A CRITICAL EVALUATION OF THE PERFORMANCE MANAGEMENT SYSTEM USED BY NAMPAK RESEARCH AND DEVELOPMENT

BY

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Submitted in partial fulfillment of the requirements for the degree of Masters in Business Administration at The Nelson Mandela Metroplolitan University

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November 2006

DECLARATION

“I, Neville Solomons, 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 requirement for an equivalent or higher qualification at any recognised education institution”

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NEVILLE SOLOMONS DATE

22 November 2006

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

This work is confidential, because this system was developed for Nampak Research and Development.

It would be appreciated if the contents of this research paper could remain confidential and are not circulated for a period of five years.

Sincerely,

N. SOLOMONS

ABSTRACT

Introduction: Performance management is an important driver in most companies today. Companies regard this as the tool to ensure that the people working for them will deliver as per the agreed contract and objectives which were set mutually. This study will reveal the importance of a well managed performance management system and what benefits one will derive from it.

Intent: The purpose of this research project is to conduct a critical analysis of the performance management system used by Nampak Research and Development. They have been using a system since 2001 to the present without any changes to the system.

The study focused on key areas to ascertain the level of change in the above respect that needs to take place. The study addressed (a) the understanding of performance management, (b) the management attitude towards performance management, (c) staff development, (d) the mentoring system, and (e) the performance appraisal method used.

Findings: the main findings were that: (a) loss of management skill due to retirement, (b) staff has a negative attitude towards the performance management system, (c) staff does not trust the system, (d) management is the only group that is positive about the system, (e) there are no staff development strategies and no staff development, (f) ineffective mentoring system, (g) no mentor and mentee relationship, and (h) the performance appraisal method raised concerns in terms of departments not being consistent with the rating scores.

Conclusion: the researcher has recommended what needs to be put in place to help the system work. Due to the complexity of the system, the researcher then recommended that a specialist in the field of performance management be approached to resolve the situation.

ACKNOWLEDGEMENTS

The successful completion of the research would have been impossible without the support, advice, assistance and encouragement of others.

I would like express my sincere thanks and appreciation to the following:

- God for giving me the ability to complete my MBA
- my parents Neville and Gladys for their love, support and prayers
- my wife Jennifer for believing in me during the difficult and trying times
- my children, David and Caitlin who remained content at times when it was difficult for them to understand why I had to spend such long hours with my studies
- my Supervisor, Professor William Fox, for his expertise and guidance
- my family and friends for their prayerful support
- to members of my MBA group who kept me motivated
- to the management and staff of Nampak Research and Development for their co-operation in allowing me to conduct the study with them, and
- to all who contributed in the smallest way.

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CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT

1.1 Introduction

Performance management is a broad term, because it does not solely cover one type of discipline. It covers a range of areas that relate to the measuring of individual and group performances and aspects of how individuals could be developed. In today's working environment, especially in corporate conglomerates, the majority of companies have implemented a performance management system to ensure that the staff they employ deliver as per the targets that were set for them.

According to Armstrong and Baron (1998), the definition of performance management is that it is a strategic and integrated approach of delivering sustained successes to the company by improving individual and group performances and also developing the capabilities of teams and individuals.

1.2 Problem statement

Nampak Research and Development (R&D) has implemented a Performance Management System in the beginning of 2001. Since then no enhancement to the system has been effected, which means the system is still in its original format. The researcher saw the opportunity to do a critical analysis of the performance management system that Nampak R&D uses.

The main objective is not to analyse a specific area of performance management, but rather to explore the entire system and then perform a critical evaluation on this subject area. The researcher will also scrutinise the effectiveness of the current system and highlight any possible shortcomings of the system. The researcher will identify certain limitations during the research.

1.3 Assumptions

1.3.1 Performance management is not actively alive in Nampak R&D.

1.3.2 Performance management is an important tool to enhance productivity and to bolster staff morale.

1.3.3 Management has to drive the performance management process.

1.3.4 Recommendations of the study may be implemented in Nampak R&D.

1.3.5 Staff needs to work hand-in-hand with management to help grow the system.

1.4 Benefits of the study

1.4.1 The study will critically evaluate the performance management system used by Nampak R&D. The results are important to help addressing the way forward in improving the relationship between management and staff and inculcating staff with the importance of performance management by means of a mutually unbiased system that develops all parties.

1.4.2 The outcome of the study will benefit both parties and there will be buy-in on the part of staff members.

1.4.3 Staff was given the opportunity to voice their concerns by means of the questionnaire and interviews and an opportunity to convey matters of concern to management that they had wanted to do for a long time.

1.4.4 Management has the opportunity to analyse where any shortcomings are in the current system.

1.5 Definition of concepts

1.5.1 Succession planning

Spanenberg (1994) states that this is an organisational chart that would show who would succeed whom. It will clarify the future business scene and which successions will take place in future. This is not a rigid system, because resignations can obviously take place at any time.

1.5.2 Mentoring

According to Lussier (1997) mentoring takes place when high-level managers prepare high potential employees for development and advancement in a company.

1.5.3 Management by objectives

According to Lussier (1997) management by objectives is where the process between management and employees should start, where they set objectives jointly, periodically review performance and then reward employees according to their performance.

1.5.4 Performance appraisal

Winston and Creamer (1997) define performance appraisal as "…an organisational system comprising deliberate processes for determining staff accomplishments to improve staff effectiveness"

1.5.5 360 degree appraisal

According to France (1997:5), in the traditional upward or downward appraisal the information is either gathered or delivered from a single source. The manager will communicate to the direct report or the direct report will report to the manger. On the other hand the 360 degree appraisal has a broader scope than the above type of approach and it formally gathers information from a variety of sources.

1.5.6 Balanced scorecards

According to Arverson (1998) the balanced Scorecard Management System enables companies to clarify their vision and strategy and to translate these into action. Through this system one is able to provide feedback in both the internal business processes and external outcomes in order to continuously improve strategic performance and results.

1.6 Research design

The methodology used during the research study was as follows:

1.6.1 Literature review

The critical principles, processes and guidelines of performance management were obtained from the literature review. These were used to critically analyse the performance management system used by Nampak R&D.

1.6.2 Empirical study

The empirical study consisted of three parts:

1.6.2.1 Survey

The survey was conducted amongst the management and staff by using a questionnaire for analysis, initially compiled by the researcher.

1.6.2.2 Interviews

Structured interviews were held with management team members and laboratory managers in Nampak's R&D division.

1.6.2.3 Data analysis

The method used to interpret the data was to input the data into a spreadsheet in Microsoft Excel 2003. This was then forwarded to a statistician who analysed the data by means of a statistical computer program to present the researcher with tabular and graphical data.

1.7 Delimitations of the study

The scope of the research will be limited to Nampak Research and Development, the only research centre of Nampak Group Limited. The study will specifically focus on the management and staff of this facility.

1.8 Structure of the research report

Chapter 1: The objective of this chapter is to give the reader an understanding of the importance of the study. This chapter will cover the Introduction, problem statement, assumptions, benefits of the study, definitions and concepts, research design, delimitations of the study, structure of the research report and summary.

Chapter 2: This chapter focuses on the literature review which was based on the empirical study. It starts with the evolution of management in the 1800s and culminates with a description of performance management as we know it today.

Chapter 3: This chapter revolves around Nampak Research and Development and the performance management system that it is currently using.

Chapter 4: In this chapter the research methodology used in the study is described. The researcher made use of the empirical study method and the analysis of the data. This chapter clearly outlines the methodology used by the researcher during the study. The researcher explains in full the instrument used to analyse the data to make it meaningful to the reader.

Chapter 5: This chapter centres on the analysis and interpretation of the empirical study. It also documents the findings of the results of the empirical survey as described in Chapter 4.

Chapter 6: This chapter contains the conclusions and recommendations. The main findings that were obtained during by means of the empirical study are discussed in Chapter 6. It highlights the connection between the results in Chapter 5 and the literature review in Chapter 2. Finally this chapter makes recommendations to the company that addresses the problem statement.

1.9 Summary

Performance management was implemented in 2001 to Nampak R&D, which was something new to all staff in terms of what a performance management system would cover. The researcher's objective is to critically analyse the performance management system used by Nampak R&D, because in the subsequent period no enhancements have been done to the system and the researcher will also assess whether the system is used in terms of what was initially implemented. The research study will reveal systematically how any shortcomings would unfold. The researcher will make recommendations regarding the current system with a view to assisting in converting the system into one that would help to develop staff and to add value to their growth in the company.

CHAPTER 2

<u>THE LITERATURE REVIEW</u>

2.1 Introduction

This chapter covers a range of theoretical information that impacted on the field of enhanced productivity in the performance management system as we know it today. The evolution of management which started in the 1800's is well covered by Hellriegel (2004:51 and Dubrin, Ireland and Williams (1989:32). Peter Drucker is regarded as the father of Management By Objectives (Lussier, 1997), in which the employees in conjunction with superiors or management set objectives to be achieved for the benefit of the individual and the company. The researcher also studied performance appraisal and how it has impacted on employees and the business. The final section of this chapter deals with a performance management system as described by Schultz (2003). This area covers the performance management system in detail.

2.2 Evolution of management

Scientific Management started out in the 1800's within the field of production management. This is when they introduced planning, scheduling and staff activities to get their administration in order. In this era technology was introduced and the focus moved towards increased productivity. (Hellriegel 2004:51)

2.2.1 The overview of the evolution of management

Frederick Winslow Taylor is regarded as the father of Scientific Management. He supported the work his predecessor Charles Babbage did. Babbage focused on the division of labour. He broke up tasks into specialised units by requiring a unique skill. This process was then commonly known as job dilution to help increase the productivity of the workforce and individuals.(Dubrin,Ireland and Williams 1989:32)

Frederick Taylor observed the practice of employees of taking their time to complete a job, in fear that they might loose their jobs. He believed that employees should be rewarded according to how they perform. He worked out a production standard that is coupled to a rate system. Those employees who met their target would be rewarded by receiving higher compensation than others.

He later became a consultant and focused on efficiency measures to enhance the productivity in the following areas:

- Time and motion studies
- Standardisation
- Rest pauses and
- Management responsibility for training. (Dubrin et al 1989:34)

Henry Gantt, Frank and Lillian Gilbert were all positive contributors to the field of scientific management.

2.2.2 The emergence of behavioural science

Max Weber was the person whose work was characterised by rationality and impersonality. Rationality is structured at obtaining goal directedness and the impersonality implies objectivity in interpersonal relations. He believed that human resources must be impartial in their decision making. Weber was of the view that an ideal organisation was designed for efficiency, predictability and the applicability of rules.

George Elton Mayo is regarded as the father of the human relations movement. His main objective was to establish whether he could increase the turnover rate in a mule spinner department of a textile mill which was running at 250 per cent compared to 5 and 6 per cent in the other departments. He introduced the following:

- Four 10 minutes rest periods a day and
- Employee participation in decision making

By doing this it enhanced the production to a level of 85 per cent. Mary Parket Follett had suggested this before that, that employees should be made part-owners of the business and involved in the decision making to enable the productivity levels to increase, by means of a collective responsibility.(Dubrin 1989:43)

The Hawthorn studies tested two groups of people where they enhanced the production lighting of the one group to three different brightnesses. In all tests the productivity of the employees improved. The engineers of the study were amazed when they found that the control group, whose lighting was reduced, improved their performance to the same level as the test group. The outcome of the study was that due to the fact that people were given attention it helped to increase their productivity levels. The study also highlighted that social and psychological factors exerted a powerful influence on productivity.(Van Fleet, 1991:46)

2.3 Management by objectives

Drucker is well known for introducing the Management By Objectives (MBO) concept to the management world. According to Lussier (1997:150) management by objectives is where the process between management and employees should start, where they set objectives jointly, periodically review performance and then reward employees according to their performance. A useful term used in MBO is effective standards. This has to do with the norms of good business and professional practice of managers and professionals in all areas of their work. All objectives are achieved through organisational members. It is very important that employees know what the objective are and how their various departments, groups and individual activities contribute to achieving these objectives.

2.3.1 The evolving concepts in managing by objectives

MBO is being applied all over the world. Although it is a well known application, it is not always clear what is really meant by MBO. Some people have the following perceptions of the system:

- That it is an appraisal tool

- They see it as a motivational technique and
- Others find it to be a control and planning device.

This means that the purpose and the application of the MBO concept differ widely.
Some regard the concept in a very narrow and limited sense. (Koontz,O"Donnell and Weihreich, 1987:131)

2.3.1.1 Early Impetus on MBO

There were quite a few people that contributed to the MBO as we know it today. Therefore, it is difficult to give one person all the credit for the development of the system. It is very clear though that Drucker acted as the catalyst for the system, by emphasising that objectives must be set in all areas where performance affects the health of the organisation. He was very clear in terms of the philosophy of self-control and self-direction.

2.3.1.2 Emphasis on Performance appraisals

Douglas McGregor published an article in the Harvard Business Review, which criticised the traditional appraisal programs that focused on the personality trait criteria for evaluating employees. In that approach the managers had to give personal judgements about the persona worth of employees. McGregor suggested a new approach that was very much based on Ducker's concept of MBO. He wanted employees to set short-term objectives for themselves and review them with their superior. The superior would have veto power over those objectives. In the ideal environment the superior will seldom be used. Employees will then encourage self-appraisal and self-development. By doing this the employees become committed and create an environment for motivation.

2.3.1.3 Emphasis on short-term objectives and motivation

In the early studies of the MBO program, a significant upward movement in the overall average levels of goals was found. There was also an improvement in the attainment of goals and a continuous improvement in productivity was noted in the organisation where the study was conducted. When a follow-up study was done it was found that productivity tapered off. It was important to look at other aspects of motivating employees, such as incentives, participation and autonomy.

Grote (1996) identified the following core elements in MBO:

- The formation of trusting and open communication throughout the organisation
- Mutual problem solving and negotiations in the establishment of objectives
- Creation of win-win relationships
- Organisational rewards and punishment based on job-related performance and achievement
- Minimal uses of political games, forces and fear, and
- Development of a positive, proactive and challenging organisational climate.

2.3.1.4 The Mechanics of MBO

Figure 2.1 summarises the steps involved in the MBO process. The organisational goals are set by top management. Everyone then agrees on a set of collaborative goals. The communication of organisational goals starts at this stage. Each employee will meet with their individual superior to discuss the superior's goals and how the employee can help to achieve them. The two agree on goals for the employee. These goals will be verifiable and written down. The superior will have a session with the employee to establish how these goals can be addressed. They will then finally decide on what resources are needed to achieve the goals that were set.

The employees have periodic reviews to assess the progress. Resources may be adjusted to help employees to achieve their goals if the unforeseen happens. At the end of the period the superior and the employee will hold another meeting to evaluate the degree of goal attainment. Employees are rewarded on how well they have attained their goals, and new goals are set for the new period of the following year. (Van Fleet, 1991:116)

Figure 2.1 shows the various steps involved in the MBO process, and who and what ought to be done in those steps. It clearly displays the goal-orientated process.

Steps in the MBO Process

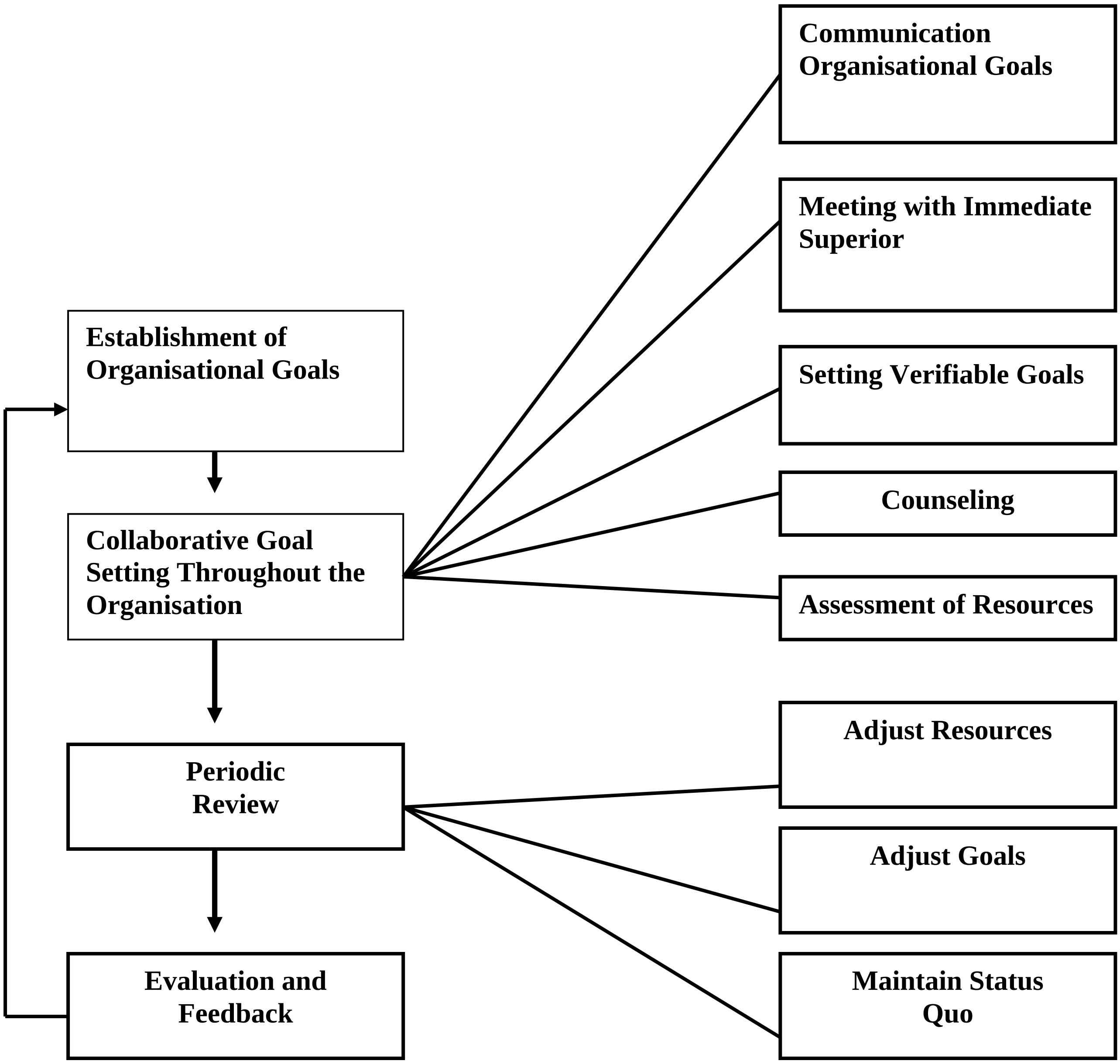

Figure 2.1 MBO Process
Adapted from Van Fleet (1991)

2.4 Benefits of MBO

The benefits of MBO can be summarized as follows:

- Better management – results are much improved by improved managing. The results cannot be achieved if there was not good overall planning and specifically results-oriented planning in place. This forces management to think of proper planning so that the desired results can be achieved. The goals have to be set realistically. There is also no better way of controlling the standards of control if the goals that have been set are clear.
- Clarifies organisation – It helps managers to clarify organisational roles and structures. Companies who embarked on the MBO method have often found that there are shortcomings in the organisation. Managers often forget that for them to achieve results, they must delegate authority according to the results they expect.
- Personal commitment – MBO encourages people to commit themselves to their goals. Employees no longer just do their work and wait for instructions, they now have clearly defined goals and purposes. They have the opportunity of contributing towards setting these goals and contributing ideas for the planning of their work. They usually become very enthusiastic in their area of work.
- Development of effective control – It aids in developing effective controls. This is where results are measured and corrective action taken to correct deviations from plans in order to ensure that goals are reached.

2.5 Weaknesses of MBO

MBO also has some weaknesses that can be summarized as follows:

- Failure to teach the philosophy of MBO – Managers need to explain to the employees what it is, how it works, why it is done, what part it will play in the appraisal for performance and how they would benefit from this method.
- Failure to give guidelines to goal setters – those that are expected to set goals must be given guidelines. Managers must know what the

corporate goals are and where they would fit in. If corporate goals are vague and unrealistic, it would be impossible for managers to be tuned in. Managers should know the policies that would affect their operations.

- Difficulty of setting goals – verifiable goals are difficult to set. Participants in MBO report that at times the concerns for economic results put pressure on individuals and that could spark questionable behaviour. The way to resolve this is that top management must agree to reasonable objectives and reward ethical and punish unethical behaviour.
- The short-run nature of goals – managers set short-term goals that are less than one year and often for a quarter or less. This creates a problem for long-term organisational planning.
- Dangers of inflexibility – managers hesitate to allow employees to change objectives. If this happens too often it is foolish for managers to change objectives if organisational goals become obsolete.
- Other dangers – the desire to have verifiable goals. Managers fail to use objectives as a constructive force with enough assistance of the superior.

2.6 Performance Appraisal

Performance Appraisal – "is a discreet event which most organisations perform once a year to evaluate employees´ performance." (Schultz, H. 2003:74). It can happen that divisional managers prefer to do this on a more regular basis (e.g. six-monthly or quarterly)

Winston and Creamer (1997) define performance appraisal as "…an organisational system comprising deliberate processes for determining staff accomplishments to improve staff effectiveness"

Ford (2004), based on the study that she conducted, believes that there is a general problem with performance appraisals. The study revealed that performance appraisals have become one of the areas of work that have been mostly avoided within the organisational life. The supervisors do not feel happy doing appraisals and the employees are less than happy to receive them. The study further revealed that supervisor training was the problem. They needed to be trained to be able to conduct effective performance appraisals. This was

one area that management needed to become accountable in making sure that the system was being used correctly and that those that use the system are properly trained and know why they need to do appraisals. This was despite the fact that employees received strong incentives and avoided and even negatively regarded performance appraisals.
The outcome of the study was as follows:

- All senior managers need to be involved in training for performance appraisals.
- Management need to be committed to adult learning and a well-designed training program.
- A coaching module had to be introduced to assist management and
- Performance appraisal training will then enhance the performance management system.

Winston and Creamer (1997) quote Mohrman, Resnick-West and Lawler (1989) by identifying the objectives of a performance appraisal policy and its benefits:

- Increase motivation to perform effective
- Increase employee self-esteem
- Gain new insight into the performance of staff and supervisors
- Better clarify and define job functions and responsibilities
- Distribute rewards on a fair and credible basis
- Clarify organisational goals so that they can be readily accepted by all employees, and
- Enhance departmental manpower planning, test validation and development of training programs.

