACCOUNTABILITY) AT THE CDC

It should be remembered that Section B of the questionnaire focused on the purpose of performance management and accountability for performance management. For each of these aspects, different questionnaire items were included. Items related to the purpose of performance management included achieving strategic goals, translating goals into action and the goal is unclear. Items related to accountability referred to finance, human resources, strategic services and everybody (all employees). Exploratory Factor Analysis was used to determine whether distinct factors would emerge from Section B.

Before Exploratory Factor Analysis can be attempted, the Kaiser-Meyer-Olkin and Bartlett's tests must be used to determine the proportion of variance in variables that might be caused by underlying factors (Bracanti, 2018). Low variance is indicative of a lack of distinct factors.

Table 4.14: General performance management: Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests

KMO and Bartlett's Tests		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.662
Bartlett's Test of Sphericity	Approx. Chi-Square	25.516
	Df	3
	Sig.	0

The Kaiser-Meyer-Olkin (KMO) and Bartlett's tests measure the sampling adequacy for each variable in a scale, as well as for the complete scale. Values in the KMO are between 0.8 and 1, while values lower than 0.6 are considered inadequate (Adams & Lawrence, 2019). In terms of Section B (purpose and accountability), the KMO measure of sampling adequacy is 0.662, implying that the underlying variance is usable for factor analysis. This means that the detected variance signals meaningful differences in the data and that potential factors can be extracted. At the same time, the significance level indicated by the Bartlett's test is 0, which means that the variables in this scale are considered related and that a potential structure can be detected, therefore making the variables suitable for factor analysis (KMO and Bartlett's Test).

Table 4.15 represents the total variance for general performance management.

Table 4.15: Total variance for general performance management

Total Variance Explained						
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.946	64.852	64.852	1.452	48.408	48.408
2	0.627	20.913	85.765			
3	0.427	14.235	100			

Table 4.15 shows the initial Eigenvalues, which depict the amount of variance in the original variables (called factors), the percentage variance explained by each variable and the cumulative percentages. It is evident that three factors emerged, but that Factor 1

explained 64.8% of the variance and this factor therefore represents the three factors sufficiently. This is also illustrated in Table 4.16 which presents the Factor Matrix or factor structure.

Table 4.16: Factor Matrixa for general performance management

Factor Matrixa	
	Factor
	1
Q2.1	0.555
Q2.2	0.758
Q2.3R	0.754

From Table 4.16, it is evident that items four to seven under general performance management did not load onto any factor. This means that the factor analysis only extracted one factor based on items one to three and that this factor covered the purpose of performance management. The reason the items related to accountability (finance, HR, strategic services and everybody (all employees) did not load onto a factor, is that the variance between the variables were not distinct enough to reveal a structure.

The Factor Matrixa therefore displays that the three items used to measure purpose, distinctively measures purpose and that the strategic intent (item 1) can be deemed most important. Strategic intent therefore emerges as a significant factor in performance management.

SECTION C: PERFORMANCE MANAGEMENT PROCESS AT THE CDC

In Table 4.17, the Kaiser-Meyer-Olkin (KMO) and Bartlett's tests for measuring the sampling adequacy for each variable in a scale, as well as for the complete scale by showing how suited the data is for Exploratory Factor Analysis, are depicted.

Table 4.17: Performance management process: Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests

KMO and Bartlett's Tests		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.751
Bartlett's Test of Sphericity	Approx. Chi-Square	246.681
	df	78
	Sig.	0

Table 4.17 shows the sampling adequacy for each variable, meaning the interrelationships between the variables relating to the performance management process were tested. Based on the results, the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.751, meaning it is useful for the performance management process because it is greater than 0.5. This means that the Bartlett's test is significant (Chi-square = 246.681, df = 78, p-value = 0) and the Kaiser-Meyer-Olkin measure of sampling adequacy value is 0.751. Both values, as seen in Table 4.17, indicate that the data for performance management processes items is suitable to perform Exploratory Factor Analysis.

Table 4.18 shows the results of the variance of initial eigenvalues and extraction sums of squared loadings for the Exploratory Factor Analysis performed regarding the performance management process.

Table 4.18: Total variance for the performance management process

Total Variance						
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.764	43.311	43.311	4.212	38.288	38.288
2	1.204	10.948	54.259			
3	0.955	8.684	62.942			
4	0.893	8.117	71.059			
5	0.732	6.653	77.712			
6	0.622	5.656	83.368			
7	0.547	4.972	88.34			

Total Variance						
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
8	0.428	3.893	92.233			
9	0.346	3.147	95.379			
10	0.276	2.508	97.887			
11	0.232	2.113	100			

Table 4.18 shows a total percentage of 38.288% was accounted for in the factor structure represented in the Factor Matrixa. This value is lower than desired, however due to the exploratory nature of the research and the small sample size, it can be understood, while the results should be interpreted with caution.

Table 4.19 shows the results of the Factor Matrixa. This provides the factor structure of the items that loaded significantly together and are to be used in further analyses.

Table 4.19: Performance management process: Exploratory Factor Analysis

Factor Matrixa	
	Factor
	1
Q3.1	0.548
Q3.2	0.516
Q3.3	0.614
Q3.4	
Q3.5	0.706
Q3.6	0.782
Q3.7	
Q3.8	
Q3.9	0.67
Q3.10	0.715
Q3.11	0.798

Table 4.19 shows the factor structure shown in the 11 items and eight items loaded significantly onto the factor structure. The remaining three items in the performance

management process were informal performance reviews, performance improvement plans and performance management training. This indicates that these techniques were not as frequently used, in line with the other techniques. Based on the data analysis, the three factors did not load because the responses did not show enough correlation. Nel et al. (2017) explained that performance planning is a process of directing, defining and clarifying performance expectations by setting realistic goals and targets. Therefore, during performance planning, the line manager and employee discuss action plans that will assist in executing the set goals and targets.

SECTION D: SUCCESS FACTORS FOR IMPLEMENTING A PERFORMANCE MANAGEMENT SYSTEM AT THE CDC

In Table 4.20, the Kaiser-Meyer-Olkin (KMO) and Bartlett's tests for measuring the sampling adequacy for each variable in a scale, as well as for the complete scale by showing how suited the data is for Exploratory Factor Analysis, are depicted.

Table 4.20: Success Factors: Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.742
Bartlett's Test of Sphericity	Approx. Chi-Square	86.951
	df	28
	Sig.	0

Table 4.20 shows how suited the test is for Exploratory Factor Analysis. The test measures the sampling adequacy for each variable, meaning the patterns between the variables relating to the performance management success factors were tested. Based on the results, the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.742, meaning it is useful as it is greater than 0.5. This means that the Bartlett's test was significant (Chi-square = 86.951, df = 28, p-value = 0) and the Kaiser-Meyer-Olkin measure of sampling adequacy value is 0.742. Both values, as seen in Table 4.20, indicate that the data for success factors items was suitable to perform Exploratory Factor Analysis.

Table 4.21 shows the results of the variance of initial eigenvalues, extraction sums of squared loadings and rotations sums of squared for the Exploratory Factor Analysis performed, regarding the performance management process.

