MOVING FROM PERFORMANCE APPRAISAL TO PERFORMANCE MANAGEMENT AT GOLDMASTER

BY

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"I, Ian Marc Verhulp, hereby declare that:

• the work in this research paper is my own original work;

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

• this research paper has not been previously submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised education institution."

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IAN M. VERHULP       DATE
ABSTRACT

Performance management systems help align individual goals and objectives with those of the organisation. The system engages employees and thereby directs them toward achieving the strategic goals of the organisation.

The purpose of this research study was to conduct an investigation at a manufacturing jeweller in the Western Cape to establish whether a performance management system would facilitate the achievement of the organisation’s strategic goals and objectives.

Preliminary investigations showed that the organisation was using a performance appraisal process which was not effective in facilitating the organisation’s strategic objectives. Based on the initial investigation, this study was undertaken.

To achieve the goals of this study, 33 employees of the organisation were presented with a questionnaire based on important key elements of performance management. Responses were received from 31 employees, of which one was from senior management, two from management, three from supervisory staff, and 25 from general staff members. Their responses to the questionnaire were analysed and evaluated and, based on the findings, recommendations were made.

The results of the study showed that problems exist in the organisation which impede achievement of its strategic goals. A performance management system would assist the organisation in many of these areas to overcome the identified problems.

The results of the study will enable the management of the organisation to design and implement a performance management system to facilitate the achievement of the organisation’s strategic goals.
ACKNOWLEDGEMENTS

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>viii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF CHARTS</td>
<td>x</td>
</tr>
<tr>
<td>LIST OF APPENDICES</td>
<td>xi</td>
</tr>
<tr>
<td>CHAPTER 1</td>
<td>1</td>
</tr>
<tr>
<td>PROBLEM STATEMENT AND DEFINITION OF CONCEPTS</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Main problem</td>
<td>2</td>
</tr>
<tr>
<td>1.2.1 Sub-problems</td>
<td>3</td>
</tr>
<tr>
<td>1.3 Delimitation of the research</td>
<td>5</td>
</tr>
<tr>
<td>1.3.1 Subject of evaluation</td>
<td>5</td>
</tr>
<tr>
<td>1.3.2 Geographical delimitation</td>
<td>5</td>
</tr>
<tr>
<td>1.3.3 Organisational delimitation</td>
<td>5</td>
</tr>
<tr>
<td>1.3.4 Management delimitation</td>
<td>5</td>
</tr>
<tr>
<td>1.3.5 Individual delimitation</td>
<td>6</td>
</tr>
<tr>
<td>1.4 Definition of key concepts</td>
<td>6</td>
</tr>
<tr>
<td>1.4.1 Performance</td>
<td>6</td>
</tr>
<tr>
<td>1.4.2 Performance management</td>
<td>6</td>
</tr>
<tr>
<td>1.4.3 Performance appraisal</td>
<td>6</td>
</tr>
<tr>
<td>1.4.4 Performance standards</td>
<td>6</td>
</tr>
<tr>
<td>1.4.5 Performance measures</td>
<td>7</td>
</tr>
<tr>
<td>1.4.6 Goals</td>
<td>7</td>
</tr>
<tr>
<td>1.4.7 Objectives</td>
<td>7</td>
</tr>
<tr>
<td>1.4.8 Strategies</td>
<td>7</td>
</tr>
<tr>
<td>1.5 Assumptions</td>
<td>7</td>
</tr>
<tr>
<td>1.6 The significance of the research</td>
<td>8</td>
</tr>
<tr>
<td>1.7 An overview of related literature</td>
<td>9</td>
</tr>
<tr>
<td>1.7.1 Introduction to performance management</td>
<td>9</td>
</tr>
<tr>
<td>1.7.2 Does it contribute to organisational performance?</td>
<td>10</td>
</tr>
<tr>
<td>1.7.3 What does performance management look like?</td>
<td>12</td>
</tr>
<tr>
<td>1.7.4 Conclusion</td>
<td>13</td>
</tr>
<tr>
<td>1.8 Research methodology</td>
<td>14</td>
</tr>
<tr>
<td>1.8.1 Literature survey</td>
<td>14</td>
</tr>
</tbody>
</table>
1.8.2 Empirical study ................................................................. 14
1.9 Outline of the thesis ............................................................. 15
1.10 Summary ............................................................................. 16

CHAPTER 2 .................................................................................. 17
KEY CONCEPTS OF PERFORMANCE MANAGEMENT SYSTEMS ... 17
2.1 Introduction ........................................................................... 17
2.2 Purpose of performance management .................................... 18
2.3 Ethical considerations ............................................................. 20
2.4 Principles of performance management .................................... 21
2.5 The performance management process ................................... 22
  2.5.1 Key elements in the performance management process ....... 22
  2.5.2 Philpott and Sheppard’s performance management process
      model ................................................................................. 24
  2.5.3 Conditions for performance management systems .......... 26
  2.5.4 The performance management process in perspective ...... 26
2.6 Performance management cycle ............................................ 28
  2.6.1 The performance management cycle according to Schultz et al. 29
  2.6.2 The Pratt & Whitney performance management process cycle ... 32
  2.6.3 Critical success factors ....................................................... 33
  2.6.4 The importance of tying the performance management
      process to business strategy ................................................ 35
2.7 Performance management models ........................................ 36
  2.7.1 Integrated performance management model .................... 36
  2.7.2 The ACHIEVE performance management model ............ 39
2.8 Implementation guidelines ..................................................... 42
2.9 Performance management systems design ............................. 44
  2.9.1 Spangenberg’s systems model of performance management. 44
  2.9.2 Linkages to other human resource systems ....................... 52
2.10 Feedback ............................................................................. 53
  2.10.1 360-degree feedback ....................................................... 53
  2.10.2 Benefits of 360-degree feedback ..................................... 54
2.11 Benefits of effective performance management .................... 55
2.12 Conclusion ........................................................................... 57
2.13 Summary ............................................................................. 58

CHAPTER 3 .................................................................................. 59
THE EMPIRICAL STUDY, METHODS USED AND ANALYSIS OF DATA .. 59
3.1 Introduction ........................................................................... 59
3.2 Fundamentals of research design .......................................... 59
3.3 The empirical study ........................................................................................................................................61
3.3.1 An overview of Goldmaster ..........................................................................................................................61
3.3.1.1 Goldmaster’s core business .........................................................................................................................61
3.3.1.2 Goldmaster’s staffing compliment ................................................................................................................62
3.3.1.3 The union ...................................................................................................................................................63
3.3.1.4 Labour relations in the industry ..................................................................................................................63
3.3.1.5 Employee performance management and measurement systems ................................................................63
3.3.2 Sample design ..............................................................................................................................................63
3.3.3 Sampling process .........................................................................................................................................63
3.3.4 Sampling methods .......................................................................................................................................64
3.3.4.1 Sample size ................................................................................................................................................68
3.3.5 Questionnaire design ..................................................................................................................................70
3.3.6 The questionnaire .......................................................................................................................................71
3.3.6.1 Questionnaire development .......................................................................................................................71
3.3.6.2 Questionnaire structure ............................................................................................................................72
3.3.6.3 Reliability and validity ...............................................................................................................................73
3.3.6.4 Framing the questionnaire .........................................................................................................................75
3.3.6.6 Covering letter to questionnaire ...............................................................................................................78
3.3.7 Survey management ..................................................................................................................................78
3.3.7.1 Administering the questionnaire ...............................................................................................................78
3.3.7.2 Response rate ...........................................................................................................................................79
3.4 Presentation of data collected ..........................................................................................................................79
3.4.1 Analysis of respondents ...............................................................................................................................79
3.5 Conclusion ..................................................................................................................................................85

CHAPTER 4 ......................................................................................................................................................86
ANALYSIS AND INTERPRETATION OF RESULTS .............................................................................................86
4.1 Introduction ..................................................................................................................................................86
4.2 Analysis and interpretation of the findings of Section B ..............................................................................87
4.2.1 Organisational strategy ...............................................................................................................................87
4.2.2 Goals and performance measures ...............................................................................................................91
4.2.3 Performance monitoring and feedback .......................................................................................................96
4.2.4 Reward .......................................................................................................................................................106
4.2.5 Performance review ................................................................................................................................109
4.2.6 Suggestions for methods of improving performance management ....................................................................110
4.3 Conclusion ................................................................................................................................................111

CHAPTER 5 ......................................................................................................................................................112
CONCLUSIONS AND RECOMMENDATIONS ..................................................................................................112
5.1 Introduction ................................................................................................................................................112
5.2 Problems and limitations .............................................................................................................................112
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3</td>
<td>Summary of the study</td>
<td>112</td>
</tr>
<tr>
<td>5.4</td>
<td>Recommendations</td>
<td>115</td>
</tr>
<tr>
<td>5.5</td>
<td>Opportunities for further research</td>
<td>117</td>
</tr>
<tr>
<td>5.6</td>
<td>Conclusion</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>REFERENCES</td>
<td>119</td>
</tr>
</tbody>
</table>
## LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.1</td>
<td>An integrated performance management cycle</td>
<td>12</td>
</tr>
<tr>
<td>Figure 2.1</td>
<td>Philpott &amp; Sheppard’s performance management process model</td>
<td>24</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>Schultz: The performance management process</td>
<td>26</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>The performance management cycle</td>
<td>31</td>
</tr>
<tr>
<td>Figure 2.4</td>
<td>Performance management process model developed by Pratt &amp; Whitney</td>
<td>32</td>
</tr>
<tr>
<td>Figure 2.5</td>
<td>Spangenberg’s integrated model of performance</td>
<td>38</td>
</tr>
<tr>
<td>Figure 2.6</td>
<td>Systems model of performance management</td>
<td>45</td>
</tr>
<tr>
<td>Figure 2.7</td>
<td>360 – degree feedback model</td>
<td>54</td>
</tr>
<tr>
<td>Figure 4.1</td>
<td>The sampling process</td>
<td>64</td>
</tr>
<tr>
<td>Figure 4.2</td>
<td>Krejcie and Morgan population representation</td>
<td>69</td>
</tr>
<tr>
<td>Figure 4.3</td>
<td>Factors to consider when designing questionnaires</td>
<td>76</td>
</tr>
</tbody>
</table>
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 4.1</td>
<td>Summary of strengths and weaknesses of each sampling method</td>
<td>67</td>
</tr>
<tr>
<td>Table 4.2</td>
<td>Three different types of questions</td>
<td>73</td>
</tr>
<tr>
<td>Table 4.3</td>
<td>Responses by division</td>
<td>80</td>
</tr>
<tr>
<td>Table 4.4</td>
<td>Responses by category</td>
<td>81</td>
</tr>
<tr>
<td>Table 4.5</td>
<td>Responses by number of years employed at Goldmaster</td>
<td>82</td>
</tr>
<tr>
<td>Table 4.6</td>
<td>Responses by number of years in current position at Goldmaster</td>
<td>82</td>
</tr>
<tr>
<td>Table 4.7</td>
<td>Responses by number of appraisal interviews</td>
<td>84</td>
</tr>
<tr>
<td>Table 5.1</td>
<td>Organisational strategy</td>
<td>88</td>
</tr>
<tr>
<td>Table 5.2</td>
<td>Goals and performance measures</td>
<td>91</td>
</tr>
<tr>
<td>Table 5.3</td>
<td>Performance monitoring and feedback</td>
<td>96</td>
</tr>
<tr>
<td>Table 5.4</td>
<td>Training and development</td>
<td>102</td>
</tr>
<tr>
<td>Table 5.5</td>
<td>Reward</td>
<td>106</td>
</tr>
<tr>
<td>Table 5.6</td>
<td>Performance review</td>
<td>109</td>
</tr>
<tr>
<td>Table 5.7</td>
<td>Suggestions for methods of improving performance management</td>
<td>110</td>
</tr>
</tbody>
</table>
**LIST OF CHARTS**

| Chart 4.1 | Responses by division | 80 |
| Chart 4.2 | Responses by category | 81 |
| Chart 4.3 | Responses by years employed and years in current position | 82 |
| Chart 4.4 | Responses by number of appraisal interviews | 84 |
| Chart 5.1 | Organisational strategy – Areas of concern | 90 |
| Chart 5.2 | Goals and performance measures | 94 |
| Chart 5.3 | Objectives – Areas of concern | 95 |
| Chart 5.4 | Performance monitoring and feedback | 100 |
| Chart 5.5 | Performance monitoring and feedback – areas of concern | 101 |
| Chart 5.6 | Training and development | 104 |
| Chart 5.7 | Training and development – Areas of concern | 105 |
| Chart 5.8 | Reward | 108 |
| Chart 5.9 | Performance review | 110 |
# LIST OF APPENDICES

<table>
<thead>
<tr>
<th>Appendix A</th>
<th>Goldmaster organisation diagram</th>
<th>123</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix B</td>
<td>Covering letter to Goldmaster staff</td>
<td>124</td>
</tr>
<tr>
<td>Appendix C</td>
<td>Questionnaire to Goldmaster staff</td>
<td>125</td>
</tr>
<tr>
<td>Appendix D</td>
<td>Questionnaire results</td>
<td>130</td>
</tr>
</tbody>
</table>
CHAPTER 1

PROBLEM STATEMENT AND DEFINITION OF CONCEPTS

1.1 Introduction

Performance management is a formal and explicit process whereby an organisation involves its employees, both as individuals and members of a team, in improving overall effectiveness, and the accomplishment of its strategic goals. It is focused on achieving results, and may be seen as a vehicle for aligning individual employee performance with organisational strategy.

The objective of performance management according to Schultz, Bagaim, Potgieter, Viedge and Werner (2003:74), is to improve results at the individual, team and organisational level. They state that “performance management is a process that directs the energy of people in an organisation towards achieving strategic goals”.

According to Armstrong (2001:465), performance management provides an integrated and continuous approach to the management of performance than is provided by traditional performance appraisal schemes. Unlike traditional methods of management by command, performance management is based on the principle of management by agreement. Furthermore, Armstrong (2001:465) postulates that performance management can provide for an integrated and coherent range of human resource management processes that are mutually supportive and contribute as a whole to increasing organisational effectiveness.

Performance management requires that employees and managers both have and understand clear objectives, based on the strategic objectives of the organisation. Properly designed and implemented, performance management systems provide the necessary base to help organisations achieve their strategic goals and objectives.
1.2 Main problem

Several authors (Spangenberg, 1994; Armstrong, 2000; Schultz et al. 2003) concur that it is important to note and appreciate that performance management is not performance appraisal, nor is it an expanded performance appraisal system. It is a process to implement the strategic goals and strategies of an organisation, and helps to create a participative culture. This is all too often not clearly understood by managers, and those tasked to implement a performance management system. Performance management is a much wider concept. According to Fay, in Spangenberg (1994:14) performance management is “a set of techniques used by a manager to plan, direct and improve the performance of subordinates in line with achieving the overall objectives of the organisation”.

Performance management is based on the principle of management by agreement or contract, rather than management by command (Armstrong, 2001:465). It provides a framework for managers to support employees, subordinates and team members. Performance management is a transformational process and not an appraisal process.

Performance appraisal on the other hand, is a system of formal assessment and rating of individuals by managers. This system of rating individuals has been widely criticised. Spangenberg (1994: 12) states that “due to the disappointing performance of traditional performance appraisals, and their impact on performance based pay structures and motivational projects, their continued use according to traditional methods requires questioning.”

According to Schneier, Beatty, Baird (1987:14), perhaps one of the most glaring performance appraisal systems faults is that most systems do not recognise the realities of managerial work and organisational culture. Thus performance appraisal systems are viewed as external to managers’ legitimate tasks and responsibilities.
According to Armstrong (2001:474), performance appraisal may be seen as a top down, after the fact, form of appraising subordinates for the purposes of obtaining information on which to base pay decisions. Performance management, however, is a continual cycle of performance planning, design and or redesign of structures, managing performance and reviewing the performance.

This is well illustrated in the following statement by Armstrong (2000:12)
“Performance management is a continuous and flexible process that involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve the required results. It focuses on future performance planning and improvement rather than on retrospective performance appraisal”.

Although Goldmaster has a formal and explicit business strategy, they have had difficulty in implementing it, and therefore achieving their goals and objectives. Goldmaster has a performance appraisal system in place, which has not yielded intended or desired results. This warrants the research which will focus on developing and introducing a performance management programme to help facilitate the achievement of Goldmaster’s strategic goals.

The main problem of the research is thus:

*Will the implementation of a performance management system at Goldmaster yield desired results in terms of achievement of its strategic goals and objectives?*

1.2.1 Sub-problems

When analysing the main problem, and reviewing the literature, the following sub-problems were identified.
Sub-problem one
As improved productivity is stated as one of Goldmaster’s most important strategic objectives, will the implementation of a performance management system help to achieve this key objective?

Sub-problem two

- What does the literature reveal about the design of performance management systems that will assist management in designing an effective performance management system?

Sub-problem three

- What does the literature reveal about the implementation of performance management systems that will aid management in their implementation of a performance management system?
1.3 Delimitation of the research

Delimiting the research is solely for the purpose of making the research topic manageable. Although this research paper is limited to the proposed implementation of a performance management system at Goldmaster, the exclusion of other topics does not imply that there is no need for those topics to be researched.

1.3.1 Subject of evaluation

The study is limited to the proposed implementation of a performance management system at Goldmaster, to help facilitate the achievement of the organisation’s strategic goals.

1.3.2 Geographical delimitation

The empirical section of the study will be limited to management and salaried staff of Goldmaster (PTY) Ltd, situated at 105 Bree Street, Cape Town.

1.3.3 Organisational delimitation

The evaluation will be undertaken at Goldmaster, with the focus of the study being the design and implementation of a performance management system.

1.3.4 Management delimitation

For a performance management system to be effective, it must be owned and driven by line management. For this reason, the study will focus on senior and middle management, as well as line managers.
1.3.5 Individual delimitation

The study will be limited to salaried staff and will not include hourly-paid employees.

1.4 Definition of key concepts

Before entering into the body of the research, the key concepts will be defined.

1.4.1 Performance

The Oxford English Dictionary defines performance as follows: “The accomplishment, execution, carrying out, working out of anything ordered or undertaken”. Armstrong (2001:468) sees performance as behaviour – the way in which organisations, teams and individuals get work done.

1.4.2 Performance management

“Performance management is a means of getting better results from a whole organisation, or teams and individuals within it, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements.” (Armstrong, 2000:6)

1.4.3 Performance appraisal

Performance appraisal is a system of formal assessment and rating of individuals by managers. It may be seen as a top down, after the fact, form of appraising subordinates for the purposes of obtaining information on which to base pay decisions.

1.4.4 Performance standards

Performance standards may be defined as a statement of the conditions that exist when a job is being performed effectively. Armstrong (2001:479)
1.4.5 Performance measures

Performance measures are agreed when setting objectives and they should provide evidence of whether or not the intended result has been achieved.

1.4.6 Goals

A goal is a specific target that an individual is trying to achieve; it is what a person is attempting to accomplish (Schultz et al. 2003:77). Goals may be seen as long term.

1.4.7 Objectives

Objectives describe what organisations, functions, departments and individuals are expected to achieve over a period of time. David (2003:11) states that objectives can be defined as specific results that an organisation seeks to achieve in pursuance of its basic mission. Objectives may be seen as short to medium term.

1.4.8 Strategies

Strategies are the means by which goals will be achieved, and affect an organisation’s long term prosperity.

