EVALUATION OF THE PERFORMANCE MANAGEMENT SYSTEM (PMS):
A CASE STUDY OF THE EASTERN CAPE PROVINCIAL TREASURY

BY

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A RESEARCH PROJECT SUBMITTED IN FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF ADMINISTRATION
IN
THE FACULTY OF MANAGEMENT AND COMMERCE AT THE UNIVERSITY
OF FORT HARE

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DATE: JUNE 2013
DECLARATION

I, Mandinakhe Baxana hereby declare that, this research project entitled, Evaluation of the Performance Management System (PMS): a case study of the Eastern Cape Provincial Treasury, submitted to the University of Fort Hare, for the Degree of Masters in Administration has never been previously submitted by me or any other person for a degree at this or any other university. This is my own work in design and in execution and all material contained therein has been duly acknowledged by way of appropriate references and citations.

Signature

Date

..........................  ........../........../.........
DEDICATION

I dedicate this work to my parents (Mr Joluzuko & Mrs Samela Nongogo) who are my source of strength. Thank you for motivating me and showing me the value of education.
ACKNOWLEDGEMENTS

At first and foremost, I would like to express my sincere gratitude and appreciation to God Almighty for giving me strength, courage and wisdom throughout my studies. He has proved it once again that; with Him all things are possible.

Further gratitude goes to the following people:

- My husband Lungile Baxana for his love, patience, support and for inspiring me to achieve this and other milestones;

- My in-laws for their patience and support;

- My supervisor and mentor Prof EOC Ijeoma, who ensured that out of his busy schedule he sets time to guide and supervise me. Had it not been for you I would not be where I am now;

- The Eastern Cape Provincial Treasury for participating in the study and scheduling me into their hectic programs;

- Finally, I thank everyone who, knowingly or unknowingly assisted and encouraged me in the writing of this project.
ABSTRACT

The objective of this study was to evaluate the effectiveness of the Performance Managements System (PMS) policy by looking at the implementation of the PMS in line with provincial and national policies. The purpose is to achieve sustainable improvement in organizational performance whilst examining the value of PMS in assessing performance of the Eastern Cape Provincial Treasury employees. The questionnaire was personally delivered to potential respondents. The study showed that the performance management system used by the Eastern Cape Provincial Treasury was on track with clear objectives, and was largely integrated with the departments’ planning process, primarily through the use of divisional planning objectives as a basis for employee performance agreements. However, the general findings were qualified by the need to address several key issues, and to make some improvements to the process. It was also concluded that the revised performance management system should have a stronger emphasis on effective managing, monitoring, reporting and rewarding high performance and correcting low performance respectively.

Key recommendations are made to assist this department in its quest to achieve maximum return on the investment from its human capital. The recommendations are: The Eastern Cape Provincial Treasury needs to establish clear organizational objectives and the performance management tool should be negotiated and agreed with the union councils and management. The performance measures or key performance indicators should be agreed upfront with all employees, irrespective of their level in the organization.
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CHAPTER 1

INTRODUCTION AND THE PROBLEM

1.1 INTRODUCTION AND BACKGROUND

Performance management pertains to any personnel decision that affects an employee's retention, termination of service, promotion, demotion, transfer, salary increase or decrease, or admission into a training programme (Latham & Wexley, 1994:4). A properly developed performance management instrument serves as a contract between the organization represented by the manager or appraiser and the employee in that it makes explicit what is required of the individual employee. Effective performance management requires a framework that integrates organizational, business and individual planning and performance. It can involve: clarifying performance objectives (this include tasks, outcomes behaviors and values based systems or a combination of these) and linking these with organizational business plans; periodic performance appraisal of individuals or teams against the achievement of these objectives; feedback from this appraisal; recognition or reward for performance, including pay and salary progression guided by performance.

According to Armstrong (1994:13) a Performance Management and Development system helps in the integration of corporate, individual and team objectives, communicating these objectives, and in underpinning the core values of the organization. It is potentially a lever for achieving cultural and behavioral change and a means of empowering people by giving them more control over their work and their personal development.
1.2 STATEMENT OF THE PROBLEM

According to Hartle (1995:12-13) performance management is a process for establishing a shared understanding about what is to be achieved, and how it is to be achieved, and an approach to managing people, which increases the probability of achieving job-related success. By establishing a continuous management process that delivers clarity, support, feedback and recognition to all staff, a major step will have been taken in ensuring significant performance improvement of the organization.

According to Dessler (1997:372) performance management is a systematic approach to managing people, measure, feedback and recognition as a way of motivating employees to achieve their full potential in line with the organizational objectives. Contrary to this, it has been noted that Provincial Treasury personnel are more interested in performance appraisals, rewards and pay progressions that come with Performance Assessment more than the assessment of performance itself. This poses a challenge as the process of performance assessment is conducted with an eye on money making more than the evaluation of performance.

The cornerstones of the SPMS are the basic requirements that all employees are expected to do what is expected of them and those exceeding job expectations be awarded accordingly. The performance management system aligns both organizational and individual goals through a system of rewards and incentives. It is essential therefore to clarify the extent of alignment of the organizational performance management system, organizational strategy and individual goals.

Schultz (2001:516) states that when performance management systems are tied into the objectives of the organization, the resulting performance is more likely to meet organizational needs. They also represent a more holistic view of performance. Development of a performance management system should be a joint effort between line and human resources managements. Lundy and Cowling (1996:306), as quoted
by Schultz (2001:516), point out that ownership should be taken a step further in that subordinates should play an active role in the management of their own performance, linked to organizational performance as a whole.

Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed and ends when an employee leaves the organization.

Research questions

The main research questions that this study intends to answer are:

- What practices (common) have been documented in regard to effective implementation of performance management system?
- How effective has performance management system been in the Eastern Cape?
- What challenges has the Eastern Cape Provincial Treasury experienced in implementing the performance management system?
- What critical success functions one needed to effectively implement to the performance management system in the Eastern Cape Provincial Treasury?

1.3 OBJECTIVES OF THE STUDY

The objectives of this study are:

1. to find out common practices that have been documented in regard to effective implementation of performance management systems;
2. to assess how effective implementation of performance management system been implemented in the Eastern Cape Provincial Treasury;
3. to identify the challenges the Eastern Cape Provincial Treasury has experienced in implementing the performance management system;
4. to identify the critical success factors needed to effectively implement the performance management system in the Eastern Cape Provincial Treasury.

1.4 SIGNIFICANCE OF THE STUDY

The outcome of the study would assist the Eastern Cape Provincial Treasury to derive a departmental policy with regulations that will contain guidelines that stipulates that performance management should be implemented in a consultative, supportive and non-discriminator manner, in order to enhance organizational efficiency and effectiveness and accountability. This policy would improve regulations on departmental specific principles that underlie all performance management. This study will specifically assist the Performance Management directorate and all Eastern Cape Provincial Treasury employees in ensuring proper Performance assessment of staff whilst creating ownership in managing employee performance. It is in the interest of the researcher to determine the challenges encountered in the performance assessment process and the researcher is keen to offer recommendations to the existing procedures and frameworks used to assess employee performance in the Eastern Cape Provincial Treasury and to the formulation of the Performance management policy.

1.5 LITERATURE REVIEW

The foundation for a new performance management system in the public sector is found in the Constitution of the Republic of South Africa Act, No. 108 of 1996. The Constitution entitles people to a basic set of services and expects the bureaucracy to treat people with dignity and respect. In this regard, a reformed civil service, that
places emphasis on service delivery and accountability, remains a critical instrument to improve the quality of the lives of all South Africans (Labour Bulletin, 2003). While considerable legislation provides the authorisation and general contents of public sector performance management systems, only a few will be highlighted:

- The Employment Equity Act, No. 55 of 1998 (Chapter 2, Section 5) stipulates, “every employer must take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice”. To this end, literature suggests that in order to ensure fairness and compliance with labour legislation, an organisation should apply a structured approach to how it manages the performance of staff (HR Future, 2002).


The Public Service Regulations, 2001 (Chapter 1, Part viii) serves as the primary guide to the public sector in developing and implementing its departmental performance management systems. However, these Regulations contain only minimum guidelines, stipulating that performance management should be implemented in a consultative, supportive and non-discriminatory manner, in order to enhance organisational efficiency and effectiveness, accountability and the achievement of results. The focus of performance management should be developmental. Different performance assessment instruments for different occupational categories may be used. Two important regulatory requirements are that prior to implementing a performance management system, an executing authority should:

(a) Pilot the system on groups of employees in all occupational categories sufficiently to enable reasonable validity; and

(b) Consult with employee organisations in the department.

Departments have discretion in deciding on a performance management and development system for employees who are not members of the senior
management system. Depending on a department's budget and the medium-term expenditure framework (MTEF), a head of department may establish a financial incentive scheme for employees (Minutes of Briefing to Public Service and Administration Portfolio Committee, 2002).

The development and implementation of a new performance management system in the public sector had a rocky start. A major issue that confronted the implementation of a performance management system in the public sector was the impact of PSCBC Resolution 3 of 1999 on the development of departmental financial incentive schemes, and on notch increases and merit awards. This Resolution stipulated that the status quo would continue with regard to performance and merit, until the Department of Labour and government negotiate a new agreement. In addition, PSCBC Resolution 7 of 2002 stipulated that the leg and rank promotion system will remain in place until 1st July 2001 or earlier, should a new pay progression system be agreed upon. Both collective bargaining agreements impeded the development of departmental performance management systems. A contradiction existed in as far as the Regulations vested authority in each executing authority to adopt and implement a new performance management system, while integral elements of the system relating to benefits and awards were subject to collective agreement (Minutes of Briefing to Public Service and Administration Portfolio Committee, 2002).