Table 4.21: Total variance for success factors for implementing a performance management system

Factor	Total Variance Explained						
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	5.736	44.122	44.122	5.331	41.011	41.011	4.051
2	1.759	13.534	57.656	1.4	10.768	51.779	3.591
3	1.196	9.198	66.853	0.853	6.563	58.342	4.152
4	0.935	7.195	74.048				
5	0.836	6.43	80.478				
6	0.613	4.718	85.196				
7	0.564	4.337	89.533				
8	0.386	2.973	92.506				
9	0.281	2.16	94.666				
10	0.24	1.849	96.516				
11	0.181	1.389	97.904				
12	0.179	1.38	99.285				
13	0.093	0.715	100				

Table 4.21 shows the initial eigenvalues which depict the amount of variance in the original variables (called factors), the percentage variance explained by each variable and the cumulative percentages. It is evident that three factors emerged, but principal axing factoring was used as the extraction method, meaning that when factors are correlated, the sum of squared loadings cannot be loaded to obtain total variance for success factors for implementing a performance management system.

Table 4.22 shows the results of the Pattern Matrixa. This provides the factor structure of the items that loaded significantly together and were used in further analyses.

Table 4.22: Exploratory Factor Analysis for success factors

Pattern Matrixa			
	Factor		
	1	2	3
Q4.1			
Q4.2			
Q4.3	0.768		
Q4.4	0.986		
Q4.5	0.624		
Q4.6		0.624	
Q4.7			0.668
Q4.8			
Q4.9			0.558
Q4.10			0.97
Q4.11		0.695	
Q4.12			
Q4.13		0.951	

In Table 4.22, the Exploratory Factor Analysis performed shows that three success factors were classified. System success factors were clear targets, continuous monitoring and reporting, top management commitment and support. According to Armstrong (2018), system factors focus on the approach that the organisation is intending to utilise by establishing a performance management methodology and the systems for the implementation of the performance management system. This means that the success factors related to the systems in performance management were implemented at the CDC. Staff success factors were employee involvement, communication and motivation. Mello (2014) emphasized that a people-centred approach, which includes setting clear targets, top management commitment to employees and staff involvement in the process, could make it easy to execute the performance management system because they are the job holders with a contractual obligation to the employer. This means that the success factors related to people involvement in performance management were implemented at the CDC. Resource success factors were skilled resources, IT infrastructure and support and effective data management. According to Pulakos (2009), when introducing a performance management system, it is critical to ensure there are skilled people with

human and technical expertise. Information Technology infrastructure provides technical support on how to operate the performance management system using an electronic system. Based on the above-mentioned pattern of responses, it is evident that interrelation existed between the variables in this section.

SECTION E: PERFORMANCE MANAGEMENT TOOLS AND TECHNIQUES

Table 4.23 shows the results of the variance of initial eigenvalues, extraction sums of squared loadings and rotations sums of squared for the Exploratory Factor Analysis performed regarding the performance management tools and techniques.

Table 4.23: Tools and techniques: Total variance of performance management tools and techniques

Factor	Total Variance Explained						
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3.323	41.536	41.536	2.808	35.099	35.099	2.491
2	1.406	17.574	59.11	0.915	11.433	46.532	2.117
3	1.03	12.872	71.983				
4	0.688	8.604	80.587				
5	0.484	6.056	86.643				
6	0.444	5.545	92.188				
7	0.342	4.275	96.463				
8	0.283	3.537	100				

Table 4.23 shows that the items loaded on to the two factors cannot be clearly distinguished from each other. For example the Balanced Scorecard, Management by Objectives, key performance indicators and 360-degree feedback are well known tools for goal setting and measurement. This could be the result of the smaller sample used in the study. Therefore, it was decided to include the total variance of performance management tools and techniques.

4.5 RELIABILITY OF SUB-SCALES PER FACTOR

The Cronbach alpha coefficient is used to measure the reliability of scales (Adam & Lawrence, 2019). The Cronbach alpha is used to measure reliability that ranges from 0 to 1, with 1 indicating high (perfect) consistency in terms of responses to items. A very high alpha coefficient (0.9 or 1) is deemed problematic, as the assumption is then that various items measure the same thing (variable). A low alpha coefficient is also problematic as it would imply that the scale consists of random items that do not relate to the intended construct. It is accepted that values of .60 to .70 are deemed the lower limit of acceptability (Hair, Black, Babin & Anderson, 2014), while values 0.7 and 0.8 are considered as good (Creswell, 2018). Table 4.24 indicates the Cronbach alpha values for the factors that were extracted through the factor analysis.

Table 4.24: Reliability of items per factor extracted from the factor analysis

Factor	Cronbach alpha
B_F1: PM purpose	0.716
C_F1: PM system	0.847
D_F1: Success factor: System issues	0.875
D_F2: Success factor: Staff issues	0.82
D_F3: Success factor: Resources issues	0.846
D-FT: Success factor: Total	0.889
E_F1: PMS tools: Measurement	0.721
E_F2: PMS tools: Management	0.707
E_FT: PMS tools total	0.889

Table 4.24 shows that the Cronbach alphas were above the cut-off point and therefore could be used as all of the factors were shown to be adequately reliable. This meant that the factors deemed as reliable for the various scales and sub-scales were significant.

Table 4.25 reveals the test performed for means scores and standard deviations, and shows the descriptive statistics for the mean scores and standard deviations that determine the variability of data and frequency of responses by testing the average scores.

Table 4.25: Descriptive statistics for the factors - mean score and standard deviations

Descriptive Statistics of Factors						
Descriptive Statistics						
	Factor Name	N	Minimum	Maximum	Mean	Std. Deviation
B_F1	Purpose	44	2	5	3.98	0.86
C_F1	PM process	44	0.38	2.75	1.49	0.75
D_F1	Success Factors: System	44	2.33	5	3.66	0.69
D_F2	Success Factors: Staff	44	1.33	5	3.72	0.79
D_F3	Success Factors: Resources	44	2	5	3.74	0.73
D_FT	Total	44	2.33	5	3.70	0.62
E_F1	PMS tools: Measurement	44	3	5	4.32	0.55
E_F2	PMS tools: Management	44	1.67	5	3.58	0.96
E_FT	Total	44	2.58	5	3.95	0.61

Table 4.25 shows that mean scores vary between 3.58 (performance management tools: management) and 4.3 (PMS tools: measurement), thus indicating responses leaning towards agree. The mean score for Factor C (performance management process) is 2.75. This scale was different to the other Likert scales as it ranged from annually, bi-annually, monthly/ongoing and never. The mean score of 2.75 is therefore an indication of monthly/ongoing.

The standard deviations range from 0.55 to 0.96 and are indicative of the PMS tools relating to management and measurement. A synthesis of the above-mentioned table indicates that the CDC effectively implemented the performance management process and success factors, as well as use tools for managing and measuring performance as indicated in the literature (Aguinis, 2016; Nel et al., 2017; Marr, 2018).

4.6 CORRELATION ANALYSIS

Correlational analysis is a statistical method used to measure the strength of the relationship between two variables (Schober, Boer, Lothar & Schwarte, 2018). The method used to conduct correlation analysis can indicate a high correlation which means that two or more variables have a strong relationship with each other, or a weak correlation which means that the variables are hardly related. Therefore, it is the process of studying the strength of that relationship with available statistical data (Adam & Lawrence, 2019). For this study, Table 4.26 presents the correlation coefficients for each combination of sub-scales and total scores per factor.