1.5 Assumptions

For the purpose of this study, it is assumed that the literature used, some of which is of American and British origin, is applicable in the context of Goldmaster, a company registered in South Africa. Furthermore, it is assumed that the need for Goldmaster to achieve its strategic goals via a formal management system will remain, and that a performance management system will be implemented to replace the current performance appraisal system, if the research shows that the implementation of such a system will help achieve the organisation’s strategic goals.
1.6 The significance of the research

Many organisations, both in the public and private sector are implementing performance management systems, in an effort to execute strategy and improve organisational performance.

According to Bennett and Minty (1999:58), strategic success lies in focusing attention at all levels on key business imperatives, which can be achieved through effective performance management.

Managers need to combine the separate systems of strategic planning and performance appraisal into one integrated performance management system.

Throughout the world, organisations that are at the forefront of effectiveness and competitiveness constantly seek to:

- Improve the productivity of their people;
- Identify their needs in terms of the gap between desired or required performance levels and current performance;
- Select the appropriate strategies for enhancing employee performance, focusing on results and continuous improvement, and motivating their workforce to higher levels of quality;
- Integrate human resources with new technologies;
- Evaluate the outcomes of performance enhancement strategies to determine if further analysis is required (Fisher, 1997:3).

Fisher (1997:3) postulates that for a system to be effective, it should focus on the broader issues of improving performance by integrating human resource solutions with organisational needs and priorities.

Goldmaster has not been able to achieve desired results of improved productivity, nor has it been able to achieve attainment of other strategic goals by means of its current performance appraisal system. Therefore, there is a
need to move from the current performance appraisal system to a system whose impact on the organisation would be effective in achieving the company’s strategic goals and objectives. For this reason, the topic of performance management systems is under investigation, with the focus on whether such systems would be an effective in achieving the desired results. For the new performance management system to deliver on its promise attaining the company’s strategic goals and getting better results from the whole organisation, or teams and individuals within it, it has to be properly designed and implemented.

1.7 An overview of related literature

A study of various literatures was undertaken, in the field of performance management, to assist the researcher in understanding the concepts of performance management, as well the various factors to be considered when designing and implementing a performance management system, such that the system is effective in helping achieve the organisation’s strategic goals and objectives.

1.7.1 Introduction to performance management

In introducing performance management, it is relevant to consider the following questions:

What is performance management, and why should a performance management system be implemented in an organisation? What is its purpose?

The answers to these questions are multi-faceted and many experts in various fields have attempted to define and refine the answers. According to Armstrong (2000: 6) the purpose of performance management is as follows: “Performance management is a means of getting better results from a whole organisation, or teams and individuals within it, by understanding and
managing performance within an agreed framework of planned goals, standards and competence requirements”.

Schultz et al. (2003:74) see performance management as a process that directs the energy of people in an organisation towards achieving strategic goals.

Spangenberg (1994: xiii) sees the traditional performance management approach to managing people as one that entails planning employee performance, facilitating the achievement of work related goals, and reviewing performance as a way of motivating employees to achieve their full potential in line with the organisation’s objectives. However, it is important to note he argues that performance management works well in some areas but not in all areas. Spangenberg (1994: xiii) postulates that if the issues which impede performance management can be overcome, that the system could make a significant contribution to employee and organisational growth and effectiveness.

Most, however, seem to agree on the basic premise however, that performance management is a powerful business process, which may be used to help implement the organisation’s strategy. It does this by directing individual and team efforts within an organisation towards the overall accomplishment of defined, strategic organisational goals, and through its interactive nature, it helps create a participative culture.

1.7.2 Does it contribute to organisational performance?

“Performance management is potentially the area of human resources management which can make the most significant contribution to organisational performance. Performance management is a process which is based on a number of activities, and as such it should be designed to improve strategic focus and organisational effectiveness through continuously securing improvements in the performance of individuals and teams. Performance
management should provide an enabling framework to integrate performance improvement activities” (Philpott & Sheppard: 1992:98).

The fundamental question however is why organisations should manage performance at all. Among the many complex reasons for management of performance, Philpott and Sheppard (1992:98) list three simple reasons. Firstly, they state that what gets measured gets done, and that when one considers human nature, that is unlikely to change. Secondly, they postulate that the relationship between an organisation’s strategy and performance management means that performance management can be used to ensure that strategy is translated into action, and thirdly, they state that performance management systems can be used to contribute strongly as a vehicle for encouraging and managing a change in organisational culture.

Swan in Swannepoel, Erasmus, van Wyk, and Schenk (1998:406) states the following: “Performance management means more than assessing an employee’s performance at regular intervals (i.e. performance appraisal). It unites a number of related tasks: monitoring, coaching, giving feedback, gathering information, and yes, assessing an employee’s work. It accomplishes those tasks in the context of objectives - the immediate objectives of the department and overall goals of the organisation. And it carries them out systematically, throughout the year. For different organisations the actual means may differ, but regardless of the procedures used to implement it, the basic strategy is the same and the benefits are the same.”

Distilling the information presented by the various sources reveals that organisational performance may be greatly improved by the use of performance management systems. Performance management is an ideal vehicle to assist organisations implement strategy. It accomplishes many related tasks systematically and it does this in the context of departmental objectives and organisational goals.
1.7.3 What does performance management look like?

Swanepoel et al. (1998:405) present an integrated performance management cycle, as shown in Figure 1.1, where the theoretical foundations of the performance management approach may be defined in terms of something that can be measured, within an integrated cycle of separate but related managerial processes.

**Figure 1.1**

An integrated performance management cycle (Mitrani, A Dalziel M & Fitt, D. 1992)

---

** Organisation Strategy**

- **Performance planning**
  - Setting unit’s mission
  - Defining roles and duties
  - Establishing goals and performance standards

- **Performance managing**
  Ongoing process of:
  - Maintaining progress
  - Feedback
  - Counselling

- **Performance appraisal**
  Appraising performance outputs against expectations

- **HR department application**
  (system linkages)
  - Reward processes
  - Training and development
  - Succession planning
  - Disciplinary procedures
  - Reviewing and maintaining appraisal system and process

---

*Source: Swanepoel et al. (1998:405)*
According to Schultz et al. (2003:85) a performance management system is a management practice that has been standardised and incorporated into an all encompassing system, which combines the following processes:

- aligning individual objectives to the vision, mission and strategy of the organisation;
- setting individual objectives with corresponding measures;
- setting up a process of regular one on one performance reviews;
- ongoing monitoring of performance in terms of objectives;
- performance appraisal;
- individual development plans linked to job requirements;
- performance rating to determine salary;
- a pay system linked to performance.

When one examines Figure 1.1, it is evident that the performance management cycle starts with organisational strategy. When one considers the views of Schultz et al. (2003:85) in conjunction with Figure 1.1, it is important then that the performance management system is tied into the organisation’s strategic objectives, in order to ensure successful implementation of the system. Furthermore, Schultz (2004:488) states “performance management is a process for strategy implementation, a vehicle for culture change, and it provides input to other HR systems. It involves communicating a vision of objectives to employees, setting departmental and individual performance targets, and conducting a formal review of performance”.

1.7.4 Conclusion

Schultz et al. (2003:84) postulate that performance management seeks to align individual effort behind the strategy of the organisation, and that if it is properly implemented, performance management can lead to substantial improvement in the performance of individual employees. Furthermore, and for the purposes of this study, most importantly they state that performance management is nothing less than a strategy implementation tool.
It is clear that a performance management system is a holistic system which is made up of many individual but interrelated processes, and this includes the process of performance appraisal. When this is integrated into the performance management process, real value is added to the organisation.

1.8 Research methodology

The methodology of research in this study consists of a literature survey and an empirical investigation.

1.8.1 Literature survey
A study of various literature was undertaken, in the field of performance management and research methodology. The literature study assisted the researcher identify the principles of performance management, as well as guidelines for development and implementation of such systems. Furthermore, the literature study assisted the researcher to design a suitable research methodology for the empirical part of the study.

1.8.2 Empirical study
The empirical study consisted of the following elements:

(a) Interviews: Structured interviews were held with managerial team members on a one to one basis.

(b) Survey: A survey was conducted among all levels of management, as well as salaried staff, to establish the effectiveness of the current performance appraisal system with respect to implementation of the organisation’s strategic goals and objectives.

(c) Measuring instrument: A questionnaire containing both open-ended as well as structured questions compiled by the researcher, was used. This questionnaire was compiled according to principles and guidelines identified in the literature study on research methodology.
(d) Population: The population from which the sample was drawn encompassed the entire organisation, both male and female, across as wide an age spectrum as possible, in an attempt to prevent bias.

(e) Sample size: All managerial staff and three salaried staff members from each of the different departments within the company, with respondents chosen at random.

(f) Data analysis: The procedure used in interpreting and analyzing the data was through data input. It was presented in tabular and graph form using Microsoft Excel 2003.

(g) Ethical aspect: The researcher obtained permission from one of the shareholders, and Managing Director of Goldmaster, Mr. Graham Miller to conduct this research.

The information gleaned from the questionnaire and interviews was used to determine whether the implementation of a performance management system would be effective in facilitating the achievement of the organisations strategic goals.

From this the researcher drew conclusions and made recommendations, based on the research in this study.

1.9 Outline of the thesis

The study is divided into the following chapters:

Chapter 1: Introduction to the study and identification of the main and sub-problems as well as key concepts. This chapter gives the reader an understanding as to the relevance of the research. There is an overview of the literature with respect to performance management. The area of research is delimited and the various terms and concepts are defined. The research methodology is outlined
Chapter 2: This chapter focuses on the literature review on which the empirical study is based. It ends with conclusions reached on the basis of the literature reviewed.

Chapter 3: The research problem is defined in this chapter. It deals with key concepts and the methods used in the empirical study, including data analysis.

Chapter 4: The results of the empirical study are discussed in terms of the research problem in this chapter, and the findings are interpreted.

Chapter 5: Conclusions are drawn and recommendations are made in this final chapter. The summary draws a final conclusion on the essence of the investigation.

1.10 Summary

This chapter introduced the reader to the study, and identified the main and sub-problems. The relevance of the research was identified and the essence of performance management was outlined. Key terms were defined and the importance of tying the performance management system into the strategic objectives of the organisation was introduced.

Chapter 2 outlines the various elements of performance management systems with the objective of providing the researcher with sufficient information to determine whether the implementation of a performance management system at Goldmaster will yield desired results in terms of achievement of its strategic goals and objectives.
CHAPTER 2

KEY CONCEPTS OF PERFORMANCE MANAGEMENT SYSTEMS

2.1 Introduction

In Chapter 1 the concepts of performance management were outlined and identified. The importance of tying the performance management process into the organisation’s strategic objectives was highlighted. It was stated that the objective of the research was to determine whether the implementation of a performance management system at Goldmaster would yield desired results in terms of achieving strategic goals and objectives.

Chapter 2 will provide guidelines for the development of performance management systems. The researcher will discuss the purpose of performance management and the principles involved in performance management systems. The performance management process as well as the performance management cycle will be examined. Various models of performance management will be evaluated, followed by implementation and systems design guidelines. Finally, feedback systems will be investigated and the benefits of effective performance management systems will be discussed.

According to Chris Barrow in Spangenberg (1994: vii) South Africa is a country experiencing profound change on a number of fronts. He states: “organisations will have to come to terms with new political and social dimensions while stepping up their productivity to compete internationally. The adoption of performance management as a process to change the management culture of a business to one that is more suited to the new environment will pay huge dividends”.

Goldfields state that productivity improvement is the next major focus of their South African operations, and that plans to improve productivity will focus on, amongst others, the following initiatives:
“...Improving performance management by ensuring high quality supervision and enhanced teambuilding…” (www.goldfields.co.za)

According to Ehlers and Lazenby (2004:7), South Africa is well known as a country that does not perform very highly on the productivity score sheets of the world.

The path to manufacturing improvement relies heavily on the ability of each individual in the organisation to understand how his or her actions impact the company’s overall goals. It also hinges on the employee’s ability to make the right decisions to achieve those goals.

Performance management is a dynamic process that puts manufacturers directly on the improvement path. As a progressive planning approach, performance management lets companies target their most strategically significant activities, while giving employees clear direction, useful information, and a deeper understanding of expectations.

This successful methodology promises increased profitability, predictability, and productivity. In fact, performance management generates productivity gains across two critical spectrums: increased capacity or availability, and increased employee engagement.


Performance management systems are one of the mechanisms available for ensuring higher productivity, culture change, and achievement of an organisation’s strategic goals.

2.2 Purpose of performance management

Bennet and Minty (1999:58) state that there are generally three major purposes of performance management, namely that:

- It is a process for strategy implementation;
• It is a vehicle for culture change;
• It provides input to other HR systems such as development and remuneration.

Furthermore, Bennet and Minty (1999:58-63) state that traditionally organisations viewed performance management to be for human resource purposes, resulting in performance management systems being owned and driven by the human resources department. However, in organisations today, it is of critical importance that the primary purpose of performance management is seen to be as both a process for implementing business strategy and as a vehicle for changing and creating the desired culture.

Armstrong (2001:469) sees the purpose of performance management as a process for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way that increases the probability that it will be achieved in the short and longer term.

According to Philpott and Sheppard (1992:101), organisations which succeed in improving performance are those that keep their sights on the fundamental goal of establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes, and of their own skills and contributions.

From the literature it is evident that performance management is not solely the responsibility of managers and management, but rather that the responsibility for improved performance is shared between all members of the organisation. In terms of performance management being a process to implement business strategy, David (2003:238) states that managers and employees throughout the organisation should participate early and directly in strategy implementation decisions. As performance management systems create a shared understanding of what is to be achieved, the probability of successful implementation of the organisation’s strategy is then greatly improved.
2.3 Ethical considerations

According to Naidoo (2002:140) ethics mean different things to different people, but generally it relates to knowing what is right and wrong in the workplace and doing what is right for the company’s products and services, as well as in relationships with stakeholders. Naidoo broadly defines a company’s ethics as the principles and standards that it espouses to guide it in its day to day business activities and its relations with its internal and external stakeholders in accordance with its established corporate values.

A common criticism of performance management systems is that they raise issues of privacy, dignity, discrimination, and power and control over employees, particularly with performance management systems that use surveillance technology to gather data about workplace performance. To ensure that performance management programs are ethically sound, they must reflect the principles of respect for the individual, procedural fairness and transparency of decision making (Brewster, Carey, Dowling, Grobler, Holland & Warnich, 2003:261).

Winstanley and Stuart-Smith in Armstrong (2001:471), state that performance management should operate in accordance with the following ethical principles:

- Respect for the individual – people should be treated as ends in themselves, and not as merely a means to other ends;
- Mutual respect – the parties involved in performance management processes should respect each other’s needs and preoccupations;
- Procedural fairness – the procedures incorporated in performance management should be operated fairly to limit the adverse effect on individuals;
- Transparency – people affected by decisions emerging from the performance management process should have the opportunity to scrutinise the basis upon which decisions were made.
2.4 Principles of performance management

According to Armstrong (2000:15), research conducted by Fletcher and Williams suggests four underlying principles of effective performance management systems, namely that:

- It is owned and driven by line management and not the human resources department;
- There is an emphasis on shared corporate goals and values;
- Performance management is not a packaged solution but something that has to be developed specifically and individually for each particular organisation;
- It should apply to all staff, not just the managerial group.

Armstrong (2001:469) further expands on these principles as follows:

- Performance management translates corporate goals into individual, team, department and divisional goals;
- It helps to clarify corporate goals;
- It is a continuous and evolutionary process, in which performance improves over time;
- It relies on consensus and cooperation rather than control or coercion;
- It encourages self management of individual performance;
- It requires a management style that is open and honest and encourages two way communication between superiors and subordinates;
- It requires continuous feedback;
- Feedback loops enable the experiences and knowledge gained on the job by individuals to modify corporate objectives;
- It measures and assesses all performance against jointly agreed goals;
- It should apply to all staff and is not primarily concerned with linking performance to financial reward.
From the literature surveyed, it is evident that for a performance management system to be effective, it should not be a top down approach, but rather a shared approach, one in which there is shared vision of the organisation’s goals and objectives. Each employee should understand how each of their individual goals and objectives contribute to the strategy of the organisation as a whole. Schultz et al. (2003:76) refer to this process as alignment. Furthermore, they postulate that the alignment process will identify critical success factors and key performance areas for the organisation, and that the key result areas and key performance indicators of each person in the organisation are the measures used to judge the performance of each employee.

2.5 The performance management process

Performance management is a process for measuring outputs in the shape of delivered performance, compared with expectations expressed as objectives. In this respect it focuses on targets, standards and performance measures or indicators. But, it is also concerned with inputs – the knowledge, skills and competencies required to produce the expected results. It is by defining these input requirements and assessing the extent to which the expected levels of performance have been achieved by using skills and competencies effectively that developmental needs are identified (Armstrong, 2001:474)

2.5.1 Key elements in the performance management process.

Workplace Performance Technologies (www.workinfo.com) lists the key elements of the performance management process as follows:

- It is a business process

It is about the everyday actions and behaviours people use to deliver the goals of the organisation to meet customer needs, improve performance and themselves. It cannot be divorced from the management and business processes of the organisation. Performance management is not about a set of forms, the annual appraisal ritual, or the merit or bonus scheme.
• It creates a shared understanding about what is to be achieved and how it is achieved

Individuals and teams need to have a common understanding of how their roles connect to the business mission and goals of the organisation. To improve performance they also need to know what superior performance looks like, and how to achieve it. Performance can be described as a set of tasks, goals, behaviours or results or any combination of these elements. The goals and tasks must be formalised into a performance agreement.

• It is an approach to managing people

The focus of performance management is on connecting people to one another and to the larger organisation and its values. The main emphasis is on how to get people to work together and support one another to achieve shared aims. In particular it puts the responsibility on managers to work effectively (through coaching and motivating) with those for whom they are accountable.

• It increases the probability of organisation health and durability

Performance management has a clear purpose. It is about delivering success for individuals, teams, and the organisation. By establishing a continuous management process that delivers clarity, support, feedback, and recognition to all, leaders take a major step in sustaining performance, the performance management process, and organisational life span.

• It is driven by competencies

Competencies are the only common denominator that can be used across human resource systems consistently. This assists both line managers and human resource professionals to measure and manage jobs and performance in an integrated way (http://www.workinfo.com/free/Downloads/178.htm).
2.5.2 Philpott and Sheppard’s performance management process model.

**Figure 2.1**
Philpott & Sheppard’s performance management process model

![Diagram of Philpott and Sheppard's performance management process model]

- Mission
- Strategies
- Objectives
- Values
- Critical success factors
- Performance indicators and standards
- Performance review
- Identification of potential
- Succession planning
- Total reward system
- Performance improvement programs
- Better performance

Source: Philpott & Sheppard (1992:99)
The main features of this model are:

- The mission statement, which defines the business the organisation is in (its purpose) and the direction in which it is going;
- Strategies – statements of intent which provide explicit guidance on the future behaviour and performance required to achieve the mission of the enterprise;
- Objectives – which state in precise terms the performance goals of the organisation;
- Values – what is regarded as important by the organisation with regard to how it conducts its affairs (e.g. performance, teamwork, innovation, the development of people);
- Critical success factors – which spell out the factors contributing to successful performance and the standards to be met;
- Performance indicators – which are worked out in association with the critical success factors and enable progress towards achieving objectives and implementing values to be monitored and the final results to be evaluated;
- Performance review – which reviews individual performance, qualities and competencies against relevant objectives, values, critical success factors and performance indicators, and identifies potential development needs;
- Performance related pay, which links rewards explicitly to performance and can take the form of merit based pay, individual bonuses, group bonuses and other variable payments related to corporate or group performance;
- Performance improvement programmes – which are concerned with improving motivation and commitment by means other than financial rewards (e.g. training, career development, succession planning and promotion processes, coaching and counselling). (Philpott & Shepard, 1999).
2.5.3 Conditions for performance management systems

According to Sloman in Schultz (2004:475), performance management systems are considered to be running when the following conditions are met:

- A vision of objectives is communicated to employees;
- Departmental and individual performance targets are set within wider objectives;
- A formal review of progress towards targets is conducted;
- The whole process is evaluated to improve effectiveness.