The current public service performance management framework retained many of the positive elements of the previous performance management systems. A contradiction existed in as far as the Regulations vested authority in each executing authority to adopt and implement a new performance management system, while integral elements of the system relating to benefits and awards were subject to collective agreement (Minutes of Briefing to Public Service and Administration Portfolio Committee, 2002).
The current public service performance management framework retained many of the positive elements of the previous performance management framework. At the same time, a number of new elements have been added, to assist in managing performance more effectively. The differences and similarities between the new and old framework, are illustrated in figure 1 below:

<table>
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<th>Old Policy Framework</th>
<th>New Policy Framework</th>
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<tr>
<td><strong>Similarities</strong></td>
<td><strong>Differences</strong></td>
</tr>
<tr>
<td>Provided for performance agreements.</td>
<td>Continues to provide for performance agreements. Also provides for the payment of cash bonuses, but within a clearer policy framework and within set performance parameters.</td>
</tr>
<tr>
<td>Provided for the payment of cash bonuses to high achievers.</td>
<td>Continues to focus on measurable outputs, but balances this with good management practice in the form of core management criteria.</td>
</tr>
<tr>
<td>Emphasised outputs as opposed to personality traits or processes.</td>
<td></td>
</tr>
<tr>
<td>Not development-orientated.</td>
<td>Includes a development orientation by focusing on management/leadership competencies and by allowing for personal development plans.</td>
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<td>---------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>No guidance on the linkages between organisational planning processes and individual performance management</td>
<td>Linkages are clearly indicted.</td>
</tr>
<tr>
<td>Lack of clarity on formats to be used for performance agreements and assessment instruments</td>
<td>Key elements of performance agreements and assessment instruments clearly highlighted an examples of formats to be used provided</td>
</tr>
<tr>
<td>No standardised rating scale.</td>
<td>Standardised rating scale.</td>
</tr>
<tr>
<td>No indication up-front of maximum percentages and amounts to be spent on performance bonuses.</td>
<td>Parameters of monetary rewards clearly spelt out.</td>
</tr>
<tr>
<td>No provision for pay progression.</td>
<td>Pay progression provided for.</td>
</tr>
<tr>
<td>No common assessment cycle.</td>
<td>Clarity on assessment cycle, which is linked to the financial year.</td>
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Figure 1: Comparison between old and new performance management framework
Source: Parliamentary Monitoring Group, 2002

The Minister of Public Service and Administration issued directives in terms of Public Service Regulations 2001, Chapter 4, Part III, on a Performance Management and Development System (PMDS) for Senior Managers (salary level 13 to 16). The Performance Management and Development System that will be included as a new chapter in the SMS Handbook came into effect on 1 April 2002.
1.6 RESEARCH METHODOLOGY

Tulloch (1993: 1306) defined research as "the systematic investigation into and study of materials, sources, etc., in order to establish facts and reach new conclusions". Leedy and Ormrod (2001:2) also define research as "a systematic process of collecting, analysing, and interpreting information (data) in order to increase our understanding of the phenomenon about which we are interested or concerned". Leedy and Ormrod (2001:94) state that research methodology can be divided into two broad categories: qualitative and quantitative and research.

Qualitative research is typically used to answer questions about the complex nature of phenomena, often with the purpose of describing and understanding the phenomena from the participants' point of view. The qualitative approach is also referred to as the interpretive, constructivist or post positivist approach.

Quantitative research is used to answer questions about relationships among measured variables with the purpose of explaining, predicting and controlling phenomena. This approach is sometimes called the traditional, experimental or positivist approach.

Qualitative research methodology

Qualitative research is an exploratory study (to explore an unknown sector, identify the main dimensions of a problem, draw assumptions understand motivations) or operational study based on in-depth analysis of interviewee responses (in a group or individually), typically in what's known as "focus groups." Baxter, Hughes & Malcolm (2003:64) states that qualitative implies a direct concern with experience as it is lived or felt or undergone. It most often deals with a restricted sample of individuals that does not necessarily need to be representative.

Quantitative research methodology
A study that aims to quantify attitudes or behaviour patterns, measure variables on which they hinge, compare and point out correlations. It is most often conducted by means of a survey on a sample that must be representative so that the results can be extrapolated to the entire population studied. It requires the development of standardised and codifiable measurement instruments (Baxter, Hughes & Malcolm 2003:72).

Quantitative research falls into two categories: surveys and experiments. Both types of quantitative research employ scientific methods to draw their conclusions. Survey research uses scientific sampling and questionnaire design to measure characteristics of the population with statistical precision. It seeks to provide answers to such questions as “How many people feel a certain way?” and “How often do they behave in a certain way?” Survey research enables management to make comparisons between groups.

Leedy & Ormrod (2001:3) define research as the systematic process of collecting and analysing information (data) in order to increase our understanding of the phenomenon with which we are concerned or interested. With this in mind, the research design for this study was broken down into a main problem, with three sub-problems. The main problem is:

What pressure does the current performance management system have as a facilitation tool in aiding or assisting management to achieve individual and departmental goals in the Eastern Cape Provincial Treasury?

According to Leedy (1997:172-229). Depending on the research objective, a specific research methodology can be selected from various methodologies available:

- **The experimental method**
  This method attempts to account for the influences that condition a specific situation.

- **The historical method**
  This method can be applied to data that is in a literary form or documentary by nature, and is concerned with the retrieval and analysis thereof.
• The descriptive survey method
  This method is also called the normative survey method, and concentrates on data that is derived from observational situations. The descriptive survey measures the characteristics of a sample at a specific point in time, and describes these observations in words.

• The analytical survey method
  This method is appropriate for analysing quantitative data that needs statistical measures to extract meaning.

1.6.1 Research Design

The researcher has chosen the descriptive survey method, as the desired tool to conduct the research. According to Leedy, (1997:190) the descriptive method implies the assumption that what is observed at any one time is normal and, should the same conditions be present in the future, it could be observed again and outlines the following characteristics of the descriptive survey method:

• The method deals with a situation which demands the technique of observation as the principle means of collecting data:
• In order to ensure discreteness, the population for the study should be chosen carefully, be clearly defined, and specifically delimited:
• Attention should be given to safeguard the data collected from the influence of bias; and
• The data gathered needs to be organised and presented systematically, in order to produce valid and accurate conclusions.

1.6.2 Study population

A survey will be conducted among salaried staff at level 1 - 12 within the Provincial Treasury, using a questionnaire drawn up by the researcher, to
establish what key strategies are followed to achieve individual and departmental goals.

1.6.3 Sample size and sampling procedure

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

A sample will consist of all staff at levels 3 - 12 within the Provincial Treasury. A stratified sample of 100 employees: 10 employees per level. A suitable statistical procedure of data analysis and of data will be determined at the time the questionnaire will be drawn up.

1.6.4 Data collection methods and instruments

As mentioned above, the researcher will develop a comprehensive questionnaire according to principles and guidelines identified in the literature survey.

1.6.5 ETHICAL CONSIDERATIONS

- The researcher will request permission from the Chief Director: Corporate Services to conduct the said research.
- Confidentiality will be enforced at all times.
1.6.6 SCOPE AND LIMITATIONS OF THE STUDY

- It is envisaged that it will be a challenge obtaining accurate data from participants as they might doubt the confidentiality and thus withhold information.
- Confidentiality clauses in performance contracts may make employees unwilling to divulge information deemed to be covered in those agreements.
- Accessing archived records of performance evaluation may prove difficult as these are deemed confidential.
- Relevant literature pertaining to Provincial Treasury due to the limited amount of literature published with regard to Performance Management in the Eastern Government.

1.7 CONCLUDING REMARKS

Chapter one provided an introduction and background to the study, problem statement, objectives and work method of the study. Chapter two will provide a detailed discussion reviewing related literature describing the theoretical background, knowledge and understanding of a performance management and development system.

CHAPTER 2

LITERATURE REVIEW
2.1 INTRODUCTION

Creswell (1998:20) states that the literature section in a research study achieves several purposes: firstly, it shares with readers prior studies closely linked with the study being reported; secondly, it relates a study to the larger ongoing dialogue on the topic as well as filling in gaps and extended prior studies; and lastly it provides a framework for establishing the importance of the study and a benchmark for comparing the results of a study with other findings.

Wright (2001) argues that people are an important resource, and like all resources they need to be managed properly so as to assist them to perform at their peak level. The success of an organisation does not depend on the resources at its disposal, but on how they are utilized. These resources need to be deployed, managed and controlled. According to Weinbach (2003:71), management is the realization of organizational goals through such activities as planning, organizing, leading and controlling organizational resources. Thus management has the responsibility to manage all these resources, including the human resources.

The management of each of these components plays an important role in the overall functioning of the organization, and the management of the human component is vitally important. Swanepoel (2003:13) confirms this by saying: “The employee’s performance behavior at work and satisfaction levels has to be monitored and kept in line with the requirements of the organization”. Smither (1998:7) describes work performance as the record of outcomes produced on a specific job function, activity or behavior during a specified time period.

2.2 WHAT IS PERFORMANCE MANAGEMENT?

Banfield and Kay (2008:270) describe performance management as a framework in which performance by individuals can be directed, monitored and
refined. They also view performance management as the process of creating a work environment or setting in which employees are enabled to perform to the best of their abilities.

Jeffrey (2006:445) states that performance management has become a more strategic issue for companies than it was in the past. Effective performance management requires that employees and line managers work together to set performance expectations, review results, assess the company's and individual's needs and plan for the future. Performance management does not need to be formal in order to be effective. Jeffrey describes performance management as a new human resource management tool that marks a change of focus in organizations away from a direct-and-control to a facilitation model of leadership. This has led to the recognition of the importance of the employee and relating work performance to the strategic or long-term and overarching mission of the company as a whole. Employees' key performance areas are taken from the company's strategic direction which in turn supports the mission and goals of the organization as a whole.

Fletcher as cited in Edmonstone (1996:109), defines performance management as "an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization".

The two terms "performance measurement" and "performance management" are often used interchangeably. However, it could be argued that performance measurement is the act of measuring the performance, whereas performance management aims to react to the "outcome" measure, using it in order to manage the performance. This is more clearly defined by Lebas (1995:23-25), who states that "Performance Measurement: includes measure based on key
success factors, measures for detection of deviations, measures to track past achievements, measures to describe the status potential, measures of output, measures of input, etc. and Performance Management: involves training, teamwork, dialogue, management style, attitudes, shared vision, employee involvement, multi-competence, incentives and rewards etc."