Table 4.26: Correlation analysis

Correlations									
	B1 Purpose	C1 PM System	D1 Success: System issues	D2 Success: Staff Issues	D_F3 Success Resources	D_FT Total: Success	E_F1 PMS tools: Management	E_F2 PMS: Tools: Measurement	E_FT Total of tools
B1 PM Purpose	1								
C_ PM System	0.229	1							
D1 Success: System issues	.408**	0.224	1						
D2 Success: Staff issues	.512**	.411**	.483**	1					
D3 Success: Resource issues	.398**	0.106	.557**	.632**	1				
D4 Success Total	.526**	.300*	.796**	.853**	.869**	1			
E1 Tools: Measurement	.436**	0.236	.463**	.537**	.539**	.612**	1		
E2 Tools: Management	0.127	.413**	0.278	.321*	0.193	.315*	0.239	1	
E Tools: Total	.299*	.433**	.431**	.498**	.398**	.528**	.645**	.896**	1

Table 4.26 shows that most of the factors correlate positively. The assumption could be made that performance management should be perceived holistically and that various components (factors) such as the systems, resources, staff, measure and management should not be seen as independent components as they are all interdependent. It should be noted that D2 Success: Staff issues correlates positively with purpose, the performance management system itself, success factors and tools. The human component in HRM is therefore considered to be very important.

4.7 SUMMARY AND CONCLUSION

In this chapter, the results from the empirical study were presented and discussed. In particular, the results obtained from the descriptive and inferential analysis were included. The reliability of statements and sub-sections of the questionnaire were determined by means of the Exploratory Factor Analysis and the Cronbach alpha.

The key findings of this chapter indicate that there was a general understanding of the performance management process and purpose. The method used for performance management was driven by the use of skilled technical and human resources (based on biographical results). Furthermore, the organisation was intelligent and innovative in involving all of its employees in all of the stages of the performance management system cycle. The tools, techniques and success factors incorporated by the CDC in the performance management system had a positive impact, resulting in efficient and productive implementation of the performance management system. It is also noted that practices relating to mentoring and coaching, individual performance reviews, performance improvement plans, self-appraisal and continuous feedback were not used, therefore for continuous improvement the CDC could consider these practices when reviewing its performance management system.

CHAPTER FIVE

SUMMARY OF THE STUDY, MAIN FINDINGS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents the conclusion and recommendations based on the research findings. In particular, the chapter includes a summary of the study and the main findings, followed by a discussion of the empirical research questions. Recommendations for further research are put forward, as well as the limitations experienced during this study. Of importance is the contribution of the study and the chapter continues with areas for further research before concluding the study.

The main objective of the study was to identify success factors that contribute to the effective implementation of a performance management system and then determine the extent to which these factors have been successfully incorporated in the performance management system at the CDC.

Based on the problem statement and sub-problems indicated, the objectives of the study were to:

- Conduct a theoretical study to identify the main components, key success factors, tools and techniques that contribute to the effective implementation of a performance management system.
- Conduct an empirical study at the CDC to explore the extent to which the main components, key success factors, tools and techniques associated with effective performance management have been adopted by the CDC.
- Make inferences about the potential effectiveness of the implementation of the performance management system used at the CDC and provide recommendations for the improvement of the system.

5.2 SUMMARY OF THE STUDY AND MAIN FINDINGS

The main research question and sub-research questions were presented in chapter one. The main research question was:

To what extent has the Coega Development Corporation incorporated success factors, tools and techniques in the implementation of their performance management system?

This study was conducted at the Coega Development Corporation. The Coega Development Corporation is a state-owned enterprise (SoE) based in the Nelson Mandela Bay Municipality with operations throughout South Africa. The reason for undertaking the study was that the CDC received a Top Employer Award in 2018 as one of the organisations that excelled in HR best practices by focusing more on talent strategy, workforce planning, learning and development, performance management, leadership management, career and succession management, and its organisational culture (Top Employers Institute, 2018). As such, one could expect the organisation to have a well developed and implemented performance management system.

The purpose of this study was therefore to investigate, from a theoretical perspective, the success factors, tools and techniques that contributed to the effective implementation of a performance management system and then to determine the extent to which these factors have been successfully incorporated into the performance management system at the CDC.

To resolve the main research question, certain sub-research questions were identified:

Theoretical research questions

Research Question 1: What are the main components of the performance management process used at the CDC?

A theoretical study was conducted to address this research question with the results presented in chapter two. In chapter two, it was stated by Nel et al. (2017) that the components of an effective performance management system consisted of the following stages: performance planning, performance coaching and mentoring, performance measurement and evaluation, performance feedback and documentation. De Waal and van der Heijden (2015) emphasized that during the performance planning stage, it was important to consider organisational structure, integration of performance information, communication and accountability before executing the planning. It follows that during the performance coaching and mentoring stage, as observed by Armstrong and Murlis (2007), interim checks should be done on the progress to address concerns and issues related to employee performance before performance measuring and evaluation. This shows that during the performance measurement and evaluation stage it is important to have standardized measures that were clearly defined in the performance management policy or framework. These standardized measures informed employees and line managers of the measurement and evaluation criteria to be used. In conclusion during the performance feedback and documentation stage, as suggested by Aguinis (2016) and Ledford et al. (2016), line managers must provide constructive feedback as this helped the employee to understand the areas that needed improvement.

Research Question 2: To what extent have success factors been incorporated into the performance management system at the CDC?

This research question was also addressed by means of the theoretical study which was presented in chapter two. Chapter two revealed the success factors that influenced the effective implementation of a performance management system included factors such as leadership, alignment in the system, communication, culture, employee understanding of the purpose of performance management, fairness in the system, the ease of use of the system, employee voice and recourse, and perceived consequences or outcomes (Werner et al., 2010).

To effectively drive performance management, the following success factors were identified:

(a) PMS design and implementation

It was noted that during the PMS design and implementation stage, organisations need to conduct realistic strategic planning using relevant methodologies to link the strategies and objectives. This can be accomplished by incorporating practical ways to ensure that the performance management system context is relevant to the industry and the organisation. It was also noted that designing and implementing organisations must integrate HR functions into the performance management system to ensure that they are utilising an integrated performance management system that could leverage and produce good results (Meyer, 2007; Venter, 2014; Aguinis, 2016; Salem, 2016; Armstrong, 2018).

(b) People

A successful performance management system cannot survive without people and key relevant stakeholders include: employees, trade unions, senior management, employer associations, board members, shareholders, customers and auditors, all requiring a people-centred approach. Major aspects of this include: involving employees in setting targets and CSMART goals, having a clear vision and direction, as well as the support of top management. In addition, staff should be included in the development process and both managers and staff must be trained in the performance management processes (Mello, 2014; Auditor General South Africa, 2017; Choi & Moynihan, 2019).

(c) Technology

Technology is a critical tool in driving performance management. Therefore, technological support consisting of IT infrastructure and support, communication, data analysis and data management is critical in ensuring integration of the performance management system. In addition, proper automation can ensure efficient implementation in terms of best practice (Marr, 2006; van der Waladt, 2006; Pulakos, 2009).

(d) Process

To effectively drive a performance management process, tools and systems such as efficient communication and linking performance to rewards were highlighted as important elements in the planning process of an effective performance management system (Aguinis, 2019).

Research Question 3: What are the tools and techniques used in the performance management system at the CDC?

The theoretical study presented in chapter two, revealed that performance management tools and techniques refer to the systems, policies and procedures used in the implementation of a performance management system (Barth & de Beer, 2018). The tools and techniques consisted of: key performance indicators, 360-degree feedback, Management by Objectives, reward and recognition programmes, a personal development plan and the Balanced Scorecard in integrating their performance system (Brewster et al., 2008; Mankin, 2009; Armstrong, 2015; Carley, 2015; Nel et al., 2017).