2.5.4 The performance management process in perspective

Schultz (2004:476) presents the performance management process in figure 2.2 in which the performance management process is placed in perspective.

**Figure 2.2**

**Schultz: The performance management process**

<table>
<thead>
<tr>
<th>Launching the process</th>
<th>Alignment with the business strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Alignment with departmental goals</td>
</tr>
<tr>
<td></td>
<td>Determining employee goals to add value</td>
</tr>
<tr>
<td></td>
<td>Defining parameters of an action plan</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Coaching</th>
<th>Interim checking of progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exploring causes of poor performance</td>
</tr>
<tr>
<td></td>
<td>Counselling and mentoring</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Measuring performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Determining amount of value to be added</td>
</tr>
<tr>
<td></td>
<td>Allocating results of evaluation to HR systems</td>
</tr>
<tr>
<td></td>
<td>Reviewing new business strategy, and departmental and employee goals.</td>
</tr>
</tbody>
</table>

**Source: Schultz (2004:476)**
Launching the process – Schultz (2004:476) postulates that the first stage of the performance management process involves the following steps:

- **Step 1.** Manager and subordinate meet to discuss how the organisation’s strategic goals must be adopted and adapted by the department and individual.

- **Step 2.** Manager and subordinate jointly decide on an action plan to achieve the individual’s goals.

- **Step 3.** Manager and subordinate agree specific times for formal checks to be made on progress towards the goals.

- **Step 4.** Manager and subordinate agree to the type of value, and the amount of value that will be added if goals are to be achieved.

Coaching – Schultz (2004:477), states that the astute manager is always aware of his or her subordinate’s performance. Whether the organisation’s objective in managing performance is to achieve goals, or to add value, performance problems must be noticed and analysed at an early stage.

According to Gomez-Mejia et al. in Schultz (2004:477), supervisors who manage performance effectively generally share four characteristics:

- They explore the causes of performance problems;
- They direct attention to the causes of problems;
- They develop an action plan and empower workers to reach a solution;
- They direct communication at performance and emphasise non threatening communication.

Evaluation – Schultz (2004:477) postulates that employees can be measured on the basis of whether the judgement called for is absolute or relative. Gomez-Mejia et al. in Schultz (2004:477) state that relative judgement systems do not provide any absolute information, so managers cannot determine how good or bad the performance of workers is. Absolute judgements, however, require supervisors to make judgements regarding an employee’s performance based solely on performance standards. Feedback
to the employee can be more specific and helpful because ratings are made on separate dimensions of performance.

Armstrong (2001:486) states that the performance review discussion provides the means through which five key elements of performance management can be achieved.

- Measurement – Assessing results against agreed targets and standards;
- Feedback – giving people information on how they are doing;
- Positive reinforcement – emphasising what has been done well so that it will be done even better in the future, and only making constructive criticisms, that is, those that point the way to improvement;
- Exchange of views – ensuring that the discussion involves a full, free and frank exchange of views about what has been achieved, what needs to be done to achieve more and what individuals think about their work, the way they are guided and managed, and their aspirations. The performance review should take the form of a dialogue, not a top down interview, or appraisal;
- Agreement on action plans – to be implemented by individuals alone, or by individuals with the support of their managers.

According to Armstrong (2001:501), it is important to monitor the introduction of performance management very carefully but it is equally important to continue to monitor and evaluate it regularly, especially after its first year of operation.

2.6 Performance management cycle

According to Fox (2006:91), “performance depends on the motivation and ability of individuals, that is, they have to be willing to do the job, know how to do it, be able to do it, and have to receive feedback on how they are performing”.

28
In considering the cycle of performance management, it is useful to compare ideas from different authors and contrast their views.

2.6.1 The performance management cycle according to Schultz et al.

Schultz et al. (2003:77) state, “the starting point of performance management is setting goals and measures” and goes on to list the steps that form the performance management cycle.

Performance management according to Schultz et al. (2003:77-80) can be seen as a cycle that consists of the following steps:

- Clarify expectations
  This is the crucial first step in performance management. It ensures that employees know what is expected of them. They must have a crystal clear understanding, not only of what the objective means, but also of what is necessary to effect the measure associated with the objective. The initial meeting between manager and subordinate in the performance management cycle should be a discussion about setting performance objectives and measures. It should not be a briefing in which the manager tells the subordinate what his or her objectives are, and then spends the rest of the time convincing the subordinate of the importance of achieving objectives.

- Plan to facilitate performance
  The manager might ask the subordinate what he or she could do help the subordinate achieve his or her objectives. There are many instances in which the manager’s intervention may be necessary due to the fact that the subordinate may not have the authority or resources to make things happen.
• Monitor performance
There are many methods of monitoring performance of subordinates. One such method is referred to as MBWA or managing by wandering around. If this is not possible, then the monitoring of performance may be achieved by regular meetings, telephone calls, written reports etc. Frequency of monitoring is a factor of the nature of the job and the seniority of the person being monitored.

• Provide feedback
It is critically important to provide feedback to subordinates on their performance. Such feedback serves the purposes of allowing for the manager to provide for consequences of performance and it allows the manager to redirect the efforts of the subordinate if necessary.

• Coach, council and support
If performance monitoring reveals a serious performance deficit, then the manager may have to coach the subordinate. This will consist of discussing the desired performance, and if necessary, modelling the performance for the subordinate, asking the subordinate to perform, and then giving critical feedback on the performance, until it is at the required level.

• Recognise good performance
Behaviour that is positively reinforced is likely to recur, while behaviour that is punished, or for which there are no consequences, is less likely to recur. Managers who seek to influence the performance of their subordinates need to ensure that good performance is followed by positive consequences.

• Deal with unsatisfactory performance
If a subordinate fails to perform as expected, and this performance persists, then it may be necessary to start disciplinary procedures. In terms of the Labour Relations Act (1998), employees who fail to perform to
standard must be offered every assistance to perform, including if necessary, reassignment to a different position to help them remain employed.

In terms of dealing with poor performance, the following steps should be followed:

- Ensure that the employee knows that his or her performance is unsatisfactory;
- Check to see what the employee’s previous performance record is like;
- Revisit the performance objectives and ensure that the subordinate knows what is required of him or her, and what he or she need to do to perform adequately;
- Agree on a performance improvement plan;
- Agree on a process for follow up and review of the improvement plan, and consequences of non performance;
- Record the agreement in writing;
- Monitor performance in terms of the agreement.

**Figure 2.3**

**Performance management cycle**

[Diagram showing the performance management cycle with steps: Clarifying expectations, Plan to facilitate performance, Provide feedback, Monitor performance, Coach, counsel and support, Recognise good performance.]

Source Schultz et al (2003:78)
2.6.2 The Pratt & Whitney performance management process cycle

Schneier in Spangenberg (1994:38) presents the performance management process cycle developed by Pratt & Whitney (see figure 2.5).

The features of this model are as follows:

- It starts at the right place – i.e. mission, or purpose of the unit or division;
- Measuring behaviour or competencies in addition to results;
- More than one assessment per annum;
- Use of self assessment;
- Use of performance assessments based on demonstrated behaviours and actual accomplishments rather than numerical ratings;
- The use of recognition in addition to rewards.

By the inclusion of recognition as part of the reward process, formal approval is given to the concept of motivating employees by reinforcing desired behaviours.

Figure 2.4
Performance management process model developed by Pratt & Whitney

<table>
<thead>
<tr>
<th>Create shared vision</th>
<th>Clarify role of individual</th>
<th>Provide for fair evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Group mission</td>
<td>• Establish job requirements</td>
<td>• Measurement criteria</td>
</tr>
<tr>
<td></td>
<td>o Responsibilities</td>
<td>• Competency standards</td>
</tr>
<tr>
<td></td>
<td>o Duties</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Tasks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Objectives</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Performance drives “consequences”</th>
<th>Final assessment by supervisor</th>
<th>Interim assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Rewards</td>
<td>• 12 monthly</td>
<td>• 6 monthly</td>
</tr>
<tr>
<td>• Recognition</td>
<td>• Employee initiates</td>
<td></td>
</tr>
<tr>
<td>• Development actions</td>
<td>• Self assessment</td>
<td></td>
</tr>
<tr>
<td>o Polish the “stars”</td>
<td>• Career interests</td>
<td></td>
</tr>
<tr>
<td>o Encourage performance excellence</td>
<td>• Development actions</td>
<td></td>
</tr>
<tr>
<td>o Resolve performance problems</td>
<td>• Matrix input</td>
<td></td>
</tr>
<tr>
<td>Source Spangenberg (1994:38)</td>
<td></td>
<td></td>
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</tbody>
</table>
In comparing the views of Schultz et al. and Spangenberg, it is clear that the process models bear remarkable resemblance to one another. The performance management cycle proposed by Schultz et al. (2003:78) encapsulates the important processes of the Pratt & Whitney model into their model.

One important aspect of the Schultz model which is not evident in the Pratt & Whitney model, is that of “coach, council and support”. According to Schultz et al. (2003:79), if the performance monitoring reveals serious performance deficit, then the manager may have to coach the subordinate. This may include, but is not limited to, modelling the performance for the subordinate, requiring performance of the subordinate, and then providing feedback until the performance is at the required level.

2.6.3 Critical success factors

In section 2.4 of this study, titled “Principles of performance management”, it was stated that each employee should understand how each of their individual goals and objectives contribute to the strategy of the organisation as a whole, and that Schultz et al. (2003:76) refer to this process as alignment, which will identify critical success factors.

According to Joubert and Noah, (2000:16-20), the following factors are critical to the sustained success of performance management systems:

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

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

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

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

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

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

*Motivation* – people need a continuous stream of recognition and support to stay inspired and content with the job.

*Measurement* – a popular saying based on the business wisdom contained in “what gets managed gets done”, holds true no matter what level or in which job an employee has to perform. The more specific and accurate the targets and measures, the better the value of contributions.

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

*Feedback* – it is the oxygen of excellent performance. Feedback induces behaviour change irrespective of whether it is positive or negative feedback.
Embargoes must be placed on personal attacks that hurt the ego or self concept of individuals. Emotional disengagement is guaranteed if not done. Money – is in the final analysis the tangible proof that the individual’s contribution was appreciated. Make sure that incentives for performance are differentiated from basic remuneration. Paying for performance is the hallmark of excellence.

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

2.6.4 The importance of tying the performance management process to business strategy

In comparing the models of Philpott and Sheppard presented in figure 2.1 and that of Schultz. presented in figure 2.2, it is evident that both models start with the business strategy. According to David (2003:5) the concept of strategic management is to achieve and maintain competitive advantage. He goes on to define strategic management as the art and science of formulating, implementing and evaluating cross functional decisions that enable an organisation to achieve its set objectives. Furthermore, he postulates that there are three stages to the strategic management process, namely strategy formulation, strategy implementation and strategy evaluation.

Strategy implementation requires an organisation to establish annual objectives, devise policies, motivate employees, and allocate resources so that formulated strategies can be executed. Strategy implementation includes developing a strategy supportive culture, creating an effective organisational structure, redirecting marketing efforts, preparing budgets, developing and utilising information systems, as well as linking employee compensation to organisational performance (David, 2003:6).
As was stated in Chapter 1 of this research, the relationship between an organisation’s strategy and performance management means that performance management can be used to ensure that strategy is translated into action and that performance management is nothing less than a strategy implementation tool. It is clear then, that the performance management process needs to be tied into the strategic objectives of the organisation, and that it goes hand in glove with organisational strategy.

2.7 Performance management models

According to Spangenberg (1994:25), in order to gain an understanding and a complete perspective of performance management, one needs to examine performance management across the various levels in an organisation. To do so, one needs to make use of a suitable model.

Armstrong (2000:17) advances the idea for the use of a model, or framework. He states that although specific and suitable versions of performance management systems should be designed or adapted to suit the needs of the organisation into which they will be introduced, a conceptual framework would assist in determining the approach to be adopted, and provide guidance on what activities are expected to be carried out.

The model developed by Spangenberg (1994) during research into the subject of performance management at the University of Stellenbosch Business School will be examined, as will the so-called ACHIEVE model developed by Hersey & Blanchard in Fox (2006:93).

2.7.1 Integrated performance management model

Spangenberg (1994:30) presents an “integrated model of performance”. He states that this model is based on and derived in part from the (more traditional) model of performance management developed by Mohrman, which includes: organisational, group and individual levels, and an approach developed by Rummler and Brache towards performance improvement that
describes organisational, process and job/performer levels. In Spangenberg’s model then, three levels of performance are included, these being organisational level, process / function level and team / individual level.

In constructing this integrated model of overall performance, Spangenberg deems it necessary to consider the annual performance cycle. He postulates that the annual performance cycle would contain the following steps:

- Performance planning;
- Design;
- Managing performance (and improvement);
- Reviewing performance;
- Rewarding performance.

These steps combined with three levels of performance (organisation, process/function and team/individual), provide Spangenberg’s integrated model of overall performance, as presented in figure 2.5 overleaf.
Figure 2.5

Spangenberg’s integrated model of performance.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Process / Function</th>
<th>Team / Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Performance Planning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Vision</td>
<td>• Goals for key processes linked to organisational and customer needs</td>
<td>• Team mission, goals, values and performance strategies defined</td>
</tr>
<tr>
<td>• Mission</td>
<td></td>
<td>• Individual goals, responsibilities, and work planning aligned with process / function goals</td>
</tr>
<tr>
<td>• Strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Organisational goals set and communicated</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Design</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Organisational design ensures structure supports strategy</td>
<td>• Process design facilitates efficient goal achievement</td>
<td>• Teams are formed to achieve process / function goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Job design ensures process requirements reflected in jobs; jobs logically constructed in ergonomically sound environment</td>
</tr>
<tr>
<td><strong>3. Managing performance (and improvement)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Continual organisation development and change efforts</td>
<td>• Appropriate sub-goals set; process performance managed and regularly reviewed</td>
<td>• Active team building efforts, feedback, co-ordination and adjustment</td>
</tr>
<tr>
<td>• Functional goals (in support of organisational goals) managed, reviewed, and adapted quarterly</td>
<td>• Sufficient resources allocated</td>
<td>• Developing individual understanding and skills; providing feedback</td>
</tr>
<tr>
<td>• Sufficient resources allocated</td>
<td>• Interfaces between process steps managed</td>
<td>• Sufficient resources</td>
</tr>
<tr>
<td>• Interfaces between functions managed</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Reviewing performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Annual review, input into strategic planning</td>
<td>• Annual review</td>
<td>• Annual review</td>
</tr>
<tr>
<td><strong>5. Rewarding performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Financial performance of organisation</td>
<td>• Function rewards commensurate with value of organisational performance and function contribution</td>
<td>• Rewards commensurate with value of organisation performance, and: for team – function and team contribution; for individual – function / team performance and individual contribution</td>
</tr>
</tbody>
</table>

Source: Spangenberg (1994:30)

According to Spangenberg (1994:31), this could serve as a model on which to base an organisation’s performance management system. It illustrates the levels and phases of performance through the annual performance cycle.
It is important to note that rewarding performance is not part of the annual performance management cycle in Spangenberg’s model. Spangenberg (1994:31) states that “this is due to the shortcomings of traditional reward systems and their often negative effect on the implementation of performance management systems”. This view is corroborated by Schultz et al. (2003:77) where they point out that the employee and performance management development aspect is often forgotten by the manager doing the performance appraisal, who sees the process as one of delivering a performance rating to human resources to be plugged into a pay system. Interestingly, the performance management model presented by Philpott and Sheppard (1992:99) in figure 2.1 includes performance related pay, which links rewards explicitly to performance and can take the form of merit based pay, individual bonuses, group bonuses and other variable payments related to corporate or group performance. According to Spangenberg (1994:201), linking pay with performance can either reinforce the positive elements of the performance management process, or as often happens; it can break down the fragile system. Philpott and Sheppard (1992:103) state that it is important not to rush headlong into performance related pay schemes at the same time as establishing performance management. Ideally the performance management system should be in place for at least one year before performance related pay is considered. In this way, the lessons of how to manage performance will be learnt before the organisation embarks on paying for performance. Swanepoel et al. (1998:405) advance this argument. They contend that human resources practitioners faced with demands for more effective appraisal should focus on the proper implementation and improvement of the process as such – that is, by taking a performance management perspective.

2.7.2 The ACHIEVE performance management model
According to Fox (2006:93) one of the most appropriate performance management and analytical models developed is the so-called ACHIEVE model, which may be applied when managing performance. Furthermore, Fox states that managing people to perform in organisations can make a
significant difference to the way the performance of the organisation can be observed and measured.

A common problem that occurs in the management process is that many managers are effective in letting subordinates know what performance problems exist, but generally fail to assist them in determining why those problems exist. The first step in developing the ACHIEVE model is to isolate the key factors that influence performance management. (Fox, 2006:93)

Performance is a factor of motivation and ability, that is, the person has to have a certain degree of willingness to do the job, have a clear understanding of what to do and how to do it, and should possess the necessary skills for task completion. Further, individuals will not be effective unless they receive organisational support and direction, and unless their work fits the needs of their organisational environment. Finally, individuals need to know not only what to do but also how well they are doing it on an ongoing basis (feedback), and the decisions that affect their careers need to be validated continuously (Fox, 2006:93).

Therefore Fox (2006:94) states that in effective performance management there are seven variables:

- Motivation;
- Ability;
- Understanding;
- Organisational support;
- Environmental fit;
- Feedback;
- Validity.

The components of the ACHIEVE model are outlined below:

- **A: Ability** (knowledge and skills). This refers to a person’s knowledge, experience and skills that is, the ability to perform a task
successfully. Some of the key components of ability are task relevant education, task relevant experience, and task relevant skills.

- **C:** Clarity (understanding or role perception). This refers to an understanding and acceptance of what to do, when to do it and how to do it. In order to understand, a person has to be clear on the major goals and objectives, how those goals and objectives should be accomplished, and the priority of goals and objectives.

- **H:** Help (organisational support). This refers to organisational support or assistance that persons need for effective task completion, and may include adequate budget provision, equipment and facilities necessary for task completion, support from other departments, product availability and an adequate supply of human resources.

- **I:** Incentive (motivation or willingness). This refers to a person’s task relevant incentives, that is, the motivation to complete the task in a successful manner. People are not equally motivated to complete all tasks. They tend to be more motivated toward the successful completion of tasks that will bring them either intrinsic or extrinsic rewards.

- **E:** Evaluation (coaching and performance feedback). This refers to informal, day to day feedback, as well as periodic reviews. An effective feedback process lets followers know on a regular basis how well they are performing. People cannot be expected to improve their performance if they are unaware that performance problems exist. People should be informed on a regular basis how and how often they are being evaluated. Many performance problems may be caused by a lack of necessary coaching and performance feedback.