Swanepoel (2003:375) states that it is important to distinguish performance management from performance appraisal, as the former is a broader view of performance appraisal where rating is de-emphasised. Fletcher’s definition, as cited in Edmonstone (1996:109), differentiates performance management from performance appraisal. Performance appraisal comes into the picture when measuring individual performance, while performance management starts with the organisation’s mission, vision and strategy until individual development plans are put in place. Baron and Armstrong (1998:38-39) emphasise the strategic and integrated nature of performance management, which in their view focuses on “increasing the effectiveness of organizations by improving the performance of the people who work in them and by developing the capability of teams and individual contributors”. Performance management is defined by Armstrong (2001:6) as a means of getting better results from a whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.

Bacal (1999:87) defines performance management as “an ongoing communication process undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about:

- The essential job functions the employee is expected to do;
- How the employee’s job contributes to the goals of the organization;
- What doing the work well means in concrete terms;
• How employee and supervisor will work together to sustain, improve or build on existing employee performance;
• How performance management will be measured, and
• Identifying barriers to performance and removing them.

Performance management is an agreed organizational process, aimed at ensuring and enhancing employee and organizational performance. It is an ongoing process of managing employees and the conditions in which they work a systematic process of measurement, feedback and reinforcement that represents appropriate actions.

From the above authors, it is evident that performance management is aimed at attaining organizational goals and that employees' behavior is directed towards organizational goals. It is also evident that the employee's direct supervisor plays a leading role in the performance management process by helping the individual understand the goals, removing obstacles to performance and by evaluating performance. It is clear that performance management is a process between two individuals – the supervisor and the employee and the relationship that they forge amongst themselves which has an impact on the overall organizational performance.

2.3 OBJECTIVES OF PERFORMANCE MANAGEMENT

Tshukudu (2006:16) has concluded that performance management is aimed at obtaining better results from individuals, teams and the organization by understanding and managing performance management within an agreed framework of planned goals, standards and competencies.

Performance management is focused on an individual, group and the effectiveness of the organization. Performance management is also focusing on the development of an employee. Performance management also concerns
meeting the needs and expectations of shareholders, management, employees, customers and the public in general (Tshukudu, 2006:16).

It is important to consider and respect the needs of all the organisation’s stakeholders as they all are the key to the organisation’s bottom line. The discussion above implies that performance management is not just an exercise but a process that ensures continuous development of employees which has an impact on the organisation’s performance. It is also important that organisations communicate the strategic objectives of the organization to all employees to enable line managers to set individual performance goals that will feed into the successful attainment of the organisation’s goals.

Bennett and Minty (1999:20) regard the objective of performance management in the organization as a process for strategy implementation, a vehicle for cultural change and input to other HR systems such as development and remuneration.

The objectives of performance management are to:

- Establish a performance culture in the public service;
- Make it clear to each employee what is expected of him/her;
- Promote contact and interaction about performance between employees and their supervisors;
- Identify, manage and meet employees’ training needs where possible;
- Evaluate performance fairly and objectively; and
- Ensure a continuous cycle of planning, coaching and feedback

In summary, the objectives of performance management are to:

- Serve as a vehicle to set, for all employees, clearly defined goals and objectives that are aligned with the business goals and strategies
- Identify and remove obstacles to performance
• Measure individual performance against clearly defined goals and objectives
• Provide assistance to individuals to develop their potential and to ensure growth in their ability to deliver results
• Reinforce positive performance
• Provide assistance in the management of poor performers
• Recognize and reward employees for outstanding performance
• Enhance the overall results of the organization

2.4 SETTING OBJECTIVES FOR PERFORMANCE MANAGEMENT

The setting of objectives is an essential part of the performance management. To get the maximum benefit from this process, SMART objectives can help to ensure that individuals and teams focus on the critical factors for success by ensuring that objectives are clear, that they provide stimulation and challenge and that they encourage more objective assessment of performance.

SMART objectives comprise objectives that are:

SPECIFIC  Written in explicit terms, defining the output. There should be no doubt about what is to be achieved by the individual/ team.

MEASURABLE  Individuals will need to know, not only what they are going to be accountable for, but also how performance will be measured. Objectives will obviously vary between individuals and, therefore a variety of types of measures will be necessary. The most common types are:

• Quality
• Quantity
• Time
• Cost

ACHIEVABLE Objectives should be challenging and motivating rather than easy to achieve but they should also be reasonable. Objectives should represent a degree of elasticity in terms of resources, personal challenge and authority.

RELEVANT Objectives should be defined in such a way that they will drive those actions and produce results that are part of the strategic direction of the team, division and department. Objectives should therefore be set out in the departments’ business plan and strategy statement.

TIMEBOUND SMART objectives should have specific timescales and target dates. Key dates are important to ensure that activities are structured effectively and that deadlines are met.

2.5 PERFORMANCE MANAGEMENT AS A MANAGEMENT TOOL

Performance management should not be seen as just another personnel system if it is to meet the needs of an organisation. "Performance evaluation must be seen as a crucial management tool designed to strengthen an individual’s performance, develop employee potential, and improve organisational effectiveness "(Anderson, 1993). It should also be regarded as a means to provide systematic judgement to back up salary increases, bonuses, demotions, as a means of telling the subordinate how he or she is performing, suggesting ways to improve performance. It is also used to identify training needs, coaching and the need for counseling. One cannot, therefore, underestimate the importance and the potential of a well-designed performance evaluation process.
Emphasis should be on employee development and employees need to be involved in decision making about important matters. Managers should always involve subordinates in setting goals and appraising progress so that the focus is on analysing future performance possibilities rather than on criticizing past behavior. This is one of the reasons why careful attention to appraisal systems is very important. The manager should always provide feedback on an individual’s performance based on clearly defined goals and expectations that will lead to improved performance in future. “Performance is a function of capacity, willingness and the opportunity dimensions of job performance. The opportunity factor of this function is often ignored” (Anderson, 1993).

Performance management reminds one that being busy is not the same as producing tangible results. It also reminds one that training, strong commitment and lots of hard work alone cannot guarantee results. The key role of performance management is its focus on achieving results. A well-implemented and performance management process is beneficial to the company, its managers and employees. The advantages given by O’Callaghan (2004) include:

- Integration
- Open communication
- Improved performance
- Training and development
- Clarity of standards/requirements
- Placement of Individuals
- Equitable remuneration
- Objective promotability
- Structured career planning

2.5.1 Reward of performance management
A systematic assessment of staff performance and potential is an essential element of any human both the organisation and the employees working for them. Whether role players wish to reap the benefits or not from the performance appraisal is dependent upon the situation in the organisation. It also depends on the commitment and honesty of each role player to put aside their differences and hidden agendas to make this a working effort for the benefit of the organisation and all of its role players.

2.5.2 Benefits to the Department

Well-managed performance management systems provide senior management with the organisation’s human resources status and potential. This can help critically review and assess the level of performance of the company’s human resources. Once this is done, an opportunity to set goals in line with the organisation’s corporate plans for both the organisation and its employees is provided. “Performance appraisals give a valuable insight into the work being done and those who are doing it “(Maddux 1987:9). These also help to identify the individual employee’s training and development needs systematically so that managers can consider this in their development plans for the year. When all the role players are committed to the performance appraisal process, it is easy for them to have objectivity in ears of development, reward and advancement ”(Pratt 1986:9) states that if performance appraisals are well managed, “managers are forced to ‘stand back’ and consider their staff in the context of the department and work to be done”.

2.5.3 Benefits to the employees
Job and organisational contexts affect the motivation of employees and their performance in several ways. These range from the way jobs are designed to managers' behaviors (Hellriegel, 1998) that can evoke unproductive attitudes from employees in an organisation. However, certain situational constraints beyond the employee's direct control play a far bigger role in influencing job performance. Beyond these situational constraints, the capacity of an individual to perform, i.e. his/her mental or physical capacity could lead to willingness to perform.

Feedback is very important in performance management. Systematically managed performance appraisals give employee information about how he or she is performing so that he/she can take corrective steps to improve in the future. This way, developmental needs can be identified and each employee gets an opportunity to establish his or her personal short-term goals and to evaluate his/her own performance. This forces the manager and the employee to focus on strengths instead of shortcomings. However, to the lazy employee this means that he/she is at liberty to set low targets and then to boast about achieving these small goals. It will therefore be better to adopt an attitude of "Let's view the work together, establish some realistic goals and evaluate performance accordingly" (Maddux 1987:19). Such two-way communication provides an environment for the clarification of goals so that they may be achieved or exceeded. Expectations are reviewed on a continuous basis and if they are not met, reasons are established and corrective action taken. This way, bias on the part of the appraiser can be identified easily.

2.6 WHY IS PERFORMANCE MANAGEMENT ESSENTIAL?

Performance management deals with the challenge organisations face in defining, measuring, and stimulating employee performance, with the ultimate goal of improving organizational performance. Performance management has come to signify more than a list of singular practices; rather, it is seen as an
integrated process in which managers work with their employees to set expectations, measure and review results and reward performance, in order to improve employee performance, with the ultimate aim of positively affecting organizational success (Mondy et al., 2002). This same emphasis is found in the literature on strategic Human Resource Management (HRM) emphasizing the importance of so-called high performance work systems (Appelbaum et al. 2000).

According to Roberts (2001), performance management involves: the setting of corporate, departmental, team, and individual objectives (sometimes labeled “policy deployment”; the cascading down of strategic objectives to a meaningful set of targets for every individual involved); the use of performance appraisal systems, appropriate reward strategies and schemes; training and development strategies and plans; feedback, communication and coaching; individual career planning; mechanisms for monitoring the effectiveness of performance management system; interventions and even culture management. Thus, performance management involves the day-to-day management, as well as the support and development of people.

Therefore a performance management system needs to be based on meaningful, realistic, attainable and measurable performance standards. These types of standards are set, so that there is no doubt about whether the actual performance meets the standard or not. These standards emanate from a strategy, which is converted into plans and objectives for the future.

2.7 PERFORMANCE MANAGEMENT SYSTEM APPROACH
of the organization, where management and HR activities are working together to influence individual and collective behavior to support the organization's strategy.