5.3 EMPIRICAL RESEARCH QUESTIONS

Empirical research questions were developed to meet the objectives. To address these empirical questions, a survey with a questionnaire was administered to 44 respondents consisting of senior management, line managers and administrative officers at the CDC. The respondents represented both male and female, were mostly African, between 30 and 49 years of age, with postgraduate qualifications and had more than five to 10 years of work experience at the CDC. The survey consisted of sections focusing on biographical data (Section A), general performance management (purpose and accountability) (Section B), the performance management process (Section C), success factors in the implementation of a performance management system (Section D) and performance management tools and techniques (Section E).

After Exploratory Factor Analysis was conducted on the various sections, Cronbach alpha scores for various factors emerged and were analysed. These ranged from 0.716 (performance management purpose), 0.847 (performance management system), 0.889 (performance management system success factors) and 0.889 (performance management system tools), which meant that these factors could be regarded as reliable.

In terms of the purpose of the performance management system (Section B of the questionnaire), it was found that respondents had a clear understanding that the purpose of performance management was to translate strategic goals into actions. This finding was considered good, as suggested by Aguinis (2016) who concurred that these were the main purposes of performance management.

It was also found that in terms of accountability, HR was mostly perceived as being accountable and everybody (i.e. all employees) were cited as being second most accountable. This was supported by Kaufman (2015) who opined that the HR department is responsible for operational policy formulation to support the performance management system.

However, the Exploratory Factor Analysis performed on the results obtained from Section B revealed that the items related to accountability (finance, HR, strategic services and everybody - all employees) did not load onto a factor or factors. Therefore, these entities have unique responsibilities in terms of performance management and cannot be grouped.

A summary of the results in terms of each research question is presented below.

Research Question 1: What are the main components of the performance management process used at the CDC?

This research question was addressed by the survey administered at the CDC and specifically Section C of the questionnaire. The descriptive analysis of responses revealed

that performance plans, coaching and mentoring, individual performance evaluation, informal performance reviews, formal performance reviews, performance management training and team performance evaluation were used. This finding was in line with the literature presented by Armstrong and Murlis (2007), Lazenby (2014), Aguinis (2016) and Nel et al. (2017). However, the survey revealed that peer review, performance improvement plans, self-appraisal and continuous feedback were mostly indicated as not used. This means that the CDC could consider these components for continuous improvement. According to Armstrong and Murlis (2007) and Nel et al. (2017), the components were very important in a performance management system.

The Exploratory Factor Analysis revealed that all of the items in this section loaded onto one factor which was retained as the performance management process. However, three items namely informal performance reviews, performance improvement plans and performance management training did not load onto this factor. It therefore also signals inconsistency in the responses of the respondents. However, it should be noted that this section was not measured on a Likert scale ranging from strongly disagree to strongly disagree, but on a scale ranging from annually (once a year), bi-annually (twice a year), monthly/on-going and not used. However, the items that did not load were the components least used at the CDC, and these can therefore receive more attention at the organisation, especially in line with the suggestions by Armstrong and Murlis (2007) and Nel et al. (2017).

Research Question 2: To what extent has success factors been incorporated into the performance management system at the CDC?

The survey administered at the CDC revealed that success factors in line with the recommendations of Werner et al. (2010) and Salem (2016) were evident in the implementation of performance management at the CDC. These success factors included the following:

- a) Performance management system design and implementation success factors, focusing on linking the performance management system with strategy and integrating the performance management system with HR functions, as suggested by Meyer (2007), Minnaar (2010), Venter (2014), Aguinis (2016) and Armstrong (2018).
- b) People success factors focusing on the setting of clear targets, top management commitment, staff involvement in the system, staff training and awareness, as suggested by Meyer (2007), Mankin (2009), Sole (2009), Mello (2014), Pickering et al. (2014) and the Auditor General South Africa (2017).
- c) Technology success factors that focus on IT infrastructure and support, skilled resources running the system and an effective data management system as suggested by Marr (2006), van der Waldt (2006) and Pulakos (2009).
- d) Process success factors that include an effective communication system and creating motivation, while linking performance to incentives as suggested by Bwowe and Marongwe (2018), Couturier and Sklavounos (2018), and Aguinis (2019). It was noted in the analysis that one of the process success factors related to a change management strategy for rolling out performance management and continuous monitoring and evaluation was not used.

The Exploratory Factor Analysis performed on the success factors component section revealed that the system success factors included clear targets, continuous monitoring and reporting, top management commitment and support. Staff success factors included employee involvement, communication and motivation. Resources success factors included skilled resources, IT infrastructure and support and effective data management. This finding was in line with the literature presented by Pulakos (2009), Mello (2014) and Armstrong (2018). The aggregate mean score for success factors was 3.70, signalling that the responses leaned towards the answer option of agree.

Research Question 3: What are the tools and techniques used in the performance management system at the CDC?

This research question was also addressed in the survey administered at the CDC and the responses revealed that the majority of the tools and techniques highlighted in the theory were used. These consisted of key performance indicators and metrics (Marr, 2018), performance appraisals, 360-degree feedback (Brewster et al., 2008; Armstrong, 2015; Carley, 2015), Management by Objectives (Nel et al., 2017), an automated performance management system (Marr, 2006), rewards and recognition programmes (Milkovich et al., 2014), a personal development plan (Mankin, 2009), and the Balanced Scorecard approach (Viedge, 2011). This means that the CDC implemented and leveraged a holistic performance management system by incorporating policies, procedures and plans in driving performance management.

In this section, a total variance for performance management tools and techniques was performed with two factors consisting of measurement tools and performance management tools. It was discovered that they cannot be clearly distinguished from each of other. The measurement tools factor included key performance indicators and metrics, performance appraisals, the Balanced Scorecard, and a personal development plan. The performance management tools factor included Management by Objectives, 360-degree feedback, and a rewards and recognition programme.

A correlation analysis performed on the relationship between performance management purpose, success factors and tools revealed that most of the factors correlated positively, so therefore this confirmed that the various success factors in relation to systems, resources, staff and measurement linked with performance management purpose. It was also noted that the human resources component stood out as it was considered to be very important in driving an effective system.

5.4 RECOMMENDATIONS

The descriptive analysis findings of the study revealed that performance improvements plans were not used. Therefore, the CDC could employ more effective practices. These practices included incorporating performance improvement plans as a technique in the individual performance management system. This can eliminate poor performance by continuously identifying performance gaps during the performance reviews. The performance improvement plans could be incorporated into one template with the performance plan to enable the employee and the supervisor to understand the training and development needs of employees and be able to prioritize interventions aimed at closing performance gaps.

It follows that peer reviews were not used during the performance management process. To enhance employee performance, the CDC could make use of peer reviews in the performance appraisal system by utilising teams to identify talents, strengths and weaknesses both objectively and independently. A portfolio of evidence can be used as an instrument to prove the reliability and validity of the facts and statements made by teams. It was also revealed that self-appraisal was not used. To increase accountability in the performance management reviews process the CDC could utilise a self-appraisal system whereby employees rate their performance as this will increase motivation, communication and employee engagement within the organisation. The reasons for the above-mentioned statement are to avoid biasness, discrepancies and the ineffectiveness of the performance management reviews.

According to the responses of the performance management process, continuous feedback was provided at a minimal level. It is very important to have a feedback tool to successfully drive performance management by assisting employees to understand positive and negative criticisms of their performance. Clear interventions could be devised to ensure that performance gaps are bridged. Therefore, the CDC could employ practices such as an automated or a team viewer system as a communication channel when

conducting informal performance reviews as this could increase ways of discussing performance management on a continual basis.