- **V:** Validity (valid and legal human resource practices). This refers to the appropriateness and legality of human resource decisions made by the manager. Managers have to be sure that decisions about people are appropriate in relation to legislation, court decisions and policy. Personnel practices should not discriminate against any individual or group, and organisations should have valid and legal
performance appraisal systems, as well as training and promotion criteria selection techniques.

- **E: Environment** (environmental fit). This refers to the environmental factors that may influence performance, even if the individual has all the ability, clarity, assistance and incentives needed to do the job. Some of the key environmental factors are competition, changing market conditions, legislation and public regulations and policy, and suppliers.

In implementing performance management, performance should be planned, and formal performance reviews should be conducted (Fox, 2006:94-95).

### 2.8 Implementation guidelines

Spangenberg (1994:31) identifies guidelines for the implementation of a performance management system, based on some fundamental underlying truths in the field of human behaviour in organisations. These guidelines are as follows:

- **Goal setting and self regulation:**
  Employees perform better when they work towards reasonably difficult but acceptable goals than when they work towards “do your best” goals, or no goals at all. Goal-setting theory with its contribution to improved performance is the one cornerstone of performance management.

- **Organisational development (OD):**
  OD is the second cornerstone of performance management. It is wide in scope and influences performance management in many ways. A key point is that the implementation of a system like performance management should be carefully planned, taking cognisance of OD and change principles.

- **Systems approach:**
Because of the many variables that impact on performance management and interdependencies between its own processes, a systems approach is imperative.

- Holistic approach towards performance assessment:
  Research strongly refutes the notion that one measure of performance is sufficient for performance appraisal, or performance management purposes. In view of this, an improvement-oriented performance management and measurement system requires both results-orientated objectives and measures, as well as behavioural guidelines and measures. Behavioural guidelines are important during both the performance planning and review phase. When objectives are not met, assessing employee behaviour may give an indication of why unsatisfactory performance occurred.

Spangenberg (1994:33) postulates that based on the four cornerstones above, managers need to combine the separate and often inadequate systems of strategic planning and performance appraisal into one integrated performance management system. This requires the following:

- Top management involvement;
- Formulating a corporate vision and mission;
- Corporate objectives and strategies communicated downwards and work objectives set for all employees;
- Systems view of the organisation;
- Conscious efforts to improve core organisational skills, competencies and strategic capabilities;
- Optimising the role of natural teams in determining departmental and smaller unit goals;
- A holistic approach towards performance assessment.
2.9 Performance management systems design

There are many different types of performance management systems. These range from complex to simple systems. When designing a system, it is important to consider the various factors that will be assessed, the inputs and outputs with regard to the system, and the effective links to other HR systems. (Philpott & Sheppard, 1992:104)

2.9.1 Spangenberg’s systems model of performance management.
Spangenberg (1994:39) developed a systems model of performance management, as shown overleaf in Figure 2.6, to describe performance management as a total system, and to show the relationship between the various elements and the systems alignment to other major systems. This process is set out in an input – process – output framework.
The systems model was developed during discussion with performance management facilitators participating in the 1992 USB research project on problems experienced with performance management. Spangenberg (1994:40)

A detailed explanation of the systems model follows:

Inputs can be classified under two major headings:
- Strategic drivers;
- Stakeholders.


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<tr>
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<tbody>
<tr>
<td><strong>Strategic Drivers</strong></td>
<td>1. Developing org. mission, goals and strategic capabilities</td>
<td>1. Business strategy</td>
<td><strong>Short Term</strong></td>
</tr>
<tr>
<td>1. Corporate strategy; purpose of PM</td>
<td>2. Formulating goals and alignment at team and individual levels</td>
<td>2. HR Systems</td>
<td>1. Production</td>
</tr>
<tr>
<td>2. Leadership</td>
<td>3. Designing and redesigning structures</td>
<td>• Career management</td>
<td>2. Efficiency</td>
</tr>
<tr>
<td><strong>Internal stakeholders</strong></td>
<td>5. Reviewing performance</td>
<td>• Reward</td>
<td><strong>Longer Term</strong></td>
</tr>
<tr>
<td>4. Management</td>
<td></td>
<td></td>
<td>4. Stabilisation of PM</td>
</tr>
<tr>
<td>5. Employees</td>
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<td>5. Organisational adaptability and development</td>
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<tr>
<td>6. Trade Unions</td>
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</table>

**Feedback**
INPUTS

Strategic drivers

• Strategy

  Corporate strategy: Alignment with the environment is essential. It is achieved through alignment of the company mission with unit, team and individual objectives.

  According to Fred R. David (2003:80) alignment with the external environment reveals key opportunities and threats confronting an organisation. Managers can then formulate strategies to take advantage of the opportunities and minimise the threats.

  Purpose of performance management system: According to McLaglan, in Spangenberg (1994:40), performance management can serve at least three major purposes:

    o As a vehicle for implementing organisational goals and strategy;
    o As a driving force for creating a participative culture;
    o To provide useful information for HR decisions.

  Added to this, Armstrong (2000:1) defines performance management as follows: “Performance management is a strategic and integrated process that delivers sustained success to organisations by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams”.

  Of particular interest in Armstrong’s statement - and relevant to the purpose of the performance management system is that performance management delivers sustained success to organisations.

• Leadership

  For effective implementation of performance management, proactive leadership is required, especially:

    o Serving as a positive role model for company values;
• Commitment to the programme;
  • Accountability.

**Culture**
People and process-based systems will fail unless they are compatible with the organisation’s culture, or an integral part of a planned programme of cultural change.

It is important, however, to note that the process of cultural change is not an easy one. Schultz et al. (2003:26) advances this argument. They agree that although most authors perceive culture as an entity that can be changed, the more-deep rooted the culture is, the more difficult it will be to change. Organisational change is a costly and time-consuming exercise.

**Internal stakeholders**

• **Management**
  A sound grasp of management principles and practices is required. Managers should be able to formulate the purpose and objectives of their own positions. It is critically important that they understand the principles of performance management.

• **Employees**
  Some degree of employee sophistication is required for effective implementation of performance management. Orientation and training programmes prior to implementation may be needed.

This view is supported by Schultz et al. (2003:81) where the authors state, “Integral to performance management is competency development”. As stated previously, performance management is a shared approach to management of performance. Therefore, employees are a critical part of the successful implementation of the plan.
• **Trade union buy in**
  Productive working relationships with trade unions are essential if the performance management system is to be implemented at all levels.

  Unions require negotiation on the restructuring of work, responsibilities and obligations etc. It is therefore imperative that unions are consulted at the onset of the process.

**PROCESSES**

• **Developing organisational mission, goals and strategic capabilities**
  Facilitating the development of a sense of mission for the organisation whereby the purpose of the organisation is aligned with its strategy and values is the basis of performance management.

  Peter Drucker in David (2003:51) states the following: “A business is not defined by its name, statutes, or articles of incorporation. It is defined by the business mission. Only a clear definition of the mission and purpose of the organisation makes possible clear and realistic business objectives”.

• **Formulating goals and creating alignment at the team and individual levels**
  Empowered teams may facilitate accomplishment of organisational goals through increased productivity and quality, and the increased flexibility required to meet the changes in the marketplace and technology.

  This stage is supported by Shultz et al. (2003:76), “A performance management system is a systematic process that formally documents the goals and objectives of each employee. Organisations often refer to this process as alignment.”
• **Designing or redesigning structures**

The purpose of design or redesign is to facilitate achievement of goals and objectives by ensuring that the current organisational structure is aligned with strategy.

Schultz et al. (2003:76) confirms that there should be a plan in place to facilitate performance. They state that there may be instances in which the manager’s intervention is necessary because the subordinate does not have the authority or the resources to make things happen.

• **Managing performance**

Managing performance and improvement covers a major part of the annual performance cycle. Managing performance is an ongoing activity that runs through all five phases of the annual performance management cycle. There are three parts to this process:

  o *Managing performance at three levels* – At the organisational and process levels, managing performance entails ensuring that goals are set and measured, that feedback on performance is obtained and disseminated to the right people, that problem-solving mechanisms are in place, that resources are optimally allocated, and that effective co-ordination between functions is maintained. Managing performance at the employee level entails managing five factors of the human performance system: input, output, consequences, feedback, and knowledge, skills and individual capacity of the job performer.

  o *Understanding the employees’ work motivation* – There are many theories on motivation, but probably the most apt in this case is that of Locke in Spangenberg (2000:45). It presents a motivational chain consisting of the following elements:
Needs $\Rightarrow$ Values and motives $\Rightarrow$ the Motivation Hub
(goals and intentions; self efficacy and expectancy)
$\Rightarrow$ Rewards $\Rightarrow$ Satisfaction.

- The leader's role in enhancing employee performance –
Latham and Locke proposed five steps for managing employee performance:
  - Develop a vision that binds people together by providing them with a long term goal;
  - Set specific short term goals for implementing vision;
  - Model behaviour in important areas;
  - Be available to employees to listen to their ideas and concerns;
  - Measure performance.

- Review performance
  This is a critical step in the performance management process.

Armstrong (2000:70) states that “. . . formal performance reviews provide a focal point for the consideration of key motivational, performance and development issues.”

The objectives of performance reviews, according to Armstrong, are as follows:
  - Motivation – to provide positive feedback, recognition, praise and opportunities for growth etc.;
  - Development – to provide a basis for developing and broadening capabilities relevant both to the current role and any future role that the employee may have to carry out;
  - Communication – to serve as a two-way channel for communication about roles, expectations, relationships, work problems and aspirations.
According to Spangenberg (1994:46) rewarding performance is usually considered to be the final step in the annual performance management cycle. Due to its often negative impact on the performance review, its discussion is often scheduled separately from the performance review. There are calls to remove reward from the performance management cycle altogether and instead consider it a linkage.

**OUTPUTS**

**Short term criteria**

Short term criteria include production, efficiency and satisfaction.

*Production*

Production refers to the degree to which the organisation produces the quantity and quality of output demanded by the marketplace. Performance measures may include profit, sales, market share, and industry related outputs.

*Efficiency*

This is the ratio of outputs to inputs. This measure involves the entire input – process – output cycle, with emphasis on the input and process elements. Efficiency measures include rate of return on capital or assets, unit cost, wastage and other industry-related ratios.

*Satisfaction*

Satisfaction refers to the extent to which the organisation satisfies the needs of employees. Typical satisfaction measures include employee attitudes, turnover, absenteeism, grievances etc.

**Medium term criteria**

*Adaptability*

Adaptability refers to the extent to which the organisation responds to external and internal changes. Organisational effectiveness is affected by three aspects of adaptability:
• Ability to respond to changes in both the external and internal environments;
• The organisation must be able to adapt its normal management practices and policies in response to changes as described above;
• The ultimate test of adaptability is to adapt when the time comes.

In South Africa, with its volatile currency, many companies have not been able to adapt timeously.

**Development**

Development refers to ensuring effectiveness over time by investing in new resources in ways that make the organisation able to meet future environmental demands.

Development and adaptiveness relate to the organisation’s approach towards *environmental* change. Organisations can be effective over time by developing contingency plans and selecting the *correct* plan when environmental changes create the need to adapt.

2.9.2 Linkages to other human resource systems

Spangenberg (1994:49) states that performance management systems start and end with business strategy. Therefore, the elements of performance management should not be viewed in isolation, but their outcomes should be fed back to the people involved with strategic planning. Feedback from the performance management system represents a “bottom-up” input into the strategic planning process. Before an organisation develops an effective performance management system, Spangenberg (1994:49) postulates that the organisation needs to clarify and integrate its human resource management systems. On its own, performance management can contribute very little, and therefore - to ensure its optimum connectedness to other systems - two issues need to be taken into account. Firstly, the importance of the purpose of the performance management system. Only after the purpose...
of the system is decided, can the performance management system be designed and the various linkages decided on. The other is the realisation that since there is no one model of optimal connectedness, the correct design will be influenced by characteristics of the organisation and must fit the particular situation in which it is developed.

2.10 Feedback

In systems engineering, feedback transmits information on performance from one part of a system to an earlier part of the system in order to generate corrective action or initiate new action. In this respect, performance management displays system characteristics in that it provides for information to be presented to people on their performance, which helps them to understand how well they have been doing and how effective their behaviour has been. The aim is for feedback to promote this understanding so that appropriate action can be taken. This can be corrective action where the feedback has revealed that something has gone wrong or, more positively, action taken to make the best use of the opportunities that the feedback has revealed (Armstrong, 2000:125-126).

2.10.1 360-degree feedback

According to Swanepoel et al. (1998:422), an approach that has been gaining popularity is the so-called 360–degree feedback performance appraisal technique. Schultz (2004:479) concurs and states that over the past decade, 360 – degree feedback, or the multi rater system of carrying out performance evaluation, has revolutionised performance management.

In human resources, 360-degree feedback is employee development feedback that comes from all around the employee. The feedback would come from subordinates, peers and managers in the organisational hierarchy, as well as a self-assessment, and in some cases, external sources such as customers and suppliers or other interested stakeholders. 

http://en.wikipedia.org/wiki/360-degree_feedback
Schultz (2004:479) states that the combination of these multiple perspectives offers a more balanced view on the employee’s overall performance.

2.10.2 Benefits of 360–degree feedback

- Broader scope of feedback:
  Feedback is received from all key stakeholders, not just a supervisor, providing a well-rounded view of how others perceive a participant’s efforts.

- Fair feedback:
  The 360-degree process is conducted in a confidential setting so raters can provide accurate and honest feedback. If there are only a few rater surveys, the results are combined in order to obscure rater identity.
• Self-Awareness:
  360-degree feedback results are presented in a complete report that
  highlights the strengths and weaknesses of a participant’s skills in a
given set of competencies. The results give the participant a clear and
accurate picture of their performance that could not be seen otherwise.

• Self-development:
  Getting a clear picture of performance helps identify weaknesses that
need to be improved as well as strengths that can be leveraged.
Knowing the skills that need improvement is the first step toward
creating a plan of development for the short and long term.

• Reduces turnover and cost:
  360-degree feedback facilitates an environment that encourages self-
development, which leads to job satisfaction. This minimises turnover
and the costs associated with replacing employees

According to Schultz (2004:479) 360–degree feedback can be valuable if it
complies with the following requirements. It should:

• Be thoroughly tested for reliability and consistency;
• Measure what it says it measures;
• Be easy to use, straightforward and simple;
• Be clearly focused on a specific set of skills, competencies or
behaviours;
• Generate clear, detailed and personalised feedback;
• Guarantee confidentiality.

2.11 Benefits of effective performance management
Schultz (2004:486) believes that through performance management, the
product of successful performers is a high performance company with an
unmistakeable profile that distinguishes it from the mediocre. Osborne and
Cowen in Schultz (2004:486) list the key attributes that differentiate the culture of high performance companies as follows:

- High performance companies have a simple compelling vision for the future;
- They produce a ‘true believer mentality’ (whereby everyone believes in the vision of the company, certain that it will bring success);
- Three or four plain values guide the organisation, such as self-confidence, speed and simplicity;
- Employees are proud of their company, but dissatisfied with their current performance - learning from both every mistake and every success;
- The urge to earn and maintain peer respect is the greatest motivator;
- Employees in a high performance company expect that long term relationships will foster their careers;
- A single person’s success is celebrated through the company.
2.12 Conclusion

Schultz (2004:487) states that when performance management systems are tied into the objectives of the organisation, the resulting performance is more likely to meet organisational needs. Furthermore, Schultz (2004:488) states that performance management is a process for strategy implementation, a vehicle for culture change and that it provides input to other human resources systems. It involves communicating a vision of objectives to employees, setting departmental and individual performance targets, as well as conducting a formal review of performance.

For organisations that are about to embark on implementing a performance management system, literature has shown that models and conceptual frameworks are useful in deciding the approach to be used, and provide guidance on what activities are expected to be carried out.

The use of Spangenberg’s system model of performance management, as well as the OD implementation plan, allows for testing whether key inputs, processes and outputs are taken care of during implementation of the performance management system, and whether the crucial linkages with human resources and other organisational systems are in place prior to the implementation of the system.

According to Swanepoel et al. (1998:423) 360–degree feedback provides a rich source on which to base developmental processes like mentoring and coaching, and it opens up communication and information flows within the organisation. In this way it supports more transparent and democratic management.
2.13 Summary

Chapter 2 provided the reader with clarity on the purpose of performance management and the principles involved in performance management systems. The performance management cycle and processes were examined. Different models of performance management systems were discussed, followed by implementation and systems design guidelines. There was an investigation into 360-degree feedback systems and the benefits of effective performance management systems. In the following chapter, a brief overview of Goldmaster is presented to give the reader background knowledge as it related to the organisation.
CHAPTER 3
THE EMPIRICAL STUDY, METHODS USED AND ANALYSIS OF DATA

3.1 Introduction

In Chapter 2, the elements of performance management were presented. Performance management systems design was investigated and implementation guidelines were discussed. Using the secondary data in Chapter 2, sub-problems two and three were addressed.

Sub-problem two: What does the literature reveal about the design of performance management systems that will assist management in designing an effective performance management system?

Sub-problem three: What does the literature reveal about the implementation of performance management systems that will aid management in their implementation of a performance management system?

In this chapter, the research methodology used by the researcher to gather primary data in order to solve sub-problem one and ultimately the main problem, will be described. The manner in which sub-problems two and three were addressed by means of the principles that were identified in the literature review will be used as part of the empirical research.

3.2 Fundamentals of research design

According to Aaker, Kumar and Day (2004:73) research design is the detailed blue print used to guide the implementation of a research study towards the realisation of its objectives. Cant, Gerber-Nel, Nel and Kotze (2003:3) state that research should be conducted in a systematic and objective manner to ensure that the information obtained is unbiased. As such, Quee in Cant et al., (2003:3) provides the following guidelines for researchers:
• The research that is conducted should be carefully planned and executed;
• The research purpose should be clearly and concisely described;
• The research design should be developed in advance;
• The research process should clearly specify the data requirements;
• The mode of data analysis should be anticipated well in advance;
• The research conducted should be carried out scientifically;
• The research should be carried out in an unbiased manner;
• The execution of the research should not be affected by emotions.

According to Antonius (2003:26), research design is a careful planning of the operations required to collect the data in a rigorous, systematic way. The researcher thus reports on the findings of the literature review concerned, which has guided the research design of this study.

The research design for this study was undertaken by identifying the main problem, and breaking this down into sub-problems. The main problem is:

**Will the implementation of a performance management system at Goldmaster yield desired results in terms of achievement of its strategic goals and objectives?**

The sub-problems which form part of the main problem were identified as follows:

Sub-problem one
• As improved productivity is stated as one of Goldmaster’s most important strategic objectives, will the implementation of a performance management system help to achieve this key objective?
Sub-problem two
- What does the literature reveal about the design of performance management systems that will assist management in designing an effective performance management system?

Sub-problem three
- What does the literature reveal about the implementation of performance management systems that will aid management in their implementation of a performance management system?

Chapter 2 consisted of a literature survey which identified the purpose of performance management systems, and highlighted the benefits of such systems. Guidelines were provided on the design and implementation of performance management systems. Based on this secondary data, sub-problems two and three were addressed. A questionnaire was developed based on the literature survey and this was used to assist the researcher resolve sub-problem one.

3.3 The empirical study

The empirical study was conducted by means of a questionnaire which was handed to respondents for completion. The measuring instrument was the questionnaire, which was designed with this purpose in mind. The results of the questionnaire were analysed once all the questionnaires were returned. An overview of the organisation, the sampling procedures, the questionnaire and the responses to the questionnaire are discussed in the following sections.