Deming states that the performance appraisal practices of American industry are the root causes of its quality problems. He goes further and identifies four recurring problems (Lussier 1997:542):

- Performance appraisal practices are unfair – He believed they are unfair, because they held the employee responsible for errors that may have been the result of the system rather than the employee. He states that more than 90 per cent of problems that occur in the quality of the American industry are as a result of a fault that was built into the system, or some managerial shortcoming, rather than an error on the employee’s part. The judging of employees according to the output can result in a gross injustice.

- Performance appraisal practices promote behaviour that compromises quality. He believed that when managers focus on quantity standards, employees would focus on the targets and quotas and ignore quality to meet them. Employees would then ship out defective products to meet a manager's schedule.
- Performance appraisal practices discourage employees from trying to excel – When performance appraisal methods are based on subjective relative ranking with the use of measures such as average and satisfactory, there is a tendency to equate "average" with "unsatisfactory". The decision that performance is below average can be due to the system, not the employee. When standards are subjective, which they often are, good performance might be designated simply because it is low relative to that of others in the group. Poor performance might be judged acceptable, simply because it falls in the middle. People that are good performers do not like to be called average. They are often demoralised and do not see the reason to excel.
- Performance appraisal practices rob employees of pride in their work – if managers set quality systems and reward employees for doing a quality job, they will do a quality job and will have pride in what they are doing. Employees see the evaluations as superficial, inconsistent and unreliable with scant relevance to actual duties or pay levels.

2.6.1 The Performance Appraisal Process

Figure 2.2 shows the performance appraisal process from start to completion. It gives a systematic approach of the steps you need to take to be able to have your appraisal done.

Review Legal Requirements

↓

Conduct Job Analysis

↓

Develop Appraisal Instrument

↓

Select Observers

↓

Train Observers

↓

Measure Performance

↓

Give Employee Feedback

↓

Establish Performance Goals

↓

Praise/Reward Performance

↓

Align Process and Outcome with
Organisational Justice Principles

Figure 2.2: The Performance Appraisal Process

Latham and Wexley (1993)

According to Latham and Wexley (1993:8-9) the importance of performance appraisals is emphasised, among others by, Cleveland, Murphy and Williams (1989); Lawler (1988) and Mallinger and Cummings (1986) namely for:

- Ensuring mutual understanding of effective performance
- Building employer and employee confidence
- Clarifying any misunderstandings regarding performance expectations
- Establishing developmental procedures
- Allocating rewards
- Sustaining and enhancing employee motivation
- Career planning, and
- Fostering communication and feedback.

2.7 360 Degree Appraisal

According to France (1997:5), in the traditional upward or downward appraisal the information is either gathered or delivered from a single source. The manager will communicate to the direct report or the direct report will report to the manger. The 360 degree appraisal has a broader scope than that type of approach and formally gathers information form a variety of sources. The information for the 360 degree appraisal could potentially come from:

- The persons being appraised themselves(self-assessment)
- The person's manager
- The other managers (especially in a matrix system)
- Direct reports in their own team (if they have them)
- Colleagues
- Customers, and
- Suppliers

2.7.1 Reasons for adopting a 360 degree process

In the traditional appraisal the assumption is that the manager is the person with sufficient knowledge and would provide comprehensive feedback to the employee. Times have changed and managers are now becoming more dependent on information from a variety of sources. Managers have larger teams and it becomes difficult to manage them all. Teams are based at different locations and they see each other about twice or thrice a year. Organisations now recognise the fast changing environments and that the role of the manager is changing fast. There is a need for people to use their initiative and to provide the flexibility of satisfying their customers. This need was recognised when the process was adopted by Land Rover. The group wanted to change from managing to leading with the emphasis on empowering people, gaining their cooperation and contributing to business issues. In the survey, which was conducted by the Industrial Society in October 1995, as part of its series Managing Best Practices, 51 per cent of respondents indicated that they had introduced the process to fit in with a more empowered culture. In the same survey the single most cited reason mentioned by 65 per cent of respondents, was to improve individual performance. Organisations are recognised to help develop individual. Feedback from peers, team members, direct reports and even external people is likely to help. (France 1997:7)

2.7.2 Current usage of the process

The 360 degree system is not in widespread use. In the 1995 survey, eight per cent of respondents had introduced this system. The interest is however increasing. Of the respondent another 13 per cent were considering to introduce it. When the respondents were asked what they thought the standard appraisal system would be in ten years, almost 40 per cent thought it would be the 360 degree system.

2.8 Balanced Scorecards

Figure 2.3 depicts the Balanced Scorecard Management System that enables companies to clarify their vision and strategy and translate them into action. Through this system you are able to provide feedback in both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When this system is fully deployed, it can transform strategic planning from an academic exercise into the nerve centre of an organisation.(Paul Arverson 1998)

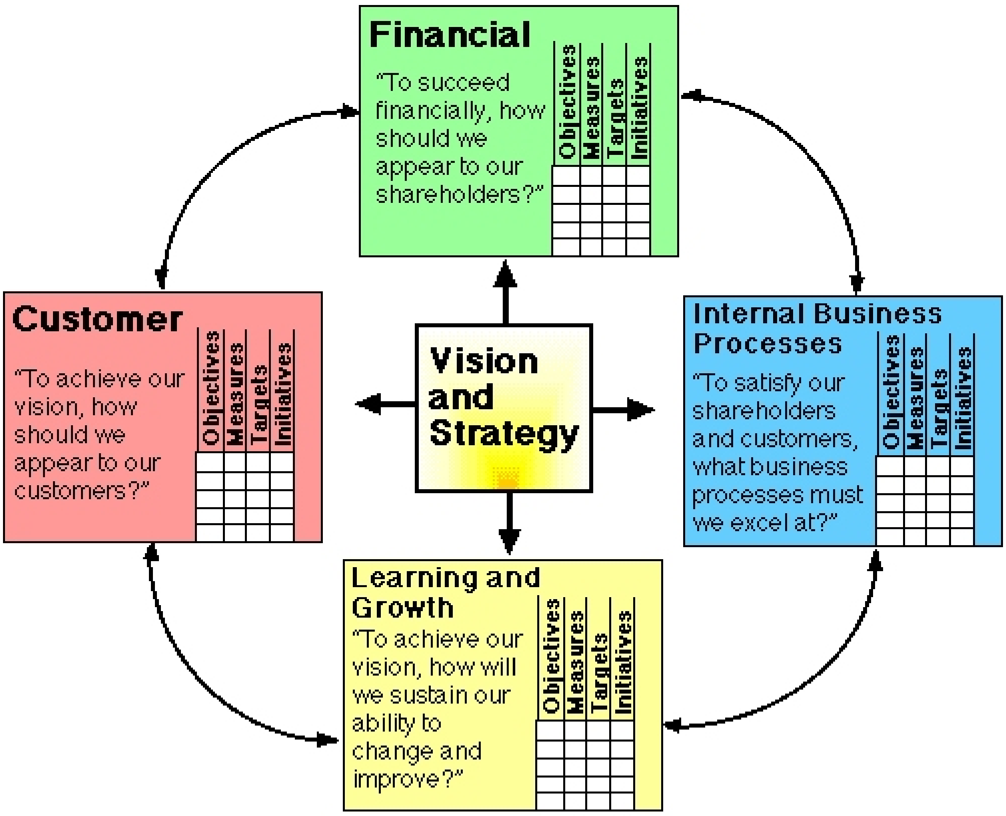

Figure 2.3 Balance Scorecard Management System

Balance Scorecard Institute www.balancescorecard.org/basics/financial.html

The Balance Scorecard (BSC) approach was developed by Robert Kaplan and David Norton in the 1990s. They developed this with the idea in mind of the weaknesses and vagueness of previous management approaches. The BSC approach provides a clear prescription as to what companies should measure for them to balance the financial perspective. (Averson 1998)

The BSC helps managers to view the well-being of the business from four perspectives. Each area of the scorecard reports performance measures directly into the corporate vision in the form of key performance indicators.(www.inphase.com), 4 October 2006)

2.8.1 Financial Perspective

The financial objectives are linked to the corporate strategy. This serves as a focus for the objectives and measure of the other three perspectives. Every measure should be part of a cause-and–effect relationship that culminates in improving long-term sustainable financial performance. This illustrates the strategy by starting with long-term financial objectives and then linking them to the customer-focused initiatives, internal operational processes and investment in employees and systems that combine to produce the desired economic performance. Consideration is given to economic added value, and it is measured to ascertain how the company benefits from it.

2.8.2 Customer Perspective

The driver of financial success is normally customer satisfaction. Satisfied customers mean retained customers, as well as referrals and new business. All businesses have their best customers, those that deliver the maximum contribution to the specific type of financial measures that matter most to them. Customer profiles must be addressed. It is important that a powerful link must be established between customer focused objectives and improved financial performance.

2.8.3 Internal Perspective

Customer satisfaction is achieved through the operational activities of the company. This gets the support from the internal processes that are critical in meeting the targets customers expect. This offers a vehicle to focus on a complete value chain of integrated business processes rather than just measuring performance within departmental structures. This also helps to identify new areas within the business processes to be able to gain advantage.

2.8.4 Innovation and Learning Perspective

People are the greatest asset in a company and managers should not ignore this. The ability, flexibility and motivation of staff underpin all of the financial results, customer satisfaction and operational activities measured in the other perspectives of the scorecard. Due to the constant change in customer demand and expectations, companies are then forced to become more innovative, learn and improve at individual level, which collectively delivers the result for the whole organisation. Effective development of staff can also have a direct impact on the bottom line of an organisation. By increasing the staff efficiency by one per cent often has the effect of improving profitability by twice as much.

2.9 Linking the Balanced Scorecard to Strategy

2.9.1 Main objective

The main objective is that managers need to make sure that staff implements the organisational strategy. By translating the strategy into measures within the balance Scorecard, objectives and targets can be communicated to everyone.

2.9.2 The Balanced Scorecard needs to communicate strategy

It is important for the following reasons:

- It describes the corporate vision to the whole organisation.
- It ensures that meeting performance targets contributes to achieving strategic objectives.
- It focuses efforts on the key objectives and measures.

2.9.3 Translating the Balanced Scorecard into action

The translation of strategy into action can be achieved by:

- Establishing a cause-and-effect relationships between measures that will drive increased profitability
- Creating a framework against which underpinning objectives and actions can be assessed, valued and prioritised, and
- Ensuring that the cause-and-effect paths link through to on-going financial strengths.

According to Age Johnsen the balanced Scorecard is consistent with the MBO Model. The MBO model (Drucker 1954, 1976) is based on three parts:

- Formulation of goals
- Employee and middle management participation in the goal formulation process, and
- Feedback and results.

The elements of the BSC model have been met. Johnsen believes that one can see this model is an extension of the MBO, but with the emphasis on feedback of results by formal and integrated performance measurement. Drucker (1954) argues that management in every decision and action, in business or in public management, should always put economic performances first.

According to Williams (2002:66) critics have said that the approach does not go far enough. He states, according to Atkinson(1997), that there are a number of weaknesses, including the failure to pay enough attention to employees and suppliers. He believes that a wider range of stakeholders needs to be incorporated in future.

2.10 Performance Management

The terms performance management and strategic objectives can be defined as follows:

Performance Management – "a process where the manager and employee establish goals and the plan for achieving them. The goals are based on the operational plan of the organisation and include plans for employee development;" (www.hrvs.ca/glossary_e.cfm)

Strategic Objectives – those "goals and objectives" that are important for the sustainability of the organisation, which, should they not be achieved, would see to the demise of that organisation. Furthermore, the strategic objectives give the organisation its right of existence.

2.10.1 Performance Management in practice

Performance management is an excellent method of assisting the organisation in delivering on its strategic objectives. It does this by ensuring that individuals, teams and ultimately the organisation know what they should be doing, how they should be doing it and take responsibility for what they need to achieve. It is also, however, about placing the emphasis on managing, supporting and developing staff at all elves within the organisation. An integral part of the Performance Management Programme is the need to monitor performance, reward staff that perform well, and challenge those who do not, (http://www.lg-employers.gov.uk/people/performance/index.html).

2.10.2 Benefits of an effective Performance Management Program

It could be said that an effective Performance Management Programme has multiple benefits for the organisation, ultimately resulting in better, and more effective and efficient goods and service delivery.

Usually, the Performance Management Programme will ensure high levels of job satisfaction for staff members, as they know exactly what is expected of them and can therefore focus their attention on achieving that set goals and objectives. With supervisors being available to render assistance when needed, staff members can always call on them for extra support in helping members to perform well.

Continuous monitoring and evaluation by the organisation limits unnecessary expenses that could occur due to errors, delays or wastages. Corrective action can be taken timeously, preventing unnecessary complaints from clients, re-runs in the production line or even litigation against the organisation.

2.10.3 Ensuring a receptive organisational attitude

For the Performance Management Programme to be effective, it is essential that the organisational attitude and culture should be receptive to the possible changes that may be forthcoming with the introduction of the Programme. To ensure this, all supervisors should engage in the following actions:

- Having continuous discussions and interaction with their staff members, dealing with any questions and uncertainties that might arise prior, during and after introduction of the Programme;
- Ensuring that all staff members know exactly what they need to do, how their performance will be measured and how their actions will impact on the strategic objectives of the organisation, i.e. where they fit into the bigger picture;
- Justifying the benefits or making an effort to manage and improve performance and
- Ensuring that employees who perform well, are rewarded and those who under-perform are assisted in correcting their behaviour, or are challenged.

2.10.4 The Performance Management Cycle

According to Schultz (2003:76) “Performance management is the day-to-day-management of employees in terms of the goals of the organisation. A *performance management system* is a systematic process that formally documents the goals and objectives of each employee, with a built-in review process. Good performance management means that each person will have goals and measures that are linked directly to the organisation’s strategy”.

The whole process of Performance Management therefore uses the organisation’s strategic objectives as the baseline for departure. We need to know what needs to be done, or achieved, for the organisation to be effective, efficient and sustainable.

Once this has been determined, objectives are set for each division within the organisation, ensuring that these objectives, if met, will lead to the achievement of the Strategic Objectives. When the divisional objectives have been cleared, each staff member within that division is allocated certain jobs, tasks or individual objectives or goals.

The setting of these objectives takes place between individual employees and their supervisor or manager. During this consultation process, the staff member and the supervisor come to an agreement on what must be achieved, how it will be done and what the “rewards” for over-performance will be, while the procedures for taking corrective action are also agreed upon. It is also essential to ensure that the staff member has all the required skills and knowledge needed to reach the set objectives or goals. Schultz (2003:77) recommends that no staff member should have more than seven goals, as this could lead to unfocused performance.

After scrutinising various performance management processes, three possible Performance Management Cycles were considered. It was found that the cycle, as presented by Schultz (2003:77), would best suit the organisation being investigated. For purposes of completeness, the other two Performance Management Cycles have been attached, as Annexure A (Corporate Performance Management Cycle of Infosys) and Annexure B (Cyclical Performance Management Process).

The Cycle, as presented by Schultz (2003:77) and which was decided upon for the organisation, is divided into the following steps:

- Clarify expectations
- Plan to facilitate performance
- Monitor performance
- Provide feedback
- Coach, counsel and support
- Recognise good performance
- Deal with unsatisfactory performance.

These steps follow on, one after the other and are interdependent – the one cannot take place, before the previous step has been completed. They can also not be done at random, as this will cause the Performance Management

Programme to fail. Schultz, recommends the following Performance Management Cycle.

Performance Management Cycle

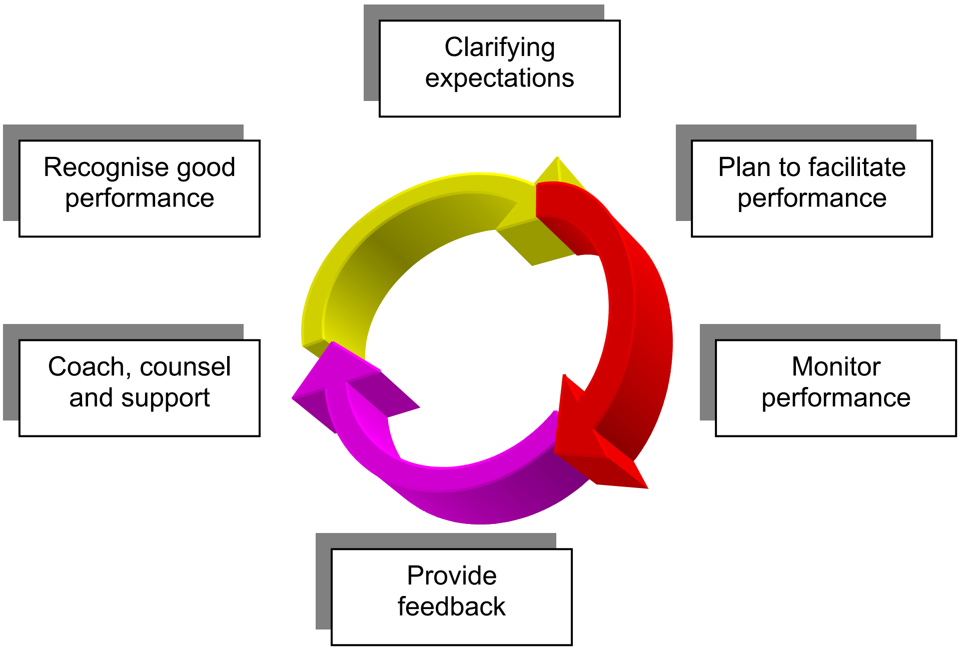

Figure : 2.4 The Performanace Management Cycle
Schultz (2003)

2.10.5 Clarify expectations

For any Performance Management Programme to be effective, it is important that all staff members know exactly what is expected of them. The process usually starts off with a discussion between staff member and supervisor, where the staff member's performance objectives are set and it is explained what measurements would be put in place, to determine how successful he or she is. During this discussion, it is essential that dialogue take place, thereby ensuring that the staff member knows exactly what is expected.

It should not be seen as an instruction-session, where the supervisor gives orders and the staff member has to obey them. Before this meeting is adjourned, the staff member should know exactly what needs to done, how it must be done and why. This is to ensure that he or she knows how his or her actions impact on the final achievement of the Organisation's Strategic Objectives.

On completion of this discussion, staff members should be in possession of their individual goals and objectives with a clear understanding of the applicable measurements. They should also know how their actions (both positive and negative) would impact on the actual achievement of the Organisation's Strategic Objectives. In turn, supervisors should have a holistic picture of staff members' abilities in achieving these goals and objectives. It is also supervisors' responsibility to ensure that staff members experience as little obstacles, as possible in executing their jobs.

2.10.6 Plan to facilitate performance

As mentioned above, the supervisor must assist the staff member to achieve the set objectives. It is foreseen that various uncertainties will exist due to the introduction of the new Performance Management Programme and it is supervisors' responsibility to clear these uncertainties. During this phase of facilitation, supervisors will also be responsible to ensure that staff members have the necessary resources, skills and knowledge to perform their jobs.

2.10.7 Monitor Performance

Once all uncertainties have been cleared and supervisors are satisfied that they know what to do and how it will be monitored, staff members will be allowed to work independently. During the initial discussions, supervisors would have informed staff members that they would be subjected to continuous monitoring and evaluation. Various methods of monitoring could be used, which could include closed circuit television cameras, interviews with staff members' peers and production sheets.

It has been found that the most effective method of monitoring performance is "Management by Wandering Around." Here, the supervisor actually visits the staff member's place of work and physically observes the staff member's performance. The advantage of this method of monitoring is that the staff member can clear any uncertainties immediately and the supervisor can discuss the staff member's progress towards achieving the set objectives. It is the responsibility of each supervisor to determine how often monitoring is going to take place, which can vary from daily to once a week.

2.10.8 Provide feedback

The core function of the Performance Management Programme is to provide feedback to staff members on their performance. The reason for feedback would be to encourage performance, which directly leads to the reaching of individual goals, while underperformance or incorrect performance can be rectified or dealt with appropriately. The following is important when giving feedback:

- Feedback should be to the point (specific) and not be a generalisation;
- When providing feedback, focus should be on behaviour and not on the person;
- To be effective, it must be done timeously;
- Effective, positive feedback is a powerful motivator and
- Feedback should be continuous and not just an annual procedure.

2.10.9 Coach, counsel and support

It could happen that a staff member's performance is not at the required level, or he or she is doing things incorrectly. It is then the supervisor's responsibility to inform the staff member accordingly and to also show him or her exactly what is expected from him or her. The supervisor would even have to physically do the "job at hand" just to show the staff member exactly what and how it should be done. The staff member can then do the job and while this is in progress, the supervisor can critically evaluate its execution.

The supervisor should also determine why the performance was not at the required level, and should this be because of personal or interpersonal problems, the supervisor should counsel the staff member in overcoming the obstacles. During this counselling session, the supervisor should listen to the staff member and help him or her to come to a possible solution. Where it is job-related, the supervisor could even refer the staff member to the Employee Assistance Practitioner.

It is important for staff members to know that they have the support of their supervisors and that they could approach them with problems that are being experienced. It is however very important that staff members know that whatever is discussed with their supervisor, would be treated in the strictest of confidence.

2.10.10 Recognising good performance

It is important to give credit where credit is due. When a staff member is performing well, or even above performance levels, it is important to acknowledge this and to give the necessary recognition. The recognition does not always have to be in monetary terms, and could include a word of thanks, an afternoon "off work," a meal voucher or even a "producer of the week photo" on the staff notice board. Giving the necessary acknowledgement for good performance, encourages this behaviour. It is however important that performance should ultimately be linked to the organisation's reward system, such as incentives, bonuses, share options and promotions.

2.10.11 Unsatisfactory performance

Unsatisfactory performance should also be dealt with immediately. Here all supervisors must take note of the Labour Relations Act of 1998 (Act 66 of 1995, as amended), as well as the internal disciplinary procedures, which need to be followed, should the staff member's performance not improve after the necessary intervention. Staff members should be given the opportunity to improve their performance and consideration should even be given to the redeployment of such staff members to other divisions, should their performance not improve. Schultz (2003:80) recommends the following procedure, when dealing with poor performance:

- Inform the staff member that his performance is not at the required level and give him detailed reasons why these claims are being made;
- Determine if there is a sudden deterioration in his performance. This could usually be ascribed to personal conditions that have changed and it is expected from supervisors to assist the staff member in solving these problems – thereby ensuring improved performance;

- Re-evaluate the goals and objectives that had been set to determine if they are in actual fact achievable. Also make sure that the staff member knows exactly what needs to be achieved;
- Draw up a Performance Improvement Plan, which could include training and development workshops and mentoring. This Performance Improvement Plan can only be enforced if the staff member accepts and agrees to it;
- During the consultation process of the Performance Improvement Plan, it is also important that the staff member is informed that should he not comply with the stipulations of the Plan, he would be subjected to the next step in the Organisation's Disciplinary Procedure. It is recommended that the supervisor gets written consent and acknowledgement in this regard;
- Once the Performance Improvement Plan is set into operation, it is important that the supervisor adheres to this agreement and monitoring should be done, as was agreed.