The results also revealed that the success factors were efficiently implemented and it is recommended that the CDC could adopt change process models such as those of Kurt Lewin, Kotter, Brown and ADKAR as suggested by Hayes (2014). These models can contribute to the successful introduction of performance management. This can increase commitment and better the chances of institutional implementation of performance management. To sustain performance management, monitoring and evaluation methodologies must be incorporated into the CDC performance management policy as this can yield positive results in the implementation process of performance management.

The study showed that the tools and techniques were effectively used so it is further recommended that the CDC make use of 360-degree feedback as a tool for helping supervisory employees. They can identify their subordinates' strengths and weakness, thus adding value to their personal development and enhancing performance (Net et al., 2017).

It was found that the CDC had a clear performance management process, with tools, techniques and success factors all having a positive correlation in responses. It is therefore recommended that the CDC could reinvent its performance management system by introducing high-performance work systems to enhance employee and team performance that will assist in achieving the organisation's strategic intent. The high-performance work system approach could be utilised with a bundle of human resources practices designed and aimed at improving employee performance. At the CDC, a high-performance work system could consist of components such as organisational structure, people, task design, a performance management system, information systems, organisational goals and a reward system as suggested by Hayes (2014).

The theoretical study revealed new trends emerging in performance management which included performance culture as a foundation, agile and transparent goal setting, on-going

coaching, feedback and focus on collaborative evaluation as suggested by the Top Employers Institute (2017). To be able to apply these trends the CDC could, within its performance management policy, incorporate regulations, processes and practices that are aimed at implementing the above-mentioned trends.

Organisations in general could benefit from the results of this study by introducing and institutionalising a performance management system that provides objective feedback and is supported by technology and quality assurance, thus giving performance management further credibility.

5.5 THE LIMITATIONS OF THE STUDY

The study was conducted focusing on the CDC and the implementation of performance management at this organisation. During the sampling stage, the researcher focused on white collar employees, namely senior management, line managers and administrative officers. A further limitation was that other employees in operations in other centres such as East London, Kwa-Zulu Natal and Pretoria were not part of the study, so therefore the response rate could have been higher.

5.6 AREAS FOR FUTURE RESEARCH

Future research could focus on the evaluation of the performance management system at the CDC using the tools, techniques and key success factors to understand the impact of performance management against the organisational strategy. Furthermore, emerging master's students could also embark on the quantitative analysis of the relationship between an organisational and an individual performance management system.

5.7 CONTRIBUTION OF THE STUDY

Previous research on performance management focused on the challenges, compliance and impact that performance had on service delivery (Holzer et al., 2019). This study

focused on success factors which assist in implementing performance management using key success factors and tools that could work best in the implementation of the performance management system. This study makes valuable contribution to the field of performance management, specifically in the public sector. Therefore, it was important to touch on the tools, techniques and key success factors used to have a holistic approach towards achieving strategic goals. The usefulness of the study will serve as a competitive advantage for the CDC as they are innovative in driving the process of enhancing performance when designing and implementing tools, processes, systems, structures and cultures to improve the creation, sharing and managing of knowledge (Venter, 2014).

5.8 CONCLUSION

The study focused on the success factors for implementing an effective performance management system in a public development corporation. For continuous improvement, the CDC and other organisations, in both the public and private sector, need to take cognizance of the success factors and ensure that their performance management systems and employment are above standard. Often in the public sector, organisations tend to focus more on the compliance component of the performance management system, but not the impact that is measured against the invested inputs, outputs and outcomes expected. Auditing and improving every aspect of performance management can stand them in good stead to improve service delivery to the communities they serve. Performance management is a basic HR and management function and all stakeholders need to accept their responsibilities in this respect.

REFERENCES

- Adams, K.A., & Lawrence, E.K. (2019). *Research methods, statistics and applications* (2nd ed.). London: SAGE Publications.
- Aguinis, H. (2016). *Performance Management* (3rd ed.). Harlow: Pearson.
- Aguinis, H. (2019). *Performance Management* (4th ed.). Chicago: Business press.
- Almarzooqi, A.H., Khan, M., & Khalid. (2018). The role of sustainable HRM in sustaining positive organisational outcomes. *International Journal of Productivity and Performance Management*, 68(7), 1272-1292.
- Armstrong, A. (2006). *Strategic Human Resource Management: A guide to action* (3rd ed.). United Kingdom: Kogan Page.
- Armstrong, A. (2015). *Armstrong's handbook of Performance Management: An evidence-based guide to delivering high performance* (5th ed.). United Kingdom: Kogan page.
- Armstrong, A. (2017). *Armstrong's handbook of Performance Management: An evidence-based guide to delivering high performance* (6th ed.). United Kingdom: Kogan page.
- Armstrong, R. (2018). Revisiting strategy mapping for Performance Management: A realist synthesis. *International Journal of Productivity and Performance Management*, 68(4), 721-752.
- Armstrong, M., & Murlis, H. (2007). *Rewards Management: A handbook of remuneration strategy and practice* (5th ed.). London and Philadelphia: Kogan Page.
- Auditor General South Africa. (2016/17). *General Report on National and Provincial Audit Outcomes, RP341/2017*. ISBN: 978-0-621-45926.

- Babbie, E. (2016). *The practice of social research* (14th ed.). United States: Cengage Learning Custom Publishing.
- Bandalos, D.L. (2018). *Measurement theory and applications for the social science*. New York: The Guilford Press.
- Barth, A.L., & de Beer, W. (2018). *Performance Management success: A best practices and implementation guide for leaders and managers of all organizations*. Switzerland: Springer International Publishing.
- Beins, B.C., & McCarthy, M.A. (2018). *Research methods and statistics*. New York: Cambridge University Press.
- Bernard, M. (2017). *Managing change* (7th ed.). Harlow: Pearson Education.
- Bonnelli, I., & Meyer, T. (2011). *Human capital trends: Building a sustainable organisation*. Johannesburg: Knowers.
- Botma, Y., Greeff, M., Mulaudzi, M.F., & Wright, S.C.D. (2010). *Research in health science*. Cape Town: Pearson Holdings Southern Africa.
- Brancati, D. (2018). *Social science research*. London: SAGE Publications.
- Brewster, C., Carey, L., Grobler, P., Holland, P., & Warnich, S. (2008). *Contemporary issues in human resource management: Gaining a competitive advantage* (3rd ed.). Cape Town: Oxford University Press.
- Brown, D.R. (2006). *An experiential approach to organisational development* (8th ed.). New Jersey: Prentice Hall.

- Buckingham, M., & Goodall, A. (2015). Reinventing Performance Management. *Harvard Business Review*, April 2015, 40-50.
- Bussin, M. (2013). *Performance Management for government, universities, schools and NGO's: A practical and informative textbook for managing performance in service-delivery orientated organisations*. Randburg: Knowres.
- Bwowe, P.W., & Marongwe, N. (2018). Implementing a total reward strategy in selected South African municipal organisations. *SA Journal of Human Resource Management/SA*, 16(0), 1-9, a927. <https://doi.org/10.4102/sajhrm.v16i0.927>.
- Carley, S.G. (2015). *Performance Management systems and structure*. Fall River: SGC Production.
- Choi, I., & Moynihan, D. (2019). How to foster collaborative Performance Management. Key factors in the US federal agencies. *Public Management Review*, 21(10), 1538-1559, DOI: 10.1080/14719037.2019.1571275.
- Coega Development Corporation. (2010). *Performance Management Policy*.
- Coega Development Corporation. (2017). *Annual Report 2016/2017*.
- Coega Development Corporation. (2019). *Annual Report 2018/2019*.
- Connor, M., & Pokora, J. (2017). *Coaching and mentoring at work: Developing effective practice* (3rd ed.). United Kingdom: Open University Press.
- Couturier, J., & Sklavounos, N. (2018). Performance dialogue: A framework to enhance the effectiveness of performance measurement systems. *International Journal of Productivity and Performance Management*, 68(4), 699-720.