3.3.1 An overview of Goldmaster

3.3.1.1 Goldmaster’s core business
Goldmaster is a company registered in South Africa, which manufactures jewellery. Its speciality is the manufacture of diamond rings set in nine carat and eighteen carat gold and platinum.

Goldmaster has been in existence since 1975 and occupies a 200 year old building in Cape Town. Notwithstanding the age of the building that the company is located in, it houses a very modern factory, where the latest technology is utilised to produce approximately 10 000 rings per month. In the process slightly more than 10 kilograms of gold is processed monthly.

Goldmaster manufactures an extensive range of rings, however, its speciality is diamond engagement rings, bridal sets, dress rings, cluster and eternity rings.

Goldmaster produces single pieces for the individual retail jeweller, as well as mass production for large retail chain stores. Goldmaster is a major supplier for well known brands in South Africa such as Sterns and American Swiss.

3.3.1.2 Goldmaster’s staffing compliment

The company employs 47 people. Of these, 27 are employed in its factory, three are in managerial roles and there are three line supervisors. The balance of the staff is in sales, administration and jewellery design. Of the entire staff compliment of 47, the make up in terms of gender and race is twenty 26 and 21 males, of which 35 are black and 12 are white. Of the 47 people working in the organisation, 33 are permanent employees and the balance of 14 people are employed on a contractual basis.

Various employee categories pose different management challenges. The designers and modellers are mostly people of a creative nature. The factory employs people with various skill levels. These employees range from gold-casters, an activity that demands a high level of skill, to polishers of the finished product which is a repetitive, low level job.
3.3.1.3 The union

The factory is unionised, but it is not a closed shop, since there are only about 10 union members in the factory. Hence, negotiations take place at plant level.

3.3.1.4 Labour relations in the industry

There exists a national bargaining council. Many jewellers have, however, resigned from the council.

3.3.1.5 Employee performance management and measurement systems

Although some measure of performance appraisal has taken place over the years, there is currently no formal performance appraisal or performance management system in place.

3.3.2 Sample design

According to Cant et al. (2003:124), a sample is a subgroup of the population that is selected to participate in the research and a population consists of all the elements (people, products, organisations, markets, etc.) of a problem.

Leedy and Ormrod (2001:211) state that “the sample should be so carefully chosen that, through it, the researcher is able to see all the characteristics of the total population in the same relationship that they would be seen were the researcher, in fact, to inspect the total population.”

3.3.3 Sampling process

The sampling process according to Cant et al. (2003:124-125) consists of five steps, namely: defining the population, determining the sample frame, selecting a sampling technique, determining the sample size, and executing the sampling process.
3.3.4 Sampling methods

According to Leedy (1997:204) sampling can be divided into two major categories: non-probability sampling and probability sampling.

Cant et al. (2003:126) state that non-probability sampling relies on the personal judgement of researchers to select the sample, and that chance selection procedures are not used to draw the sample. Probability sampling on the other hand, occurs when elements or sampling units are chosen by chance. They state that all elements do not necessarily have the same chance of being selected, but that the probability of selection of each element can be specified.

According to Cant et al. (2003:127-128) there are four non-probability sampling methods:
• Convenience sampling: The researcher selects the elements for convenience sampling. Convenience sampling is the least expensive and least time consuming of all sampling methods. One disadvantage of convenience sampling is that it has the potential for selection bias;

• Judgement sampling: In this form of sampling, elements are selected according to the judgement of the researcher. Judgement sampling may be done relatively cheaply compared to other sampling methods and it can be done quickly. It is best suited to small samples. It is important to note that general conclusions about the population cannot be made easily with this sampling method;

• Quota sampling: This sampling is used when the sample is divided into quotas, of which characteristics of interest represent the population. These quotas may be in the form of gender and age, and the proportions within the quota will be the same as those in the general population. The limitations of quota sampling are that respondents may be ignored, because for example, of where they live or their appearance;

• Snowball sampling: In this type of sampling, an initial group of respondents is selected. These respondents refer the researcher to other respondents within the target population after they have been interviewed. This process is continued when those respondents refer more respondents, causing a snowball effect. This sampling method is used for example when names of potential respondents are not readily available.

The methods of probability sampling according to Cant et al. (2003:129-135) are outlined as follows:

• Simple random sampling: With this type of sampling, each element in the population has a known and equal chance of being selected for the sample. Every element is selected independently. A limitation of this method of sampling is that it is sometimes difficult to define the sample frame which is necessary for this method, and it is very time consuming;

• Systematic sampling: In this sampling method, the first element has a known chance of being selected, but the remaining elements are
dependant on the element that is selected first. A limitation of the systematic sampling method is that the sample may not be representative of the population. Systematic sampling can be used without knowing the size of the population;

- **Stratified sampling**: This is a two-step process where the population is first divided into subgroups or strata. A stratum in a population is a segment within that population that has one or more common characteristics. These strata should be mutually exclusive and collectively exhaustive. In the second stage, elements are selected from each strata or subgroup. This can be done using simple random sampling. With stratified sampling, researchers may research certain characteristics within various strata;

- **Cluster sampling**: With this type of sampling, the population is also divided into mutually exclusive and collectively exhaustive clusters or subgroups, after which certain clusters are selected in the sample. Cluster sampling is very feasible and in some cases significantly reduces the research costs.
Table 4.1  
Summary of strengths and weaknesses of each sampling method.

<table>
<thead>
<tr>
<th>Sampling method</th>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-probability sampling</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convenience sampling</td>
<td>Least expensive and time consuming; most convenient</td>
<td>Selection bias; sample not representative</td>
</tr>
<tr>
<td>Judgment sampling</td>
<td>Low cost; convenient; not time consuming</td>
<td>Subjective; does not allow generalisations</td>
</tr>
<tr>
<td>Quota sampling</td>
<td>Sample control</td>
<td>Selection bias; no assurance of representative sample</td>
</tr>
<tr>
<td>Snowball sampling</td>
<td>Can estimate rare characteristics</td>
<td>Time-consuming</td>
</tr>
<tr>
<td><strong>Probability sampling</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simple random sampling</td>
<td>Easy; results projectable</td>
<td>Difficult to construct sample frame; expensive; lower precision; no assurance of representative sample</td>
</tr>
<tr>
<td>Systematic sampling</td>
<td>Easier to use than simple random sampling; sampling frame unnecessary</td>
<td>Can decrease representativeness</td>
</tr>
<tr>
<td>Cluster sampling</td>
<td>Easy and cost effective</td>
<td>Imprecise; difficult to compute and interpret results</td>
</tr>
<tr>
<td>Stratified sampling</td>
<td>Includes all sub-populations</td>
<td>Expensive; difficult to select relevant variables; not feasible due to many variables.</td>
</tr>
</tbody>
</table>

Source: Cant et al. (2003:135)

For the purposes of this study, convenience sampling was used to collect primary data. It is important for researchers to be aware of the various survey errors that may occur when conducting surveys.

Survey errors are minimised when:

- The population has been carefully defined;
- The sample represents the population;
• The respondents selected are available and willing to cooperate in the research;
• The respondents understand and are able to answer questions;
• The interviewer correctly understands and records the respondents’ answers (Cant et al. 2003:77).

3.3.4 Sample size

In determining sample size, it is important that the sample studied adequately represents the population to which the researcher has chosen. The size of the study should be considered early in the planning phase of a research study (Research forum, 1995).

Krejcie and Morgan (1970:30,608) developed a table for determining the sample sizes required to adequately represent different populations. This table is presented in figure 4.2. Based on the literature concerning sampling methods and sample size, as well as the number of permanent employees at Goldmaster, (33), a sample size of approximately (29) respondents for the purposes of collecting primary data for this study would have been sufficient. The researcher was, however, in a position to conduct a survey of all the permanent employees, due to the relatively small population and the cooperation of management at Goldmaster, thus minimising the risk of selection bias.
Figure 4.2
Krejcie and Morgan population representation

<table>
<thead>
<tr>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
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<tbody>
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<td>10</td>
<td>100</td>
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<td>280</td>
<td>162</td>
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<td>130</td>
<td>97</td>
<td>320</td>
<td>175</td>
<td>950</td>
<td>274</td>
</tr>
<tr>
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<td>28</td>
<td>140</td>
<td>103</td>
<td>340</td>
<td>181</td>
<td>1000</td>
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<td>113</td>
<td>380</td>
<td>191</td>
<td>1200</td>
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<td>118</td>
<td>400</td>
<td>196</td>
<td>1300</td>
<td>297</td>
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<td>50</td>
<td>44</td>
<td>180</td>
<td>123</td>
<td>420</td>
<td>201</td>
<td>1400</td>
<td>302</td>
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<td>55</td>
<td>48</td>
<td>190</td>
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<td>440</td>
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<td>52</td>
<td>200</td>
<td>132</td>
<td>460</td>
<td>210</td>
<td>1600</td>
<td>310</td>
</tr>
<tr>
<td>65</td>
<td>56</td>
<td>210</td>
<td>136</td>
<td>480</td>
<td>214</td>
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<td>313</td>
</tr>
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<td>70</td>
<td>59</td>
<td>220</td>
<td>140</td>
<td>500</td>
<td>217</td>
<td>1800</td>
<td>317</td>
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<td>75</td>
<td>63</td>
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<td>144</td>
<td>520</td>
<td>222</td>
<td>1900</td>
<td>320</td>
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<tr>
<td>80</td>
<td>66</td>
<td>240</td>
<td>148</td>
<td>540</td>
<td>227</td>
<td>2000</td>
<td>322</td>
</tr>
<tr>
<td>85</td>
<td>70</td>
<td>250</td>
<td>152</td>
<td>560</td>
<td>232</td>
<td>2200</td>
<td>327</td>
</tr>
<tr>
<td>90</td>
<td>73</td>
<td>260</td>
<td>155</td>
<td>580</td>
<td>237</td>
<td>2400</td>
<td>331</td>
</tr>
<tr>
<td>95</td>
<td>76</td>
<td>270</td>
<td>159</td>
<td>600</td>
<td>242</td>
<td>2600</td>
<td>335</td>
</tr>
</tbody>
</table>

Source: Krejcie and Morgan (1970:608)

3.3.4.1 Sampling error

Unfortunately, all samples deviate from the true nature of the overall population by a certain amount due to chance variations in drawing the sample’s few cases from the population’s many possible members. This is called sampling error (Research forum, 1995).

According to Cant et al. (2003:77) there are two possible errors that may be made in surveys: random sampling errors and systematic errors, as described below:

**Random sampling errors** occur when the sample used in the research does not represent the population, even though all necessary steps may have been followed when drawing the sample.

**Systematic errors** occur when there is a flaw in the research design or when a mistake is made while executing the research. Systematic errors can be divided into sample design errors and measurement errors.
• Sample design errors: Sample bias exists when the results of the sample consistently deviate from the values of the population. This occurs when care is not taken in drawing up the sample.

Research frame error occurs when there is an incomplete list of population elements from which units to be sampled are selected.

• Measurement errors: When respondents are approached for answers that have to be measured, they can make errors that influence the research results.
  a) Response bias – occurs when respondents do not tell the truth, either intentionally or inadvertently;
  b) Interviewer influences – interviewers may influence the answers of respondents;
  c) Administrative and instrumental errors – administrative errors can occur due to the improper administration or execution of the research task.
  d) Non-response errors – a large percentage of respondents may not respond to the research.

3.3.5 Questionnaire design

Kotler (2000:110) argues that researchers have a choice of two main research instruments in collecting primary data: questionnaires and mechanical devices.

Questionnaires consist of a set of questions presented to respondents for their answers. Because of their flexibility, questionnaires are by far the most common instruments used to collect data. Questionnaires need to be carefully developed, tested and debugged before they are administered on a large scale.

Hague (1993:12) states that questionnaires primarily fulfil four purposes:
(a) To draw accurate information from the respondent by asking the right question of the right person;
(b) To give structure to the interview so that it follows sequentially and logically;
(c) To provide a standard format on which facts, comments and attitudes can be recorded;
(d) To facilitate data processing.

3.3.6 The questionnaire

The literature review in Chapter two served as the basis for the development of the questionnaire for the purposes of this study. (See Appendix C). The development of the questionnaire is discussed in the following subsection.

3.3.6.1 Questionnaire development

Kotler (2000:110) states that when preparing a questionnaire, questions, their form, wording and sequence should be carefully chosen. It is important to note that the form of the question asked can influence the response. Distinction should be made between open-end and closed-end questions.

**Closed-end questions** pre-specify all the possible answers. These types of questions provide answers that are easier to interpret and tabulate.

Hague (1993:54) argues that closed questions have three main advantages to the researcher, as detailed below:

(a) They save time during the interview because completing the questions merely entails circling the answers;
(b) They assist the respondent as the thinking around the reply has already been carried out;
(c) They make data analysis easier since dealing with open-ended responses is not required.
Open-end questions according to Kotler (2000:110) allow respondents to answer in their own words. Open-end questions often reveal more because they do not contain the respondents’ answers. These question types are especially useful in exploratory research, where the researcher is looking for insight into how people think, rather than measuring how many people think a certain way. Cant et al. (2003:77) state that on self-administered questionnaires, the use of open-ended questions should be limited, because respondents will seldom give elaborate answers.

3.3.6.2 Questionnaire structure

According to Hague (1993:21) there are three different kinds of interviews, which in turn require three different kinds of questionnaires, structured, semi-structured and unstructured. Each of the different types is described below:

- Structured: the questionnaires set out the exact wording of the questions and the order in which they will be asked;
- Semi-structured: the questionnaires have a mixture of questions with predefined answers as well as those where the respondent is free to comment;
- Unstructured: a checklist of questions is used rather than a formal questionnaire.

Semi-structured questionnaires are made up of three different kinds of questions, depending on the type of information being collected. Hague (1993:29) classifies these questions in tabular format.
Table 4.2: Three different types of questions

<table>
<thead>
<tr>
<th>Type of question</th>
<th>Information sought</th>
<th>Types of surveys where used</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Behavioural</td>
<td>Factual information on what the respondent is, does or owns.</td>
<td>To find out market size, market share, etc.</td>
</tr>
<tr>
<td>(b) Attitudinal</td>
<td>What people think of things? Their image and ratings of things.</td>
<td>Image and attitude surveys, to build market share, etc.</td>
</tr>
<tr>
<td>(c) Classification</td>
<td>Information that can be used to group respondents.</td>
<td>All surveys.</td>
</tr>
</tbody>
</table>

Source: Hague (1993:30)

For the purposes of this study, the researcher developed a semi-structured questionnaire. Classification questions adapted from Beckett (2005:114) were used to obtain biographical data from respondents. Closed questions, many of an attitudinal nature, were used for the rest of the questionnaire. Use, however, was made of one open ended question at the end of the questionnaire, in probed format.

3.3.6.3 Reliability and validity

Leedy (1997:35) describes reliability as “the consistency with which a measuring instrument performs”. Cant et al. (2003:122) state that response formats must be designed in such a way that reliable responses are ensured. Furthermore, Cant et al. (2003:122) state that reliability can be improved by using pilot tests where the response formats are tested on a small sample of randomly selected respondents. “The reliability of response formats can be tested by using test-retest reliability tests, equivalent forms, or split-half reliability tests” (Cant et al. 2003:122).
The researcher tested the questionnaire by administering it to a small sample of pre selected respondents. There were some ambiguous questions which were removed or changed to remove ambiguity.

- **Test-retest reliability tests**
  In this reliability test, respondents are asked questions in different stages of the questionnaire. The results are then compared with the earlier test responses. If the retest responses correspond with the test responses, these are stable and reliable;

- **Equivalent forms of questions to test reliability**
  Equivalent forms of questions can be used in the same questionnaire. The researcher must try to make sure that the respondent thinks they are different questions when in fact he or she is being asked to verify earlier responses. If the results are inconsistent, the measure is unreliable;

- **Split-half reliability**
  In this test the sample is divided into two groups and the responses are compared.

Cant et al. (2003:124) argue that although measurements may be reliable, they can still be invalid. Leedy et al. (2001:98) state that the validity of a measurement instrument is the extent to which the instrument measures what it is supposed to measure. According to Fink (1995:49) four types of validity are often discussed, as follows:

- **Content**
  Content validity refers to the extent to which a measure thoroughly and appropriately accesses the skills or characteristics it is intended to measure;
• Face
Face validity refers to how a measure appears on the surface. Does it seem to ask all the questions? Does it use the appropriate language and language level to do so? Face validity, unlike content validity, does not rely on established theory for support;

• Criterion
Criterion validity compares responses to future performances or to those obtained from other, better established surveys. Criterion validity is made up of two sub categories, predictive validity and concurrent validity;

• Construct
Construct validity is established experimentally to demonstrate that a survey distinguishes between people who do and do not have certain characteristics.

3.3.6.4 Framing the questionnaire

Hague (1993:40) states that a successful questionnaire takes a respondent through the interview in such a way that he or she finds it easy to give accurate answers to the questions. Furthermore, Hague argues that questionnaires often do not bring the desired results, because the designer fails to see the questions from the point of view of the respondent.

Bad questionnaires are those where the designer has thought about what is wanted from the survey but there has been very little consideration given to the respondent. This, according to Hague (1993:40) leads to questions that are too long, are unintelligible and are too complicated.

Antonius (2003:26) states that composition of the questionnaire is an important operation. The questionnaire as a whole must allow the researcher
to capture all the information that he or she is looking for. Each question must be carefully thought of and its formulation must be clear.

3.3.6.5 Factors to consider when designing questionnaires.

**Figure 4.3 Factors to consider when designing questionnaires**

According to Cant et al. (2003:119-122) the following factors should be considered when compiling questionnaires:

- **Question content:**
  - All the information collected in a questionnaire must be relevant. There is no point in gathering *irrelevant* information. The use of double-barrelled questions should be avoided.
• Question structure:
  o Researchers must decide whether they want to use open-ended or fixed alternative question response formats. They need to know what research must be done and what kind of information is required. For this purpose, the advantages and disadvantages of each option must be considered;
  o Where applicable, it is essential that all categories are mutually exclusive. Questions should therefore not overlap. If respondents have to select one alternative and the options available overlap, this will significantly reduce the accuracy and validity of the data.

• Question wording:
  o Researchers should make sure that they define the issue when asking questions. Who…?, What…?, When…?, and Where…? questions should be asked;
  o Complex wording should be avoided. The questions must be asked in a simple way that will be easily understood;
  o Leading questions must not be asked. If a question suggests a certain response, the respondent is likely to come up with that answer;
  o Vague wording must be avoided. Researchers should use specific words or phrases when asking questions;
  o Questions that imply alternatives should be avoided.

• Question sequence:
  o Generally, the first question should be interesting and easy to answer. This will motivate the respondent to continue answering the questionnaire as they will have been put at ease;
  o Ask general questions before asking specific questions. This reduces biased responses;
Basic questions about the research should be asked first. Sensitive, embarrassing, complex and/or dull questions should be asked later in the questionnaire.

- **Questionnaire layout:**
  - The questionnaire must be professionally laid out, not overcrowded and there must be enough space for the respondent to write;
  - Questions should not run over two pages, as this may confuse the respondent, or the question may be ignored, thereby increasing non-response;
  - The questionnaire must be designed to be as short as possible, making it easy for respondents to complete;
  - The questionnaire must have a logical flow;
  - Researchers should phrase the title of the questionnaire carefully. Respondents generally want to know what the research is about and this can be done with a carefully phrased title;
  - Relevant and reliable information should be collected using questionnaires.