To complete this Programme, regular Performance Management Meetings should take place, where the following matters could be discussed:

- Evaluating the current goals and objectives and determining whether they are still in line with those of the organisation – if not, taking corrective action;
- Give detailed feedback on the staff member's performance;
- Ensuring that the staff member knows which tasks take priority;
- Giving the staff member the assurance that he, as the supervisor, is always available, should he need assistance;
- Making sure that the next meeting is scheduled (date and time).

2.11 Performance Agreement

The performance agreement must be documented to enforce the performance management system. The performance agreement should consist of:

- What the employee should contribute
- Principal accountabilities
- Indicators of measurement – to see if the goals have been achieved
- Training and development requirements, and

- The management performance process.

2.11.1 Training and development needs

According to Schultz (2003) it is important that competency development takes place. According to (Meyer 1996) it is the integration of knowledge, skills and attitude to be able to achieve the standard. The training needs are identified through the gaps in skills and knowledge between existing and desired performance. There are different methods to use in closing this gap such as:

- Foreman classroom training
- On-the –job training
- Coaching
- Mentorship programmes
- Temporary assignments
- Shadow assignments
- Assignments to project teams for learning
- Self-managed learning, and
- Business management programmes.

2.12 Responsibilities of Senior Managers, Line Managers and Staff Members

The Employers` Organisation for Local Government (http://www.lg-employers.gov.uk/people/performance/index.html), recommends that the following responsibilities should apply at the various levels within the organisation:

2.12.1 Senior Managers

- Acknowledge that the Performance Management Programme will have an impact on improved service delivery;
- Ensure that the organisation's vision, mission and strategic objectives are cascaded down to divisions, sections, line-managers and individual staff members;
- Acknowledge that they are the leaders in developing and implementing the Performance Management Programme. Staff members should know that the Programme is accepted and supported by senior management;

- Ensure that all resources are allocated to the appropriate divisions;
- Set the example in driving the Performance Management Programme;
- During consultation, set line-managers targets against the strategic objectives of the organisation;
- Identify any training and development needs that exist, or arise – both for themselves and the divisions for which they are responsible;
- On a continuous basis, monitor and review their divisional strategies to ensure that it is still in line with the organisational strategic objectives.

2.12.2 Line Managers

- Acknowledge that the Performance Management Programme will have an impact on improved service delivery;
- Ensure that all staff members understand the organisational strategic objectives;
- Ensure that the best staff members are used to render the required services – and thereby ensuring that divisional goals are met;
- On a continuous basis, monitor the performance of staff members and give feedback on their performance;
- Seek advice and assistance when they are not sure of what needs to be done, or how the division's actions will impact on the organisation;
- Identify any training and development needs that exist, or arise – both for themselves and the staff members whom they are responsible for.

2.12.3 Staff members

- Be part of developing and implementing the Performance Management Programme;
- Ensure that they understand where their own objectives fit into the overall strategic objectives of the organisation;
- Be actively involved in identifying their own training and development needs,
- On a regular basis, communicate with their line managers – not just on matters relating to their own performance, but should also discuss matters that could have an impact on the overall achievement of the organisation's strategic objectives.

2.13 The Rights and Wrongs of the Performance Management Programme

The objective of Table 1, is to try and explain what staff members might perceive the Performance Management Programme to be, versus what the organisation would like to finally achieve with the Performance Management Programme:

Perceptions vs. Actual Objectives of Performance Management Programme

Perceptions	*VS.*	**Effective Performance Management**
Process is viewed as a set of tasks that need to be completed by a specific date	*VS.*	Performance management is "the way we run the Organisation"
Emphasis is on filling out forms and calculating ratings for making pay decisions, giving the process a transactional feel	*VS.*	Emphasis is on ongoing feedback, meaningful performance conversations and clear performance messages
The process is driven by the manager and "done to" the employee	*VS.*	Interaction and conversations about performance are initiated by both managers and employees
Employee objectives are not well defined nor closely tied to the drivers of the Organisation's Strategic Objectives	*VS.*	Employee objectives are clearly defined and linked to the Organisations Strategic Objectives – staff feel "connected" to the Organisation
Performance information is hard to access and yields limited ideas for growth and development	*VS.*	Performance information is highly accessible and yields robust ideas for growth and development
Large investments in enabling technologies have yielded little improvements in overall effectiveness	*VS.*	Enabling technologies have been supported by sustained efforts at improving process execution
Performance management works in some parts of the Organisation and fails in others	*VS.*	Performance management is consistently executed and effective across the Organisation

Table 2.1

Source: http://www.workinfo.com/free /Downloads/256.htm

It is the responsibility of each line manager to ensure that the incorrect perceptions are eliminated. This can only be done by "walking the talk" of the Organisation's Performance Management Programme.

2.13 The Rights and Wrongs of the Performance Management Programme

There are various obstacles that could cause the Performance Management Programme not to work. These obstacles are found at various divisions, sections or areas within the organisation and it is essential for all managers to take note of these, as the success of the Performance Management Programme is ultimately their responsibility. A checklist that would assist in identifying these areas, is provided below:

Obstacles to Performance	√
Recruitment and Selection	
Compensation and Rewards	
Feedback and Communication	
Knowledge and Skills Training	
Evaluation of Measurement	
Work Design and Tools	

Table 2.2

(Source: Schultz. 2003: 74)

It is essential that the Performance Management Programme of the organisation is discussed during the recruitment and selection of new staff, to ensure that they know exactly how they will be managed on their performance. Like any other aspect that is covered during the Induction Programme, this should also be included. Here already, new recruits will be able to ensure that they would fit into the organisation and its culture, as they would know whether they could deliver on what is expected from them.

Not knowing how employees' performance impacts on the organisation's strategic goals could result in a "never-mind attitude," which could have a negative impact on their actual performance. All employees should therefore know what is expected of them and how they would be compensated and rewarded for the services that they render. Care should be taken that compensation and reward be given in a fair manner and should, where possible, be treated in strictest of confidence.

Constant communication and feedback to employees are also important to ensure that they know what is happening in the organisation, what is expected from them and how they are performing. As can be derived from the listed definitions, performance management refers to the “day-to-day” management of employees, where they are assessed on their actual performance and feedback is given continuously and timeously. It is important for employees to know exactly **WHAT** must be done and **HOW** they are performing. Should this information not be communicated to them, they will accept that they are rendering the correct services and would continue doing it the way they deem correct. Should performance not be at the required level or incorrect, and corrective action not be taken immediately, it could cost the organisation dearly in production reruns, occupational injuries and even litigation.

The organisation also has the responsibility to ensure that employee have the necessary knowledge and skills to render the required services. It could be that when individuals joined the organisation, they had the necessary knowledge and skills that were required at that stage. However, because of the rapid changes that take place within the organisation (technology, strategic direction, and management structures), the required knowledge and skills could have become outdated and even obsolete. It is then both the employee, but even more so, the organisation’s responsibility to ensure that the employee is assisted in acquiring the newly required knowledge or skills.

When changes occur within the organisation, it could lead to a change in the operational requirements of the organisation, which again results in changed performance requirements from employees. It can therefore be said that as soon as there is a change in the performance requirements of the employee, a change in performance management should take place. It would be expected from the supervisor to continuously evaluate the measurement tools, which will be used to determine if the subordinate is performing at the required levels. Should no change in performance management take place, it would result in “past performances” being rewarded and the change in strategic direction would not be achieved.

Finally, it is also important for the organisation to ensure that the performance management programme being used is supportive of the work design and tools that are needed to execute the required performance. It cannot, for example, be expected from the Research and Development Division to share office space with the typing pool ladies, or the Operations Manager to be removed from the actual Production Workshops. It is also the organisation's responsibility to ensure that all the tools that are needed to execute the job, is available. Not only should the tools be available, but the organisation should also ensure that modern technology is used to secure optimum performance. One cannot, for example, expect the Payroll Clerk to keep accurate records of 500 employees manually, if an electronic remuneration package could have ensured easier performance delivery.

Should all the above "obstacles" be identified timeously and the organisation ensures that they are removed, or addressed; it could almost be ensured that performance would reach the set targets. It is also the organisation's responsibility to ensure that the recommendations that were referred to be implemented – thereby ensuring that everything is done by the Organisation to assist employees to render their services to the best of their abilities. Also, any change in goals, whether by the individual, the division, or the organisation, will have an impact on the performance of that individual and should therefore result in the re-evaluation of the performance management programme that is applicable to that individual. Should this not be done, it could result in an individual not reaching set targets, a division not reaching its goals and the organisation not reaching its strategic objectives. This in turn, taking the definition of strategic objectives into account, could lead to the eventual demise of the organisation.

2.14 Summary

The effectiveness of performance management depends on the type of system that is being used. The system must be accepted by all employees for it to be understood in its true sense. In this chapter a broad area of performance management was covered. The performance management cycle that Schultz recommends is a system that could easily be adopted. It is important that the process should not be managed by the human resource department, but that all employees play and important role in understanding and adhering to the system to meet the desired objectives.

CHAPTER 3

THE COMPANY SCENARIO

3.1 Nampak Group Limited

Nampak is the largest packaging company in Africa and the second largest in the southern hemisphere. The group's operations are situated in the following areas:

- South Africa
- Rest of Africa, and
- Europe

The larger part of its operations is in South Africa. Nampak offers the manufacturing of primary and secondary packaging to the market in the various countries and its sectors. Nampak Research and Development (R&D) plays an integral role in the successes of the company. Any packaging sale to the market comes with a free R&D assistance to ensure that the customers have confidence in the product and the company and to develop long-lasting business relationships.

3.2 Background of Nampak Research and Development

The Research and Development (R&D) department was established in 1946 as a consultancy service by Metal Box South Africa to serve the food canning industry. It became apparent that growth of the food canning industry had to lead to the need to extend the R&D facilities. In the 1950s Metal Box South Africa was instrumental in establishing a truly corporate research department to service not only the customers, but also to assist the manufacturing plants in the specification and production of their containers. They opened up regional laboratories, which were closed in 1985 and 1991 respectively. All regions and neighbouring countries are served from Cape Town to the present day. In 1962 a plastics laboratory was established. In 1986 the merger between Metal Box South Africa and Nampak was complete. This brought about a new focus, covering tissue, flexible packaging, board and paper. In 1986 the consolidated company moved to a facility in Epping, Cape Town, to accommodate more staff and an enhanced service to its customers.

Nampak R&D is well-known in the packaging industry for its disciplines in food science, microbiology, metallurgy, plastics technology and surface coating technology. It has very close links with the Council of Scientific and Industrial research (CSIR), South African Bureau of Standards (SABS), Fishing Industries Research Institute, universities, industry controlled bodies and other research institutions, both locally and overseas.

Nampak R&D, with an impressive sixty year track record, is at the forefront of its field, standing amongst the global leaders in the packaging science and technology. Through R&D the Nampak Group provides its customers with an impressive value added service, delivering packaging products that improve living standards and lifestyles. The R&D skills set is comprised of a team of highly trained scientists and technicians utilising the latest, state-of–the-art analytical design tools. These experts have formidable knowledge of materials science, chemicals analysis, food science and microbiology. They are backed by an extensive database compiled from decades of experience and case studies. They offer a total packaging solution to their customers. (www.nampak.com)

3.3 The R&D culture

The staff members at R&D take pride in their work. Their professional work ethics has set them apart from the rest in the industry. This positive approach has contributed towards the growth and success of the company. This can be contributed to the fact that in 2001 they implemented the performance management system for all staff. Staff members are accountable in ensuring that they achieve the targets set by means of the performance management system. Nampak R&D expects staff to be hard-working, but also to have fun in performing their work.

3.4 Strategic service delivery objectives set by corporate office

The following objectives are being set by the corporate office, which the General Manager (GM) needs to sign off. The GM needs to be certain that R&D's objectives are in line and support the corporate objective. The following are the objectives for the current objective cycle:

- Provide scientific and technical support at a high level of expertise in a wide range of disciplines and technologies
- Develop an effective use of their knowledge resources to support Nampak R&D services to the Nampak Divisions, Marketing and their customers
- Keep abreast with the relevant technology trends through strong relations with product specialists, licensors, alliance partners, suppliers and other R&D centres
- Providing communication and training on packaging and production practices, and material and conversion processes
- Monitor environmental legislation.
- Provision of trouble-shooting and problem-solving expertise
- Working pro-actively with all divisions
- Involvement in product development from design to specification and performance, and
- Develop and evaluate total packaging solutions.

3.5 Performance management objectives

The Nampak Research and Development Performance Management Process (PMP) has been established to:

- Provide focus, motivation and clarity to the day to day activities of R&D people
- Link individual performance with the strategic direction of Nampak as it applies to R&D
- Measure individual performance against agreed deliverables and behaviours

- Identify development opportunities and needs
- Identify career aspirations
- Link individual performance with salary review, and
- Promote transparency and fairness in dealing with staff salary and promotion issues.

3.6 Important concepts

There are five major concepts embodied in the process. These are:

- **Strategy**

  The process is centred on the strategy of Nampak, and more specifically the strategy as it applies to R&D. The process would be successful if it supports the strategic direction of Nampak and enables the group to achieve its objectives. The first step is to ensure that the strategy is clearly understood by all the R&D players. It is more likely to be understood if they have been able to participate in its construction, and thus the early steps of the PMP have been specifically included to promote this participation and understanding. If staff members understand the strategy, they would be better able to decide whether their own personal career aspirations could be served by remaining with Nampak R&D, or whether their aspirations and those of R&D are moving in conflicting directions. This would help build motivation and/or good exit decisions. Both R&D and the staff member will benefit from this approach.

- **Three dimensional people management**

  Three dimensions are tracked in the PMP:

  - Performance*:* What a person produces in fulfilling his/her job description is the key factor. The person's output has to be managed, measured and rewarded. Performance objectives are set and measured throughout the evaluation period.
  - Competency*:* What a person is capable of doing needs to be managed, measured and recognised. Competency objectives are also set, so that the relevant person may improve his/her ability and qualify for other roles.

- Career*:* What a person wants to do with his/her career, and the extent to which Nampak R&D is able to share in and contribute to those aspirations, (whether they are within R&D, in the broader Group or outside) needs to be managed, encouraged and planned. Succession planning is based not only on the needs of R&D, but also on the aspirations of its personnel.

- **Rewards**

  Salary increases are awarded in the light of appropriate performance. Apart from the normal salary increase, other factors may need to be taken into account in determining the new salary level. The two main factors in the South African context are scarce skills and employment equity factors. These factors may cause the salaries paid to certain sections of the R&D staff to become out of line with the prevalent market rate. These factors need to be monitored constantly and adjustments made to the salaries of all people who are affected by the particular factor.

- **Advancement**

  Most persons at R&D welcome the opportunity to grow and advance in their careers at R&D. This is made possible through all three dimensions: performance, competency and career. Advancement is recognised through salary increases, job and role changes and promotion. The improvement in competency achieved during the evaluation period, coupled with the level of performance demonstrated in the job, determine the extent of advancement, which is rewarded either by a salary increase or a promotion.

  Clear guidelines are provided to ensure that everyone understands what is required to obtain the promotion. Each promotion level (or staff category, as it is called) has clear standards for competency. Each competency required (whether behavioural or technical) is spelt out, together with the level at which the competency must have **been demonstrated**. But increasing competency in itself does not guarantee advancement. Performance also needs to be demonstrated.

- **Transparency**

  If the PMP is going to make a difference to the service delivery of R&D, then everyone involved needs to understand how it works, have confidence in the process, know the way decisions are arrived at, and as far as possible should have access to those decisions. It is not sufficient that they know the circumstances around their own assessment; they should also have confidence that those same circumstances apply to everyone else. Obviously individual confidentiality has to be respected, particularly when it comes to salary packages, but as far as possible decisions should be made public, and where appropriate celebrated. A culture of mutual support, open competition and fresh starts without any historic baggage needs to be built.

3.7 The role managers' responsibility

With the introduction of this process, the role (or line) managers' responsibilities changed quite substantially. They became more focused on the job in hand, with the longer term career issues of the person being co-ordinated by the mentor. The most important responsibility that remains is the assessment of the role player's performance. The role manager for whom the role player is performing the role is the one best positioned to assess how well that role has been performed. However, the performance is now assessed within the context of a previously agreed performance objective. So the main responsibilities of the role manager in connection with this PMP are:

- Agreeing to performance objectives for all those who report to him/her, and ensuring that the person understands his/her expectations
- Regularly assessing the performance of all those who report to her/him, rating it and assisting them to understand what they have to do to meet the performance objective
- Providing any extra information and/or background the mentor may require about the person.

3.8 The role player's responsibility

The responsibility of the individuals whose performance is being assessed is substantially enhanced. They become more proactive in making sure the process works for them. Their main responsibilities are:

- Taking responsibility for their own personal development plan
- Ensuring that they have an agreement with their role managers on their performance objectives, ensuring their objectives are realistic and challenging and that they are consistent with their personal career objectives
- Agreeing their competency and career objectives with their mentors, ensuring that they understand what they have to do to achieve these, and developing a clear action plan that would enable them to achieve them. This would include having a clear understanding of what is their own responsibility, and the role that their mentor could play in guiding them to achieve these objectives
- Monitoring and assessing their own performance as a precursor to meeting their role managers and agreeing on their ratings; using appropriate listening and communication skills in their appraisal meeting to work towards agreed ratings, and using the feedback to better direct their energies.

3.9 The mentor’s responsibility

The mentor is a key player in the process, coordinating the various inputs from everyone, and performing some vital functions in ensuring transparency, fairness and objectivity. Their main responsibilities are:

- Ensuring that their mentees have been properly trained to play their role
- Helping their mentees to set appropriate competency and career objectives

- Assisting with resolving differences between the mentees and their role managers that arise specifically through the performance management process
- Coordinating the assessments of the role managers and consolidating the results into an overall rating for their mentee
- Discussing the agreed overall performance rating with their mentee
- Representing their mentees to the Mentorship Manager in putting forward their recommendations, and then ensuring that the decisions made by the Management Team for their mentees are fair, understandable and justifiable and,
- Participation, when applicable, in the promotions review with the Promotions Team (Role Manager, Unit Manager, Mentor, Technical Competency Specialist)

3.10 Management team's responsibility

Finally, there is the management team, who have overall strategic responsibility for the output of the process. They approve the final decisions, which have been initiated by the role managers, processed and coordinated by the mentors and presented to them by the mentorship manager. Their main responsibilities are:

- Providing input to the strategic direction of the Nampak Group
- Setting the strategic direction for R&D within the context of the overall Group strategy
- Assessing the technical and behavioural competencies required by R&D to achieve its objectives, and ensuring that these competencies exist, or are being developed
- Performing succession planning
- Deciding on the strategic objectives that would form the basis of their personal objectives, and which would be cascaded down through the organisation.
- Agreeing to general increase and promotion policy within Nampak's guidelines
- Receiving recommendations on salary increases and promotions and approving them and,

- Giving feedback to each individual on their performance, reward and promotion decisions.

The Performance Management Process

According to Nampak R&D Performance Management System (2001),the process is the responsibility of the mentorship manager. It is this person's function to maintain the process, improve and administer it. The current version of the process is as follows:

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Jan *Week 4*	Objectives Review Role Managers and Mentees must review objectives to ensure they are relevant up to the next appraisal at end of June
March *Week 4*	First Appraisal (for period Sept 30 – March31) After appraisal, mentors and mentees discuss ratings and progress on competency and career objectives.
May	**Group Strategy Objective Setting Begins** Management Team meets with the Vision Team to consider the strategic direction of Nampak as set in the previous cycle, the initiatives that have occurred during the year, and the likely direction the strategy will take in the future. The teams then construct a document indicating the contribution R&D can make to the strategy, in terms of direction, ideas and resources. This document is forwarded to the Nampak Executive Director for use in the Nampak strategic cycle meetings.
June *Week 4*	Objectives Review Role Managers and Mentees must review objectives to ensure they are relevant up to the next appraisal at end of September.
August *Week 1*	Nampak Executive Directors finalise the strategy for the Group, both within Southern Africa and internationally. Nampak Executive Director responsible for R&D discusses and agrees the strategic objectives for R&D for the next year with the management team. These strategic objectives should ideally not be more than four, and should conform to the criteria for setting objectives. This discussion will take into account the strategic direction for the Nampak group as a whole, the role R&D needs to play in achieving this, and the particular insights that R&D can bring to the process.
August *By end of week 3*	Management Team reviews the current set of R&D's technical and behavioural competencies. They identify new competencies needed to enable R&D to meet the strategic objectives, and to accommodate the strategic intent of Nampak for the future. A

	review of current behaviours and values in R&D is appropriate at this point, to see whether overall behaviour needs to be challenged and improved. Existing competencies that need to be phased out might also need to be identified.
August ***Week 4***	General manager draws up his/her personal objectives, detailing five strategic objectives. The four objectives for R&D automatically become the strategic objectives of the of R&D. In addition there is a further objective, being the "Business as usual" objective, where he/she is required to meet the performance criteria that are listed in his/her role description. He/she should review this description to ensure it is still congruent with the strategic direction agreed. Completing the personal objectives includes: ➢ Deciding what weighting should be given to each objective, ➢ what activities need to be carried out to achieve each objective, ➢ when each activity should be completed, ➢ how performance will be measured, and ➢ what new competencies (or level of competency) might be required to achieve these objectives. General manager completes the competency and career forms. The competency objectives should take into account the assessment of previous competency performance, and any new competencies identified, particularly the behavioural competencies. The career objectives should generally be updates of the previous cycle's objectives. Nampak Executive Director and the General manager review his/her role description, personal objectives, competency and career forms, and agree on them. They also agree on the number and timing of evaluation periods they will observe during the year.
September ***Week 1***	General manager discusses R&D's strategic objectives with the Management Team (preferably together) and contracts individual objectives with each member Management Team Members draw up their personal objectives and competency and career forms, in a similar way to the General manager. General manager and the Management Team members review their role descriptions, personal objectives, competency and career forms and commit jointly as a team to meeting them. The number and timing of evaluation periods is also agreed. Management Team briefs the Mentors on the strategic direction for R&D, the Team's personal objectives, the competency changes, and any other matters that will empower the Mentors to perform their mentoring role properly.
September	Management Team Member discusses the strategic objectives for R&D with the people reporting directly or indirectly to him/her. The Member explains how these objectives have

<table>
<tr><td>Week 2</td><td colspan="2">been devolved to each Team Member, and the specific ones that are his/her responsibility and how they have been agreed with the Team. The changes to the competency list are also reviewed at this point. This is a communication session (with opportunity for feedback and input both ways).