- Creswell, J.W., & Creswell, J.D. (2018). *Research design: Qualitative, quantitative and mixed methods approaches* (5th ed.). United Kingdom: Sage Edge Publishers.
- DeCarlo, M. (2018). *Scientific inquiry in social work*. Virginia: Open Social Work Education.
- Deloitte. (2019). *Human capital trends*. United Kingdom: Deloitte University.
- Delvin, A.S. (2018). *The research experience: Planning, conducting and reporting research*. Los Angeles: SAGE Publications.
- Department of Public Service and Administration. (2017). *Public Service Productivity Management Framework*. Pretoria.
- De Waal, A., & van der Heijden, B. (2015). The role of performance in creating and maintaining a high-performing organisation. *Journal of Organisation Design*, 1-11.
- Dumitrescu, L., & Fuciu, M. (2009). Balanced Scorecard - A new tool for strategic management. *Buletin Stiintific*, 14(2), 37-42.
- Du Plooy-Cilliers, F., Davis, C., & Bezuidenhout, R.M. (2018). *Research matters*. Claremont: Juta Publishers.
- Durbarry, R. (2018). *Research methods for tourism students*. New York: Routledge.
- Gomez-Mejia, L.R., Balkin, D.B., & Cardy, R.L. (2012). *Managing Human Resources* (7th ed.). United States: Pearson.
- Gravetter, F.J. (2018). *Research methods in behavioral sciences*. Boston: Cengage.

- Gurnsey, R. (2018). *Statistics for research in psychology: A modern approach using estimation*. California: SAGE Publications.
- Hair, F.H., Black, W.C., Babin, B.J., & Anderson, R.E. (2014). *Multivariate data analysis*. Pearson Education Limited: England.
- Haslam, S.A., & McGarty, C. (2019). *Research methods and statistics in psychology* (3rd ed.). London: SAGE Publications.
- Hayes, J. (2010). *The theory and practice of Change Management* (3rd ed.). Hampshire: Palgrave McMillan.
- Hayes, J. (2014). *The theory and practice of Change Management* (4th ed.). Basingstoke: Palgrave MacMillan.
- Heath, W. (2018). *Psychology research methods: Connecting research to students' lives*. United Kingdom: Cambridge University Press.
- Holzer, M., Ballard, A., Kim, M., Peng, S., & Deat, F. (2019). Obstacles and opportunities for sustaining performance management systems. *International Journal of Public Administration*, 42(2), 132-143.
- Jackson, D., McDowall, A., Mackenzie-Davey, K., & Whiting, R. (2016). *Principles of applied research methods*. London: SAGE Publications.
- Kaplan, R.S. (2010). Conceptual foundations of the Balanced Scorecard. *Harvard Business School, Working Paper*, 10-74.
- Kaufman, B.E. (2015). Evolution of strategic HRM as seen through two founding books: A 30th anniversary perspective on development of the field. *Human Resource Management*, 54(3), 389-407.

- Kolb, B. (2018). *Marketing research for the tourism, hospitality and events industries*. New York: Routledge Publishers.
- Kothari, C.R. (2004). *Research methodology methods and techniques*. New Age International: New Delhi.
- Kramar, R., & Syed, J. (2012). *Human Resource Management in a global context: A critical approach*. New York: Palgrave MacMillan.
- Krysik, J. (2018). *Research for effective social work practice* (4th ed.). New York: Routledge Publishers.
- Layder, D. (2018). *Investigative research: Theory and practice*. London: SAGE Publications.
- Lazenby, K. (2014). *The strategic management process: A South African perspective*. Pretoria: van Schaik Publishers.
- Leavy, P., & Harris, A. (2018). *Contemporary feminist research from theory to practice*. New York: Guilford Publications.
- Ledford, G.E., Benson, G.S., & Lawler, E.E. (2016). A study of cutting-edge performance management practices: Ongoing feedback, rating-less reviews and crowd-sourced feedback. *WorldatWork Journal*, 25(2), 8-24.
- Mankin, D. (2009). *Human resources development*. New York: Oxford.
- Maree, K. (2016). *First steps in research* (2nd ed.). Pretoria: van Schaik Publishers.

- Marr, B. (2006). *Strategic Performance Management: Leveraging and measuring your intangible value drivers*. Amsterdam: Butterworth-Heinemann Publishers.
- Marr, B. (2018). *What are the key tools and techniques for Performance Management?* Available from: <https://www.bernardmarr.com/> (Accessed 21 January 2019).
- Maseko, B.M., van Wyk, R., & Odendaal, A. (2019). Team coaching in the workplace: Critical success factors for implementation. *SA Journal of Human Resource Management/SA*, 17(0), 1-11. a1125. <https://doi.org/10.4102/sajhrm.v17i0.1125>.
- Mello, D.M. (2014). *Managing human capital in the public sector*. Pretoria: van Schaik Publishers.
- Meyer, M. (2007). *Managing human resources development: An outcome-based approach* (3rd ed.). Durban: LexisNexis.
- Milkovich, G.T., Newman, J.M., & Gerhart, B. (2014). *Compensation* (11th ed.). New York: McGraw-Hill.
- Miller, S.A. (2018). *Developmental research methods* (5th ed.). Los Angeles: SAGE Publications.
- Minnaar, F. (2010). *Strategic and Performance Management in the public sector*. Pretoria: van Schaik Publishers.
- Nair, M. (2004). *Essentials of balanced scorecard*. Hoboken, NJ: Wiley.
- Nammour, B.M. (2015). *Talent management: Theory and practice*. United States: Createspace Independent Publishing Platform.
- National Treasury. (2007). *Framework for managing programme performance information*. Pretoria.

- Ndevu, Z.J., & Muller, K. (2018). Operationalising Performance Management in local government: The use of the Balanced Scorecard. *SA Journal of Human Resource Management*, 16(0), a977.<https://doi.org/10.4102/sajhrm.v16iO.977>.
- Nel, N. (2014). *An analysis of the perceptions of non-bargaining unit employees of the performance management system at Transnet Engineering*. Master's Dissertation: Nelson Mandela Metropolitan University, Port Elizabeth.
- Nel, P., Werner, A., Botha, C., Dodd, N., Du Plessis, M., Mey, M., Ngalo, O., Poisat, P., van der Merwe, J., & van Hoek, L. (2017). *Human Resource Management* (10th ed.). Cape Town: Oxford University Press.
- O'Sullivan, E., Rassel, G., Berner, M., & Taliaferro, J.D. (2017). *Research methods for public administrators* (6th ed.). New York and London: Routledge Publishers.
- Parsloe, E., & Leedham, M. (2018). *Coaching and mentoring: Practical techniques for developing learning and performance* (3rd ed.). London: Kogan Page.
- Paauwe, J. (2004). *HRM and performance: Achieving long term viability*. United States: Oxford University Press.
- Pickering, J., Brokaw, G., Harden, P., & Gardner, A. (2014). *Building high-performance local governments: Case studies in leadership at all levels*. Austin: River Grove Books Publishers.
- Pulakos, E.D. (2009). *Performance Management: A new approach for driving business results*. UK: Wiley-Blackwell Publishers.
- Reio Jr, T.G., & Shuck, B. (2015). Exploratory factor analysis: Implications for theory, research and practice. *Advances in Developing Human Resources*, 17(1), 12-25.