3.3.6.6 Covering letter to questionnaire

The questionnaire (Appendix C) was sent to respondents with a covering letter (Appendix B). The covering letter served as an introduction briefly explaining the purpose of the survey, the importance of the respondents' participation, who is responsible for the survey, and a statement guaranteeing confidentiality.

3.3.7 Survey management
3.3.7.1 Administering the questionnaire

The questionnaire and covering letter in the form of a memorandum was drafted, explaining the objectives of the survey. This was printed and given to
a field worker with instructions to administer the questionnaire to all permanent employees throughout the organisation.

3.3.7.2 Response rate

Due to the fact that there were only 33 permanent employees at Goldmaster, the researcher was in a position to administer the questionnaire to all permanent employees. There were 31 responses giving a response rate of 94%.

3.4 Presentation of data collected

3.4.1 Analysis of respondents

Section A of the questionnaire dealt with basic biographical information of the respondents who participated in the research. An analysis of Section A follows, describing the frequency distributions of the respondents in terms of the division in which they are employed; their position in the organisation; the number of years that they have been employed at Goldmaster; the number of years that they have been in their current position; and finally, the number of appraisal interviews that they have had whilst in Goldmaster’s employ.
### TABLE 4.3
Responses by division

<table>
<thead>
<tr>
<th>Division</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>8</td>
<td>26%</td>
</tr>
<tr>
<td>Sales</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>Factory</td>
<td>22</td>
<td>71%</td>
</tr>
<tr>
<td><strong>Total respondents</strong></td>
<td><strong>31</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section A, Question 1.

### CHART 4.1
Responses by division

Source: Table 4.3 shown as a column chart.

Table 4.3 and chart 4.1 reflect the number of responses by division. The results are as follows:

- 71% of the respondents are employed in the factory;
- 26% of the respondents are employed in administration;
- 3% of the respondents are employed in sales.
Table 4.4 and chart 4.2 reflect responses by category in which the respondents are employed. The results are as follows:

- 81% of the respondents are employed as general staff;
- 10% of the respondents are employed as supervisory staff;
- 6% of the respondents are employed as managerial staff;
- 3% of the respondents are employed as senior management.
TABLE 4.5
Responses by number of years employed at Goldmaster

<table>
<thead>
<tr>
<th>No. of years</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 5</td>
<td>17</td>
<td>55%</td>
</tr>
<tr>
<td>6 to 10</td>
<td>8</td>
<td>26%</td>
</tr>
<tr>
<td>More than 10</td>
<td>6</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section A, Question 3.

TABLE 4.6
Responses by number of years in current position at Goldmaster

<table>
<thead>
<tr>
<th>No. of years</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 5</td>
<td>22</td>
<td>71%</td>
</tr>
<tr>
<td>6 to 10</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>More than 10</td>
<td>6</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section A, Question 4.

CHART 4.3
Responses by years employed and years in current position.

Source: Source: Tables 4.5 and 4.6 shown as a column chart.
Chart 4.3 is a combination of the responses from Section A, questions three and four of the questionnaire, showing the number of years that the respondents have been employed at Goldmaster, and the number of years in their current position.

- 55% of the respondents have been employed at Goldmaster for five years or less;
- 71% of the respondents have been in their current positions for five years or less;
- 26% of the respondents have been employed at Goldmaster for between six and 10 years;
- 10% of the respondents have been in their current positions for the same time period;
- 19% of the respondents surveyed have been with Goldmaster for more than 10 years and the same number have been in their current positions for more than 10 years.
### TABLE 4.7
Responses by number of appraisal interviews.

<table>
<thead>
<tr>
<th>No of appraisals</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>1 to 2</td>
<td>14</td>
<td>45</td>
</tr>
<tr>
<td>3 to 5</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>5 or more</td>
<td>4</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section A, Question 5.

### CHART 4.4
Responses by number of appraisal interviews.

Source: Table 4.7 shown as a column chart.

Table 4.7 and Chart 4.4 shows the following:

- 26% of the respondents have never had an appraisal interview;
- 45% of the respondents have only had one or two appraisals;
- 16% of the respondents have had three to five appraisals;
- 13% of the respondents have had more than five appraisals.
3.5 Conclusion

The aim of this chapter was to present the research methodology that was used in the compilation of the study. The basic biographical information of the respondents who participated in the research was analysed and presented in tabular and graphical format, describing the frequency distributions of the respondents in terms of section A of the questionnaire.

The measuring instrument used for the purposes of this study was a questionnaire. Various factors relating to the design of the questionnaire were discussed, as was the population and sample size. Factors relating to bias and sampling error were presented and discussed.

In the next chapter, the researcher will analyse and interpret Section B of the questionnaire, in an effort to determine whether the implementation of a performance management system at Goldmaster will yield desired results in terms of achievement of its strategic goals and objectives.
CHAPTER 4  
ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

In Chapter 4, the research methodology used for the purposes of this study was discussed. An analysis of Section A of the questionnaire was presented, describing the frequency distributions of the respondents in terms of various biographical data.

The purpose of this chapter is to use the information obtained from Section B of the questionnaire to further assist the researcher in resolving the main problem: *Will the implementation of a performance management system at Goldmaster yield desired results in terms of achievement of its strategic goals and objectives?*

Sub-problem one is related to the main problem and the information obtained from the results of Section B of the questionnaire will assist the researcher in resolving this sub problem. The problem is stated as follows: *As improved productivity is stated as one of Goldmaster’s most important strategic objectives, will the implementation of a performance management system help to achieve this key objective?*

Section B of the questionnaire was designed considering the important research methodologies presented in the previous chapter, as well as the literature review from Chapter Two.

The findings of Section B are presented and discussed in this chapter.
4.2 Analysis and interpretation of the findings of Section B

In Chapter Two, performance management was discussed at length. Its effect on individual and company performance was highlighted and various guidelines relating to the design and implementation of such systems were discussed. Section B of the questionnaire is related to sub-problem one of the study. This is to determine whether the implementation of a performance management system at Goldmaster would assist management in achieving strategic objectives, particularly those that would result in improved productivity. To solve this problem, Section B of the questionnaire focused on the various components of performance management. It has already been established in the literature review contained in Chapter Two that a performance management system is an ideal vehicle for implementation of an organisation’s strategy. Therefore, in compiling Section B of the questionnaire, the researcher considered the various important components of performance management systems. The results from Section B of the questionnaire will be used to aid the researcher in determining whether a performance management system would help implement strategy and improve performance.

4.2.1 Organisational strategy

Performance management is a powerful business process, which may be used to help implement the organisation’s strategy. It does this by directing individual and team efforts within an organisation towards the overall accomplishment of defined, strategic organisational goals, and through its interactive nature, it helps create a participative culture.

The starting point of any performance management system is to create a shared vision of the organisation’s goals and objectives. It is important that every individual within the organisation understands the vision.
TABLE 5.1
Organisational strategy

<table>
<thead>
<tr>
<th>Part 1 – Organisational strategy</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am aware of the organisation’s mission statement.</td>
<td>No. 5 16%</td>
<td>15 49%</td>
<td>10 32%</td>
<td>1 Strongly disagree 3%</td>
<td>31 Total</td>
</tr>
<tr>
<td>2. I am fully aware of the organisation’s strategic objectives.</td>
<td>No. 5 16%</td>
<td>11 35%</td>
<td>7 23%</td>
<td>8 Strongly disagree 26%</td>
<td>31 Total</td>
</tr>
<tr>
<td>3. I know what the organisation’s values are, i.e. what is regarded as important by the organisation - e.g. Performance, teamwork, innovation, etc.</td>
<td>No. 13 42%</td>
<td>14 45%</td>
<td>4 13%</td>
<td>0 Strongly disagree 0%</td>
<td>31 Total</td>
</tr>
<tr>
<td>4. There is a constructive culture in the organisation, i.e. members are encouraged to interact constructively with each other in order to attain objectives, grow and develop.</td>
<td>No. 4 13%</td>
<td>17 55%</td>
<td>8 26%</td>
<td>2 Strongly disagree 6%</td>
<td>31 Total</td>
</tr>
<tr>
<td>5. I understand how my role contributes to overall organisational goals and objectives.</td>
<td>No. 9 29%</td>
<td>17 55%</td>
<td>4 13%</td>
<td>1 Strongly disagree 3%</td>
<td>31 Total</td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section B, Question’s 1 to 5.

An analysis of Table 5.1 – Section B Part 1 follows:

1. Responses in terms of awareness of the organisation’s mission statement are as follows:
   - 16% strongly agree;
   - 48% agree;
   - 32% disagree;
   - 3% strongly disagree – that they are aware of the organisation’s mission statement.

2. Responses in terms of awareness of the organisation’s strategic objectives are as follows:
   - 16% strongly agree;
   - 35% agree;
   - 23% disagree;
26% strongly disagree – that they are aware of the organisation’s strategic objectives.

3. Responses in terms of awareness of the organisation’s values are as follows:
   - 42% strongly agree;
   - 45% agree;
   - 13% disagree;
   - 0% strongly disagree – that they know what the organisation’s values are.

4. Responses as to whether employees believe that there is a constructive culture in the organisation yielded the following results:
   - 13% strongly agree;
   - 55% agree;
   - 26% disagree;
   - 6% strongly disagree – that there is a constructive culture in the organisation.

5. Responses as to whether employees understand how their role contributes to overall organisational goals and objectives yielded the following results:
   - 29% strongly agree;
   - 55% agree;
   - 13% disagree;
   - 3% strongly disagree – that they understand how their role contributes to overall organisational goals and objectives.

As 49% of the respondents are not aware of the organisation’s strategic objectives, the researcher expected the results of question five to closely resemble the results of question two.

Areas of concern in Table 5.1 are the responses to questions numbered one and two. These have been summarised and converted into graphical
format and the resultant chart is presented in Chart 5.1. Data series one in blue on the X axis represents disagree responses and data series two in maroon on the same axis represents strongly disagree responses.

**CHART 5.1**
Organisational strategy – Areas of concern

<table>
<thead>
<tr>
<th>Question No’s.</th>
<th>Series1</th>
<th>Series2</th>
</tr>
</thead>
<tbody>
<tr>
<td>QU1</td>
<td>32.26%</td>
<td>3.23%</td>
</tr>
<tr>
<td>QU2</td>
<td>22.58%</td>
<td>25.81%</td>
</tr>
</tbody>
</table>

Source: Table 5.1, Question1 and 2 shown as a stacked column chart.

From Chart 5.1 it is evident that 35.5% of respondents is not aware of the organisation’s mission statement, and that 48.4% of the respondents surveyed are not aware of the organisation’s strategic objectives.

According to the performance management process presented by Philpott and Sheppard (1992:98), shown as Figure 2.1 on page 24 of this study, the process starts with organisation mission and strategy. In this case many individuals are not aware of the mission and strategy of the business.

Following on from mission and strategy in Philpott and Sheppard’s performance management model are values. From Table 5.1 it is evident that the majority of respondents believe that there is a constructive culture present at Goldmaster.
4.2.2 Goals and performance measures

From the literature survey in Chapter 2, it has been established that performance management unites a number of related tasks: monitoring, coaching, giving feedback, gathering information, and assessing an employee’s work. It accomplishes those tasks in the context of objectives - the immediate objectives of the department and overall goals of the organisation.

**TABLE 5.2**

Goals and performance measures

<table>
<thead>
<tr>
<th><strong>Part 2 – Goals &amp; performance measures</strong></th>
<th><strong>Strongly agree</strong></th>
<th><strong>Agree</strong></th>
<th><strong>Disagree</strong></th>
<th><strong>Strongly disagree</strong></th>
<th><strong>Control Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>6. The division in which I am employed has clear goals and objectives.</td>
<td>No. 7</td>
<td>20</td>
<td>2</td>
<td>2</td>
<td>31</td>
</tr>
<tr>
<td>7. I have personal objectives which support the divisional goals and objectives.</td>
<td>No. 5</td>
<td>23</td>
<td>2</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>8. These objectives were set by mutual agreement between my manager and I, after discussion of each of the objectives.</td>
<td>No. 3</td>
<td>16</td>
<td>7</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>9. These objectives are reasonable.</td>
<td>No. 3</td>
<td>17</td>
<td>7</td>
<td>4</td>
<td>31</td>
</tr>
<tr>
<td>10. I understand how my role contributes to the goals and objectives of my division.</td>
<td>No. 10</td>
<td>20</td>
<td>1</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>11. I have a clear understanding of the level of performance that is expected from me.</td>
<td>No. 14</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>12. I am committed to achieving these objectives</td>
<td>No. 13</td>
<td>17</td>
<td>1</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>13. I have the necessary skills and competencies to achieve my individual goals and objectives.</td>
<td>No. 14</td>
<td>13</td>
<td>3</td>
<td>1</td>
<td>31</td>
</tr>
</tbody>
</table>

An analysis of Table 5.2 – Section B Part 2 follows:

5 Respondent’s opinions as to whether they believe that the division in which they are employed has clear goals and objectives are as follows:

- 23% strongly agree;
• 65% agree;
• 6% disagree;
• 6% strongly disagree – that the division in which they are employed has clear goals and objectives.

6 Responses of employees in terms of having personal goals and objectives which support divisional goals and objectives are as follows:
• 16% strongly agree;
• 74% agree;
• 6% disagree;
• 3% strongly disagree – that they have personal goals and objectives which support divisional goals and objectives.

7 Respondents’ opinions to these objectives being set by mutual agreement between their managers and themselves yielded the following results:
• 10% strongly agree;
• 52% agree;
• 23% disagree;
• 16% strongly disagree – that their objectives are set by mutual agreement between their managers and themselves.

8 Responses from employees in terms of the objectives set being reasonable resulted in the following responses:
• 10% strongly agree;
• 55% agree;
• 23% disagree;
• 13% strongly disagree – that their set objectives are reasonable.
This response was expected and is in line with the results of the previous question.
9 When respondents were asked if they understand how their role contributes to the goals and objectives of their division, their responses were as follows:

- 32% strongly agree;
- 65% agree;
- 3% disagree;
- 0% strongly disagree – that they understand how their role contributes to the goals and objectives of their division.

This is in line with the results obtained in question six, where 78% of respondents strongly agreed or agreed that the division in which they are employed has clear goals and objectives.

10 Responses in terms of employees having a clear understanding of the level of performance expected from them resulted in the following:

- 45% strongly agree;
- 55% agree;
- 0% disagree;
- 0% strongly disagrees – that they have a clear understanding of the level of performance expected from them.

11 Respondents answered as follows when asked if they are committed to achieving the objectives of their division:

- 42% strongly agree;
- 55% agree;
- 3% disagree;
- 0% strongly disagree – that they are committed to achieving the objectives of their division.

12 Respondents, when asked if they believe that they have the necessary skills and competencies to achieve their individual goals and objectives, gave the following answers:

- 45% strongly agree;
- 43% agree;
• 10% disagree;
• 3% strongly disagree – that they have the necessary skills and competencies to achieve their individual goals and objectives.

The number of responses from Table 5.2 have been added and converted into graphical format as presented in Chart 5.2

![Chart 5.2: Goals and performance measures](image)

**Source:** Table 5.2, All results added and shown as a column chart.

Based on Chart 5.2 it is evident that the majority of respondents are clear on their own divisional goals and objectives as well as those of their division. They have a good understanding of the level of performance expected from them and are committed to achieving their set objectives. Most agree that they have the necessary skills and competencies to achieve their individual goals and objectives.

Spangenberg’s systems model of performance management as shown in Figure 2.5 on page 38 of this study refers: After developing organisational mission, goals and strategic capabilities, (as was shown in Section B, Part 1 of the questionnaire), goals are formulated and alignment at the team and individual levels is created.
It was shown in the literature that this view is supported by Shultz et al. (2003:76), “A performance management system is a systematic process that formally documents the goals and objectives of each employee. Organisations often refer to this process as alignment.”

Areas of concern in Table 5.2 are the responses to questions numbered eight and nine, which deal with the setting reasonable objectives by mutual agreement between manager and subordinate. These have been summarised and converted into graphical format and the resultant chart is presented in Chart 5.3. Data series one in blue on the X axis represents disagree responses and data series two in maroon on the same axis represents strongly disagree responses.

**CHART 5.3**

Objectives - Areas of concern

![Objectives set / reasonable](image)

Source: Table 5.1, Questions 1 and 2 shown as a stacked column chart.

From Chart 5.3 it is evident that 38.7% of respondents indicate that objectives are not set by mutual agreement between themselves and their managers, and that 35.5% of the respondents believe that their set objectives are not reasonable.

From the literature, it has been established that performance management can be seen as a cycle that consists of a number of steps. The first crucial
step in the cycle is that of *clarifying expectations*. It ensures that employees know what is expected of them. The initial meeting between manager and subordinate in the performance management cycle should be a discussion about setting performance objectives and measures. It should not be a briefing in which the manager tells the subordinate what his or her objectives are, and then spends the rest of the time convincing the subordinate of the importance of achieving objectives.

4.2.3 Performance monitoring and feedback.

In systems engineering, feedback transmits information on performance from one part of a system to an earlier part of the system in order to generate corrective action or to initiate new action. In this respect at least, performance management has some of the characteristics of a system in that it provides for information to be presented to people on their performance, which helps them to understand how well they have been doing and how effective their behaviour has been.

**TABLE 5.3**

Performance monitoring and feedback

<table>
<thead>
<tr>
<th>Part 3 – Performance monitoring and feedback</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>14. My performance is effectively monitored.</td>
<td>No. 7 23%</td>
<td>19 61%</td>
<td>5 16%</td>
<td>0%</td>
<td>31</td>
</tr>
<tr>
<td>15. My manager communicates with me frequently about my performance.</td>
<td>No. 5 16%</td>
<td>14 45%</td>
<td>10 32%</td>
<td>6%</td>
<td>31</td>
</tr>
<tr>
<td>16. My manager encourages open and frank dialogue with respect to performance related issues.</td>
<td>No. 7 23%</td>
<td>15 48%</td>
<td>6 19%</td>
<td>10%</td>
<td>31</td>
</tr>
<tr>
<td>17. I am encouraged to prepare for performance review meetings.</td>
<td>No. 4 13%</td>
<td>4 13%</td>
<td>19 61%</td>
<td>13%</td>
<td>31</td>
</tr>
<tr>
<td>18. Priorities in terms of objectives are reviewed during the performance review meeting.</td>
<td>No. 2 6%</td>
<td>11 35%</td>
<td>16 52%</td>
<td>6%</td>
<td>31</td>
</tr>
<tr>
<td>19. My performance is measured against prior, mutually agreeable,</td>
<td>No. 4 13%</td>
<td>11 35%</td>
<td>9 52%</td>
<td>7 6%</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>set objectives.</td>
<td>13%</td>
<td>35%</td>
<td>29%</td>
<td>23%</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>20.</td>
<td>I am provided with verbal and written feedback about positive performance.</td>
<td>No.</td>
<td>5</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16%</td>
<td>32%</td>
<td>23%</td>
<td>29%</td>
</tr>
<tr>
<td>21.</td>
<td>Where performance has not met minimum standards, my manager and I discuss the reasons for this and ways of improving performance.</td>
<td>No.</td>
<td>4</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13%</td>
<td>45%</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>22.</td>
<td>During the performance review meeting, my manager and I set mutually agreeable action plans for future improvements.</td>
<td>No.</td>
<td>3</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10%</td>
<td>48%</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>23.</td>
<td>I am involved in decisions which affect the way I work.</td>
<td>No.</td>
<td>5</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16%</td>
<td>45%</td>
<td>29%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section B, Questions 13 to 22.