The emphasis of performance management systems is on continuously improving organizational performance, and this is achieved through improved individual employee performance (Macky & Johnson, 2000).

2.8 DEVELOPING A PERFORMANCE MANAGEMENT SYSTEM

Clear and detailed employee performance objectives play a crucial role in helping companies to perform in accordance with their business plan and achieve their strategic goals. Performance objectives are a necessity in setting clear goals for employees. They also challenge staff members to achieve maximum results to promote business growth, and make continuous improvements to meet the challenges and changing demands of the marketplace. Macky and Johnson (2000) suggest that a typical performance management system would include:

- The organisation communicating its mission/strategies to its employees;
- The setting of individual performance targets to meet the employees' individual team and ultimately the organisations' mission/strategies;
- The regular appraisal of these individuals against the agreed set targets;
- Use of the results for identification of development and/ or for administrative decisions; and
- The continual review of the performance management system to ensure it continues to contribute to the organisation's performance, ideally through consultation with employees.
Fletcher (1996:118) suggests that the main building blocks of a performance management system approach include:

- Development of the organisation's mission and objectives;
- Enhancing communication with the organization so that employees are not only aware of the objectives and the business plan, but can contribute to their formulation;
- Clarifying individual responsibilities and accountabilities;
- Defining and measuring individual performance;
- Implementing appropriate reward strategies, and
- Developing staff to improve performance, and their career progression further in the future.

2.9 THEORETICAL MODEL FOR CONDUCTING A PERFORMANCE MANAGEMENT SYSTEM

According to Schneier, Beatty and Baird (1987:98), a performance management system is classified into a development, planning, managing, reviewing and rewarding phase as seen in Figure 2.1. Clear and detailed employee performance objectives play a crucial role in helping companies to perform in accordance with their business plan and achieve their strategic goals.
Figure 2.1: A model for conducting a performance management system

PHASE 1

Developing and Planning Performance
- Outlining development plans
- Setting objectives
- Getting commitment

PHASE 2

Managing & Reviewing Performance
- Assess against objectives
- Feedback
- Coaching
- Document reviews

PHASE 3

Rewarding Performance
- Personal Development
- Link to pay
- Results = performance

Source: Drawn according to interpretation – Original source: Schneier, Beatty and Baird; (1987:98)
2.9.1 Phase 1 – Developing and Planning Performance

Planning is the first step in the performance management process cycle and provides the foundation for an effective process. Planning helps to encourage commitment and understanding by linking the employees' work with the organisation's goals and objectives (Schneier et al., 1987:98). Planning typically includes identifying key value drivers of stakeholders (stakeholders typically are the shareholders, customers and employees of the organization) as seen in Figure 2.2. Once the key value drivers are identified (value drivers are the key aspects that create economic wealth for the key stakeholders, and can include profitability, quality service, training, etc), the key performance objectives and action plans are put in place.

According to Armstrong and Baron (2004), objectives (some organisations prefer to use 'goals') describe something to be accomplished by individuals, departments and organisations over a period of time. They can be work-related, referring to the results to be attained, or personal, taking the form of developmental objectives for individuals. Armstrong and Baron (2004) further state that objectives need to be defined and agreed on. The objectives relate to the overall purpose of the job and define performance areas – all the aspects of the job that contribute to achieving its overall purpose. Targets then are set for each performance area.
Part of the planning phase includes the agreement on a formal development plan for the employees. Typically this plan should be based on requisite skills, behaviours and knowledge (key competencies) that will be required to achieve the objectives and targets set. The development plan can also include long-term developmental initiatives (usually based on potential and good performance).

2.9.2 Phase 2 – Managing Performance

Managing is the second component of the performance management cycle. This step distinguishes performance management as a process from
performance appraisal as an activity (Schneier et al., 1987). According to Schneier et al. (1989:98), every employee is responsible for managing his or her own work performance. This involves: (1) maintaining a positive approach to work, (2) updating and revising initial objectives, performance standards and job competency areas as conditions change, (3) requesting feedback from a supervisor, (4) providing feedback to a supervisor, (5) suggesting career development experiences, and (6) employees and supervisors working together, managing the performance management process.

Armstrong and Baron (2004) stress that at its best, performance management is a tool to ensure that managers manage effectively. This means (1) that they ensure the people or teams they manage know and understand what is expected of them, (2) have the skills and ability to deliver on these expectations, (3) are supported by the organisation to develop the capacity to meet these expectations are given feedback on their performance, and (4) have the opportunity to discuss and contribute to individual and team aims and objectives.

It is also about ensuring that managers themselves are aware of the impact of their own behavior on the people they manage, and are encouraged to identify and exhibit positive behaviours (Armstrong and Baron, 2004). The actual performance is compared to the desired performance, therefore the outcome is evaluated and a development plan is set according to the weakness with reference to the strategy as seen in Figure 2.3 below. This also provides a feedback mechanism to employees.
Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which way they want to develop. This can lead to the drawing up of a personal development plan (PDP) setting out the actions they propose to take (with the help of others, not least their managers) to develop themselves. To keep development separate from performance and salary discussions, development reviews may be held at other times, for example, on the anniversary of joining an organization (Teke, 2002).

Research by Ashford and Cummings (1983) demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improves self-efficacy, the
establishment of behavior reward contingencies and increased self-regulatory control processes (Ashford & Cummings, 1983). During the appraisal/review discussion, the manager needs to provide feedback without animosity, to praise as well as critique, confront the employee constructively, listen effectively, and be sensitive to the situations the employee faces (Wells, 1982).

Coaching is an important tool in learning and development. Coaching is developing a person's skills and knowledge so that his or her job performance improves, leading to the achievement of organizational objectives. Coaching is increasingly being recognised as a significant responsibility of line managers, and can play an important part in a PDP. Coaching can take place during the review meetings, but also and more importantly, should be carried out throughout the year. For some managers, coaching comes naturally but for many it may not, and training may be needed to improve their skills (Cunneen, 2006).

2.9.3 Phase 3 – Rewarding Performance

Training activities should ideally be based on performance gaps that are identified during the performance review phase (Teke, 2002). By linking training to identified performance gaps, training will be focused, specific and relevant. As such, performance data should be a major input source of the annual training needs analysis.

Teke (2002) suggests that relevant training/development interventions and regular performance feedback are important factors in skills retention. High achievers start to look elsewhere for opportunities if these are not present in their working environment. Therefore the training, development strategy
and the performance management process should be closely signed with the overall retention strategy of the organization. Increasing emphasis on talent management also means that many organisations are re-defining performance management to align it to the need to identify, nurture and retain talent (Teke, 2002). Development programmes are reflecting the needs of succession plans and seeking to foster leadership skills. However, too much of an emphasis on talent management may be damaging to overall development needs, and every effort needs to be made to ensure that development is inclusive, accessible and focused on developing organizational capability (Teke, 2002).

A commitment performance approach views employees as resources or assets, and values their voice. This practice contributes to enhancing the positive effects on employees' attitudes of pay-for-performance (Huselid, 1995). The interaction effects of pay-for-performance and commitment performance appraisal can be understood best when: (1) employees are not most likely to perceive that pay differences are made fairly when they are provided with information regarding the appraisal process, (2) employees are allowed to discuss the appraisal results, (3) and also when employees believe that objectives criteria were used in the appraisal decision. Moreover, strategic HRM has identified the effect as a bundle effect, because it occurs of its consistency (Huselid, 1995).

2.9.4 Performance Measures

Several studies have shown that the most successful companies focus on only a few critical measures, as seen in Figures 2.4. The literature also suggests that the organization will not have only one corporate scorecard for the company as a whole, but will also have separate scorecards for each
division/employees that feeds into the overall scorecard (Huang & Hu 2007: 176).

Figure 2.4: The Performance Measures

Financial Perspective
(Funding and financial health)

Customer Perspective
(Service delivery and relationship with clients)

Vision and Mission

Internal Business Processes Perspective
(In place value adding business processes)

Learning and growth Financial Perspective
(Sustainable ability to change and improve)

Source: Drawn according to interpretation
Within the financial perspective, the organization should find an effective way to measure the performance management. This is generally in the form of some kind of profit measure. Drury (2004: 843 – 844) suggests that a manager should not be evaluated by deducting fixed costs that are not under his or her control, because this could be viewed as unfair and can be demotivational. Financial performance measures that a company can use may include shareholder value (e.g. economic value added - EVA) profitability and growth (e.g. sales volume growth, cost reduction, return on assets, return on equity and residual income), or liquidity and solvency (e.g. working capital ratio, debtors’ days, inventory turnover and ratio of debt to assets) (Horngren et al.,2006: 393 – 397).

With regard to the customer perspective, an organization should divide the whole population of potential customers into segments, and then choose only those key segments in which it wishes to compete. No organization has the resources to serve all markets, and an organization should focus only on those segments it can serve better than its competitors do (Rix, 2004:93). The most pertinent performance measures that a company could use for its customer perspective are market share, client acquisition and retention rate, client satisfaction, client profitability, time, price and quality (Kaplan & Norton, 1996:67).

2.10 PERFORMANCE MANAGEMENT CYCLE

Performance management goes through a systematic cycle, and it is not all about appraisal only, but also involves planning, managing, reviewing, rewarding and or improving employee development (Schneier, Beatty and Baird, 1987:98). It should not be looked from an appraisal point of view only
where rewards are awarded, but it should be viewed holistically, including all elements of management, as seen in Figure 2.5 below. Schneier, Beatty, and Baird (1987:98) state that it is a management tool and should include elements such as employee development.

Figure 2.5: The Performance Management Cycle

Source: Schneier, Beatty, and Baird (1987:98)
Reviewing is a fundamental factor affecting performance management. Performance needs to be reviewed at predetermined intervals and feedback given to the employee. The review process identifies areas of improvement in relation to the skills, knowledge and attitude in performing functions. Planning is a continuous process in performance management and should be executed with great care (Schneier, Beatty, and Baird (1987:98)).