- Ribeiro, N., Yucel, I., & Gomes, D. (2018). How transformational leadership predicts employees' affective commitment and performance. *International Journal of Productivity and Performance Management*, 67(9), 1901-1917.
- Robbins, S. (2019). *Organisational Behaviour* (18th ed.). Harlow, England: Pearson Education Limited.
- Rock, D., Davis, J., & Jones, B. (2014). Kill your performance ratings. *Strategy and Business*, 76, 1-10.
- Ruel, E., Wagner, W.E., & Gillespie, B.J. (2016). *The practice of survey research: Theory and applications*. London: SAGE Publications.
- Sage, L., & Walley, L. (2014). *Maximizing people potential: A coaching perspective for leaders and managers*. The e-book Company.
- Sahu, P.K. (2013). *Research methodology: A guide for researchers in agricultural science, social science and other related fields*. India: Springer Publishers.
- Salem, J.A. (2016). Critical success factors in the implementation of performance management systems in UAE government organisations. *International Journal of Business Management*, 11(4), 203 -218.
- Schober, P., Boer, C., & Schwarte, L.A. (2018). Correlation coefficients: Appropriate use and interpretation. *Anesthesia and Analgesia*, 126(5), 1763-1768.
- Sole, F. (2009). A management model and factors driving performance in public organizations. *Measuring Business Excellence*, 13(4), 3-11.
- The South African Board for People Practices. (2014). *Human Resources Standards*. Available from: www.sabpp.co.za. (Accessed 21 January 2019).

- The South African Board for People Practices. (2015). *Human Resources Standards*. Available from: www.sabpp.co.za (Accessed 21 January 2019).
- Top employers institute. (2017). *HR Trends Report*. Available from: <https://www.top-employers.com/en/insights/> (Accessed 21 January 2019).
- Top employers institute. (2018). *HR Trends Report*. Available from: <https://www.top-employers.com/en/insights/> (Accessed 21 January 2019).
- Top employers institute. (2019). *HR Trends Report*. Available from: <https://www.top-employers.com/en/insights/> (Accessed 14 October 2019).
- Ulrich, D. (2014). *21st Century competencies for HR professionals*. International waters: Guru spot, 16-19.
- Van der Waladt, G. (2006). Managing local government performance: Key considerations and challenges. *Journal of Public Administration*, 41(2), 128-143.
- Van der Westhuizen, E.J. (2016). *Human resources in government: A South African perspective on theories, politics and processes*. Lansdowne, Cape Town: Juta Publishers.
- Van Tonder, C.L. (2014). *Organisational change: Theory and practice*. Pretoria: van Schaik Publishers.
- Veldsman, T., & Johnson, A.J. (ed.). (2016). *Leadership. Perspectives from the front line*. Randburg: Knowledge Resources.
- Venkateswara, R.T. (2016). *Performance Management: Towards organizational excellence* (2nd ed.). India: SAGE Publications.

Venter, P. (2014). *Practising strategy: A South African context*. Cape Town: Juta Publishers.

Viedge, C. (2011). *Psychology of Performance Management. Human capital trends building a sustainable organisation*. Johannesburg: Knowres.

Walliman, N. (2018). *Research methods: The basics* (2nd ed.). London and New York: Routledge Publishers.

Werner, A., Bagraim, J., Cunningham, P., Pieterse-Landman, E., Potgieter, T., & Viedge, J.C. (2010). *Organisational Behaviour: A contemporary South African Perspective* (3rd ed.). Pretoria: van Schaik Publishers.

APPENDIX A: APPROVAL LETTER FROM THE CDC



Corner Alcyon & Zibuko Street, Zone 1, Coega SEZ, Port Elizabeth, 6100
Coega Development Corporation, Private Bag X6009, Port Elizabeth, 6000, South Africa
Tel: +27 (0) 41 403 0400 • E-mail: contact@coega.co.za • Website: www.coega.co.za

ISO 9001 14001 20001 27001 31000 • OHSAS 18001

Nelson Mandela Metropolitan University
P. O. Box 77000
Port Elizabeth
6031

Date : 23 Jan 2019

Our Ref. : 23/01/2019

Dear Sir / Madam

Re: REQUEST TO CONDUCT RESEARCH

This is to confirm that the Coega Development Corporation has approved the request by David Saki to conduct research on the success factors contributing to the effective implementation of a performance management system.

We would appreciate it if the outcomes of the research as well as the recommendations are shared with the organisation.

Kindest Regards,

Ntombozuko Mbuzwana

Performance Monitoring Officer - Corporate Services



Directors: Dr P Jourdan (Chairperson); M Silinga (CEO); J de Bruyn;
S Zikode; P S Ndoni; B Lobishe; S Khan; A Mjekula; X Bomela
Company Secretary: M Mbina
Registration No.: 82003891/07



APPENDIX B: ETHICS CLEARANCE LETTER



Chairperson: Research Ethics Committee (Human)

Tel: +27 (0)41 504 2235

charmain.cilliers@mandela.ac.za

Ref: [H19-BES-IOP-011] / Approval]

8 April 2019

Prof M Mey

Faculty: BES

Dear Prof Mey

**AN EMPIRICAL STUDY OF THE FACTORS CONTRIBUTING TO THE EFFECTIVE
IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM AT COEGA
DEVELOPMENT CORPORATION**

PRP: Prof M Mey

PI: Mr D Saki

Your above-entitled application served at the Research Ethics Committee (Human) (meeting of *27 March 2019*) for approval. The study is classified as a medium risk study. The ethics clearance reference number is **H19-BES-IOP-011** and approval is subject to the following conditions:

1. The immediate completion and return of the attached acknowledgement to Imtiaz.Khan@mandela.ac.za, the date of receipt of such returned acknowledgement determining the final date of approval for the study where after data collection may commence.
2. Approval for data collection is for 1 calendar year from date of receipt of above mentioned acknowledgement.
3. The submission of an annual progress report by the PRP on the data collection activities of the study (form RECH-004 to be made available shortly on Research Ethics Committee (Human) portal) by 15 December this year for studies approved/extended in the period October of the previous year up to and including September of this year, or 15 December next year for studies approved/extended after September this year.
4. In the event of a requirement to extend the period of data collection (i.e. for a period in excess of 1 calendar year from date of approval), completion of an extension request is required (form RECH-005 to be made available shortly on Research Ethics Committee (Human) portal).
5. In the event of any changes made to the study (excluding extension of the study), completion of an amendments form is required (form RECH-006 to be made available shortly on Research Ethics Committee (Human) portal).
6. Immediate submission (and possible discontinuation of the study in the case of serious events) of the relevant report to RECH (form RECH-007 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any unanticipated problems, serious incidents or adverse events observed during the course of the study.
7. Immediate submission of a Study Termination Report to RECH (form RECH-008 to be made available shortly on Research Ethics Committee (Human) portal) upon unexpected closure/termination of study.
8. Immediate submission of a Study Exception Report of RECH (form RECH-009 to be made available shortly on Research Ethics Committee (Human) portal) in the event of any study deviations, violations and/or exceptions.

9. Acknowledgement that the study could be subjected to passive and/or active monitoring without prior notice at the discretion of Research Ethics Committee (Human).

Please quote the ethics clearance reference number in all correspondence and enquiries related to the study. For speedy processing of email queries (to be directed to Imtiaz.Khan@mandela.ac.za), it is recommended that the ethics clearance reference number together with an indication of the query appear in the subject line of the email.