An analysis of Table 5.3 – Section B Part 2 follows:

5 Respondents answered as follows when asked if they feel that their performance is effectively monitored:
   - 23% strongly agree;
   - 61% agree;
   - 16% disagree;
   - 0% strongly disagree – that their performance is effectively monitored.

6 Responses in terms of whether respondents believe that their manager communicates with them frequently about their performance yielded the following responses:
   - 16% strongly agree;
   - 45% agree;
   - 32% disagree;
   - 6% strongly disagree – that their manager communicates with them frequently about their performance.
7 Respondents, when asked whether their managers encourage open and frank dialogue with respect to performance related issues, responded as follows:
   • 23% strongly agree;
   • 48% agree;
   • 19% disagree;
   • 10% strongly disagree – that their managers encourage open and frank dialogue with respect to performance related issues.

8 Respondent’s opinions as to whether they are encouraged to prepare for performance review meetings yielded the following results:
   • 13% strongly agree;
   • 13% agree;
   • 61% disagree;
   • 3% strongly disagree – that they are encouraged to prepare for performance review meetings.

9 Respondents, when asked whether priorities in terms of objectives are reviewed during the performance review meeting, answered as follows:
   • 6% strongly agree;
   • 35% agree;
   • 52% disagree;
   • 6% strongly disagree – that priorities in terms of objectives are reviewed during the performance review meeting.

10 Responses were as follows when employees were asked if they believe that performance is measured against prior mutually agreeable set objectives:
   • 13% strongly agree;
   • 35% agree;
   • 29% disagree;
   • 23% strongly disagree – that performance is measured against prior mutually agreeable set objectives.
11 Responses in terms of whether employees believe that they are provided with verbal and written feedback about positive performance yielded the following results:

- 13% strongly agree;
- 35% agree;
- 29% disagree;
- 23% strongly disagree – that they are provided with verbal and written feedback about positive performance.

12 Where employee performance has not met minimum standards, respondents were asked whether their manager discusses with them the reasons for this and ways of improving their performance. They answered as follows:

- 13% strongly agree;
- 45% agree;
- 26% disagree;
- 16% strongly disagrees – that where their performance has not met minimum standards, their manager discusses with them the reasons for this and ways of improving performance.

13 Respondents, when asked whether during performance reviews mutually agreeable action plans are set for future improvements, answered as follows:

- 13% strongly agree;
- 45% agree;
- 26% disagree;
- 16% strongly disagree – that during performance reviews mutually agreeable action plans are set for future improvements.

14 When asked whether employees believed that they are involved in decisions which affect the way that they work, they answered as follows:

- 16% strongly agree;
• 45% agree;
• 29% disagree;
• 10% strongly disagree – that during performance reviews mutually agreeable action plans are set for future improvements.

Table 5.3 has been summarised by adding all the responses and converting this into graphical format as presented in Chart 5.4

CHART 5.4
Performance monitoring and feedback

Source: Table 5.3, Questions 14 to 23 shown as a column chart.

Based on Chart 5.4 a near even split is observed between the opposing agree and disagree columns in terms of performance monitoring and feedback. According to the literature from Chapter 2, all of the areas addressed by means of the Questionnaire, Section B, questions 14 to 23, would benefit from a performance management system.

Areas of concern in Table 5.3 are the responses to questions numbered 17 through 20, which deal with performance monitoring and feedback. These have been summarised and converted into graphical format and the resultant chart is presented in Chart 5.5. Data series one in blue on the X axis.
represents disagree responses and data series two in maroon on the same axis represents strongly disagree responses.

**CHART 5.5**

Performance monitoring & feedback - Areas of concern

![Stacked Column Chart](chart5.5)

<table>
<thead>
<tr>
<th>Questions</th>
<th>Series2</th>
<th>Series1</th>
</tr>
</thead>
<tbody>
<tr>
<td>QU17</td>
<td>12.90%</td>
<td>61.29%</td>
</tr>
<tr>
<td>QU18</td>
<td>6.45%</td>
<td>51.61%</td>
</tr>
<tr>
<td>QU19</td>
<td>22.58%</td>
<td>29.03%</td>
</tr>
<tr>
<td>QU20</td>
<td>29.03%</td>
<td>22.58%</td>
</tr>
</tbody>
</table>

**Source:** Table 5.3, Questions 17 to 20 shown as a stacked column chart.

From Chart 5.5 it is evident that 74.2% of respondents feel that they are not encouraged to prepare for performance review meetings. 58% of respondents believe that priorities in terms of objectives are not reviewed at performance review meetings. 51.6% of those surveyed indicated that they believe that their performance is not measured against prior, mutually agreeable set objectives. Lastly, 51.6% of respondents feel that they are not provided with verbal and written feedback about positive performance.

According to Schultz et al. (2003:79) one of the main reasons for monitoring performance is to be able to provide feedback to the subordinate. Feedback serves two purposes: it allows the manager to provide consequences for performance and it allows the manager to redirect the efforts of the subordinate if necessary. Philpott and Sheppard (1992:103) state that feedback should be relevant, immediate and frequent. It should be constructive, balanced and specific, and lastly, they state that it should be focused on critical success factors of task behaviour.
5.2.3 Training and development

From the literature in Chapter 2 it has been established that performance management is a process of measuring outputs in the shape of delivered performance, compared with expectations expressed as objectives. In this respect it focuses on targets, standards and performance measures or indicators. Yet, it is also concerned with inputs – the knowledge, skills and competencies required to produce the expected results. It is by defining these input requirements and assessing the extent to which the expected levels of performance have been achieved by using skills and competencies effectively, that developmental needs are identified (Armstrong, 2001:474).

### TABLE 5.4
Training and development

<table>
<thead>
<tr>
<th>Part 4 – Training and development</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>24. Training and developmental needs are identified and documented during the performance review process.</td>
<td>No. 0</td>
<td>13</td>
<td>13</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>25. Performance discussions during the review process emphasise personal development and growth.</td>
<td>No. 4</td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>26. I am provided with required training such that I am in a position to complete tasks effectively</td>
<td>No. 4</td>
<td>15</td>
<td>9</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td>27. I have a structured personal development plan.</td>
<td>No. 15</td>
<td>14</td>
<td>2</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>28. I am encouraged to prepare for greater responsibility in the future.</td>
<td>No. 5</td>
<td>12</td>
<td>4</td>
<td>10</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section B, Question’s 24 to 28.

An analysis of Table 5.4 – Section B Part 2 follows:
15 Respondent’s opinions as to whether they believe that training and development needs are identified and documented during the performance review process yielded the following responses:

- 0% strongly agree;
- 42% agree;
- 42% disagree;
- 16% strongly disagree – that training and development needs are identified and documented during the performance review process.

16 Asked whether employees believe that performance discussions emphasise personal development and growth, they responded as follows:

- 13% strongly agree;
- 32% agree;
- 32% disagree;
- 23% strongly disagree – that performance discussions emphasise personal development and growth.

17 Respondents answered as follows when asked whether they are provided with training such that they are in a position to complete tasks effectively:

- 13% strongly agree;
- 48% agree;
- 29% disagree;
- 10% strongly disagree – that they are provided with training such that they are in a position to complete tasks effectively.

18 When asked whether employees have a structured personal development plan, they answered as follows:

- 48% strongly agree;
- 45% agree;
- 6% disagree;
• 0% strongly disagree – that they have a structured personal development plan.

The researcher did not expect this result from this question considering the result from question 25 which showed that 55% of respondents felt that performance discussions during the review process did not encourage personal development and growth.

19 Respondents answered as follows when asked if they are encouraged to prepare for greater responsibility in the future:

• 16% strongly agree;
• 39% agree;
• 13% disagree;
• 32% strongly disagree – that they are encouraged to prepare for greater responsibility in the future.

Table 5.4 has been summarised by adding all the responses and converted into graphical format and is presented in Chart 5.6

**CHART 5.6**

**TRAINING AND DEVELOPMENT**

![Graph showing responses]

Source: Table 5.4, Questions 24 and 25 shown as a column chart.
Based on Chart 5.6 and Table 5.4, it is evident that most respondents agree that they are provided with training such that they are in a position to complete tasks effectively, and most agree that they have a structured personal development plan. 55% believe that they are encouraged to prepare for greater responsibility in the future. The majority, however, believe that their training and developmental needs are not sufficiently addressed.

Areas of concern in Table 5.4 are the responses to questions numbered 24 and 25 which deal with training and development and the emphasis on personal development and growth during the review sessions. These have been summarised and converted into graphical format, and the resultant chart is presented in Chart 5.7. Data series one in blue on the X axis represents disagree responses and data series two in maroon on the same axis represents strongly disagree responses.

**CHART 5.7**

**Training & development - Areas of concern**

From Chart 5.7 it is evident that 58.1% of respondents feel that training and developmental needs are not identified and documented during the
performance review process. 54.8% of respondents do not believe that performance discussions during the review process emphasise personal development and growth.

Performance improvement programs are concerned with improving motivation and commitment by means other than financial rewards, for example training and career development.

4.2.4 Reward

Performance related pay, links rewards explicitly to performance and can take the form of merit based pay, individual bonuses, group bonuses and other variable payments related to corporate or group performance.

**TABLE 5.5**

**REWARD**

<table>
<thead>
<tr>
<th>Part 5 - Reward</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>29. The current performance appraisal system links performance to pay.</td>
<td>No. 5</td>
<td>4</td>
<td>11</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>16%</td>
<td>13%</td>
<td>35%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>30. There is a direct and strong link between performance and pay.</td>
<td>No. 2</td>
<td>9</td>
<td>5</td>
<td>15</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>29%</td>
<td>16%</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>31. There is a fair consistent basis for measuring performance and individual contribution to business objectives.</td>
<td>No. 2</td>
<td>9</td>
<td>14</td>
<td>6</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>29%</td>
<td>45%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>32. Performance management may be used as a decision making tool for the distribution of performance related pay and promotion.</td>
<td>No. 7</td>
<td>12</td>
<td>7</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>23%</td>
<td>39%</td>
<td>23%</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section B, Question’s 24 to 28.

An analysis of Table 5.5 – Section B Part 2 follows:

5 Respondents, when asked whether they believe that the current appraisal system links performance to pay, answered as follows:

- 16% strongly agree;
• 13% agree;
• 35% disagree;
• 35% strongly disagree – that the current appraisal system links performance to pay.

6 Respondents answered as follows when asked whether they believe that there is a direct and strong link between performance and pay:
• 6% strongly agree;
• 29% agree;
• 16% disagree;
• 48% strongly disagree – that there is a direct and strong link between performance and pay.

7 Respondents, when asked whether there is a fair and consistent basis for measuring performance and individual contribution to business objectives, provided the following answers:
• 6% strongly agree;
• 29% agree;
• 45% disagree;
• 19% strongly disagree – that there is a fair and consistent basis for measuring performance and individual contribution to business objectives.

8 Respondents provided the following answers when asked if they believe that performance management may be used as a tool for the distribution of performance-related pay and promotion:
• 23% strongly agree;
• 39% agree;
• 23% disagree;
• 16% strongly disagree – that performance management may be used as a tool for the distribution of performance-related pay and promotion.
Table 5.5 has been summarised and converted into graphical format as presented in Chart 5.8

CHART 5.8
REWARD

<table>
<thead>
<tr>
<th>Reward Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>16</td>
</tr>
<tr>
<td>Agree</td>
<td>34</td>
</tr>
<tr>
<td>Disagree</td>
<td>37</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>37</td>
</tr>
</tbody>
</table>

Source: Table 5.5, Questions 29 to 32 shown as a column chart.

Analysis of Chart 5.5 reveals that most respondents strongly disagree or disagree that the current performance appraisal system links performance to pay, and that there is a strong link between performance and pay. Nor do they believe that there is a fair or consistent basis for measuring performance and individual contribution to business objectives. Many respondents believe that performance management may be used as a decision making tool for the distribution of performance related pay and promotion.

Performance-related pay, which links rewards explicitly to performance and can take the form of merit-based pay, individual bonuses, group bonuses and other variable payments related to corporate or group performance.

According to Schultz et al. (2003:85) a performance management system is a management practice that has been standardised and incorporated into an all-
encompassing system, which combines a number of processes. Among those processes, the following may be included:

- performance rating to determine salary;
- a pay system linked to performance.

4.2.5 Performance review

According to Schultz et al. (2003:85) a performance management system should include the process of regular one on one performance reviews.

The performance review process compares individual performance, qualities and competencies against relevant objectives, values, critical success factors and performance indicators, and identifies potential development needs.

### TABLE 5.6

PERFORMANCE REVIEW

<table>
<thead>
<tr>
<th></th>
<th>No. of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>9</td>
<td>29%</td>
</tr>
<tr>
<td>Quarterly</td>
<td>15</td>
<td>48%</td>
</tr>
<tr>
<td>Bi annually</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>Annually</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>10%</td>
</tr>
</tbody>
</table>

Analysis of Table 5.6 reveals the following:

29% of respondents would like their performance reviewed on a monthly basis; 48% quarterly; 3% twice per annum; 10% once a year and 10% responded “other”. Of the 10% that responded “other”, all of them indicated weekly.

Table 5.6 converted to graphical format is presented in Chart 5.9
It is evident from Chart 5.6 that the majority of respondents would like their performance evaluated bi-annually.

4.2.6 Suggestions for methods of improving performance management.

**TABLE 5.7**

**SUGGESTIONS FOR METHODS OF IMPROVING PERFORMANCE MANAGEMENT**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.1</strong></td>
<td>There is no communication from top management to bottom. Can really improve.</td>
</tr>
<tr>
<td><strong>5.2</strong></td>
<td>Better communication if Goldmaster could learn to communicate we could turn into a leading jewellery manufacturer. If we don’t we will stay exactly as we are.</td>
</tr>
<tr>
<td><strong>5.3</strong></td>
<td>More one on one interaction with MD to see where people really are at and then you will get to know who your faithful and committed employees are. Get to know all employees at gut level. I will do my utmost from my side.</td>
</tr>
<tr>
<td><strong>5.4</strong></td>
<td>Staff is unaware of management’s priorities or not getting the necessary guidance (management). Hence production is normally late and customers get upset. This is costly to the company as deliveries waste time and money.</td>
</tr>
<tr>
<td><strong>5.5</strong></td>
<td>More hands in the casting room. Always at work. Always on time for work. Boss can give you something for your performance.</td>
</tr>
<tr>
<td><strong>5.6</strong></td>
<td>I would like to go for some formal training. The reason for this to improve in my own job. I feel the manager must speak more to the boss about his people in the factory. More visibility of management would be nice.</td>
</tr>
</tbody>
</table>
From this table, it is evident that communication is a major problem, followed by training. This is reflected in the results from the Questionnaire Section B Parts 3 and 4.

4.3 Conclusion

The purpose of Chapter 5 was the analysis and interpretation of the data gleaned from Section B of the questionnaire. This data was presented in tabular and graphical format. The objectives of the research as set out in Chapter 1 were used to guide the analysis and interpretation of the data in this chapter. The results of the questionnaire show that there are already some elements of performance management at work at Goldmaster, although the process is by no means formal, or explicit.

Chapter 6 deals with conclusions and recommendations based on the findings of Chapter 5, combined with the rest of the study. Problems and limitations encountered during the research will be discussed, as will opportunities for further research.
CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this last chapter, a summary of the findings of the study will be presented. The researcher will make recommendations based on the findings of the study with respect to a performance management system at Goldmaster, in terms of the stated problem and sub-problems. There will be a discussion on the problems and limitations experienced during the research project, recommendations for further research, and a final conclusion.

5.2 Problems and limitations

There were no major problems encountered during the course of this study. The researcher had the support of the management team at Goldmaster and was therefore easily able to survey the permanent staff.

In terms of restraints, the only restraint that was imposed on the researcher by management was that contractors were not to be surveyed. The inclusion of contractors in the survey results may have provided a different subset of results, particularly considering their view on the organisation from an outsider’s perspective.

5.3 Summary of the study

The title of the study was defined as:

Moving from performance appraisal to performance management at a jewellery manufacturer, to facilitate the achievement of the organisation’s strategic goals.

The main problem was identified as follows:
Will the implementation of a performance management system at Goldmaster yield desired results in terms of achievement of its strategic goals and objectives?

In order to assist the researcher with the resolution to this problem, the following sub-problems were identified.

Sub-problem one
As improved productivity is stated as one of Goldmaster’s most important strategic objectives, will the implementation of a performance management system help to achieve this key objective?

Sub-problem two
What does the literature reveal about the design of performance management systems that will assist management in designing an effective performance management system?

Sub-problem three
What does the literature reveal about the implementation of performance management systems that will aid management in their implementation of a performance management system?

Sub problems two and three were dealt with by means of the literature review. In terms of sub-problem one, the literature review revealed that organisational performance may be greatly improved by the use of performance management systems. It also revealed that performance management is an ideal vehicle to assist organisations implement strategy. Based on the literature, the researcher’s initial finding then is that a performance management system at Goldmaster would help management implement strategy, and therefore its stated objectives. However, basing the conclusion on the literature study alone does not take into account the organisational factors that may be at work in the organisation. Therefore, a survey questionnaire was developed which assisted the researcher with further resolution to sub-problem one. The various aspects of performance
management were used as the basis for the questionnaire. By taking into account the responses from the questionnaire, the researcher was in a position to determine what organisational factors were at work at Goldmaster with respect to their performance appraisal system, and the degree to which Goldmaster is already using elements of performance management. If the results showed that the organisation was already effectively making use of many key performance management elements, in spite of the fact that this would have been on an informal basis, then the implementation of such a system as a strategy to implement the organisations objectives in terms of improved performance would have been questionable, or may have required further investigation.

The main findings of this study may be summarised as follows:

- **Organisational strategy**
  - There is a lack of understanding by employees of the organisation’s overall strategy;
  - Many employees are not aware of the mission statement;
  - There is a constructive culture present in the organisation.

- **Goals and performance measures**
  - Divisionally, goals and objectives have been established and these have been communicated to employees. From the findings relating to organisational strategy, it has been established that many respondents do not know or understand what the overall organisational strategy is. Performance management systems are effective when tying divisional goals and objectives to organisational goals and objectives;
  - The setting of individual goals and objectives which are reasonable, by mutual agreement between managers and subordinates is not satisfactory according to the respondents surveyed;
  - All employees have an understanding of the levels of performance that are expected from them;
• Performance monitoring and feedback:
  o There is a lack of feedback and communication from managers to subordinates regarding their performance. This is evident from the closed-end questions in the survey as well as the open-end probed format question at the end of the survey;
  o Measurement of performance against prior mutually agreed set objectives is lacking;
  o Employees are not involved in decisions which affect the way in which they work;
  o Most respondents surveyed indicated that they are not encouraged to prepare for performance review meetings.
• Training and development:
  o Training and developmental needs are not sufficiently addressed. There is little formal planning for personal development and growth;
  o Few employees are encouraged to prepare for greater responsibility in the future.
• Reward:
  o There is not a strong link between performance and pay;
  o Most respondents feel that the measurement of performance and individual contribution to business objectives is not fair and consistent;
  o A large percentage of employees believe that performance management may be used as a decision making tool for the distribution of performance related pay and promotion.

5.4 Recommendations

The objective of the study was to determine whether the implementation of a performance management system at Goldmaster would yield desired results in terms of achievement of its strategic goals and objectives. Various literature sources were investigated and considered in an effort to identify key elements of performance management systems, and their effect on
organisations, particularly with regard to the effect of such systems on the implementation of strategy.