Each R&D person reporting to the Management Team Member draws up their personal objectives and agrees them with their manager</td></tr>
<tr><td>September

Week 3</td><td colspan="2">Each R&D person who has completed their personal objectives repeats the process with anyone reporting to them for a specific role. The process thus cascades down the rest of R&D.
When all personal objectives, competency and career forms are completed, each Management Team Member confirms with the others that the objectives are in place and conform to standards.</td></tr>
<tr><td>September

Week 4</td><td>Management Team reviews the competency forms and confirms that the competency objectives for the year will result in an R&D team that can meet the strategic objectives and is developing capacity for the future. They also ensure that people with out of date competencies are reskilling or being counselled.

Management Team reviews the career forms and undertakes succession planning, to ensure that succession needs will be fulfilled by individual's aspirations, and that clashing aspirations can be resolved.</td><td>Mentors meet with mentees to prepare for the final appraisal and ensure that personal objectives for new appraisal cycle are in order. They also discuss career and competency aspirations in relation to group requirements for the new strategic year.

Final Appraisal
(for period Mar 31 – Sept 30)
In addition to the rating for the period, eligibility for promotion is also considered, reviewing the standards laid down for each staff category against the competency levels of the Role player and other stipulated factors.

New personal Objectives arising from new Group Strategy are incorporated into personal objectives.</td></tr>
</table>

October *Week 1*	Management Team reports back to the Executive Director on issues that have arisen from the process, including their own career aspirations, possible succession planning out of R&D, and other issues that have an impact beyond R&D. Group Strategy Objective Setting Ends Final Assessments Begin Management Team agrees general increase and promotion policy for the year within the guidelines laid down by Nampak Group. This is based on budgets, market surveys to establish competency and employment equity reward levels and overall R&D and Nampak group performance. Promotions will not normally be implemented at the same time as increases.	New Appraisal Cycle begins When appraisals are completed Mentorship Manager meets with each role manager to discuss proposals in terms of rating and eligibility for bonus for each employee. The final proposals are agreed Mentorship Manager reviews proposals from Role Managers and meets with Mentors to discuss or resolve difficulties. Possible promotions of an employee will be discussed by the Promotions Team comprised of his Role Manager and Unit Manager, Mentor, and Technical Competency Specialist – as applicable. Once consensus has been reached, the proposals shall be submitted to the Management Team. This process is co-ordinated by the Mentorship Manager.

November	Management Team meets to discuss proposals on promotion and ratings, and to approve them. The Management Team then applies all competency and employment equity market adjustments to arrive at a final list of increases. Management Team forward their decisions to the Executive Director responsible for R&D, for approval. *Once approval is received* Mentorship Manager communicates the decisions of the Management Team to each Role Manager and Mentor, explaining any changes that may have been made, adjustments that have been made, and ensuring that the Role Manager and Mentor have all the information necessary to enable them to explain the Management Team's decision to their Mentee. The Mentor is privy to the actual salary figure if the Mentee has cleared this beforehand, otherwise percentages are used, and the Mentee is given written notification of the actual salary figure. Some but not necessarily all members of the Management Team meet with each R&D person and their Role Manager to communicate the increase and promotion decisions. Management Team publishes all promotion decisions. Final Assessments End

Table 3.1

The Nampak R&D Performance Management Process

3.11 Appraisal Procedure Guide

All role managers and role players are expected to keep in close informal contact so that appropriate performance may be encouraged and monitored, and objectives changed as required.

In the two appointed weeks during the year an appraisal is held. The procedure to be followed at an appraisal is outlined in the guide below. The five point rating scale is detailed in Annexure 3.

3.11.1 The "Current Objective List" for the ratee is examined

By mutual agreement, particular objectives that will not be rated at this session are identified and marked. Reasons for excluding an objective may be: Little or no activity in this area, the objective was postponed or shelved during the period, equipment or samples not available, delays due to outside parties. Note: In cases where an objective was not due to be completed in this period, it is still included on the list to be rated if sufficient work has been done on it to warrant a rating

3.11.2 The ratees table any significant additional work in which they were engaged that is not included in the "Current Objective List" These are significant jobs, outside of "Business as Usual" objectives, that arose after the current objective list was agreed. Agreed additional objectives are added to the current objective list and weightings are mutually agreed for each of these, such that the total weighting on the combined list adds up to 100. Note: The onus is on the ratee to record and table any such additional work. The role manager may also table additional items as well.

3.11.3 The actual rating is now done on each item in the combined list. The aim is to:

- **Provide an opportunity for feedback between ratee and role manager**
  The role manager should try to highlight areas where performance has been disappointing or excellent, as the case may be. Reasons for this view should be explained and discussed. Where possible, the underlying cause of problems should be identified, with an agreed course of action to deal with them. Where excellent performance has been noted, this should be identified, acknowledged and re-enforced by the role manager.

- **Arrive at a mutually agreed score**
  Agreement on individual scores should involve discussion between mentee and role manager. Where such an agreement cannot be attained, either party may request assistance from the mentor of the ratee to assist in reaching agreement. Should this fail, the General Manager, role manager, ratee and optionally (at the request of the ratee) the mentor, should attempt to reach agreement. Should this fail, the General Manager shall determine the relevant score.

3.11.4 The final single score is now calculated and recorded *This agreed score should be signed by the ratee, role manager and mentor. This score is used in the averaging of appraisal scores through the year to arrive at an overall score at the final appraisal session in September. For* *example if two appraisals are held in the year, and the employee scores A1and A2 respectively, then the overall score is (A1+A2) / 2. In practical terms this will for example be (3.2+3.0)/2=3.1.*

3.11.5 The current objective list for the ratee is reviewed and amended as required

Again, weightings should add up to 100. This becomes the "Current Objective List" for the next appraisal. (Annexure 4.1 and 4.2)

***3.11.6 The completed appraisal form** (signed by ratee, role manager/s and mentor) is returned to the role manager, who then hands it to the mentor manager (see Annexure 5.1 and 5.2).*

3.12 What are competencies?

Competencies are those behaviours, skills and attributes that impact on performance. If deliverables are the output of performance, competencies are viewed as the input. The quality of the input determines the quality of the output, (see Annexure 8).

The two main types of competency are behavioural and technical. Technical competencies are normally specialist competencies needed by a limited number of people to produce a specific outcome. Technical competencies are usually acquired through study, training and experience. Behavioural competencies on the other hand are generally needed at some level or other by most people, for which they should have an initial level of aptitude and on which they can build, though with more difficulty, through experience and/or training. It is important that there is a common agreed set of competencies in use within R&D, so terminology is consistent and levels of competence are understood and comparable.

The **Behavioural Competencies** used in R&D are: • Written communication • Presentation skills • Teamwork • Leadership/Initiative • Strategic Thinking • Creative thinking • Problem solving • Resilience • Integrity • Time management	The **Technical Competencies** identified thus far are: <u>General</u> • Project management • Computer literacy • Customer service • General management • Marketing • Packaging technology • Statistics & experimental design • Safety & risk control • Laboratory technique • Customer product & technology knowledge
<u>Scientific Services</u> • General chemistry • Analytical chemistry • Food microbiology • Food science • Thermal process technology • Hygiene auditing	<u>Packaging Development and Materials</u> • Materials technology • Paper technology • Plastics technology • Metallurgy technology • Coatings and inks technology • Electrochemistry/corrosion chemistry • Aerosol technology
<u>Knowledge Management</u> • Information science • Information resources management • NT server administration • Web programming • Information system analysis	<u>Support Services</u> • Building and site maintenance • Building and site management • Finance • Administration • Switchboard skills • Vehicle driving

Table 3.2
The Competencies Requirements

3.13 Criteria for setting objectives

The following criteria should be used when setting objectives according to Spangenberg (1994: 283-284):

- ***Specific and understandable***

The objective should spell out in easily understandable terms exactly what it is that an individual wants to accomplish. Words should be used that communicate exactly what is expected and should also be checked to ascertain whether they have the same meaning for both parties.

- ***Measurable***

The expected end result should be measurable. At the end of the period it should be possible to determine, without doubt, whether the desired results have been reached. Wherever they are meaningful, quantitative measures should be used to spell out results. However, numbers should not be forced on objectives where these are not meaningful criteria.

- ***Challenging***

Good objectives spell out significant results, requiring an individual to stretch a little more than the previous year, and represent results that are important to R&D. They also represent improvement over past performance. Improvements are essential to a growing, learning organisation and to the team and individuals. Objectives provide one of the means for encouraging this growth.

- ***Realistic and achievable***

Although a good objective is challenging, it should also be reasonably attainable. Too many objectives are discarded because they are too difficult. One should also remember that what may be achievable for an experienced person, may be beyond the reach of a new employee.

- ***Consistent***

An individual's objectives should be consistent with and supportive of those of the teams/groups to which he/she belongs. Furthermore, it should be linked to the other processes in R&D.

- ***Written by the performer***

An objective is good when the person who will be striving to reach it, also writes it. Each individual knows best what he/she is capable of achieving. Most individuals are more motivated toward accomplishing objectives if they have participated in determining desired results.

- ***Specific time frames***

Targets that have specific deadlines or time limits are more motivational.

- ***Dynamic***

Objectives should also be somewhat flexible. If business conditions change significantly, or unforeseen problems arise in moving towards results, objectives that were determined earlier in the year may have to be changed. Some may be dropped; others may be added. Also time schedules for completion of objectives may have to be changed. While an objective is a commitment to action, it should never be perceived as being "cast in iron".

- ***Controllable***

It is of extreme importance for a manager to set objectives with subordinates that are within his or her authority or control, otherwise objectives or standards will be nonsensical, demoralising and demotivating.

3.14.1 The R&D Organogram

The organogram of Nampak R&D can be viewed as Annexure 8.

3.15 Appraisal record for the last three years

The appraisal results for the last three years may be viewed as Annexures 7.1, 7.2 and 7.3.

3.16 Summary

This chapter clearly outlines the type of system Nampak R&D has in place. This chapter does not cover how effective the system is and how it has been managed. The system was implemented in 2001 and is currently in use, where management is driving the process.

CHAPTER 4

THE EMPIRICAL STUDY METHOD USED

4.1 Introduction

In chapter 2 an analysis was made of the study of increased productivity by means of scientific management, the contribution that Drucker made to MBO, the different types of appraisals and how these evolved to the performance management as we know it today. The above will be used to perform a "critical evaluation of the Performance Management System used by Nampak Research and Development". The areas covered in chapter 2 will be used as part of the empirical study.

The objective of this chapter is to cover the research methods being used that will help to analyse the performance management system currently used by Nampak R&D. The purpose for this analysis is to obtain information to help determine whether the PMS contributes positively by means of increased performance and productivity in achieving objectives and target settings.

The objectives are as follows:

- To analyse the current situation of the relevant PMS and to recommend changes.
- To identify staff unhappiness in the system.
- To ascertain the credibility of the mentoring system.
- To investigate the low motivational levels of staff, and
- To examine the understanding of the PMS to staff.

4.2 Research Design

The following discussion highlights some important aspects of research methodology.

4.2.1 The fundamentals of research design

Welman and Kruger (2001) state that a research design represents the plan in which one obtains research subjects and collects information from them. They describe their approach to the participants with a view to reaching conclusions about the research problem. Wilkinson (2000) believes that research is carried out to fulfil one or more of the following objectives:

- To be able to contribute to a particular discipline
- To inform policy, and
- To address a specific issue or problem.

Mouton (2001) states that research methodology focuses on the research process and the kind of tools and procedures to be used. The methodology highlights the specific tasks at hand in terms of one's data collection or sampling. He makes it clear that the focus moves towards the individual steps in the research process and the most objective or unbiased procedure to be employed.

4.2.2 Methodologies

Kothari (1985:3-5) identified the following research types:

- *Descriptive research*

  This includes surveys and fact-finding enquiries of different kinds. The researcher has no control over the variables. The researcher can only report on what has or is happening. This method is also known as ex post facto research.

- *Analytical research*

  The researcher uses facts or information that is already available to be able to do a critical evaluation of the material.

- *Applied research*

  This refers to the researcher’s need to find a solution to an immediate problem facing the business, industry or society.

- *Fundamental research*

  Fundamental research is generally concerned with the generalisation and formulation of a theory.

- *Conceptual research*

This type of research is related to some abstract idea or theory and is frequently used by thinkers to develop new concepts.

- *Empirical research*

This approach is used when proof is sought that certain variables affect other variables in some way. It is regarded as the most powerful support possible for a given problem.

- *One-time research*

This type of research focuses on the research that is confined to a single time period.

- *Clinical research*

This relates to the researcher using a case study method or an in-depth approach to reach basic causal relations.

- *Historical research*

The researcher uses historical sources, such as documents and archaeological remains to study events or ideas of the past.

4.3 Experimental Design

Kothari (1985:4) states that the empirical study relies on experience or observations, which could often be without due regarded for system and theory. The researcher is able to adduce conclusions and verify his observations and experiments.

This researcher will be using empirical methodology for the purpose of the dissertation. The researcher gathered all the necessary information and evidence for and against in the literature review, and analysed and interpreted the information.

4.3.1 Conducting the empirical study

The empirical study was conducted by means of one-on-one interviews and an e-mail survey. The questionnaire was constructed and developed for the purpose to serve as a measuring tool. After the completion of all questionnaires, the data were captured into a spreadsheet for analysis. All data collected were analysed for the results.

The sampling method used in terms of one-on-one interviews, questionnaires, e-mail survey and the response rate are discussed below.

4.3.2 Sampling

Zigmund (1994:48) states that sampling involves the procedure that a small number of items or useful parts of a population may be able to make a conclusion that could be extrapolated to reflect the conclusions of a whole population.

The sample covered all of the Management and staff of Nampak Research and Development. They are ultimately all the people who are exposed to the PMS. There was no need to go beyond the boundaries of R&D, because it would have no bearing on the system used by this division.

4.3.3 Target Population

Marczyk, DeMatteo and Festinger (2005:18) agree that the population is regarded as all individuals of interest to the research. The population will be all of the relevant management and staff.

4.4 Sample Design

4.4.1 Population

Zigmund (1994:358) states that a target population is the specific, complete group relevant to the research project. It is, however, not always possible to include all the staff, because some of them would be on leave and others off sick or out of the country on work commitments.

4.4.2 Sampling Methods

Sampling is divided into two types, with each one its own sub-types. The two major types are non-probability samples and probability-based samples. (www.csulb.edu). These cover the following areas under the different headings.

Non-Probability sample: These samples focus on volunteers, easily available units, or those that happen to be present at the time of the research. This type is useful for quick and cheap studies, qualitative research, pilot studies and developing hypotheses for future research. The non-probability sampling is divided into three areas, which are:

- *Convenience sample*

This is also called an accidental sample or man-in-the-street sample. Here the researcher is able to use the units that are convenient and close at hand.

- *Purposive sample*

The researcher selects the units with some purpose in mind. According to Welma, Kruger and Mitchell (2005) they argue that this type of non-probability sampling is been regarded as the most important. Here researchers rely on their experience, ingenuity and previous research findings to deliberate analysis.

> According to Babbie and Mouton (2001) the non-probability sample selects the type of units observed on the basis of your own judgement of which one will be the most useful or representative. They call this the judgement sample.

- *Quota sample*

The researcher constructs quotas for different types of units.

Other non-probability methods include library research, participant observation, marketing research and consulting with experts.

Probability–based sample: These samples are based on the probability theory. This means that every unit of the population of interest has to be identified, and all units should have a known, non-zero chance of being selected into the sample.

- *Simple random sample*

Each unit in the population is identified and each unit has an equal chance of being in the sample. The selection of each unit is independent of the selection of every other unit. The selection of one unit does not affect the chance of any other unit.

- *Systematic random sample*

Each unit in the population is identified, and each unit has an equal chance of being in the sample. This system is less cumbersome than the simple random sample using either a table of random numbers or a lottery method. Problems with this system are encountered from time to time, for instance if the selection intervals match some pattern in the list one would then introduce systematic bias into the sample.

- **Stratified sample**

Each unit in the population is identified, and each unit has a known, non-zero chance of being in the sample. This is used when the researcher knows that the population has sub-groups that are of interest.

Cluster sample: It views the units in a population as not only being members of the total population, but as members who are encountered naturally in clusters within the population. Cluster sampling has to use a random sampling method at each stage. This results in a larger sample than using a simple random sampling method, but it saves time and money. It is also cheaper to administer.

Against the above background this researcher decided to use the stratified and clustering sampling. By using the clustering sampling, Nampak R&D was divided into the following sections:

- Management team
- Laboratory managers
- Scientists
- Technical/Technologist staff
- Administrative staff

Walliman(2001) argues that stratified sampling should be used when cases in the population fall into distinctly different categories, e.g. he believes that businesses whose workforce need to be divided into categories could be approached in this fashion.

4.4.3 Sample Size

According to Leedy (1994:210) the basic rule is “the larger the sample, the better”. Such a generalised rule is often not too helpful to the researcher who has a practical decision to make with respect to a specific situation. The researcher should consider three factors in coming to any decision as to sample size:

- What degree of precision is required between the sample population and the general population?
- What is the variability of the population?, and
- What method of sampling should be employed?

The population to be studied and reported on at Nampak R&D totals 36 individuals. According to Huysamen (1994:47), the size of the population should be borne in mind when the size of the sample is determined. He states that the smaller the total population, the relatively larger the sample should be to ensure satisfactory results. Kothari (1985:71) argues that the sample size should neither be excessively large, nor too small. He believes that it should be optimum, which fulfils the requirements of efficiency, representativeness, reliability and flexibility.

4.4.4 Sample error

Alreck and Settle (1985:66) states that no sample is likely to produce results that are exactly similar to those for the entire population from which the sample was drawn. These authors state that there is always a possibility that those included in the sample may not be perfectly representative of the whole population. The difference between the sample data and the population data results by random chance is known as sampling error. The higher the sample error, the lower the reliability, and conversely the smaller the sample, the lower the reliability of the data.

4.4.5 Sample bias

The researcher needs to ensure that an unbiased sample is selected from the target population. Leedy (1997:219) states that bias is inherent in all researching, but it may infect the descriptive survey more easily than most of the other methodological procedures. This is sometimes very difficult for the researcher to detect.

The survey relates to all of the management and staff of R&D and the researcher does not foresee any biasness in this approach.

4.5 Data collection

The researcher has decided to use the following methods of data collection:

- E-mail and
- One-on-one interviews

4.5.1 E-mail

The questionnaire was sent to the General Manager via e-mail for his perusal and approval. This is a very cost effective method of dealing with persons to obtain approval and in addition it saves time. After contacting him, he stated that he wished to discuss the questionnaire with his management team and would inform the researcher about the outcome of their decision based on the questions forwarded. The questionnaire was designed very clearly and unambiguously. Upon receipt management and staff were asked to complete their response within four days.

4.5.2 One-on-one interviews

Because this is a time consuming method, the researcher was concerned that the interviewees would be taken away from their workstations for too long. This is why structured interviews were conducted with management team members and laboratory managers to enable them to focus on the strategic issues that they deal with on a day to day basis and also how they deal with these issues. The interviews focused on the following areas:

- Alignment of strategy to performance
- The mentoring system contribution
- Rewards methods

- Development of management, and
- Future opportunities in R&D.

Leedy (1997:196) argues that face to face interviews have the advantage of enabling the researcher to establish rapport with the participants and gain their cooperation. These types of interviews yield the highest response rate in a survey research.

4.6 Questionnaire design

Walliman (2001:236) argues that as a method of data collection, the questionnaire is a very flexible tool, but it should be used carefully in order to fulfil the requirements of the researcher's research.

Kothari (1985:124-125) states that a questionnaire that is forwarded to respondents via mail has certain advantages, which are:

- The cost involved is low
- It is free from the bias of the interviewer
- Respondents have sufficient time to provide well considered answers
- Respondents who may normally not easily approachable, can now be reached conveniently, and
- Large samples results are more dependable and reliable.

The disadvantages are as follows:

- Low rate of return
- It could be used only if the respondents are educated and cooperating
- Control over the questionnaire may be lost once it has been sent off
- The possibility of ambiguous replies
- The difficulty of knowing whether respondents are truly representative, and
- The method is likely to be the slowest of all.

The literature review in Chapter 2 serves as the bases for developing and constructing the questionnaire (Annexure 10). The questions in the questionnaire were derived from the literature review study. This was specifically used to reveal shortcomings and inadequacies of the current R&D system. The questionnaire development and the covering letter to participants are discussed below:

4.6.1 Questionnaire type

4.6.1.1 Qualitative

Brewerton and Millward (2001:12) argue that quantitative methods focus on interpretation and the emphasis is on subjectivity rather than objectivity. However, there is some flexibility in the process of conducting research. There is an orientation towards the process rather that on an outcome and an explicit recognition of the impact of research process on the research situation. In the event the researcher interviewed seven managers who are responsible for managing the performance appraisals and system in their areas of responsibilities.

4.6.1.2 Quantitative

According to Patten (1997:19) quantitative research is presented in numbers or quantities. This type of research emphasises that the data produces should be easily reduced to numbers, such as structured questionnaires and interviews with an objective format. This method is able to accommodate the selection of large samples, which is made possible within the limited research budget by objective instruments such as an anonymous, objective questionnaire that takes little time to administer.

This research focused on quantitative research. The collection of the data was placed in different categories and scales for facilitating the process to interpret the analysis.

4.6.2 Questionnaire Structure

According to Brewrton et al (2001:69-70), interviews could take place in a variety of forms depending on the type of data required in the research questions being asked, which also depend on the availability of resources. The types of interviews are detailed below:

4.6.2.1 Structured interviews

This involves a prescribed set of questions, which the researcher asks in a fixed order. The interviewee generally responds by the selection of one or more options. The data are easy quantifiable, as are the comparability of responses and guaranteed coverage of the area of interest to the researcher. The interviewer is able to answer questions if the interviewee should be confused.