We wish you well with the study.

Yours sincerely

Prof C Cilliers

Chairperson: Research Ethics Committee (Human)

Cc: Department of Research Capacity Development

Faculty Officer: BES

Appendix 1: Acknowledgement of conditions for ethical approval

ACKNOWLEDGEMENT OF CONDITIONS FOR ETHICS APPROVAL

I, **Prof M Mey** (PRP) of the study entitled **AN EMPIRICAL STUDY OF THE FACTORS CONTRIBUTING TO THE EFFECTIVE IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM AT COEGA DEVELOPMENT CORPORATION (H19-BES-IOP-011)**, DO HEREBY AGREE TO THE FOLLOWING APPROVAL CONDITIONS:

1. The submission of an annual progress report by myself on the data collection activities of the study by 15 December this year for studies approved in the period October of the previous year up to and including September of this year, or 15 December next year for studies approved after September this year. It is noted that there will be no call for the submission thereof. The onus for submission of the annual report by the stipulated date rests on myself.
2. Submission of the relevant request to RECH in the event of any amendments to the study for approval by RECH prior to any partial or full implementation thereof.
3. Submission of the relevant request to RECH in the event of any extension to the study for approval by RECH prior to the implementation thereof.
4. Immediate submission of the relevant report to RECH in the event of any unanticipated problems, serious incidents or adverse events.
5. Immediate discontinuation of the study in the event of any serious unanticipated problems, serious incidents or serious adverse events.
6. Immediate submission of the relevant report to RECH in the event of the unexpected closure/discontinuation of the study (for example, de-registration of the PI).

7. Immediate submission of the relevant report to RECH in the event of study deviations, violations and/or exceptions.

8. Acknowledgement that the study could be subjected to passive and/or active monitoring without prior notice at the discretion of RECH.

Signed: 

Date: 08/04/2019

APPENDIX C: COVERING LETTER



Dear Participant

I am conducting research to investigate the success factors contributing to the effective implementation of a performance management system. This research forms part of the degree requirements for Masters in Labour Relations and Human Resources for which I am currently registered at Nelson Mandela University. The ethics number for my research is: _____.

The aim of the research is to investigate the success factors to implement an effective performance management system by exploring the process of performance management, current systems and practices adopted by the organisation.

The confidentiality of the participants will be observed, and basic demographic information obtained will only be used for the purpose of this research. Your responses will be treated in strict confidence and will solely be used for the academic purposes of this research project. Participants are requested to complete all of the sections in the survey. The completion of the survey should not take longer than 30 minutes. Please do not hesitate to contact me at the contact details below.

Thank you for your participation and for taking the time to assist me with my research project.

Kind regards

David Siphosethu Saki

E-mail: sakidavid@gmail.com

Student number: 208021201

APPENDIX D: QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION		
Please tick the appropriate box		
1.1	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
1.2	What is your racial group?	<input type="checkbox"/> African <input type="checkbox"/> Coloured <input type="checkbox"/> Indian <input type="checkbox"/> White <input type="checkbox"/> Other
1.3	What is your age?	<input type="checkbox"/> <Less than 30 <input type="checkbox"/> 30-39 <input type="checkbox"/> 40-49 <input type="checkbox"/> 50-59 <input type="checkbox"/> ±Plus, minus 60
1.4	Highest level of education?	<input type="checkbox"/> Not matriculated <input type="checkbox"/> Matric <input type="checkbox"/> Degree/Diploma <input type="checkbox"/> Post Graduate <input type="checkbox"/> Other

1.5	Occupational level current position?	<input type="checkbox"/> Specialist /Professional <input type="checkbox"/> Middle Management <input type="checkbox"/> Senior/Executive Management <input type="checkbox"/> Other
1.6	What area is your current position fit?	<input type="checkbox"/> Operational <input type="checkbox"/> Supportive <input type="checkbox"/> Strategic
1.7	How many years' work experience do you have?	<input type="checkbox"/> <Minus 5 years <input type="checkbox"/> 5-10 years <input type="checkbox"/> 10-19 years <input type="checkbox"/> 20-30 years
1.8	How many years' exposure do you have with a performance management system?	<input type="checkbox"/> <Minus 5 years <input type="checkbox"/> 5-9 years <input type="checkbox"/> 10-14 years <input type="checkbox"/> 15-19 years <input type="checkbox"/> 20-30 years

SECTION B: GENERAL PERFORMANCE MANAGEMENT						
Please take note that there is no right/wrong answer. Please indicate which is the most appropriate indication of the performance management system of Coega Development Corporation						
	The main purpose of the performance management system at Coega Development Corporation is:	Strongly Disagree	Disagree	Neither Agree/Disagree	Strongly Agree	Agree
2.1	Achieving strategic goals					
2.2	Translating strategic goals into actions					
2.3	The role is not clear					

ACCOUNTABILITY IN PROCESS						
Please indicate in your opinion which is the most appropriate indication of the performance management system of Coega Development Corporation						
	Performance management in Coega Development	Strongly Disagree	Disagree	Neither Agree/Disagree	Agree	Strongly Agree

	Corporation is a tool driven by:					
2.4	Finance					
2.5	Human Resources					
2.6	Strategic Services					
2.7	Everybody (All employees)					

SECTION C: PERFORMANCE MANAGEMENT PROCESS

Please take note that there is no right/wrong answer. Please indicate in your own opinion which is the most appropriate indication of performance management in Coega Development Corporation. The questions below relate to the individual performance management system

	The following performance management activities occur:	Annually (once a year)	Bi-annually (twice a year)	Monthly/on-going	Not used
3.1	Performance plans				
3.2	Coaching and mentoring				
3.3	Individual performance evaluation				
3.4	Informal performance reviews				
3.5	Formal performance reviews				
3.6	Peer review				
3.7	Performance improvement plans				

3.8	Performance management training				
3.9	Self-appraisal				
3.10	Continuous Feedback				
3.11	Team performance evaluation				

SECTION D: SUCCESS FACTORS IN THE IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM

Please take note that there is no right/wrong answer. Please indicated in your own opinion which is the most appropriate indication of performance management in Coega Development Corporation

	Coega adopted the following success factors in their performance management system	Strongly Disagree	Disagree	Neither Agree/Disagree	Agree	Strongly Agree
4.1	PMS is linked to the organisational strategy					
4.2	PMS is designed and integrated with Human Resources functions					

4.3	Continuous monitoring and reporting					
4.4	Clear targets and business benefits					
4.5	Top management commitment and support					
4.6	Staff involvement in the system					
4.7	Skilled resources running the system					
4.8	Staff training and awareness are conducted on continuous basis					
4.9	IT infrastructure and support					
4.10	Effective data management system					
4.11	Motivation and linking performance to incentives					
4.12	Change management strategy for					

	rolling out performance management					
4.13	Effective communication system					

SECTION E: PERFORMANCE MANAGEMENT TOOLS AND TECHNIQUES

Please take note that there is no right/wrong answer. Please indicate which is the most appropriate indication of the performance management system at Coega Development Corporation

	The performance management tools and techniques used at Coega Development Corporation are:	Strongly Disagree	Disagree	Neither Agree/Disagree	Strongly Agree	Agree
5.1	Key performance indicators and metrics					
5.2	Performance appraisals					
5.3	360-degree feedback					

5.4	Management by Objectives					
5.5	Automated performance management system					
5.6	Reward and recognition programmes					
5.7	Personal Development Plan (PDP)					
5.8	Balanced Scorecard approach					

Thank you for responding