Good and excellent performance need to be rewarded. The rewards need to be known upfront and agreed upon by all stakeholders. This will promote transparency and consistency within the organization. Poor performance needs action from managers with the aim of improving and assisting the relevant employee. Punitive measures are the last resort that managers have at their disposal whenever performance does not improve to the required standard. The cycle of performance management continues throughout the working life of the employee (RSA: White paper on Human Resource Management, 1986:143).

2.11 TRAINING IN PERFORMANCE MANAGEMENT

Most companies still use the immediate supervisor method in assessing the employee's performance. This method involves the worker's supervisor doing the performance evaluation. There are however some problems with this. The evaluator might not be qualified to do such an evaluation. He/she might also feel some bias towards certain individuals. The evaluation would thus represent his/her perceptions regarding the individual being evaluated.
A major aspect of developing an effective performance management system is training for those individuals involved as assessors or managers. This training should start with a focus on providing the managers with a systematic approach to the practice of effective people management (Goff & Longenecker as cited in Boice & Kleiner, 1987:176). This training needs to focus on the process of managing, motivating and evaluating employee performance. Again, performance appraisal is within its wider context, and not as a simple "quick fix" solution.

Training should start with those levels of management that will be involved in administering the programme. These managers can then provide training to the lower-level supervisors. Once these senior managers have "bought into" the system, skills' training is needed for junior managers and supervisors. Once an individual assessor or manager has been through the necessary training, periodic refresher courses will be required to help the manager or assessor to maintain the necessary skills in performance assessment (Bruns, 1992:93).

2.12 PERFORMANCE INCENTIVES

Incentives and incentive systems are fundamental to developing capacities and to translating developed capacities into better performance. Sheffrin (2003) refers to 'incentives' as external measures that are designed and established to influence the motivation and behavior of individuals, groups or organisations (Sheffrin, 2003). Capacity does not automatically translate this, Boesen states that: a car engine may have all the components to run smoothly, but it sit idle without fuel and a driver. By the same token, capacities may be in place, but appropriate incentives need to be present to put them in gear to move toward the desired development destination (Boesen, 2004).
Griffin (1997:208) suggests that pay should be contingent on performance, so that improved performance will lead to higher pay. Nearly all performance management systems will relate pay to performance. However, this link is often unsatisfactorily established, and even less often maintained to the satisfaction of employees and supervisors or organisations. Many organisations have discovered that in order to stay competitive, it is important that this linkage strength be obtained and maintained. When pay is not directly related to performance, it is possible that employees will discount the performance management process.

The issue of a performance - based reward and recognition system has long been a contentious one in most organisations. The question is raised whether performance pay creates an overly competitive environment. Some maintain that it is feedback and recognition that motivate employees rather than money. Other factors, such as motivation, skill, knowledge and ability, equally affect performance.

Griffin (1987:208) also states that a merit system does not automatically improve performance, and that for the merit system to be effective, employees must believe that their performance will be fairly and accurately evaluated. The other systems used are performance bonuses whereby executives' bonuses of up to 50% and more of their base annual yearly salary may be offered for good individual and corporate performance. Sales people may be paid commission on sales performance, and production workers may be placed on the incentives of piece-rate systems. Group incentives pay employees on the basis of work-group productivity rather than individual productivity. Profit-sharing returns a percentage of the whole organisation's profit to each employee, and is mainly used by profit-making organisations (Mayland, 1992:71).
2.13 THE BALANCED SCORE CARD

The Balanced Score Card is one of the tools used for performance management. It was introduced by Kaplan and Norton (1996:106) as a tool to assist managers in equitably balancing the achievement of organizational objectives. The purpose of a balanced scorecard, according to Kaplan as cited in de Waal (2003:84), is that it links the vision and strategy to employees' everyday actions by translating the abstract strategy into clear priorities and initiatives and relating these to clear, tangible strategic outcomes that the organization and its employees have to strive for. These outcomes include satisfied shareholders, delighted customers, efficient and effective processes and a motivated workforce. In this way, the balanced scorecard strategy makes everyone responsible.

The balance scorecard is viewed as a communication and learning instrument, rather than a control system (Kaplan & Norton, 2001:10). Management alone should not formulate the objectives – the staff's input should also be obtained (Huang & Hu, 2007:179). The balanced scorecard does not only measure financial performance, but also considers performance from three non-financial perspectives, namely internal business processes, the customer, and learning and growth. Non-financial measures are vital because of their long-term outlook (Kaplan & Norton, 2001).

Implementation of the balanced scorecard is directed at strategic as well as individual performance management levels, and pervades the entire organization. The scorecard can be used by profit-making as well as non-profit making organisations. According to Harrison and Goulding (1997:183), there are numerous ways of measuring performance, although generally, methods are described as comparative or non-comparative. The former compares one individual's performance with that of others, while the latter looks at each
employee's performance individually, comparing their ability or productivity against previously defined targets.

2.14 WHAT IS PERFORMANCE APPRAISAL?

Performance appraisal has been identified as one of the many factors or elements of a performance management system. Swanepoel (2003:372) defines performance appraisal as "a systematic and formal process by means of which the job-relevant strengths and weaknesses of employees are identified, observed, measured, recorded and developed". Performance appraisal can be defined as a periodic evaluation of the output of an individual measured against certain expectations (Yong, 1996).

The most commonly used appraisal system is the informal one where both the employee and manager meet on a regular, day-to-day basis. Maund (2001:572) states that performance appraisal focuses on what has achieved and what needs to be done to improve it. It is a process intended to facilitate effective communication between managers and employees. Ideally, appraisal discussions provide employees with useful feedback that they can immediately apply to improve their performance. This feedback includes suggestions for change, as well as encouragement to continue with positive behaviours. Managers show employees how improving their overall performance and developing new skills will lead to additional responsibilities.

There are several reasons for having a performance appraisal. One reason is that such evaluation supplies management with useful information to make human resource decisions. People differ and thus it is essential for making proper decisions to have all the necessary facts. Performance evaluation also gives management information regarding promotions, transfers and in the worst-case,
termination but also the all-important salary review. Performance evaluation helps to recognize potential opportunities for growth with training and education and it is a helpful method to give feedback to individuals or teams on their progress or regression during the period under review Maund (2001:575). This is very important because a high-achieving individual will want this type of feedback on his or her performance. Feedback of this nature will most probably motivate the person. It is also a useful tool for creating a participatory culture in an organisation. If it is known how each person is performing and what his/her perceptions are, it should be possible to develop strategies to develop an environment in which all can feel comfortable.

2.15 OBJECTIVES OF PERFORMANCE APPRAISAL

In an informal study done by Robbin (1998) he asked his students whether they would study differently or exert different levels of effort for a college course degree on a pass-fail basis than for one where letter grades from A to F would be used? According to his study, students preferred the letter grades. This also illustrates how performance evaluation systems can influence employees' behaviour. The same can be said for the work environment. If one tests performance only as a set of minimum values, workers will only work to such an extent as to achieve minimum levels. If, however, you couple some degree of compensation (i.e. money) to a certain job level, you would find that workers would exceed the requirements in search of the extra compensation.

The above can be related to the motivation of workers. When the effort a worker exerts leads to favourable performance, evaluation in turn relates to a reward that the worker can value. In that case, the result will be a highly motivated worker. The expectancy theory of Victor Vroom (Robbins 1998) demonstrates this very well. The theory looks at three relationships. The first is the effort-performance relationship, the second is the performance-reward relationship and the third is the
rewards-personal goal relationship. What it basically says is that an individual in an organisation will be motivated to exert a higher level of effort if he/she believe that this will give him/her a good performance evaluation, that the evaluation will lead to a good reward, i.e. a promotion or salary increase and that the reward will satisfy the individual's personal goals.

Performance appraisal is an integral part of on HRM system. In addition to allocating rewards, organisations use appraisals to give developmental advice to employees, as well as to obtain their perspectives and justice perceptions about their jobs, departments, managers and organisations (Longnecker, 1997). Performance appraisal is important as a management tool to assess employees’ efficiency in the workplace (Armstrong and Baron, 1998). It is carried out for various purposes, such as for professional and career development, as an accountability check, a link between recognition and compensation, references to disciplinary procedure and, most commonly, as a mechanism to determine salary increments and promotions (Abdul Aziz, 1999).

Performance appraisals are expected to serve a number of purposes simultaneously. Noe et al. (1996:198 – 199) and Swanepoel (2003: 372) agree that performance appraisals serve administrative and developmental purposes. For strategic purposes, Noe et al. (1996:198) and De Cenzo et al. (1996:322) concur that a performance appraisal should link employee activities with the organisation's goals. For administration purposes, Swanepoel (2003: 372) and Noe et al. (1996: 199) discuss the recording and the use of performance data to make reward decisions, placement decisions, promotion and retrenchment decisions, and for validating selection procedures.

The literature reaches no consensus on the purpose of performance appraisal, although four general uses have been identified:
To provide feedback about strength and weaknesses;
To distinguish between individuals and allocate rewards;
To evaluate and maintain the HR systems of the organization; and
To create a paper trail of documentation (Milkovich & Boudreau, 1994).

2.16 CONDUCTING PERFORMANCE APPRAISAL

Harris (1997:204 – 209) suggests that there are two phases for managers to follow in conducting performance reviews, and lists ways in which the review can be handled. He recommends the following for conducting feedback reviews:

- Distinguish between formal and informal feedback sessions;
- Focus on behavioral examples;
- Seek the employees' input;
- Carefully plan the feedback session;
- Use effective communication skills during the feedback session, and
- Document everything.

2.17 THE 360° PERFORMANCE APPRAISAL

From the article by Longenecker and Ludwig (1990), a number of ethical dilemmas were identified that could arise in a performance evaluation. The article concluded that an organisation could morally justify the use of performance appraisals in spite of the fact that it involves judging another human being using a rather subjective process. In an article by Banner and Cooke (1984), these authors list a number of specific ethical dilemmas that arise in the appraisal process:

- The problematic use of trait-orientated and subjective evaluation criteria;
- Problems in the writing of the performance standards and measurement indicators;
• The use of different performance appraisal systems within the same organisation;
• The way the results of the performance appraisal will be used; and
• The person who will determine the objective standards to measure performance.