4.6.2.2 Semi-structured

This method incorporates elements of both quantifiable, fixed choice responding and the facility to explore. One is also able to probe more in depth certain areas of interests.

4.6.2.3 Unstructured interviews

This method allows the researcher carte blanche to address any or all of the given topics to be researched. Questions are not fixed and are allowed to evolve during the interview process. Comparability and ease of analysis and quantification are secondary to obtain rich, salient data from each individual using open-ended rather than forced-choice, questions.

4.6.2.4 Ethnographic interviews

This amounts to unstructured interviews, but in the context of the target research area and extending beyond the restrictions of an unstructured interview, it allows the interviewees to develop their responses in their own way, using their own frame of reference.

The researcher developed a structured questionnaire to collect the data for the analysis of the research. This method was most suitable for the purpose of this specific research.

4.6.3 Open-ended and closed questions

Oppenheim (1996:40) argues that all questions are either “open” or “closed”.

4.6.3.1 Open-ended questions

This method gives freedom to the respondent. Once the respondent understands the intent of the question, he is able to let his thoughts roam freely, unencumbered by a prepared set of replies. The spontaneity is often extremely worthwhile to record.

4.6.3.2 Closed questions

This type of questions could be attitudinal as well as factual. The question guides the respondent's answer. Closed questions are comparatively easy and quick to answer. They require no writing and the quantification is straightforward. A disadvantage of the closed questions is the loss of spontaneity and expressiveness. Closed questions are often cruder and less subtle than open ones.

4.6.3.3 Types of scales

According to Zikmund (1994:284-286) scale is any series of items, which are arranged according to the value or magnitude into which an item can be placed according to its quantification. There are four types of scales that can be defined as:

- Nominal scale – This is a scale in which the number or letter assigned to objects serve as labels for the identification or classification. This is a measurement scale of the simplest type.
- Ordinal scale – this is a scale that arranges objects or alternatively according to their magnitudes.
- Interval scale – This is a scale that not just only arranges objects according to their magnitudes, but also distinguishers these ordered arrangements in units of equal intervals.
- Ratio scale – This is a scale having absolute rather than relative quantities and possessing an absolute zero where there is an absence of a given attitude.

4.6.4 Principles of a questionnaire design

According to Hague and Jackson (1987:67), researches are faced with problems when setting up a questionnaire, because of insufficient thought, badly constructed questions and unintelligible questions. They identified ten rules to consider when designing a questionnaire, which are (Hague et al 19887:67 – 68):

- *Thinking about the objectives of the survey*

The researcher includes the overall objectives and an outline of the required information coverage. This is to ensure that the researcher covers all the required information in the questionnaire.

- *Thinking about how the interview will be carried out*

Hague et al write that that the framing of the questions depends on how the interview has been executed. For example, open-ended questions usually result in poor replies in self-completion questionnaires.

- *Thinking about the 'boiler plate' information*

This is the standard information that should be present. Examples would be the name, address of the respondent, the date of the interview and the name of the interviewer.

- *Thinking about the visual appearance*

The questionnaire should easy to read. Questions and the response format should be in standard format. There needs to be enough space for open-ended comments.

- *Thinking about the introduction*

The writers state that people are more open with researchers if they consider the survey to be in good faith. The introduction explains the purpose of the survey and promises to provide confidentiality.

- *Thinking about the order of the questions*

The questions should flow easily from one to another and be grouped into a logical sequence.

- *Thinking about the types of questions*

The researcher uses different types of questions, such as open-ended, closed questions and scales.

- *Thinking about the possible answer at the same time as thinking about the question*

The purpose of the questions is to derive answers, which is why it is important to carefully consider the type of questioning one would wish to pose.

- *Think about how the data will be processed*

A coding system should be used which would be suitable to the way the information will be analysed.

- *Think about interviewer instructions*

If the interviewer is not the person who designs the questionnaire, then that person needs clear guidance on how to proceed at each point in the questionnaire.

4.6.5 Framing the questionnaire

Hague (1993:63), argues that the researcher could use three styles of questions i.e. open, closed or scales. The researcher can now frame the words to be asked in the questionnaire.

Hague highlights four important questions that the researcher should ask when drafting questions, which are:

- Will the question be understood in the way that it is intended?
- The different ways the question can be interpreted.
- Is the question likely to annoy or offend?
- Asking the question in a better way.

4.6.6 Framing the questions

Hague (1993:64-70) writes that there are do's and don'ts in the wording of a questionnaire, which are as follows:

- *Ensure the question is without bias*

  This happens when the researcher leads the respondent into a specific answer. To be able to reduce any bias inherent in a question the researcher could ask the questions in the following way, e.g. "good", "neither good nor bad" or "poor" or should not.

- *Jargon or shorthand may not be understood by the respondent*

  The researcher needs to make sure that the use of words will be understood by the respondents.

- *Steer clear of sophisticated or uncommon words*

  The researcher should use a standardised language that respondents would find simple to understand.

- *Avoid ambiguous words*

  The researcher may know what certain words mean, but the respondent may understand these differently. These may include words like "frequently" and "usually."

- *Make questions as short as possible*

Long questions can lose the respondent’s pathway. This will confuse the respondent and would consequently answer the question incorrectly.

- *Make the question as simple as possible*

Questions should be made as simple as possible. The researcher must avoid questions with multiple ideas.

- *Make the questions very specific*

The writer agues that the rule is to maintain simplicity when setting the questions. He also writes that there are occasions when it is advisable to lengthen the question by adding memory cues. The importance of the pinning down of dates reduces the chances of “over-claiming” in the process.

- *Make sure that the question and answer do not conflict*

It is important to make sure that by trying to make a question clearer that the end result should not become a confused respondent.

- *Keep the number of meaningful words to a minimum*

Questions where there are a number of profound words being used could confuse the respondent and eventually the researcher would be unsure which word swayed the response.

- *Avoid questions with a negative in them*

Questions are generally difficult to understand if they are asked in a negative way.

- *Avoid hypothetical questions*

It is clear, as Hague writes, that researchers are under pressure to ask hypothetical questions knowing that the results cannot be trusted.

- *Do not offer fixed alternatives which could both be invalid*

The use of attitudinal questions may cause some irritation, because respondents feel that they have been forced to answer in a particular way.

- *Do not use words which could be misheard*

This may well happen when one conducts a questionnaire over the telephone. The probability of words being misheard could potentially be evident.

- *Keep questions within the respondents' capabilities*

The questions should be asked with the objective of achieving good quality results. The respondent will answer based on his/her capabilities and not because of a lack thereof.

- *Desensitise questions by using response bands*

Data are normally grouped in a band at the analysis stage and would be collected as such. This is normally used by companies when asked about their turnover and people who may be sensitive about their age.

- *Make it easy for the respondent to answer the question*

This happens where the respondent answers the questions in a numeric sequence within bands, rather than to answer specifically. If the answer is not specific, then the respondent's task must be made easier by banding the responses.

- *Allow for 'others' in fixed response questions*

The researcher needs to make provision for answers that are not included, but should realise that other responses should always be listed on the questionnaire.

- *Ensure that fixed responses do not overlap*

Fixed response questions should be sequential, but not overlap.

- *Consider 'softening' knowledge-based questions*

The researcher has to ensure that when specific information is needed relating to dates and prices, it is important to soften the question by phrasing it: "Can you recall offhand?".

- *Consider using projective questions where the subject is sensitive or difficult*

People do not always want to admit that they act in a certain way. If this happens then the question should be posed in a wider frame that it is easier for the respondent to answer.

4.6.7 Pre-testing the questions

The researcher pre-tested the questions to make sure that the objective of the questionnaire has been achieved. The pre-testing was done via forwarding the questionnaire via e-mail to the general manager. He then forwarded the questionnaire to his management team for suggestions and amendments. The management team was requested to respond within two days and to forward their suggestions.

The general manager called a meeting on the third day where the team jointly made changes and a few deletions to the questionnaire. The questionnaire was arranged in such a way that it covered all the areas that were included in the literature review in chapter 2. The management team added value to and assisted with the logical flow of the questionnaire.

The researcher was mindful about the length of the questionnaire and after discussing it with the general manager, the latter agreed that fifteen minutes to complete the questionnaire would be in order. It is very important that the questionnaire does not become too lengthy, otherwise the respondents may lose interest in completing the questionnaire and this would consequently have a negative impact on the research and the sample covered.

The researcher also requested the assistance of a research professional to asses the questions and the structure of the questionnaire. The suggestions made were used to help construct a logically sequenced questionnaire.

4.6.8 Measuring the questions

According to Leedy (2001:31), the concepts of validity and reliability will be encountered repeatedly in research methodology. These terms are often used in connection with measurement. These two measuring instruments influence the extent to which the researcher is able to learn during the research and the meaningful conclusions that may be drawn from the data. It is, therefore, important that the researcher needs to ensure that these two measuring instruments are present when constructing and interviewing from the questionnaire.

The two measuring instruments are discussed below according to Litwin (1995:)

4.6.8.1 Reliability

F W Struwig and G B Stead (2001:130) argue that "reliability is the extent to which the test scores are accurate, consistent or stable"

Litwin (1995:8-21) refers to the various types of reliability. Reliability is commonly assessed in three forms, which are:

- *Test-retest reliability*

  This is used in indicators of survey instrument reliability. It is a measure of how reproducible a set of results is.

- *Alternate-form reliability*

  This method helps to provide one way to escape the problem of the practice effect. It measures the same attributes by using differently worded items.

- *Internal consistency reliability*

  This method is a psychometric measure in assessing survey instruments and scales. This is applied to groups of items that are thought to measure different aspects of the same concepts.

Litwin (1995:27) also writes about the interobserver reliability, which provides a measure of how well two or more evaluators agree in their assessment of a variable.

Struwig et al (2001:132) writes about another reliability type :

- *Split-half reliability*

  This method focus on the internal consistency of the test score. The test is split in two halves and the two halves are constricted by randomly allocating each item to one of the halves.

4.6.8.2 Validity

According to Struwig (2001) validity refers to the extent to which research design is scientifically sound or appropriately conducted.

Litwin (1995:34-) writes about the various types of validity. Validity is commonly assessed in several types, which are:

- *Face validity*

  This method is based on a cursory review of items by untrained judges. The judgement is subjective and is not considered by many researchers as a measure of validity at all.

- *Content validity*

  This type is a subjective measure of how appropriate the items seem to a set of reviewers who have some knowledge of the subject matter.

- *Concurrent validity*

  This type requires that the survey instrument in question be judged against some other method that is acknowledged as an "old standard" for assessing the same variable.

- *Criterion validity*

  This is a measure of how well one instrument measures up against another. This method provides more quantitative evidence on the accuracy of a survey instrument.

- *Predictive validity*

  It is the ability of a survey instrument to forecast future events, behaviours, attitudes or outcomes.

- *Construct validity*

  This method is most valuable, yet a most difficult way of assessing a survey instrument. It is difficult to understand, to measure and report. This method is commonly used after years of experience with a survey instrument.

- *Convergent validity*

This method implies that several different methods for obtaining the same information about a given method produce similar results.

- *Divergent viability*

This is a theoretical way of thinking about the ability of a measure to estimate the underlying truth in a given area.

The researcher has decided to use the split-half reliability approach to be able to save time and because of the time limitation during the research. The questionnaire was focused on all the management and staff of the company, but the questionnaire for the one-on-one interviews was only intended for those who administer the performance appraisal system. They are the management team and laboratory managers.

The respondents were happy to be interviewed and expressed themselves openly and were happy for the opportunity to do so. The selected sample for the one-on-one interviews all participated freely during the twenty minutes interview.

In conclusion, because of the simple structure of both questionnaires it also highlighted the validity and reliability of the method used. This was particularly helpful to the researcher when collecting credible data and to provide possibly relevant solutions to the problem areas.

4.6.9 Questionnaire covering letter

During the researcher's discussions with the general manager, the researcher explained to him that the questionnaire would be accompanied by a covering letter. The letter explained why the respondents may wish to complete the questionnaire and what the purpose of the research study was. The researcher ensured that the aspect of confidentiality was important to mention, in case people may feel restricted to complete the questionnaire due to fear of victimisation. The relevant staff members were thanked through the general manager and this was followed up with an e-mail to the general manager where the researcher expressed his gratitude and thankfulness towards the management and staff for their co-operation.

The covering letter (Appendix A) and the questionnaire (Appendix B) explained clearly the objective of the research. It was requested that the respondents only take four days to complete the questionnaire due to the time constraints the researcher experienced.

4.7 Presentation of data collected

In Section 1 of the questionnaire, it was required of the respondent to complete the general biographical data.

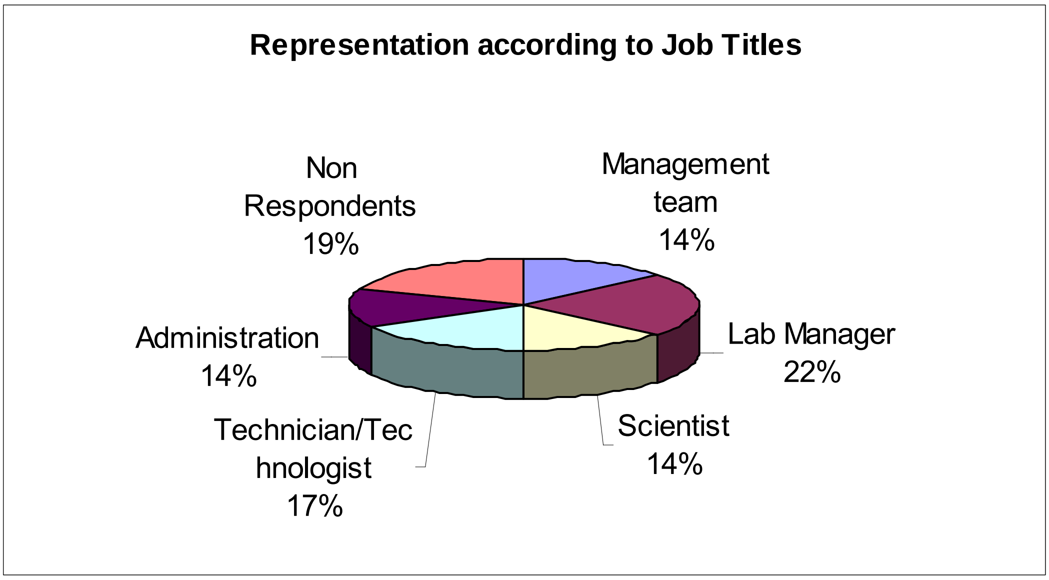
The results obtained in the empirical study referred to are general biographical details of the respondents, their qualifications, their length of service to the company, how long they have been in their current positions and their job categories. The biographical data results are presented below.

Table 4.1 Response according to Job Titles

Job Title	**Number of forms returned**	**Number of population**
Management team	**5**	**5**
Lab manager	**8**	**11**
Scientist	**5**	**7**
Technician/Technologists	**6**	**6**
Administration	**5**	**7**
Total	**29**	**36**

Source: Survey Questionnaire, Section 1

Table 4.1: Representation according to the job titles



Source: Survey of questionnaire, Section 1 (table 4.3 converted into a pie chart.) **Chart 4.1**

The observation can be made from Table 4.3 and Chart 4.1 that the respondents are fairly widely constituted over the various job titles in the company, where the management team and the technicians/technologists representing both hundred per cent response respectively.

Figure 4.1: Responses according to the number of years employed

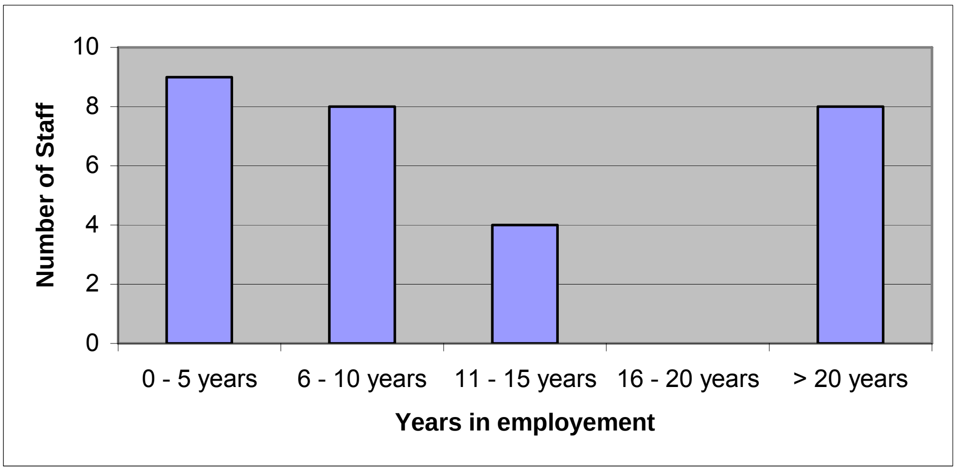


Figure 4.1 depicts the number of years the respondents have been employed at the company. Below is a breakdown of the percentage of respondents in the various categories;

- Eighty six per cent of respondents are represented in the survey.
- Twenty two per cent of respondents have been employed for less than six years.
- Twenty two per cent of respondents in the categories between eleven to fifteen years and more than twenty years respectively.
- There were no respondents that in the category between sixteen and twenty years.

The survey shows that based on the data collected, that the management team constitutes a forty per cent between the age of thirty eight and forty seven, twenty per cent between the age of forty eight and fifty seven and forty percent who are older than fifty seven years old.

4.8 Summary

The objective of this chapter was to document the research methodology the researcher used during the study. The researcher also made use of a quantitative analysis of biographical details of the respondents.

The study was focused on the population of Nampak R&D. The method used depicted that an unbiased methodology was used to be able to obtain the information for the research. The management team of the company did an assessment on the questions by means of amending a few questions, deleted one question and assisted with rewording of two questions. The questionnaires to all employees were closed questions and scale ratings. The one-on-one interviews with two management team members and five laboratory managers were structured in an open question format.

The method used for data collection was by means of e-mail, personal collection and one-on-one interviews as the preferred method. The researcher used the split-half methodology, to be able to do a reliability test on the closed questions.

Chapter 5

RESULTS AND ANALYSIS OF THE EMPERICAL STUDY

5.1 Introduction

In Chapter 4 the study's research methodology was discussed. This chapter entails the analysis and responses received by means of a questionnaire to management and staff and an interview that was conducted with a sample of management and laboratory managers. It is important that the analysis be scrutinised in a professional manner to obtain the responses whereby positive recommendations could ultimately be laid on the table. The results will be presented in the form of tables and graphs in order to provide illustrations with a view to ensuring unambiguous understanding of the responses received.

5.2 Management and staff questionnaire

This section will contain the analysis of the results obtained from the questionnaire, which was administered to the management and staff of Nampak Research and Development. The results from Section 1 to Section 7 obtained from the questionnaire will be presented. Sections 1 to Section 7 were designed with the purpose of covering most of the literature review that was presented in Chapter 2. Some of the questions with a limited value to the study will not be dealt with. Some items were not covered in the questionnaire, but these questions were asked during the one-on-one interviews that were conducted.

The findings of the analysis will be presented in the same order of the questionnaire. The researcher used Microsoft Excel 2003 and the services of a statistician to help analyse the data to achieve meaningful results. The biographical analysis follows immediately and thereafter there will be an analysis of the results of the rest of the study.

5.3 General/Biographical information

Table 5.1 Age Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 27 yrs	2	6.9	6.9	6.9
	28 - 37 yrs	10	34.5	34.5	41.4
	38 - 47 yrs	6	20.7	20.7	62.1
	48 - 57 yrs	7	24.1	24.1	86.2
	> 57 yrs	4	13.8	13.8	100.0
	Total	29	100.0	100.0	

This table shows that thirty five per cent of respondents are between the ages of twenty eight and thirty seven. Thirty eight per cent of respondents are between the ages of forty eight and older than fifty seven. The rest fall into the other categories.

Table 5.2 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	18	62.1	62.1	62.1
	Female	11	37.9	37.9	100.0
	Total	29	100.0	100.0	

It may be seen from Table 5.2 that the majority of respondents were males, namely sixty two per cent, while female respondents represented thirty eight per cent.

Table 5.3 Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	White	18	62.1	64.3	64.3
	Coloured	8	27.6	28.6	92.9
	Black	2	6.9	7.1	100.0
	Total	28	96.6	100.0	
Missing	System	1	3.4		
Total		29	100.0		

From Table 5.3 it would be seen that the racial distribution among the respondents saw Whites comprising sixty two per cent, Coloureds comprising twenty eight per cent and Blacks seven per cent. One of the respondents did not complete the questions, which represents three per cent.

Table 5.4 Highest qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< Grade 12	4	13.8	13.8	13.8
	Grade 12	3	10.3	10.3	24.1
	Diploma	5	17.2	17.2	41.4
	Degree	17	58.6	58.6	100.0
	Total	29	100.0	100.0	

From Table 5.4 it is clear that seventy six per cent of respondents have qualifications of either a diploma or a degree. Ten per cent have grade twelve qualifications and the rest do not have grade twelve qualifications. It is apparent that the majority of the employees at R&D are qualified and professional people by trade.

Table 5.5 Service Length

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 6 yrs	9	31.0	31.0	31.0
	6 - 10 yrs	8	27.6	27.6	58.6
	11 - 15 yrs	4	13.8	13.8	72.4
	> 20 yrs	8	27.6	27.6	100.0
	Total	29	100.0	100.0	

This table shows that sixty nine per cent of respondents have been working for the company between six and more than twenty years. From these twenty eight per cent have been working for more than twenty years for the company. This certainly creates an impression that these are loyal people working for the company. Thirty one per cent of respondents have worked for less than six years for the company.

5.4 The need and understanding of performance management

Table 5.6 Do you understand the Performance Management System (PMS)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	82.8	82.8	82.8
	No	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

This table reveals that eighty three per cent of respondents understand the PMS. It should be a cause of concern that seventeen per cent of respondents do not understand the system at all. It is clear that some staff members were not given sufficient training to explain what the PMS entails.