From the literature, it was established that performance management systems provide a platform for strategy implementation. A performance management system is an excellent mechanism by which improved performance may be achieved. It does this through shared understanding and collective responsibility at all levels of the organisation for the overall achievement of goals and objectives.

From the respondents surveyed it has been established that although there are some elements of performance management systems already in operation at Goldmaster, there are many areas in which the implementation of a performance management system would result in improvement. The areas which may be addressed by means of a performance management system are documented below:

- Communication would be greatly improved by a performance management system which is of sound design, is carefully planned and correctly implemented;
- An improvement in communication would result in more regular feedback to subordinates in terms of their performance;
- Regular feedback on performance requires that performance objectives be set, and that performance is then measured against the set objectives;
- Individual and divisional performance measures would be directly related to each other and to those of the organisation, and in support of overall group performance, particularly in terms of goals and objectives.

Were management Goldmaster to implement a performance management system, the design and implementation of the system as per the guidelines in the literature would result in a system which would allow for achievement of key business objectives. The literature has shown that for performance
management systems to be effective, management needs to be committed to the process. In terms of implementing a performance management system, the literature has revealed that culture is of utmost importance. The survey has shown that there is already a positive culture present at Goldmaster. Therefore, the adoption and implementation of a performance management system at Goldmaster should not prove too difficult, as long as management is committed to the process.

5.5 Opportunities for further research

Further research based on the findings of this study is advisable. The inclusion in the survey of contractual employees at Goldmaster may provide a different picture in terms of the stated objectives of the study.

Other manufacturing jewellers might well be experiencing similar problems to those which Goldmaster are experiencing. A study of other manufacturing jewellers in the Western Cape may provide a basis for a performance management model specific to this industry in the Western Cape region.

The lack of communication between managers and subordinates at Goldmaster has been identified as a key area for improvement. Opportunity exists for a study focussed on improved communication at Goldmaster.

If Goldmaster were to implement a performance management system, an evaluation of the system after it has been in operation for a period of time based on the literature and recommendations contained in this study may result in a different outcome.

5.6 Conclusion

The aim of this study was to determine whether the implementation of a performance management system at Goldmaster would yield desired results in terms of achievement of its strategic goals and objectives.
The performance management cycle consists of clarifying expectations; planning to facilitate performance; monitoring performance; providing feedback; coaching; counselling and support; and the recognition of good performance. According to the literature, the chances of improved performance are greatly improved with this cycle in place.

Although the organisation has strategic objectives, it has experienced difficulty in achieving these objectives. Based on the literature, it has been established that performance management is a strategy implementation tool.

It would appear that the biggest problem experienced at Goldmaster is that of communication. Effective performance management stipulates communication as one of its underpinnings. It relies on interpersonal relationships, as well as frank and open discussion between subordinates and managers regarding performance issues. If nothing else, the implementation of a performance management system would improve communication at Goldmaster, which would in turn go a long way in improving both individual and group performance.

There is sufficient factual evidence to support the notion that the implementation of a performance management system at Goldmaster would yield desired results in terms of achievement of its strategic goals and objectives.
REFERENCES


ORGANOGRAM
APPENDIX A
18 October 2006

To whom it may concern,

An investigation into performance management systems at Goldmaster.

This questionnaire forms part of a survey to investigate the effect that a performance management system would have at Goldmaster. The aim of the questionnaire is to gather information from employees and use that information to establish whether the implementation of a performance management system would be beneficial in terms of achieving strategic goals and objectives. You are invited to participate in this survey by completing the enclosed questionnaire.

This survey is being undertaken by Ian Verhulp, as part of his thesis, in order to obtain a Master’s Degree in Business Administration at the Nelson Mandela Metropolitan University. Mr. Miller has kindly agreed to the research being undertaken at Goldmaster. The questionnaire should not take long to complete and will be of great benefit to the researcher as well as Goldmaster if each question is answered as accurately as possible. Please note that your answers are completely confidential, and individual answers will not be divulged to anyone. Therefore, please do not write your name on the questionnaire.

Your co-operation in completion and timely submission of this questionnaire would be appreciated. Kindly return the completed questionnaire to Ian Verhulp by 20 October 2006.

Yours sincerely

Ian Verhulp
Research title: Moving from performance appraisal to performance management at Goldmaster, to help facilitate the achievement of the organisation’s strategic goals.

Researcher: Ian Verhulp

This aim of this research is to evaluate whether the implementation of a performance management system at Goldmaster would yield desired results in terms of achievement of its strategic goals and objectives.

Please indicate the extent to which you agree or disagree with the questions in the questionnaire.
PERFORMANCE MANAGEMENT SYSTEM

SECTION A: BIOGRAPHICAL INFORMATION

Please complete this section by marking the appropriate block with the letter (X).

1. What division are you employed in?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Administration</td>
</tr>
<tr>
<td>1.2</td>
<td>Sales</td>
</tr>
<tr>
<td>1.3</td>
<td>Factory</td>
</tr>
</tbody>
</table>

2. What is your position in the organisation

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Senior management</td>
</tr>
<tr>
<td>2.2</td>
<td>Management</td>
</tr>
<tr>
<td>2.3</td>
<td>Supervisory</td>
</tr>
<tr>
<td>2.4</td>
<td>General staff</td>
</tr>
</tbody>
</table>

3. How long have you been employed at Goldmaster?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>0 to 5 years</td>
</tr>
<tr>
<td>3.2</td>
<td>6 to 10 years</td>
</tr>
<tr>
<td>3.3</td>
<td>More than 10 years</td>
</tr>
</tbody>
</table>

4. How many years have you been in your current position?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>0 to 5 years</td>
</tr>
<tr>
<td>4.2</td>
<td>6 to 10 years</td>
</tr>
<tr>
<td>4.3</td>
<td>More than 10 years</td>
</tr>
</tbody>
</table>

5. How many appraisal interviews have you had?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>None</td>
</tr>
<tr>
<td>5.2</td>
<td>1 to 2</td>
</tr>
<tr>
<td>5.3</td>
<td>3 to 5</td>
</tr>
<tr>
<td>5.4</td>
<td>5 or more</td>
</tr>
</tbody>
</table>
Performance management is a formal and explicit process whereby an organisation involves its employees, both as individuals and members of a team, in improving overall effectiveness, and the accomplishment of its strategic goals. It is focused on achieving results, and may be seen as a vehicle for aligning individual employee performance with organisational strategy.

Please complete this section by marking the appropriate block with the letter (X).

<table>
<thead>
<tr>
<th>Part 1 – Organisational strategy</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am aware of the organisation’s mission statement.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I am fully aware of the organisation’s strategic objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I know what the organisation’s values are, i.e. what is regarded as important by the organisation - e.g. Performance, teamwork, innovation, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. There is a constructive culture in the organisation, i.e. members are encouraged to interact constructively with each other in order to attain objectives, grow and develop.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I understand how my role contributes to overall organisational goals and objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part 2 – Goals &amp; performance measures</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. The division in which I am employed has clear goals and objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I have personal objectives which support the divisional goals and objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. These objectives were set by mutual agreement between my manager and I, after discussion of each of the objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. These objectives are reasonable.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I understand how my role contributes to the goals and objectives of my division.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>11. I have a clear understanding of the level of performance that is expected from me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. I am committed to achieving these objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. I have the necessary skills and competencies to achieve my individual goals and objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Part 3 – Performance monitoring and feedback

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>My performance is effectively monitored.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>My manager communicates with me frequently about my performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>My manager encourages open and frank dialogue with respect to performance related issues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>I am encouraged to prepare for performance review meetings.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Priorities in terms of objectives are reviewed during the performance review meeting.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>My performance is measured against prior, mutually agreeable, set objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>I am provided with verbal and written feedback about positive performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Where performance has not met minimum standards, my manager and I discuss the reasons for this and ways of improving performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>During the performance review meeting, my manager and I set mutually agreeable action plans for future improvements.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>I am involved in decisions which affect the way I work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part 4 – Training and development

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.</td>
<td>Training and developmental needs are identified and documented during the performance review process.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Performance discussions during the review process emphasise personal development and growth.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>I am provided with required training such that I am in a position to complete tasks effectively.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27.</td>
<td>I have a structured personal development plan.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28.</td>
<td>I am encouraged to prepare for greater responsibility in the future.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part 5 - Reward

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.</td>
<td>The current performance appraisal system links performance to pay.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30.</td>
<td>There is a direct and strong link between performance and pay.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.</td>
<td>There is a fair consistent basis for measuring performance and individual contribution to business objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32.</td>
<td>Performance management may be used as a decision making tool for the distribution of performance related pay and promotion.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
33. During the course of the year, how often would you like your performance to be reviewed in discussion with your manager? Please circle the appropriate letter.

Monthly  A
Quarterly  B
Bi annually  C
Annually  D
Other  E  (Please specify)………………………………………….

34. Do you have any suggestions for methods of improving performance?

Thank you for your co-operation.
1. The results of the questionnaire for section B, part 1 - Organisational strategy, were as follows:

<table>
<thead>
<tr>
<th>Part 1 – Organisational strategy</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am aware of the organisation’s mission statement.</td>
<td>No. 5 16%</td>
<td>15 48%</td>
<td>10 32%</td>
<td>1 3%</td>
<td>31</td>
</tr>
<tr>
<td>2. I am fully aware of the organisation’s strategic objectives.</td>
<td>No. 5 16%</td>
<td>11 35%</td>
<td>7 23%</td>
<td>8 26%</td>
<td>31</td>
</tr>
<tr>
<td>3. I know what the organisation’s values are, i.e. what is regarded as important by the organisation - e.g. Performance, teamwork, innovation, etc.</td>
<td>No. 13 42%</td>
<td>14 45%</td>
<td>4 13%</td>
<td>0 0%</td>
<td>31</td>
</tr>
<tr>
<td>4. There is a constructive culture in the organisation, i.e. members are encouraged to interact constructively with each other in order to attain objectives, grow and develop.</td>
<td>No. 4 13%</td>
<td>17 55%</td>
<td>8 26%</td>
<td>2 6%</td>
<td>31</td>
</tr>
<tr>
<td>5. I understand how my role contributes to overall organisational goals and objectives.</td>
<td>No. 9 29%</td>
<td>17 55%</td>
<td>4 13%</td>
<td>1 3%</td>
<td>31</td>
</tr>
</tbody>
</table>
2. The results of the questionnaire to section B, part 2 – Goals and performance measures, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Part 2 – Goals &amp; performance measures</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>The division in which I am employed has clear goals and objectives.</td>
<td>No. 7</td>
<td>23%</td>
<td>65%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>7.</td>
<td>I have personal objectives which support the divisional goals and objectives.</td>
<td>No. 5</td>
<td>16%</td>
<td>74%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>8.</td>
<td>These objectives were set by mutual agreement between my manager and I, after discussion of each of the objectives</td>
<td>No. 3</td>
<td>10%</td>
<td>52%</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>9.</td>
<td>These objectives are reasonable.</td>
<td>No. 3</td>
<td>10%</td>
<td>55%</td>
<td>23%</td>
<td>13%</td>
</tr>
<tr>
<td>10.</td>
<td>I understand how my role contributes to the goals and objectives of my division.</td>
<td>No. 10</td>
<td>32%</td>
<td>65%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>11.</td>
<td>I have a clear understanding of the level of performance that is expected from me.</td>
<td>No. 14</td>
<td>45%</td>
<td>55%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>12.</td>
<td>I am committed to achieving these objectives</td>
<td>No. 13</td>
<td>42%</td>
<td>55%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>13.</td>
<td>I have the necessary skills and competencies to achieve my individual goals and objectives.</td>
<td>No. 14</td>
<td>45%</td>
<td>43%</td>
<td>10%</td>
<td>3%</td>
</tr>
</tbody>
</table>
3. The results of the questionnaire to section B, part 3 – Performance monitoring and feedback, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Part 3 – Performance monitoring and feedback</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>My performance is effectively monitored.</td>
<td>No. 7 23%</td>
<td>19 61%</td>
<td>5 16%</td>
<td>0 0%</td>
<td>31</td>
</tr>
<tr>
<td>15.</td>
<td>My manager communicates with me frequently about my performance.</td>
<td>No. 5 16%</td>
<td>14 45%</td>
<td>10 32%</td>
<td>2 6%</td>
<td>31</td>
</tr>
<tr>
<td>16.</td>
<td>My manager encourages open and frank dialogue with respect to performance related issues.</td>
<td>No. 7 23%</td>
<td>15 48%</td>
<td>6 19%</td>
<td>3 10%</td>
<td>31</td>
</tr>
<tr>
<td>17.</td>
<td>I am encouraged to prepare for performance review meetings.</td>
<td>No. 4 13%</td>
<td>4 13%</td>
<td>19 61%</td>
<td>4 10%</td>
<td>31</td>
</tr>
<tr>
<td>18.</td>
<td>Priorities in terms of objectives are reviewed during the performance review meeting.</td>
<td>No. 2 6%</td>
<td>11 35%</td>
<td>16 52%</td>
<td>2 6%</td>
<td>31</td>
</tr>
<tr>
<td>19.</td>
<td>My performance is measured against prior, mutually agreeable, set objectives.</td>
<td>No. 4 13%</td>
<td>11 35%</td>
<td>9 52%</td>
<td>7 6%</td>
<td>31</td>
</tr>
<tr>
<td>20.</td>
<td>I am provided with verbal and written feedback about positive performance.</td>
<td>No. 5 16%</td>
<td>10 32%</td>
<td>7 23%</td>
<td>9 23%</td>
<td>31</td>
</tr>
<tr>
<td>21.</td>
<td>Where performance has not met minimum standards, my manager and I discuss the reasons for this and ways of improving performance.</td>
<td>No. 4 13%</td>
<td>14 45%</td>
<td>8 26%</td>
<td>5 16%</td>
<td>31</td>
</tr>
<tr>
<td>22.</td>
<td>During the performance review meeting, my manager and I set mutually agreeable action plans for future improvements.</td>
<td>No. 3 10%</td>
<td>15 48%</td>
<td>8 26%</td>
<td>5 16%</td>
<td>31</td>
</tr>
<tr>
<td>23.</td>
<td>I am involved in decisions which affect the way I work.</td>
<td>No. 5 16%</td>
<td>14 45%</td>
<td>9 29%</td>
<td>3 10%</td>
<td>31</td>
</tr>
</tbody>
</table>
4. The results of the questionnaire to section B, part 4 – Training and development, were as follows:

<table>
<thead>
<tr>
<th>Part 4 – Training and development</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>24. Training and developmental needs are identified and documented during the performance review process.</td>
<td>No. 0</td>
<td>13</td>
<td>13</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>25. Performance discussions during the review process emphasise personal development and growth.</td>
<td>No. 4</td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>26. I am provided with required training such that I am in a position to complete tasks effectively</td>
<td>No. 4</td>
<td>15</td>
<td>9</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td>27. I have a structured personal development plan.</td>
<td>No. 15</td>
<td>14</td>
<td>2</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>28. I am encouraged to prepare for greater responsibility in the future.</td>
<td>No. 5</td>
<td>12</td>
<td>4</td>
<td>10</td>
<td>31</td>
</tr>
</tbody>
</table>

5. The results of the questionnaire to section B, part 5 – Reward, were as follows:

<table>
<thead>
<tr>
<th>Part 5 - Reward</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Control Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>29. The current performance appraisal system links performance to pay.</td>
<td>No. 5</td>
<td>4</td>
<td>11</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>30. There is a direct and strong link between performance and pay.</td>
<td>No. 2</td>
<td>9</td>
<td>5</td>
<td>15</td>
<td>31</td>
</tr>
<tr>
<td>31. There is a fair consistent basis for measuring performance and individual contribution to business objectives.</td>
<td>No. 2</td>
<td>9</td>
<td>14</td>
<td>6</td>
<td>31</td>
</tr>
<tr>
<td>32. Performance management may be used as a decision making tool for the distribution of performance related pay and promotion.</td>
<td>No. 7</td>
<td>12</td>
<td>7</td>
<td>5</td>
<td>31</td>
</tr>
</tbody>
</table>
6. The results of the questionnaire to section B, question 33 – Performance review, were as follows:

33. During the course of the year, how often would you like your performance to be reviewed in discussion with your manager? Please circle the appropriate letter.

<table>
<thead>
<tr>
<th>Monthly</th>
<th>A</th>
<th>9</th>
<th>29%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly</td>
<td>B</td>
<td>15</td>
<td>48%</td>
</tr>
<tr>
<td>Bi annually</td>
<td>C</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>Annually</td>
<td>D</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Other – Please specify</td>
<td>E</td>
<td>3</td>
<td>10%</td>
</tr>
</tbody>
</table>

7. The results of the questionnaire to section B, question 34 – Suggestions for improving performance, were as follows:

34. Do you have any suggestions for methods of improving performance?

<table>
<thead>
<tr>
<th>5.1</th>
<th>There is no communication from top management to bottom. Can really improve.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.2</td>
<td>Better communication if Goldmaster could learn to communicate we could turn into a leading jewellery manufacturer. If we don't we will stay exactly as we are.</td>
</tr>
<tr>
<td>5.3</td>
<td>More one on one interaction with MD to see where people really are at and then you will get to know who your faithful and committed employees are. Get to know all employees at gut level. I will do my utmost from my side.</td>
</tr>
<tr>
<td>5.4</td>
<td>Staff is unaware of management's priorities or not getting the necessary guidance (management). Hence production is normally late and customers get upset. This is costly to the company as deliveries waste time and money.</td>
</tr>
<tr>
<td>5.5</td>
<td>More hands in the casting room. Always at work. Always on time for work. Boss can give you something for your performance.</td>
</tr>
<tr>
<td>5.6</td>
<td>I would like to go for some formal training. The reason for this to improve in my own job. I feel the manager must speak more to the boss about his people in the factory. More visibility of management would be nice.</td>
</tr>
<tr>
<td>5.7</td>
<td>More frequent performance review meetings where everyone is open minded to improve performance. People should be willing to listen to another's suggestions to improve performance.</td>
</tr>
<tr>
<td>5.8</td>
<td>Treat people like people and not worker. A better bond between boss and worker give a better performance. Thank your staff for a job well done. Give them incentive rewards for doing better and making the next worker want to achieve the same.</td>
</tr>
<tr>
<td>5.9</td>
<td>There are too many chiefs and too little Indians in the company. Unity has to be improved. Staff has to be more serious about the company and each other.</td>
</tr>
<tr>
<td>5.10</td>
<td>To look after your workers that is the best to do. And appreciate them.</td>
</tr>
<tr>
<td>5.11</td>
<td>Treat your people with respect and then people will perform and enjoy coming to work.</td>
</tr>
<tr>
<td>5.12</td>
<td>For everyone to improve their performance in this company and excel in everything they do a better communication from top management to the lowest level need to be in place. There are times when no communication takes place. That is not the way to get the best out of people.</td>
</tr>
<tr>
<td>5.13</td>
<td>If communication could improve more and work related issues could just improve by if you make a mistake to understand and just try improve more skills and not be angry at the person for learning and expect to know everything immediately.</td>
</tr>
<tr>
<td>5.14</td>
<td>They can at least give award to everybody the end of the year.</td>
</tr>
<tr>
<td>5.15</td>
<td>You make a suggestion and they never make use of it.</td>
</tr>
<tr>
<td>5.16</td>
<td>Ongoing further training (in-house or external) where applicable. Incentive based production targets. Further multi-skilling of staff.</td>
</tr>
</tbody>
</table>