These ethical dilemmas can be avoided or at least minimised by the use of a 360° performance appraisal system. Rather than having only a person's immediate superior give an evaluation, one will use four or more people to give a more accurate evaluation of the individual. This will ensure that the perceived view is not that of the individual from only one perspective.

The 360° feedback process is feedback from multiple sources, and it is a performance appraisal approach that relies on the input of an employee's superiors, colleagues, subordinates, sometimes customers, suppliers and or spouses (Yuki & Lepsinger as cited in McCarthy & Garavan, 2001). Ward (1997:4) describes 360° feedback as the "systematic collection and feedback of performance data on an individual or group, derived from a number of the stakeholders in their performance". Assessment through 360° feedback is normally via a questionnaire completed by a "stakeholder" in the individual's performance. The data is then fed back to the participant, in a way that is intended to result in acceptance of the information and the formulation of a development plan (Ward, 1997).

The adoption of 360° feedback is that it heightens an individual's self-awareness by highlighting differences between how participants see themselves and how others see them. Handy et al. (1996:13) emphasise that "different groups of employees together hold a unique mirror that enables an individual to see, perhaps for the first time, how his or her actions are understood and interpreted" and as such may be a key component in managing development. This statement implies that awareness motivates development and improves performance. Furthermore, the people
involved may prove to be the most important factors because "like performance appraisals and assessment centres, 360° feedback depends on the capability to generate reliable data from unreliable sources (that is people)" (Bracken et al., 2001:6).

2.18 SELF-APPRAISAL

Traditionally, appraisal discussions have taken the form of an authoritative, parent–child relationship (Meyer, 1991). Allowing employees to appraise their own performance increases the degree of influence they have in the appraisal process. Allowing employees to participate in their own evaluation has both real and symbolic importance. Research by Cederblom (1982) suggests that self-appraisals increase participation in the appraisal process, which in turn, leads to increased satisfaction levels (Cederblom, 1982).

Maud (2001:575) suggests that in order to get away from the top-down "sterile and biased" approach, the use of self-appraisal should be introduced. In using this method, appraises state how they feel, the value of training received, the effects of amendments to their jobs, perceptions of key objectives of the job, future aspirations, and training and development required to meet those aspirations (Maud, 2001: 576). It is thou important to note that negative results can occur. Miller and Ross (1975) state that the appraisal process can trigger defense mechanisms that cause employees to engage in a self-serving bias, in which they attribute their success to themselves and their failures to external causes (Miller & Ross, 1975).
2.19 MANAGEMENT BY OBJECTIVES

Management by objectives (MBO) is the process according to which an organization sets specific objectives as broad organizational goals. Duffy (1989:166) refers to the process and suggests that the process ensures that results resemble the established objectives. This is a process where supervisors and subordinates are involved in a joint participative process and from which these organizational goals, as well as specific goals for an individual, are set.

The process of setting and participating in the process of setting these goals, is also then a motivational process for the individual, in selecting own personal goals. It is part of the job description of the individual, and also sets specific performance targets for the individual. Together with the process of setting individual goals for personnel, it is then also important to discuss and agree on certain evaluation mechanisms and the process of determining performance successes. Management requires two-way communication and the sharing of management power by objectives (Duffy, 1989: 167). Personal goals are also set within limits which are monitored by the manager. Rogers and Hunter (1991: 322) state that goal-setting is the fundamental aspect in the process. The process of management by objectives requires subordinates to know the organisation's purpose, mission, long-term goals and strategy. Rogers and Hunter (1991:325) indicate that productivity gains will correlate with the extent of top management support for and participation in the management by objectives (MBO) programme. It is a motivational process which gives the individual the feeling of being involved and creates a sense of ownership for employees.

MBO also creates the environment in which an individual will be measured according to his or her own performance and output, with set standards for evaluation as a participative process. The only concern about the process is that it is time-consuming and involves much paper work. The process needs evaluation
on a regular basis. If the enterprise has a flat management structure, it might create problems where individuals heading flat structures will have to sit down with numerous subordinates to create these individual objectives and performance targets. Feedback on this system is also time-consuming.

2.20 STRATEGIC PLANNING AS THE BASIS FOR PERFORMANCE MANAGEMENT

Organisational strategic planning can be defined as an overall planning that facilitates the good management of a process (Shapiro, 1996:5). Strategic planning is an organisation's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people. In other words, the senior management of an organization set organizational goals. Organisations make use of tools such as the score card that provides a template according to which organizational goals can be defined.

The purpose of individual performance management is to ensure that the performance goals of individual employees are aligned with the strategic goals of the team, unit and the organization. As an example, the human resources department as an organizational unit should also ensure that Human Resource functions support the strategic goals of the organization. In other words, human resources should ensure that recruitment; selection, training and development, remuneration, recognition, rewards and performance management systems and processes are aligned with the overall organizational goals.

Hodge, Anthony and Gales (2003:64) argue that organizational strategic objectives are a means to an end; the manager is responsible for converting the strategic plans into organizational, departmental and individual objectives. The alignment of organizational goals into departmental and individual goals requires stringent
consideration and planning (Tshukudu 2006:99). The management of goals involves the cascading and alignment of goals in an internal administrative manner, and involves:

- Planning resource provision and distribution
- Identifying the key tasks to be carried out
- Identifying the changes that need to be carried out
- Identifying the changes that need to be made in the resource mix of the organization
- Setting deadlines
- Assigning the role of the different departments
- Assigning staff to manage their performance and
- Specifying employees' roles in their department (Buys, 2000:22)

This illustrates that the above is related to performance management in terms of the clarification of expectations, goal setting and the facilitation performance.

Aquilar (2003:23) states that organizational effectiveness depends on the alignment of individual, departmental and organizational strategic objectives. The main focus of performance management is to ensure that daily task execution is aligned with organizational strategy. He states that performance management assists organisations in answering questions such as:

- Is the organization working on the right things to achieve its objectives?
- Is management's way of making decisions compatible with the strategic plans of business?
- Which conflicting tasks should be emphasized and dealt with?
- How can the organization leverage the employee’s experience?
Performance management is a strategy aimed at implementing organizational strategic goals. It is important to align the departmental and organizational activities to the organizational strategy. Alignment is ensuring that every employee on every level understands the strategy of the organization and their role in making that strategy work. Every manager's role is to ensure that alignment is implemented. Management needs to assist employees with understanding the organizational strategy and how their jobs fit and contribute to the strategy. Managers must create a situation where every employee understands and articulates the organizational strategy and his/her contribution. Van Dyk (2001) appends that there is a critical link between the successful alignment of personal goals with organizational goals and the organizational success. This concludes that managers have to help employees focus their daily activities on the organisation's strategy and the achievement of the strategy.

The alignment of strategic goals is important in order to achieve a shared understanding of performance requirements throughout the organization, thus providing an opportunity for everyone to make an appropriate contribution to the attainment of organizational strategic goals (Armstrong, 1999:442). Dobson (2001:9) states that the strategic plan of each business unit should be clearly expressed and communicated so that it drives the organization in the right direction in terms of the short and long term operational key performance areas. Performance management helps organisations align organizational units, operational processes and individuals with predefined goals and objectives, born of a common strategy (Dobson, 2001:11).

The above proves that the success of performance management depends on its ability to drive employee behavior towards achieving the organizational strategic objectives. Culture plays a vital role in the development and implementation of performance management as it shapes employee behavior according to norms
and values of the organization. Charles and Gareth (2001) define organizational culture as the specific collection of value and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization. The managers should influence employees to accept a performance culture and help employees to adopt the correct behavior to achieve objectives.

2.21 CONCLUDING REMARKS

In this chapter the theoretical perspective of performance management systems, appraisal and related components of performance management were outlined. Performance management was defined. A detailed theory was examined on the components such as performance appraisal, performance management cycles, benefits, training and incentives. The aim of discussing the theory was to lay a foundation and examine available performance management format studies and the related available theory to frame the current research.

This chapter also identified the steps to be taken to ensure the effective implementation of the Performance Management System. Creswell (1998:10) indicates that the decision regarding a theoretical perspective to frame the study is taken based on the goal of the research and the strategy of enquiry. The following chapter will focus on giving an overview and an evaluation of performance management.
CHAPTER 3

EVALUATION OF THE PERFORMANCE MANAGEMENT SYSTEM IN THE EASTERN CAPE PROVINCIAL TREASURY

3.1 INTRODUCTION

This chapter presents an evaluation of performance management within the Eastern Cape Provincial Treasury. According to Grobler (2002:260) performance appraisal is the on-going process of evaluating and managing both behaviour and outcomes in the workplace. Organisations use various terms to describe this process. Performance review, annual appraisal, performance evaluation, employee evaluation and merit evaluation are some of the terms used. Although many writers and consultants use the term performance management as a substitute for the traditional appraisal system, performance management is a broader term than performance appraisal. Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organisational effectiveness in the accomplishment of the agency's mission and goals. It is therefore a comprehensive approach to performance that includes planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a holistic fashion and rewarding performance.

The chapter describes the process and requirements of performance management and evaluation for members of the Senior Management Service (SMS) of the Eastern Cape Provincial Treasury. It is issued to augment the Staff Performance Management System (SPMS) with regard to the SMS and can thus be seen as an operational manual. It further encapsulates all mandatory requirements issued as a directive by the Minister for Public Service and Administration (MPSA) in terms of Par III, B3 of Chapter 4 of the Public Service Regulations. 2001(PSR).
3.2 PERFORMANCE MANAGEMENT SYSTEM WITHIN THE EASTERN CAPE PROVINCIAL TREASURY

The Eastern Cape Provincial Treasury has adopted the Staff Performance Management System supplemented by the Performance Management and Development System as its framework for the management of performance of staff at all levels. The Performance Management System is fully aligned to national norms and standards as issued by the Department of Public Service and Administration, including the compulsory requirements.

At the implementation/operational level, all departments have confirmed that they will comply fully with all technical requirements in concluding the management of the performance of staff in respect of the 2012/13 performance cycle. This will ensure that all staff will be appraised as at 31 March 2014.