Table 5.7 How would you best describe the PMS?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Opportunity to excel in my work.	1	3.4	3.4	3.4
	Doing what management wants me to do	3	10.3	10.3	13.8
	A process of management working together with staff in creating a win-win situation.	5	17.2	17.2	31.0
	A process of only benefiting a select few	4	13.8	13.8	44.8
	Measuring of one's performance against the agreed targets.	16	55.2	55.2	100.0
	Total	29	100.0	100.0	

This table indicates that the majority of respondents – comprising fifty five per cent – describe the PMS as measuring one's performance against the agreed targets. Seventeen per cent said that is a process of management working together with staff in creating a win-win situation. Fourteen per cent replied that it is a process of only benefiting a selected few and the rest felt that it was doing what management wanted them to do and the opportunity to excel in one's job.

Table 5.8 Is the culture of performance management being driven on a daily basis?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	8	27.6	27.6	27.6
	No	21	72.4	72.4	100.0
	Total	29	100.0	100.0	

Table 5.8 shows that seventy two per cent of respondents reported that they do not agree with the statement that the culture of performance is driven on a daily basis. This raises concern, because it is expected of management to ensure that performance is being driven on a daily basis because employees' salary increase depends on their performance. Twenty eight per cent of respondents reported that performance management is driven on a daily basis.

Table 5.9 **Do you feel happy with the current PMS?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	37.9	37.9	37.9
	No	18	62.1	62.1	100.0
	Total	29	100.0	100.0	

Table 5.9 indicates that sixty two per cent of respondents do not feel happy about the current PMS. This raises concern that the majority of staff may be negative towards this system that is linked to the annual salary increases. If this is the case, then one could deduce that the majority would also be unhappy with the annual increase they would be receiving. Thirty eight per cent of respondents feel happy with the current PMS system.

Table 5.10 **Does the system provide any value added?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	44.8	44.8	44.8
	No	16	55.2	55.2	100.0
	Total	29	100.0	100.0	

It is clear that the majority of respondents, who comprise fifty five per cent, reported that the system does not provide any value to them. This may well raise some apprehension, because the majority of staff believes that there is nothing of value for them in the system. One could deduce that they are mostly probably going through the motions and are just happy to receive a salary at the end of the month. Forty five per cent of respondents reported that the system does provide them with value added. This percentage is about seven per cent more than the previous table where the respondents reported whether or not they are happy with the system. The general conclusion that the majority of respondent are not happy, since the system does not seem to add value to them as staff members.

The graph below supports the above statements:

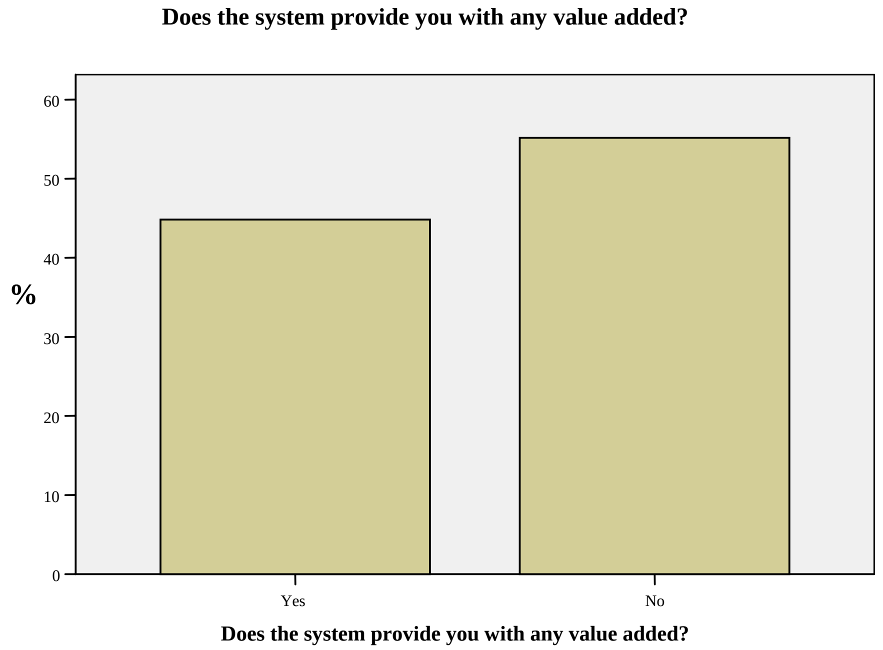


Figure 5.1 **Value added provided by the system**

Table 5.11 Do you understand the process of what could happen to you if you do not perform?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	21	72.4	72.4	72.4
	No	8	27.6	27.6	100.0
	Total	29	100.0	100.0	

The majority of respondents, comprising seventy two per cent in this table, agree that they do understand the process. Twenty eight per cent of respondents do not understand the process and what could happen to them if they should under-perform. This raises the question whether or not staff members are explained what would happen if they do not conform in terms of their performance.

Table 5.12 I am confident that this PMS is a fair and unbiased system.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	37.9	42.3	42.3
	No	15	51.7	57.7	100.0
	Total	26	89.7	100.0	
Missing	System	3	10.3		
Total		29	100.0		

Table 5.12 reveals that the majority of fifty two per cent of respondents reported that the PMS system is unfair and biased. One could deduce that the majority of staff are not enamoured with the system and do not support it. This certainly poses a problem, since the majority of staff fall in this category, which means that they will always be unhappy if matters do not change. On the other hand thirty eight per cent of respondents agree that the system is fair and unbiased. Ten per cent of respondents did not respond to this question at all.

5.5 Nampak R&D management attitude towards performance management

For the sake of ease the researcher will report the categories of "strongly disagree" and "disagree" as a disagree category and for "strongly agree" and "agree" as the agree category, even though the tables would report them separately. The "neither" category could be described as an undecided group. The researcher will add these percentages up to report on a percentage for the various categories.

Table 5.13 Staff is encouraged to participate in generating ideas and solutions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.9	6.9	6.9
	Disagree	2	6.9	6.9	13.8
	Neither	10	34.5	34.5	48.3
	Agree	13	44.8	44.8	93.1
	Strongly Agree	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

Table 5.13 shows that the majority of respondents that comprise fifty two per cent, agree that staff is encouraged to participate in generating ideas and solutions. Fourteen per cent of respondents disagree with this statement and thirty four per cent of respondents reported that they neither agree nor disagree. Fewer than fifty per cent agree with the statement, which is a worrying factor that most of staff feel that they do not receive encouragement in their working environment.

Table 5.14 Management demonstrate that they take performance management seriously

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	10.3	10.3	10.3
	Disagree	5	17.2	17.2	27.6
	Neither	7	24.1	24.1	51.7
	Agree	9	31.0	31.0	82.8
	Strongly Agree	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

The majority of respondents agree with the above statement that management take performance management seriously. This comprises forty eight per cent of all respondents. Twenty six per cent of the respondents disagree and twenty four per cent reported that they neither agree nor disagree. This does not represent a clear cut majority, because of the percentage group that did not respond to agree or disagree.

Table 5.15 Team and individual objectives are aligned with the mission, strategy and values of R&D

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.4	3.4	3.4
	Disagree	6	20.7	20.7	24.1
	Neither	5	17.2	17.2	41.4
	Agree	16	55.2	55.2	96.6
	Strongly Agree	1	3.4	3.4	100.0
	Total	29	100.0	100.0	

In Table 5.15 it is clear that the majority of respondents, comprising fifty nine per cent, agree with the statement that teams and individual objectives are aligned with the company strategy. In contrast twenty four per cent disagree with the statement and the rest reported in the undecided category.

Table 5.16 **Performance goals are set to stretch people, reflecting ever-increasing customer demand**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	6.9	6.9	6.9
	Disagree	5	17.2	17.2	24.1
	Neither	11	37.9	37.9	62.1
	Agree	9	31.0	31.0	93.1
	Strongly Agree	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

Table 5.16 reveals that thirty eight per cent of the respondents agree with the statement. Thirty eight per cent of respondents are, however, undecided. The rest disagree with the statement. The undecided respondents constitute a substantial percentage and they do not feel comfortable to answer the question. This raises some concern that the majority of staff members are not driven by customer demand and this is amidst the fact that they are working for a company that delivers a service to their customers.

Table 5.17 **Management is transparent with the PMS?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	13.8	13.8	13.8
	Disagree	8	27.6	27.6	41.4
	Neither	5	17.2	17.2	58.6
	Agree	11	37.9	37.9	96.6
	Strongly Agree	1	3.4	3.4	100.0
	Total	29	100.0	100.0	

From Table 5.17 it is clear that forty one per cent of respondents disagree with the statement and forty one per cent agree with the statement. Eighteen per cent of respondents are undecided and not happy to express their views about the transparency about management in the PMS. It raises some concern that staff may not be happy with management and that they do not see all what is supposed to be reflected by the PMS.

Table 5.18 Management makes it easy to understand the system, by always offering their assistance to staff when needed.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.4	3.4	3.4
	Disagree	7	24.1	24.1	27.6
	Neither	7	24.1	24.1	51.7
	Agree	10	34.5	34.5	86.2
	Strongly Agree	4	13.8	13.8	100.0
	Total	29	100.0	100.0	

In this table the majority of forty eight per cent of all respondents agree that management does give assistance, whereas twenty eight per cent of respondents disagree. Twenty four per cent of respondents are undecided.

5.6 Staff Development

This section will focus on how respondents have reported on the development of staff.

Table 5.19 I am happy with the way R&D has developed me.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.4	3.4	3.4
	Disagree	7	24.1	24.1	27.6
	Neither	10	34.5	34.5	62.1
	Agree	9	31.0	31.0	93.1
	Strongly Agree	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

According to Table 5.19 the majority of respondents (thirty eight per cent) were in agreement with the statement. Thirty four per cent were undecided and twenty eight per cent disagreed with the statement. It is of concern that not quite forty per cent agree with the statement, which is a low percentage in terms of the development of staff. It is clear that a high percentage does not wish to comment on the question, which could be seen in a negative light. This can also be linked to the earlier question whether the PMS was fair and unbiased, where fifty two per cent of respondents reported a disagreement. If the system is “unfair” as the respondents reported, the question arises how the majority staff could be developed and be happy in what they are doing. The graph below will explain as it was reported.

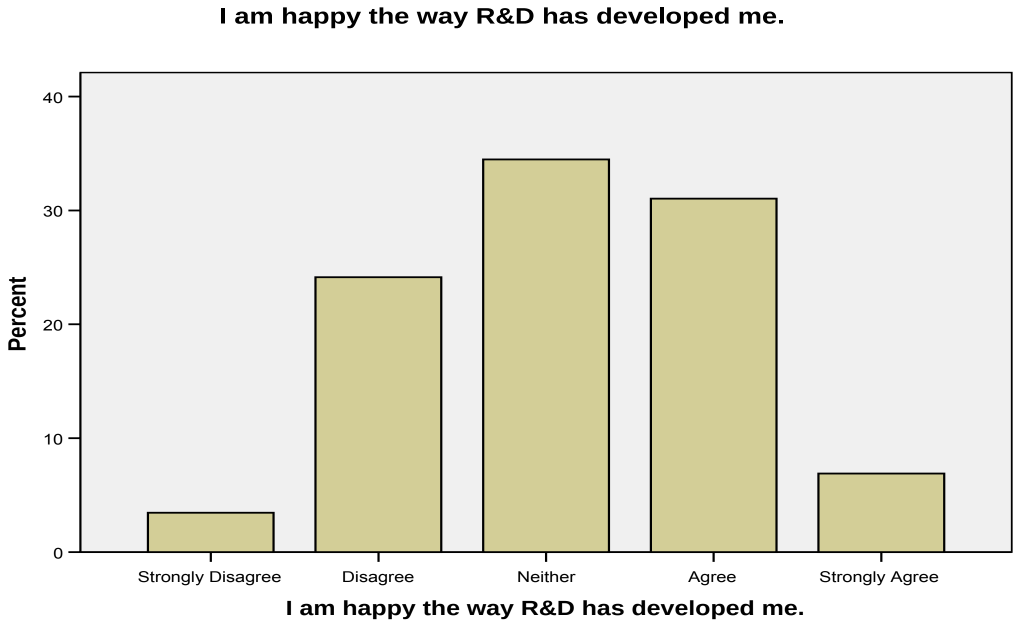


Figure 5.2 **Happiness with R&D development**

Table 5.20 Nampak's policies and procedures supports staff development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.4	3.4	3.4
	Disagree	6	20.7	20.7	24.1
	Neither	8	27.6	27.6	51.7
	Agree	12	41.4	41.4	93.1
	Strongly Agree	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

Table 5.20 reveals that forty eight per cent of respondent agree with the statement, whereas twenty eight per cent are undecided and twenty four per cent disagree. Almost half of the respondents agree, which means that they may be up to date with the policies and procedures, whereas others feel that they do not want to know, because whatever the policies may be, these do not pertain to them. The researcher derives this deduction from the strong feeling amongst fifty two per cent of respondents that the PMS is a biased system.

Table 5.21 Management focuses lots of energy on staff development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	37.9	37.9	37.9
	Neither	9	31.0	31.0	69.0
	Agree	8	27.6	27.6	96.6
	Strongly Agree	1	3.4	3.4	100.0
	Total	29	100.0	100.0	

From this table it is clear that the majority of respondents, who comprise sixty nine per cent, disagree with the statement that management focuses a great deal of energy on staff development. Twenty eight per cent of respondents are undecided and three per cent of respondents agree with the statement. This question highlights the perception that management does not prioritise the development of staff members. This could well be one of the reasons why respondents could be unhappy with the system, because they understand the system to be a living document and that the system would help to develop the staff, but in reality they do not experience this to be the case.

Table 5.22 I enjoy attending courses and use the new knowledge to benefit R&D

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.4	3.6	3.6
	Disagree	3	10.3	10.7	14.3
	Agree	19	65.5	67.9	82.1
	Strongly Agree	5	17.2	17.9	100.0
	Total	28	96.6	100.0	
Missing	System	1	3.4		
Total		29	100.0		

Table 5.22 indicates that the majority of respondents (some eighty four per cent) agree with the statement, whereas fourteen per cent disagree and three per cent did not respond to the question. This highlights the perception that the vast majority of staff members enjoy attending courses to be able to learn new developments and to introduce it at the company. It also highlights that people would be much happier if development should take place on the basis of which they would feel more appreciated.

5.7 The mentoring system

This section focuses on the mentoring system that is currently in place and how staff members view the system. It also covers the relationship between mentor and mentee.

Table 5.23 The mentoring system is a very good system.

The mentoring system is a very good system?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	20.7	20.7	20.7
	Disagree	4	13.8	13.8	34.5
	Neither	9	31.0	31.0	65.5
	Agree	10	34.5	34.5	100.0
	Total	29	100.0	100.0	

Table 5.23 shows that both categories of respondents who either "disagree" or "agree" – comprising respectively thirty four point five per cent and thirty one per cent of the respondents – are undecided. This is an area of concern that such a large percentage is undecided or has nothing positive to reflect about the mentoring system. This result could be added to the development of staff and the researcher could then link the two together and draw a correlation.

The graph below will further stress the above-mentioned points.

The mentoring system is a very good system?

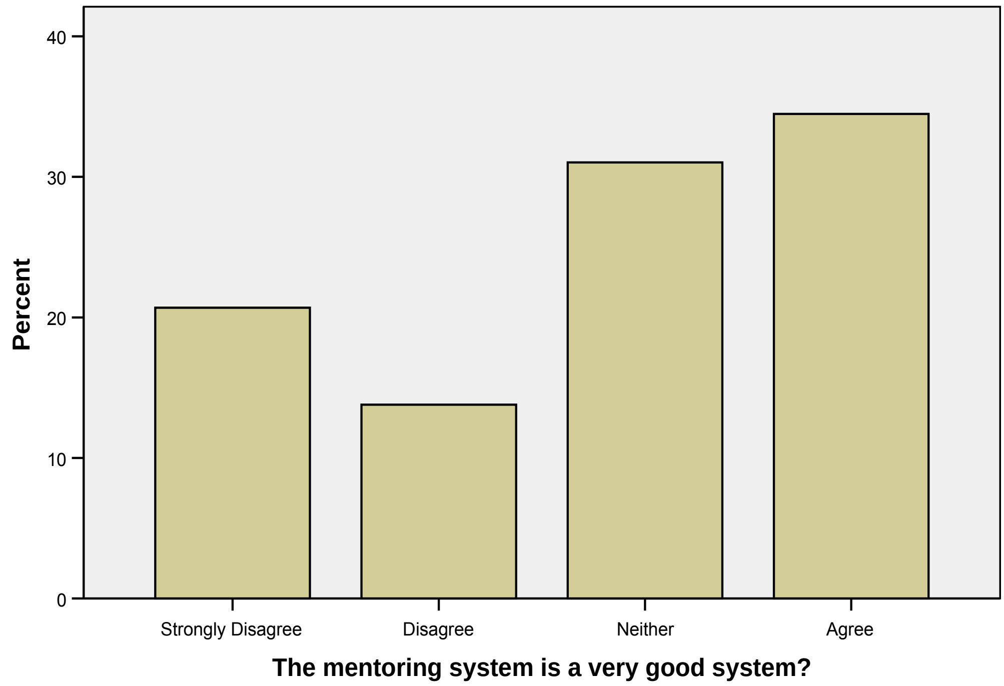


Figure 5.3 The mentoring system

Table 5.24 Staff support the mentoring system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	17.2	17.2	17.2
	Disagree	7	24.1	24.1	41.4
	Neither	12	41.4	41.4	82.8
	Agree	5	17.2	17.2	100.0
	Total	29	100.0	100.0	

Table 5.24 reveals that forty one point four per cent of respondents reported that they disagree with the statement that staff supports the mentoring system. This reveals to the researcher that there is a problem relating to the mentoring system. The same percentage of respondents are undecided. Staff may not feel free to report on the truth and may well feel that it would be safe to report that they are undecided. Seventeen per cent agree that staff support the mentoring system. This could be linked with the staff development concerns raised earlier in this chapter.

This is supported by the graph below.

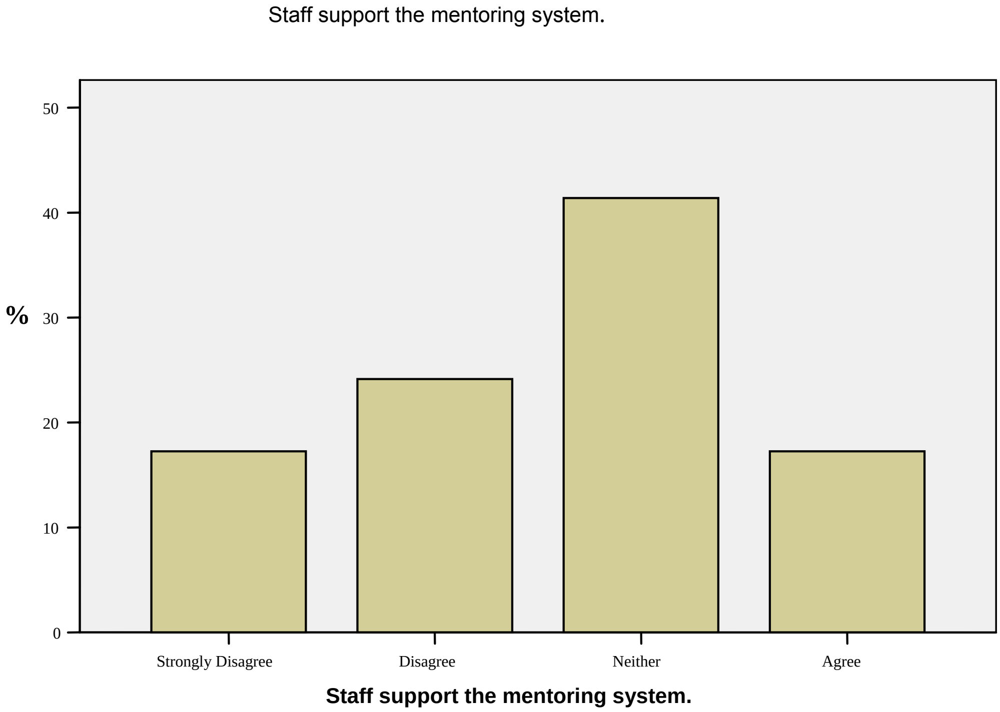


Figure 5.4 Staff supports the mentoring system

Table 5.25 Mentors have developed good relationships with mentees.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	17.2	17.2	17.2
	Disagree	6	20.7	20.7	37.9
	Neither	11	37.9	37.9	75.9
	Agree	6	20.7	20.7	96.6
	Strongly Agree	1	3.4	3.4	100.0
	Total	29	100.0	100.0	

In this table thirty eight per cent of respondents reported that they disagree with the statement and the same percentage reported undecided. This is almost eighty per cent that could potentially disagree. This raises some concern that there seems to be hardly any sound relationship between mentees and mentors. How could mentees be expected to grow if they have not developed a relationship with their mentors? Twenty four per cent of respondents disagree with the statement.

Table 5.26 The mentor system helped me to aspire to senior/management positions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	31.0	31.0	31.0
	Disagree	11	37.9	37.9	69.0
	Neither	9	31.0	31.0	100.0
	Total	29	100.0	100.0	

Table 5.27 indicates that the majority of respondents – comprising sixty nine per cent – disagree with the statement, while thirty one per cent of respondents are undecided. There was no respondent who agreed with the statement. This means that all levels of management agree that the mentoring system has not helped any staff member to aspire or even develop them for a senior position. This represents a cause of considerable concern.

Table 5.27 The mentoring system added value to my development and career.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	27.6	27.6	27.6
	Disagree	11	37.9	37.9	65.5
	Neither	9	31.0	31.0	96.6
	Agree	1	3.4	3.4	100.0
	Total	29	100.0	100.0	

Table 5.28 shows that a majority of fifty six per cent of respondents reported that they disagree with the statement, thirty one per cent of respondents are undecided and three per cent of respondents agree. It would appear that the mentoring system has not provided any value to the staff that is despondent with the system that does not help them at all.

5.8 The Performance Appraisal (PA) Method

Table 5.28 The PA method is it fair.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	10.3	10.3	10.3
	Disagree	4	13.8	13.8	24.1
	Neither	10	34.5	34.5	58.6
	Agree	10	34.5	34.5	93.1
	Strongly Agree	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

This table reveals that forty two per cent of respondents agree with the statement, thirty four per cent of respondents are undecided and twenty four per cent of respondents disagree with the statement.

Table 5.29 The PA is developed so that all staff can benefit.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	13.8	13.8	13.8
	Disagree	4	13.8	13.8	27.6
	Neither	8	27.6	27.6	55.2
	Agree	9	31.0	31.0	86.2
	Strongly Agree	4	13.8	13.8	100.0
	Total	29	100.0	100.0	

Table 5.30 shows that forty five per cent of respondents reported that they agree with the statement and the rest are equally divided between disagree and undecided.

Table 5.30 Management do not care about staff at appraisal time

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	20.7	20.7	20.7
	Disagree	11	37.9	37.9	58.6
	Neither	6	20.7	20.7	79.3
	Agree	3	10.3	10.3	89.7
	Strongly Agree	3	10.3	10.3	100.0
	Total	29	100.0	100.0	

In this table the majority of fifty eight per cent of all respondents disagree with the statement, whereas twenty one per cent of respondents are undecided and twenty one per cent of respondents agree with the statement.

Table 5.31 My job does not allow me to get more that a three rating.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	3.4	3.6	3.6
	Disagree	9	31.0	32.1	35.7
	Neither	10	34.5	35.7	71.4
	Agree	5	17.2	17.9	89.3
	Strongly Agree	3	10.3	10.7	100.0
	Total	28	96.6	100.0	
Missing	System	1	3.4		
Total		29	100.0		

Table 5.32 show that thirty four per cent of respondents disagree with the statement. Thirty five per cent of respondents are undecided and twenty seven per cent agree with the statement. Three per cent of the respondents did not report.

5.9 Qualitative responses on one-on-one interview

As stated earlier, the researcher decided to formulate a questionnaire for the management team (MT) and laboratory managers (LM). The purpose for this was to search for information about the administering of the performance management system by means of thematic analysis. The system is managed by the management team and lab managers. The researcher arranged with the general manager to conduct one-on-one interviews amongst the mentioned group. The interviews were conducted with two MTs and 5 LMs. The following are the responses from the interviewees to the questions at the interview:

Question 1

What was the R&D system like before the performance management system?

Reactions from interviewees

Interviewee 1. The system was very antagonistic. Management use to crap all over staff the way they felt like doing. (MT)

Interviewee 2. They used to have a form they used to appraise staff whenever they felt like doing it. The respondent was appraised twice in five years. (MT)

Interviewee 3. This was a system that favoured some people and not others. The system was good for the blue eyed boys of the boss, because they were the only people whom benefited. (LM)

Interviewee 4. The system was unfair and very subjective. It was whom you know and not what you knew. The various job grades were treated differently. (LM)

Interviewee 5. This was an informal system and was used ad hoc. At the end of the year you would be handed an envelope with your increase information in it. This was a very loose system and difficult to follow. (LM)

Interviewee 6. There was no system in place (LM)

Interviewee 7. There was no system; it was ad hoc in terms of what management felt like doing. If you were a star performer you would be promoted. No formalised system.

Conclusion

It is clear that the system used before the current performance management system, was not fair. It is difficult to call it a system, because it only benefited a selected few. There was no transparency and staff was never informed why people would be promoted or not. This gave rise to the need of a properly documented system that would be fair to all staff.

Question 2

Do you know what the R&D strategic objectives are?

Answers from interviewees:

Interviewee 1. I remember them vaguely.

Interviewee 2. Yes.

Interviewee 3. No.

Interviewee 4. Yes, but I need a refresher.

Interviewee 5. No.

Interviewee 6. No.

Interviewee 7. I am aware of it.

Conclusion

It is clear that the management that is expected to drive strategy in the business is not clear of what the strategic objectives are. The question thus arises as to if management is not sure about these objectives, what do they then drive and does the rest of the staff know what the objectives are? Ultimately staff members need to buy into these objectives. How do they know what their personal objectives are of they are not clear about the strategic objectives?

Question 3

How often do you visit your objectives to ensure alignment with what you are doing is in place?

Answers from interviewees

Interviewee 1. Twice a year.
Interviewee 2. Twice to thrice a year, especially during budget time.
Interviewee 3. Doesn't visit objectives at all.
Interviewee 4. Annually or when reminded.
Interviewee 5. Twice or thrice a year.
Interviewee 6. Doesn't visit the objectives at all.
Interviewee 7. Department is focused and aligned with objectives. Twice a year.

Conclusion

Objectives are visited twice a year, and in some cases interviewees do not bother to visit the objectives at all.

Question 4

Do you have succession planning in place?

Answers from interviewees

Interviewee 1. No.
Interviewee 2. Yes, in the business information area.
Interviewee 3. Nothing in place
Interviewee 4. No, have limited staff.
Interviewee 5. No.
Interviewee 6. No.
Interviewee 7. No, and it is a problem.

Conclusion

It is clear that there is no succession planning in place and that this constitutes a problem for the business.

Question 5

What are the benefits of the PMS?

Answers from interviewees

Interviewee 1. Set clear objectives. Motivate LB's to go beyond the normal work. Helps to plan ahead. Identify poor performers.
Interviewee 2. Benchmarking them against their objectives.
Interviewee 3. None.
Interviewee 4. System is reasonably subjective.
Interviewee 5. Defined , structured and formal. Clearly setting of objectives.
Interviewee 6. It gives direction.
Interviewee 7. It gives direction. It review objectives and gives focus to the measurement. It allows you to thank staff for hard work and to give encouragement.

Conclusion

The benefits are that it helps to set objectives and to give direction.

Question 6

What are the disadvantages of the PMS?

Answers from Interviewees

Interviewee 1. It is difficult to set objectives, because of the R&D type of environment. There is a tendency of a biased way of scoring appraisees. The one department can score their staff high for the same work done, whereas the other department should score just a three rating.
Interviewee 2. The allocation of ratings is very difficult to do. The rating system needs to change.
Interviewee 3. All managers don't use the same formula to calculate their staff increases. The results become meaningless.
Interviewee 4. There is a lack of money. No incentives for staff. There is negativity towards a three rating.
Interviewee 5. The one-on-one during performance appraisals is very subjective in its application.
Interviewee 6. It is not aligned to strategy.
Interviewee 7. There is limited scope for performance in terms of money if one scores just above a three. Achievers want the rating scale to be changed.

Conclusion
The scoring system is a problem. There are no incentives for staff. The system is very subjective.

Question 7

What changes would you like to see in the system?

Answers from interviewees

Interviewee 1. A uniform way of completing a performance appraisal.
Interviewee 2. To get a better rating system.

Interviewee 3. They only see a graph at the end of the appraisal in terms of in the total R&D rating. They are not transparent.
Interviewee 4. The rating scale needs to be adjusted.
Interviewee 5. They need to make use of a 360° approach.
Interviewee 6. The mentorship programme is not working at all.
Interviewee 7. To change the rating scale to be able to achieve a four rating.

Conclusion
Interviewees would wish the rating scale to be changed, so that staff could achieve a better rating.

Question 8
Explain staff's attitude during performance appraisal sessions.

Answers from interviewees

Interviewee 1. Positive.
Interviewee 2. It is seen as a planning session and they are upbeat.
Interviewee 3. They are negative and don't like it.
Interviewee 4. Staff is negative towards the PA.
Interviewee 5. They are happy with the system.
Interviewee 6. Most staff members are negative about the system.
Interviewee 7. They are only positive when their scores are good.

Conclusion
The above reflects mixed views of positive and being negative about the attitude. Both MT members said that the attitude is positive. Sixty percent of the LMs say they are negative, twenty per cent say they are positive and the other twenty per cent state that it is only positive when they receive a good score.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 SUMMARY

The study highlights the essence of performance management and how the performance management system is actually used in practice. It also reveals the inadequacies of the system, which was discovered by means of the use of questionnaires and interviews with the various staff. The questionnaire was distributed amongst the target population and the interviews were conducted by means of a sample, based on the availability of managers. There was a reaction rate of eighty one per cent of respondents, which represents a very good and representative feedback on the basis of which to complete the research.

It is clear that there was a positive response from respondents who met the deadline given to them. In Nampak performance management is actually used for performance appraisal and when the term performance management is used, it is seen as tantamount to performance appraisal. The reason for this is that the majority of staff only has the opportunity to speak about their performance when it becomes that time of the year when objectives are set and performance appraisals are carried out. The study reveals that the Nampak R&D environment is not performance driven. Staff would perform their work in terms of what is expected, but they are not focused on a performance driven culture.

The analysis of the results indicates that there are staff members who have no understanding of what performance management entails. The majority of the staff at Nampak R&D are qualified with professional tertiary diplomas and degrees, which reflect the level of intellect of those staff members who completed the questionnaire. They raised their concern of what the system seems to represent and the majority expressed their opinion that they are not happy with the current system. Because that there never seems to have been a proper buy-in to the system when it was implemented in 2001, many staff members have a negative attitude towards the system and to those who manage the system. Managers expressed their concern during performance appraisals about the attitude of staff, because there does not seem to be any positive spin-offs for those who are being appraised. The result is that the system is not well supported by the majority of staff members, which would be a concern to management. When speaking to some of the managers, a statement was heard that staff members feel that they are not rewarded for their hard work and no recognition is given when they deliver good work. On the other hand there are positives that the study reveals, in that management is seen to be serious about performance appraisals. The study also reveals that no one actually manages performance management.

6.2 CONCLUSIONS

The main objective of the study was to undertake a critical evaluation of the performance management system used by Nampak R&D in an effort to determine whether the system is used correctly and also to highlight any shortcomings. The results show that the general feeling amongst staff is that they have a negative attitude towards the current system. The study revealed that there were a minority percentage of respondents who did not know what performance management entails. This raised concerns that these staff members were seemingly never given training on performance management. The researcher has concluded that this system needs to be updated to ensure that staff members understand it and that they would be able to contribute positively to the system.

In addition the study reveals that management is serious about performance management in the light of performance appraisals. It is clear that staff members need to be managed by performance management so that the entire picture could be covered, and not merely a section of the broader whole.. Staff members were of the opinion that they do not believe that the performance management system is transparent. There is currently a gap between management and staff when it relates to performance management. This gap does not reveal a positive situation, especially since it is to be expected that staff would produce work to the best of their ability with a view to aspire to greater responsibilities and subsequently to more senior positions.

The study reveals that there is no staff development programme in place that would help develop staff members to grow in the different fields of their jobs. This is a cogent reason why staff responded that they are not happy with the current system. It would appear that management does not devote a great deal of time to staff development.

There is a mentoring system in place, but this system does not seem to add any value to the staff, because the mentors' role is seen to be more of a management representative when the mentee is dissatisfied about any issue. It is clear that this is not what the role of a mentor should be. A concern raised during the interviews was that each management and staff member was allocated a mentor to "take care" of the mentees. The researcher believes that that this is not what mentoring entails and consequently that this system needs to be re-examined in order to change it for a better and suitable mentoring system. The study also revealed that the majority of staff members do not support the current mentoring system, because the absence of any relationship between staff and mentors reinforce their view that this system could be regarded as a waste of time. It is quite revealing that to date the mentor system has not helped any employee to aspire to senior or management positions. However, a positive element that emanated from the study is that staff is happy with their job security and being well paid.

Staff seems to have a good understanding regarding performance appraisal time. The majority of respondents agree that the performance appraisal method is fair. A concern was expressed during interviews that the rating system needs to be changed so that staff may benefit from it by means of receiving rewards and recognition. The study furthermore reveals that there is no succession planning in place and from the questionnaires the researcher observes that there are a number of senior managers who are due to retire in the foreseeable future and that there is no system in place to transfer these managers' knowledge and skills to their possible successors.

6.3 RECOMMENDATIONS

The recommendations of the research study on the critical evaluation of the performance management system used by Nampak R&D have highlighted some shortcomings that should be eliminated to help ensuring the success of the performance management system.

It is recommended that management ensure that proper performance management training be provided to all staff so that there are no misunderstandings amongst staff that they do not understand what performance management is. This is vital for the system to be understood in this context.

In addition, the gap between management and staff needs to be bridged, so that staff members could alter their attitude towards management. In turn management need to help staff to dispel their negative perceptions and attitude towards them, and to convert the system into a user-friendly system in the way it is managed. It is important that staff need to buy into the system. It is expected of the management team to drive this process and to help staff to reflect positive attitudes towards the system and management.

The researcher believes that an Individual Development Programme needs to be implemented that should be linked with the Skills Development Plan. This will help to identify the needed training and development for all staff. Management should institute a development plan and help grow individuals.

It is furthermore recommended that management budget more for staff development, because the majority of staff are in need to be developed. It is ultimately the responsibility of management to develop the staff for which they are responsible. As stated before, the lack of succession planning, should lead to management seriously considering setting up a succession plan for Nampak R&D. The study reveals that there is no succession planning in place and since there are management members close to retirement age, they need to be succeeded in a few years. The implementation of such a plan would help with the continuity of business and the transfer of skills to the possible ideal successors.

There needs to be consistency in terms of how scoring and ratings take place in all departments. The current rating system needs to change to make it more realistic to staff members. Since no one has ever in history scored beyond a four rating, it is recommended that the five rating should be abolished and substituted by a system whose highest score will be a four. This proposal seems more realistic and achievable.

Another recommendation is that a special budget needs to be set up for rewards and recognition. Nampak R&D personnel do not receive any performance bonuses. Since it is important for staff to deliver at a level above than what is expected of them, this budget will be a help in instituting a rewards and recognition system.

It would be consistent with the previous description that the present mentoring system be scrapped and a new mentoring system introduced. The system would encompass mentors who would mentor those staff members with the qualities to become management or specialists in their field by means of a well-structured mentorship programme and this will also help to develop a culture of coaching. This would also be linked with the succession planning for the company, where mentors would be assigned to only a selected small number of staff members who are considered as possible future members of management.

An annual audit needs to be implemented to make sure the system is fair and unbiased and that it is managed ethically. The audit will help management to use the correct tools when managing the system.

The researcher concludes that the complexity with regard to negative attitudes because of respondents' views about management not being transparent and that they are biased in terms of the system it is clear that specialists in the field of performance management systems need to be approached to help the management and staff to implement those recommendations discussed earlier. The researcher believes that it is important to implement this recommendation for the benefit of all at the company.

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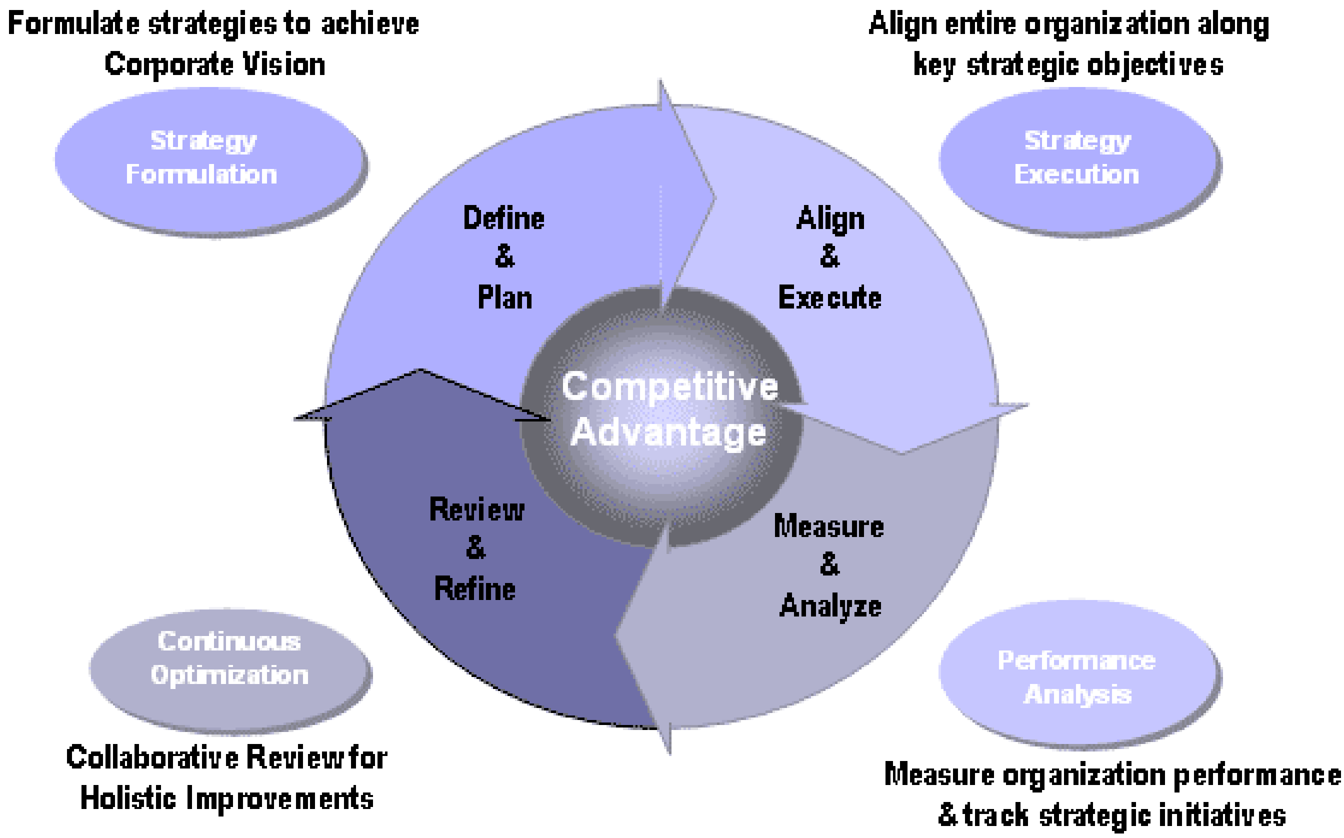
Annexure 1

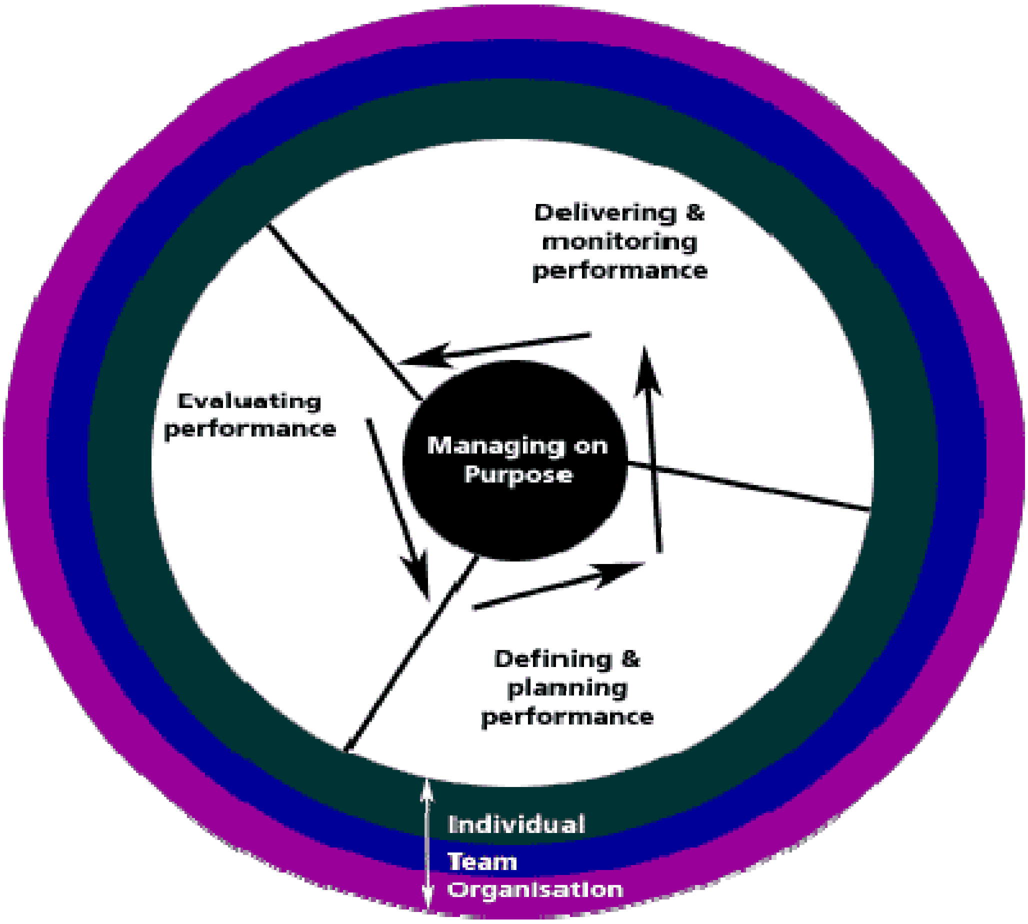
Performance Management Cycle of Infosys



Source: http://www.infosys.com/services/cpm/performance_management_cycle.asp

Annexure 2

Cyclical Performance Management Process



Source: http://www.lg-employers.gov.uk/people/performance/framework.html

The 5 Point Rating Scale

1 - Poor
Failed to meet the objective in many areas without good reason
Corrective action required

2 - Reasonable
Met most requirements for the objective at minimum acceptable standard
Generally satisfactory but improvement needed in some areas

3 - Well Done
Met most or all requirements for the objective at expected high standard with good reason for any shortfalls
Consistently good work, delivered as expected.

4 - Excellent
Met all requirements for the objective at very high standard
Consistently gave something extra beyond that expected

5 - Outstanding
Met and exceeded all requirements for the objective at a very high standard.
Showed exceptional initiative, effort or innovation.