3.3 INTEGRATION OF THE PERFORMANCE MANAGEMENT SYSTEM WITH OTHER ORGANISATIONAL PROCESSES

Performance management pertains to any personnel decision that affects an employee's retention, termination of service, promotion, demotion, transfer, salary increase or decrease, or admission into a training programme (Lathan & Wexley, 1994:4). A properly developed performance management instrument service as a contract between the organisation represented by the manager or appraiser and the employee in that it makes explicit what is required of the individual employee.

The Performance management is integrated with other planning and organisational processes and systems. Performance management is an approach pertaining to how work is done and organised rather than a system, and it focuses on continuous improvement and outcomes. Job descriptions (forming the base documents) are

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called for in terms of the Public Service Regulation III.1.2. This Regulation requires that job descriptions should be based on the main objective of a post, should indicate the inherent requirements of that post, and should reflect an appropriate emphasis on service delivery. The Regulation further states that certain information about career pathing is also required.

Objectivity, inclusivity and commitment are the keys to the success of the performance management system. “Whatever the source of appraisal, uniformity and objectivity are mandatory for maintaining feelings of equity among employees, particularly when the functions of appraisal is to motivate them through recognition for work accomplishments” (Lathan & Wexley 1994:6).

3.4 PURPOSE AND USE OF PERFORMANCE MANAGEMENT

There are several reasons for having a performance evaluation. One reason is that such evaluation supplies management with useful information to make human resource decisions. People differ and thus it is essential for making proper decisions to have all the necessary facts.

Performance evaluation also gives management information regarding promotions, transfers and in the worst-case, termination but also the all-important salary review. Performance evaluation helps to recognize potential opportunities for growth with training and education and it is a helpful method to give feedback to individuals or teams on their progress or regression during the period under review. This is very important because a high-achieving individual will want this type of feedback on his or her performance. Feedback of this nature will most probably motivate the person. It is also a useful tool for creating a participatory culture in an organisation. If it is known how each person is performing and what his/her perceptions are, it
should be possible to develop strategies to develop an environment in which all can feel comfortable.

3.5 PERFORMANCE MANAGEMENT PROCESS

A typical performance management consists of four stages, namely, performance planning, performance coaching, performance reviewing, and rewarding performance. This part of the study describes these main stages that would normally feature in a performance management process.

The stages are:

3.5.1 Performance Planning

Performance planning involves the process of identifying reasons for introducing performance management and getting clarity on expected results or outcomes thereof. Bacal (1999:27) argues that performance planning is the usual starting point for an employee and manager to begin the performance management process. Hartle (1995:65) describes performance planning as the process of identifying desired performance and gaining employees' commitment to perform to those expectations. He further emphasizes that it is of vital importance because unless individuals know what is expected of them, in the future they will be unable to work effectively to achieve the objectives.

3.5.2 Performance Coaching

According to Armstrong, (1994:76) one of the most important concepts of performance management is that it is a continuous process which reflects normal good management practices of direction setting, monitoring and measuring performance and taking action accordingly. Managers and
individuals should be ready, willing and able to define and meet development and improvement as they arise.


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

3.5.3 Performance reviewing

Carrel et al (1992:254) states that this step is an opportunity for employees to receive performance feedback from their managers. Employees get to learn how they’ve performed and where they need to improve for the next cycle. In general the appraisal interview is perceived as stressful.
According to Macaulay & Cook (1994) a performance review is more likely to lead to a full exchange of views and clarity of commitment to actions, if you heed the following guidelines:

- Prepare beforehand. Selected examples of different kinds of performance—good, average and poor. Think about the most appropriate style for the discussion—telling, joint approach, consultative, largely self-appraisal.
- For major reviews, give plenty of notice—at least a week—to allow the employee time to prepare.
- Confirm understanding of the purpose of the review, which is improvement not blame.
- Ensure a quiet, uninterrupted setting.
- At the review, start in a positive, receptive manner. Agree on the agenda.
- Listen carefully and summarize regularly, checking joint understanding.
- When you criticize, describe what you observe and its effect. Be specific, not general. Follow the same principles for praise.
- Do not hold a defensive post-mortem—look forward to what you can do to make things better in the future. Cover all aspects of performance—good, bad and average, and definitely do not dwell on problems alone.
- At the end, summarize each key point. Check understanding and commitment.
- End on a positive note.
- Do what you have agreed to do by way of follow-up action.

3.5.4 Rewarding performance

Rewarding performance is the element of the Performance Management Process that seeks to give employees some kind of return for achieving their targets. Increasingly, companies are looking for ways to include employee pay as an element in the strategic planning process. Pay would probably be a cornerstone of strategy if management is committed to using pay as an incentive and a reward for desired levels and directions of performance (Sears, 1987:198). Rheem (1996)
also suggests that companies which utilize performance management systems can strategically perform more effectively, in financial terms, than those firms which invest less in this Human Resource management system (Rheem, 1996).

3.6 PERFORMANCE EVALUATION AND MOTIVATION

Performance evaluation should contain items on the behaviour, task outcomes and traits of the worker or group of workers. It is important to evaluate all of these items. The job description of an individual should contain the necessary task outcomes he/she should obtain. The competency statement therefore has to contain the behaviours and traits that need to be evaluated.

It provides a systematic approach for analysing the work of the team and measurement methods that could handle the wide variety of work teams undertake. It starts at reviewing the existing organisational measures, and then goes on to measuring methods for the team and individual performances. It also helps to set standards for the team and individual and ends with how to track the performance. This team evaluation system also relies on a feedback system. This is important because one would want the team and individual to see his or her performance.

From the article by Longenecker and Ludwig (1990), a number of ethical dilemmas were identified that could arise in a performance evaluation. The article concluded that an organisation could morally justify the use of performance appraisals in spite of the fact that it involves judging another human being using a rather subjective process. In an article by Banner and Cooke (1984), these authors list a number of specific ethical dilemmas that arise in the appraisal process:

- The problematic use of trait-orientated and subjective evaluation criteria;
• Problems in the writing of the performance standards and measurement indicators;
• The use of different performance appraisal systems within the same organisation;
• The way the results of the performance appraisal will be used; and
• The person who will determine the objective standards to measure performance.

These ethical dilemmas can be avoided or at least minimised by the use of a 360-degree performance evaluation system. Rather than having only a person's immediate superior give an evaluation, one will use four or more people to give a more accurate evaluation of the individual. This will ensure that the perceived view is not that of the individual from only one perspective.

In an informal study done by Robbin (1998) he asked his students whether they would study differently or exert different levels of effort for a college course degree on a pass-fail basis than for one where letter grades from A to F would be used? According to his study, students preferred the letter grades. This also illustrates how performance evaluation systems can influence employees' behaviour. The same can be said for the work environment. If one tests performance only as a set of minimum values, workers will only work to such an extent as to achieve minimum levels. If, however, you couple some degree of compensation (i.e. money) to a certain job level, you would find that workers would exceed the requirements in search of the extra compensation.

The above can be related to the motivation of workers. When the effort a worker exerts leads to favourable performance, evaluation in turn relates to a reward that the worker can value. In that case, the result will be a highly motivated worker. The expectancy theory of Victor Vroom (Robbins 1998) demonstrates this very well. The theory looks at three relationships. The first is the effort-performance
relationship, the second is the performance-reward relationship and the third is the rewards-personal goal relationship. What it basically says is that an individual in an organisation will be motivated to exert a higher level of effort if he/she believe that this will give him/her a good performance evaluation, that the evaluation will lead to a good reward, i.e. a promotion or salary increase and that the reward will satisfy the individual's personal goals.

3.7 EVALUATION CRITERIA

There are three criteria, which are most often used during performance evaluation. These are individual task outcomes, behaviour and traits. With regard to individual task outcome, one physically looks at the outcome of an individual or team job. For instance, a sales person could be evaluated on how much new business he/she brought in terms of revenue to the company. A team may be evaluated on their effectiveness in finishing a project. Employees should keep in mind that jobs differ and that people see certain jobs as more interesting and more challenging than others. This could be related to the motivation-hygiene theory of Frederick Herzberg (Robbins 1998). According to this theory, a person's relation to his/her work is basic and the task outcome of his/her job could be related to his/her attitude. Hygiene factors, such as company policy, supervision and salary, may have a negative effect of the individual outcome. The same factors could also negatively influence the performance evaluation.

A factor that emerged from McClelland's theory of needs (Robbins 1998) is that an individual with a high need to achieve seeks a job with some personal responsibility, feedback and moderate risk. If this is given to an individual, the result should be someone that achieves well and thus will have a positive performance feedback. Behaviours – looks more at the individual's behaviour. It is normally used when there is difficulty in using a task outcome evaluation. One would look at things like promptness, being in time for work, behaviour towards
subordinates or colleagues, etc. Individual behaviour is normally affected by someone’s attitude. For this, though one has to keep in mind the following: the more specific the attitude that is measured, the easier it is to identify a related behaviour. The evaluator should thus be specific in what needs to be measured during a performance evaluation. Traits – is the weakest criterion to look at and should only be used if nothing else is possible. It is a very difficult criterion to pinpoint and it is open to a lot of misperception on the evaluator’s behalf.

3.8 DEVELOPING A SYSTEM FOR THE ORGANISATION

To evaluate the performance and competencies of individuals in the organisation and to ascertain where future development is necessary. The author examines five key areas, namely:

- Job description/competencies;
- Performance evaluation;
- Performance progress review;
- Career development; and
- Salary review.

3.8.1 JOB DESCRIPTION/COMPETENCIES

For each existing and future position a job description will have to be done. The job description/competencies form should contain information reflecting on the performance areas and tasks expected from the employee. The form should contain all the relevant detail pertaining to the job.
For the descriptive section, one should include items such as:

- Purpose of this job, i.e. to meet sales targets, to manage employees, etc;
- General description: what you will be doing;
- Key performance areas: items such as managing employees, effective service delivery; and
- The main tasks: planning, leading, controlling and organising.

The core competencies of the organisation are those qualities that distinguish an organisation's products or services from those of its competitors and those which establish values in the minds of its customers.