Annexure 4.1

Objectives for Period October 2006 - September 2007

Name:

A	Business as usual	RM	Weight
1			
	Measurement:		
2			
	Measurement:		
3			
	Measurement:		
4			
	Measurement:		
5			
	Measurement:		
6			
	Measurement:		
7			
	Measurement:		
8			
	Measurement:		
9			
	Measurement:		
10			
	Measurement:		
	Total Section A		

Annexure 4.2

B	Special Objectives	RM	Weight
1			
	Measurement:		
2			
	Measurement:		
3			
	Measurement:		
4			
	Measurement:		
5			
	Measurement:		
6			
	Measurement:		
7			
	Measurement:		
8			
	Measurement:		
9			
	Measurement:		
10			
	Measurement:		
	Total Section B		

Annexure 5.1

Appraisal for Period :

Name:

A	Business as usual	Role Manager	Weight %	Rating	Score WxR/100
1					
	Comments:				
2					
	Comments:				
3					
	Comments:				
4					
	Comments:				
5					
	Comments:				
6					
	Comments:				
7					
	Comments:				
8					
	Comments:				
9					
	Comments:				
10					
	Comments:				
	Total Section A				

Annexure 5.2

B	Special Objectives	Role Manager	Weight %	Rating	Score WxR/100
1					
	Comments:				
2					
	Comments:				
3					
	Comments:				
4					
	Comments:				
5					
	Comments:				
6					
	Comments:				
7					
	Comments:				
8					
	Comments:				
9					
	Comments:				
10					
	Comments:				
	Total Section B				

Overall Total

Annexure 6

Career Aspirations List

Annexure 6

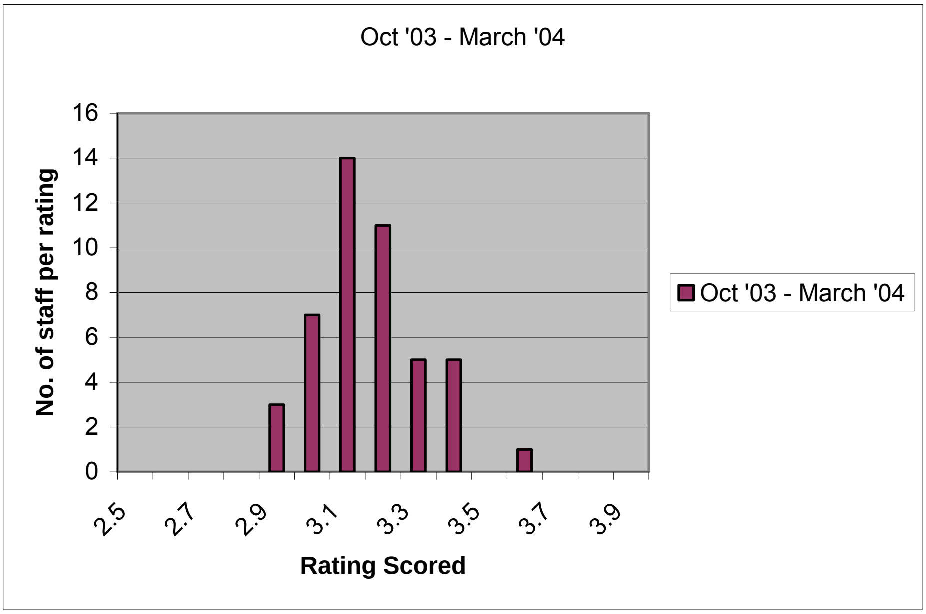
Public/Private	Career Aspirations	Development Needed to Achieve This
Within 1 Year		
Within 2 Years		

Mentee Name: ______________________ Mentee Signature: ___________________ Date: ___________

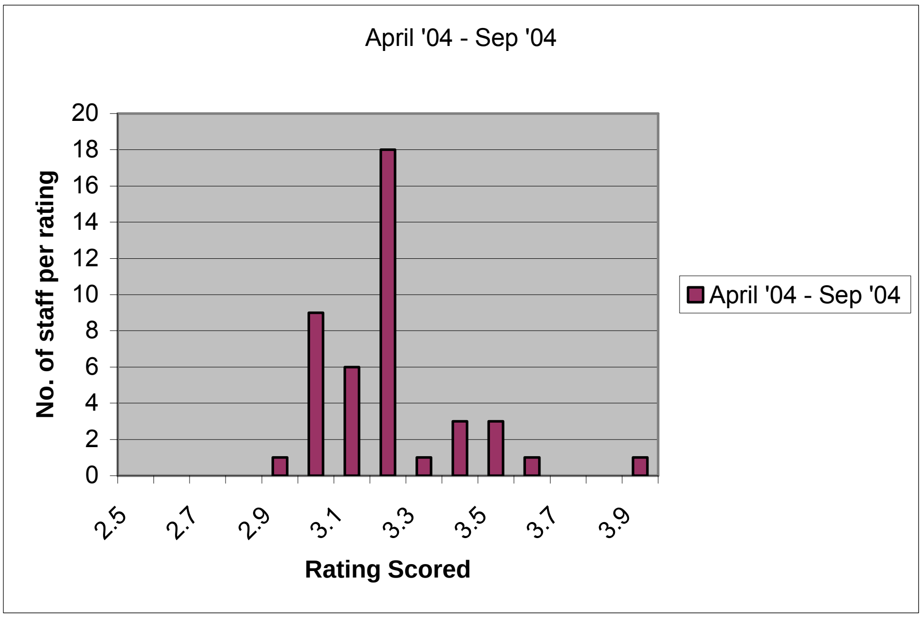
Mentor Name: ______________________ Mentor Signature: ___________________ Date: ___________

Performance Appraisal period October 2003 – September 2004

Oct '03 - March '04	
Rating Score	No. of staff per rating
2.5	0
2.6	0
2.7	0
2.8	0
2.9	3
3	7
3.1	14
3.2	11
3.3	5
3.4	5
3.5	0
3.6	1
3.7	0
3.8	0
3.9	0

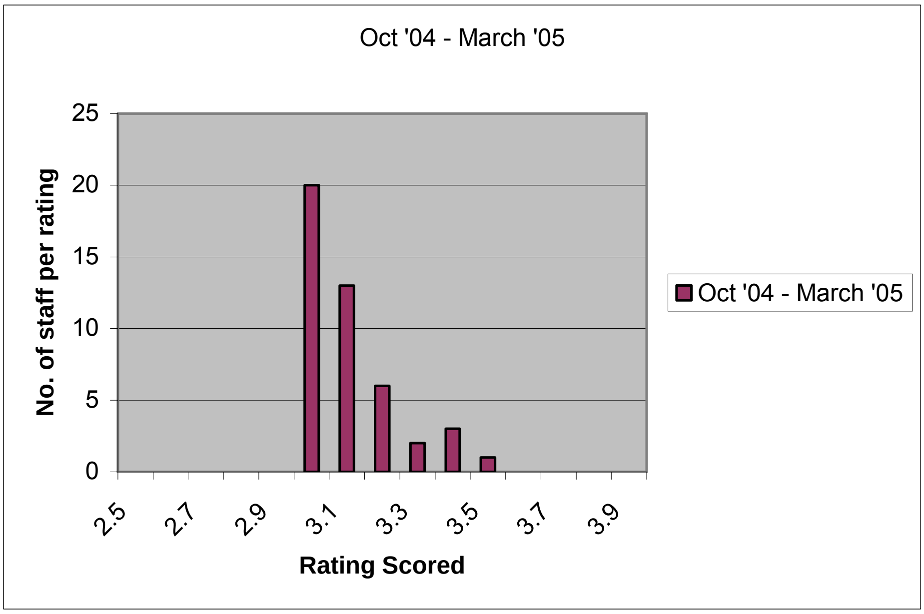


April '04 - Sep '04	
Rating Score	No. of staff per rating
2.5	
2.6	
2.7	
2.8	
2.9	1
3	9
3.1	6
3.2	18
3.3	1
3.4	3
3.5	3
3.6	1
3.7	
3.8	
3.9	1

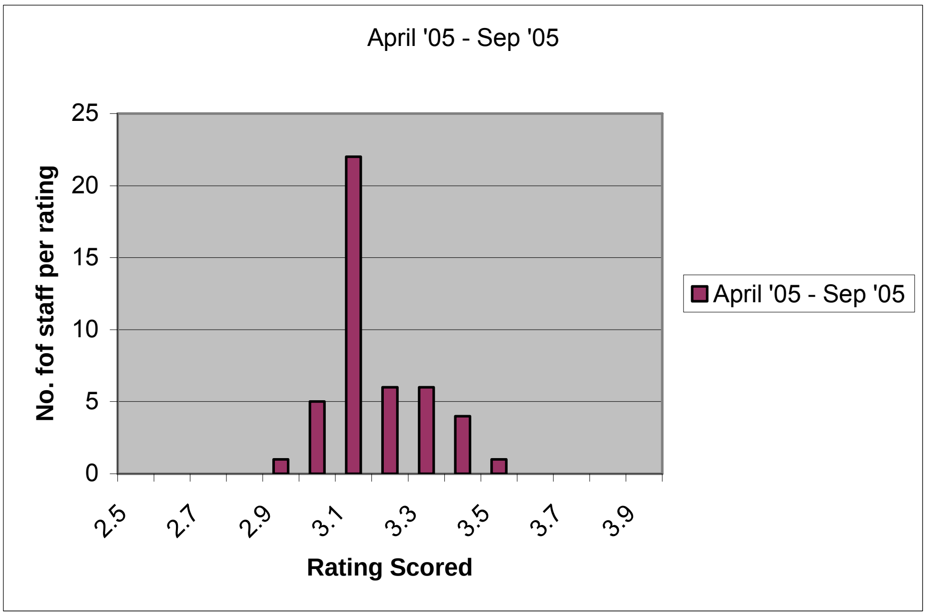


Performance Appraisal period October 2004 – September 2005

Oct '04 - March '05	
Rating Score	No. of staff per rating
2.5	
2.6	
2.7	
2.8	
2.9	
3	20
3.1	13
3.2	6
3.3	2
3.4	3
3.5	1
3.6	
3.7	
3.8	
3.9	

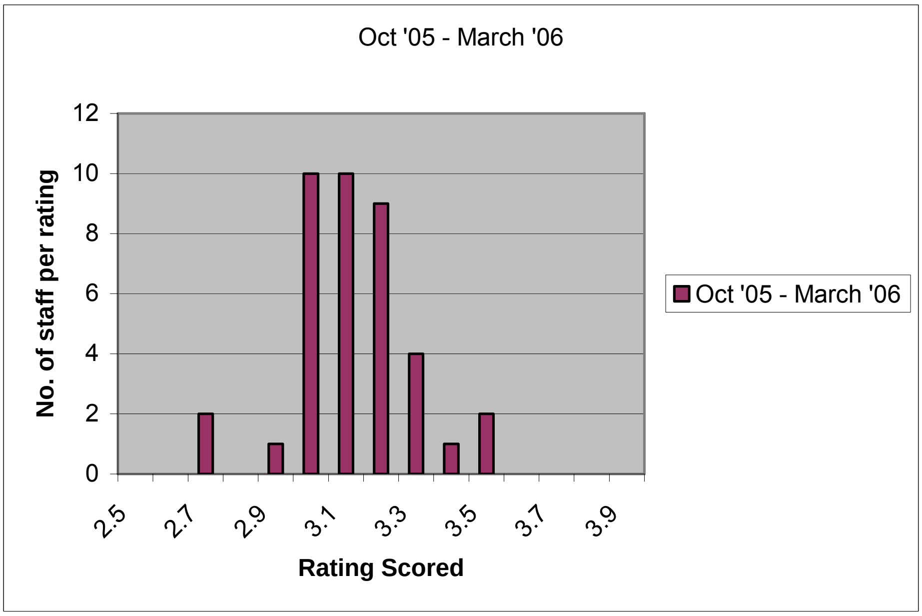


April '05 - Sep '05	
Rating Score	No. of staff per rating
2.5	
2.6	
2.7	
2.8	
2.9	1
3	5
3.1	22
3.2	6
3.3	6
3.4	4
3.5	1
3.6	0
3.7	
3.8	
3.9	

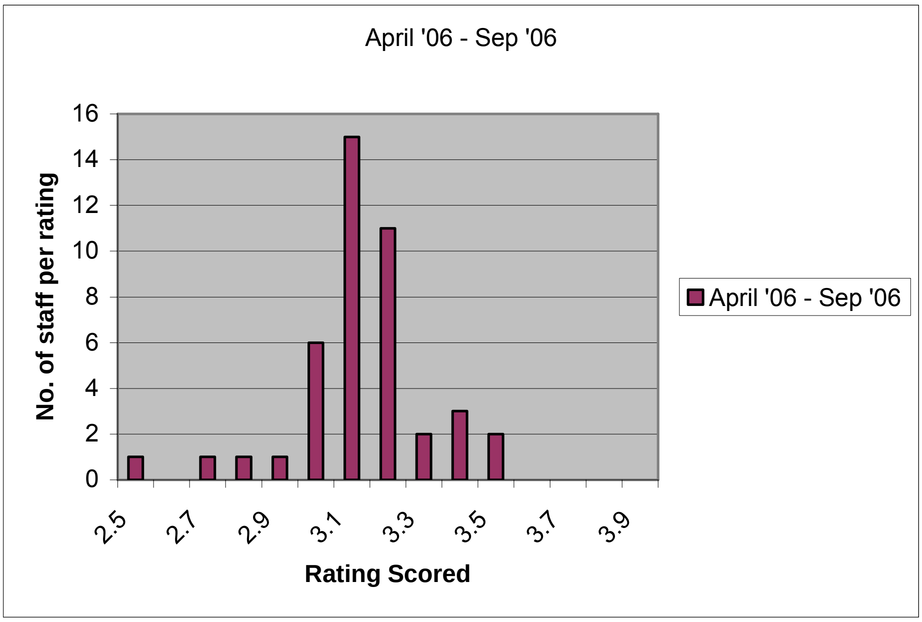


Performance Appraisal period October 2005 – September 2006

Oct '05 - March '06	
Rating Score	No. of staff per rating
2.5	
2.6	
2.7	2
2.8	0
2.9	1
3	10
3.1	10
3.2	9
3.3	4
3.4	1
3.5	2
3.6	0
3.7	
3.8	
3.9	

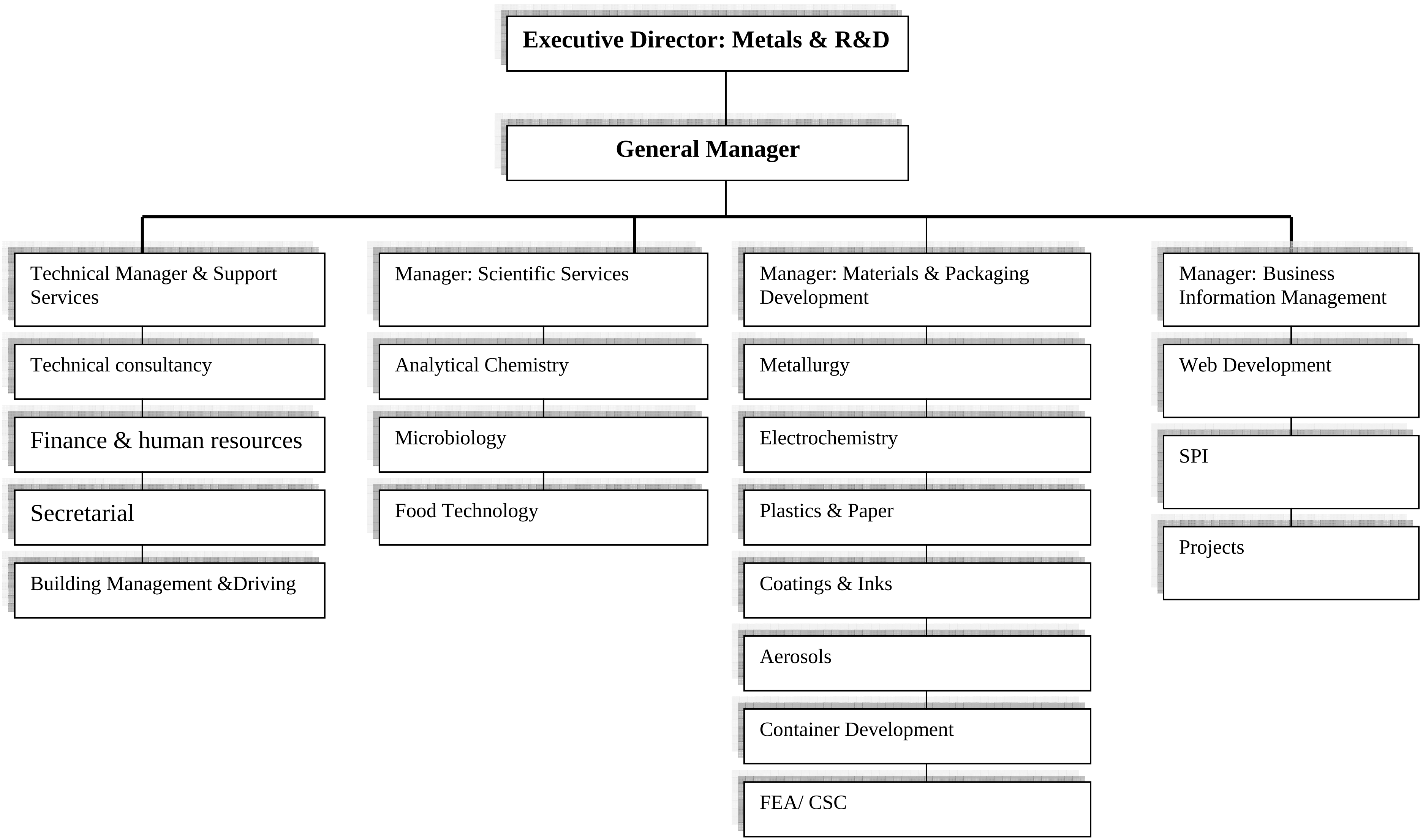


April '06 - Sep '06	
Rating Score	No. of staff per rating
2.5	1
2.6	
2.7	1
2.8	1
2.9	1
3	6
3.1	15
3.2	11
3.3	2
3.4	3
3.5	2
3.6	0
3.7	
3.8	
3.9	



Annexure 8

Nampak R + D Organogram



24 October 2006

Dear Management Team and Staff

<u>A critical evaluation of the Performance Management System used by Nampak Research and Development.</u>

After consultation with the Management Team, they have granted me the opportunity to do my research project (dissertation) on Nampak R&D performance management system.

The objective of the project is not to change your current system, but to use this platform as a research vehicle to be able to complete degree. You are assured of confidentiality regarding your personal details and views. None of this will be revealed to anyone. Please give your own and honest opinion in all responses. This will greatly enhance the quality of recommendations that will come from the study.

The survey results will be used as part of my research project to obtain my Masters of Business Administration (MBA) degree at the Nelson Mandela Metropolitan University (NMMU).

To all the respondents who have given me the benefit of your views by returning the completed questionnaire, please accept my sincere thanks.

Due to the time constraints, kindly return the questionnaire to the Human Resource office no later than 27 October 2006, at noon.

Yours sincerely.

Neville Solomons
MBA student, final year, NMMU.

<u>Instructions</u>: Please read the questions carefully before answering them. Answer all questions. Mark with a cross (X) in the most appropriate box.

Section 1: General

1.1 Age group:

1		2		3		4		5	
18 - 27		28 – 37		38 – 47		48 – 57		> 57	

1.2 Gender

1		2	
Male		Female	

1.3 Marital Status

1		2		3	
Married		Single		Divorced	

1.4 Race

1		2		3		4	
White		Coloured		Black		Asian	

1.5 Highest qualification?

1		2		3		4		5	
< Grade 12		Grade 12		Certificate		Diploma		Degree	

1.6 How long have you been in the service of Nampak R&D?

1		2		3		4		5	
< 6 years		6–10 years		11–15 years		16–20 years		> 20 years	

1.7 How long have you been in your current position?

1		2		3		4		5	
< 3 years		3–6 years		7–9 years		10–12 years		> 13 years	

1.8 Please indicate your job category.

1		2		3		4		5	
Administration		Technician/ Technologist		Scientist		Lab Manager		Management Team	

Section 2: Need and understanding of Performance Management

2.1 Do you understand the Performance Management System (PMS)?

1		2	
Yes		No	

2.2 How would you best describe the PMS?

1	An opportunity to excel in my work.	
2	Doing what management wants me to do.	
3	A process of management working together with staff in creating a win-win situation.	
4	A process of only benefiting a selected few.	
5	Measuring of one's performance against the agreed targets.	

2.3 Is the culture of Performance Management being driven on a daily basis?

1		2	
Yes		No	

2.4 Do you feel happy with the current PMS?

1		2	
Yes		No	

2.5 Does the system provide you with any value add?

1		2	
Yes		No	

2.6 Do you understand the process of what could happen if you don't perform?

1		2	
Yes		No	

2.7 I am confident that this PMS is a fair and an unbiased system.

1		2	
Yes		No	

Section 3 Nampak R&D's management attitude towards on Performance Management.

3.1 Staff is encouraged to participate in generating ideas and solutions.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

3.2 Management demonstrate tat they take performance reviews seriously.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

3.3 Nampak R&D's policies and procedures support staff development. Team and individual objectives are aligned with the mission, strategy and values of R&D.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

3.4 Performance goals are set to stretch people, reflecting ever-increasing customer demand.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

3.5 Management is transparent with the PMS?

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

3.6 Management makes it easy to understand the system, by always offering assistance to staff when needed.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

Section 4 Staff Development

4.1 I am happy the way R&D has developed me.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

4.2 Nampak R&D’s policies and procedures support staff development.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

4.3 Management focuses lots of energies on staff development?

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

4.4 I regularly attend courses, conferences, workshops, etc to keep abreast with the developments in my field of work.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

4.5 I attend courses just to get away from work, because my work does not interest me.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

4.6 I always enjoy attending courses and use the new knowledge to the benefit of R&D.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

Section 5 The Mentoring System

5.1 The mentoring system is a very good system?

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
		2		3		4		5	

5.2 Staff support the Mentoring system.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

5.3 Mentors have developed good relationships with mentees.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

5.4 Due to the mentoring system, it helped me to aspire to a more senior/management position.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

5.5 The Mentor system has added value to my development and career.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

5.6 Please indicate in which areas has R&D contributed positively to your career.

1	Job security	
2	Continuous development	
3	Well paid for your job	
4	Flexibility of management	
5	Nothing positive at all	
6	Stagnating in my position	
7	Other:please elaborate below	

Section 6 The Performance Appraisal method

6.1 The Performance Appraisal (PA) method is a fair method.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

6.2 The PA is developed so that all staff can benefit from it.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

6.3 The objectives you set with your manager are all realistic/achievable.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

6.4 Management don't care about me when it comes to appraisal time, they run through the motions to get the job done.

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

6.5 My job does not allow me to get more than a rating of 3 (job well done).

Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
1		2		3		4		5	

Section 7 General comments

Are there any comments you would like to make, that were not covered in the questionnaire? My additional comments are:

____

I would like to thank you for your time and sincerity in participating in this research. Please hand in your completed questionnaire to the Human Resources office at (021) 590 5834.

Neville Solomons
Telephone: (021) 507 2643
Fax: (021) 507 2183
E-mail: Nevilles@transwerk.co.za

Annexure 11

Interview Questions

1. What was the R&D system like before the PMS?

2. Do you know what are the R&D strategic objectives?

3. How often do you visit your objectives to ensure alignment with what you are doing is in place?

4. Do you have succession planning in place?

5. What are the benefits of the PMS?

6. What are the disadvantages of the PMS?

7. What changes would you like to see in the system?

8. Explain staff's attitude during performance appraisal sessions.