3.8.2 PERFORMANCE EVALUATION

To enable the organisation to evaluate the core behavioural competencies of an individual, it would have to match such competencies with the values of the organisation. This was, for instance, done by McDonnell-Douglas (Edwards & Ewen, 1996).

A competency evaluation sheet can be predetermined before a job interview. One could thus evaluate someone on the critical competencies needed to do the job at hand. Obviously, each job in the organisation is different and thus the competency statement of each will differ. What is however important is that one should align these statements with the values of the organisation.

3.8.3 PERFORMANCE PROGRESS REVIEW

This should be done after the performance evaluation. This section deals with where one would identify the development gaps of an individual. It is important to ensure what needs to be developed, whether competencies or skills.
Performance progress needs to be established during a one-on-one session in order to discuss any problems the individual has with the performance evaluation. The evaluator should also discuss the activity that is necessary to develop the required skill or competency. This should be done through training or education. It is also important that both the evaluated and evaluator should agree on an outcome. One could put dates to this or specify certain criteria. It is however important that there should be feedback on such activities. Such activities should ultimately increase the individual's competencies and skills.

3.8.4 CAREER DEVELOPMENT

Career development does not have a lot to do with the performance evaluation but does have a role to play. It is important to allow an individual the opportunity to excel in different business opportunities inside the organisation. This may be linked to the performance planning and progress discussion between the individual and his superior.

There are various possibilities for career opportunities. In the career-planning sheet of CBC(1999), they state an option of moving an individual to a new job function that requires a broader range of skills, knowledge and expertise. These measures, agreed upon by the individual, should be evaluated on a continual basis to see whether there has been an improvement. Opening opportunities for an individual to grow and for self-development will have as a result a high achiever. This, in turn, will have a positive effect on the organization, as high achievers prefer jobs that offer personal responsibility, feedback and moderate risks. This is stated by McClelland's theory of needs in Robbin (1998).
3.8.5 SALARY REVIEW

Finally, it is important to use performance evaluation as a step towards a salary increase. It should however not be the only criterion used when doing a salary review. Other criteria, such as the company's financial performance and budgetary constraints, should also be taken into account.

It is however important to reward those individual who have exceeded the expectations of the organization. Financial rewards are always important to the individual. This should also motivate the individual to reach higher and perform at a different level than what is customary for that person.

3.9 PLANNING, CHECKING – IN AND ASSESSMENT CYCLE

To begin the planning process, the manager and his/her employee should review overall expectations, which include collaborating on the development of performance objectives. Individual development goals are also updated. Management then develops a performance plan that directs the employee's efforts toward achieving specific results to support organizational excellence and employee success.

Goals and objectives are discussed throughout the year, during check-in meetings. This provides a framework to ensure that employees achieve results through coaching and mutual feedback. At the end of the performance period, management assesses employees' performance against expected objectives, as well as the means used and behaviors demonstrated in achieving those objectives. Together, management and the employees then establish new objectives for the next performance assessment. Figure 3.1 below gives a summary of the planning, check-in and assessment cycle.
Managers and employees meet to:

1. Discuss past year's performance
2. Set groundwork for next year's cycle
   - Identify potential objectives
   - Suggest development opportunities
3. Determine ratines

Managers and employees meet to:

1. Discuss results to date
2. Review and refine objectives
3. Remove barriers to goal achievement

Source: http://hrweb.berkeley.edu/guide/performance.htm

3.10 MANAGING PERFORMANCE EVALUATION
The manager and supervisor together review the performance elements and other targeted performance expectations that were established for and during the performance period under review. These performance expectations should have included particular behaviors, special assignments, specific goals or results, special training, etc, that would have ensured that expectations were valid for feedback purposes. The process should be conducted as follows:

1. Each employee should write a brief one page narrative summarizing his/her accomplishments. This narrative should be submitted to the employees' supervisor before the supervisor prepares his/her draft evaluation.

2. The supervisor drafts Part I through III of the form. These comments should be based on observed performance in relation to the employee's duties and responsibilities, performance expectations and relevant performance elements. Special attention should be given to linking the employees' job and performance expectations to the organization's goals, values, objectives and quality improvement efforts.

3. Only the employee completes Part IV of the form. This is the employee's opportunity to give feedback to the supervisor as to what other support he/she feels is needed to foster effectiveness.

4. The employee and supervisor meet to review Part I through III of the form. The goal is to have an open and constructive discussion that would lead to a clear understanding of the employee's past performance as well as future expectations and development objectives. The employee is encouraged to share his/her response to Part IV of the form during the feedback session.

5. Following the feedback session, the supervisor prepares the final form, provides the performance rating and shares it with the employee. Performance for employees on all levels is divided into five levels in terms of which certain broad actions/recognitions could be considered:
• **Unaccepted (1):** Has failed to meet agreed standards, demonstrated an unsatisfactory level of performance and is not gainfully employed. Recourses had been explored, but there is no reasonable expectation that any further interventions will improve the situation. The procedures are as laid down in the Incapacity Code and Procedures for the Public Service (PSCBC Resolution No 10 of 1999) are to be followed.

• **Acceptable/ Minimally Successful (2):** Has failed to meet agreed standards and demonstrated a level of performance that is regarded as on the borderline of unacceptable and acceptable. The employee may still be on a learning curve, and may have the potential to perform on at least an acceptable level. The employee does not adequately respond to training, coaching and managerial guidance. The supervisor, in consultation with her/his manager and with human resources, should develop a performance improvement programme (that could include counseling, the attendance of related courses by the employee and mentorship). A new performance agreement/ plan need to be developed. Alternative placement is a possible further remedy.

• **Good/ Fully Successful (3):** Has met agreed standards and demonstrated an acceptable level of performance (qualitatively and quantitatively). Ongoing support, guidance and mentorship are needed to enable the employee to develop fully and to perform optimally.

• **Very good/ Exceeds Full Successful (4):** Has in some cases exceeded standards and demonstrated more than an acceptable level of performance (qualitatively and quantitatively), i.e. met the requirements that warrant pay.
• **Excellent/Outstanding (5):** Consistently exceeded standards and consistently demonstrated an exceptional high level of performance (qualitatively and quantitatively). If the manager has not shared his/her response to Part IV of the form with the supervisor, it should now be included on the form.

6. The supervisor signs the form, gives it to the employee to sign, then gives the form to the reviewer along with the employee’s narrative. The employee’s signature indicates that the process has been followed appropriately. It is not the reviewer’s role to make changes or comments relative to the manager’s performance. The supervisor ensures that the manager receives a copy, and the original is placed in the employee’s personnel file.
# PERFORMANCE ELEMENTS

The following performance elements should be considered where applicable in assessing employee performance (Part I) and determining future performance expectations and development needs (Part II and III). Other performance elements may be added as needed.

<table>
<thead>
<tr>
<th>WORK PROCESSES AND RESULTS</th>
<th>LEADERSHIP</th>
<th>PROGRAMME/PROJECT MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide services that consistently meet or exceed the needs and expectations of customers</td>
<td>• Coaches and mentors, inspires and motivates</td>
<td>• Monitor and verifies ongoing cost-effectiveness</td>
</tr>
<tr>
<td>• Uses customer satisfaction as a key measure of quality</td>
<td>• Delegates responsibility with associated authority</td>
<td>• Ensures that quality and quantity standards are met</td>
</tr>
<tr>
<td>• Uses appropriate problem-solving methods to improve processes</td>
<td>• Demonstrates self-confidence</td>
<td>• Responds effectively to unforeseen problems</td>
</tr>
<tr>
<td>• Collects and evaluates relevant information to make decisions</td>
<td>• Leads by example, serves as appropriate role model</td>
<td>• Understands customer needs and ensures customer satisfaction</td>
</tr>
<tr>
<td>• Uses good judgement</td>
<td>• Promotes a cooperative work environment</td>
<td>• Achieves results</td>
</tr>
<tr>
<td>• Sets priorities and adheres to it</td>
<td>• Set clear, reasonable expectations and follows through</td>
<td>• Uses resources efficiently and manages effectively within budget limits</td>
</tr>
<tr>
<td>• Meets productivity standards, deadlines and work schedules</td>
<td>• Remains visible and approachable and interacts with others on a regular basis</td>
<td>• Interacting with external environment</td>
</tr>
<tr>
<td>• Produces accurate and timely work with minimal supervision</td>
<td>• Demonstrates high ethical standards</td>
<td>• Works effectively within the political environment</td>
</tr>
<tr>
<td>• Achieves results</td>
<td>• Gains support and buy-in through participation of others</td>
<td>• Exhibits knowledge and shows cooperation regarding intra and inter agency programmes/activities/responsibilities</td>
</tr>
<tr>
<td>• Pursues efficiency and economy in the use of resources</td>
<td>Communication</td>
<td>• Displays sensitivity to public</td>
</tr>
</tbody>
</table>
- Adapts communications to diverse audiences
- Delivers quality oral presentations
- Demonstrates verbal/nonverbal consistency
- Shares appropriate information internally and externally
- Manages meetings effectively
- Possesses effective listening skills
- Writes clearly and concisely
- Speaks clearly and concisely

**Planning**
- Maintains a clear focus on internal and external customer needs
- Plans and budgets for future resource requirements
- Anticipates problems and develops contingency plans
- Sets priorities effectively
- Establishes challenging, attainable goals and objectives
- Identifies short and long range organizational needs
- Looks to the future with a broad perspective

**Human resources management**
- Recruits, selects and retains capable, productive employees
- Achieves affirmative action objectives
- Promotes employee safety and wellness
- Demonstrates knowledge of personnel policies, labour agreements and attitudes and concerns
- Understands and cultivates stakeholder relationships
- Demonstrates team work
- Works collaboratively to achieve improved results

**Decision making**
- Takes calculated risks
- Uses a logical rational approach
- Makes timely/responsive decisions
- Modifies decisions based on new information when appropriate
- Involves appropriate others in the decision-making process

**Interpersonal skills**
- Relates well to others
- Demonstrates trust, sensitivity and mutual respect
- Provides timely and honest feedback in a constructive and non-threatening way
- Maintains confidentiality

| 72 |
- Accepts constructive criticism
- Demonstrates consistency and fairness
- Negotiates effectively

<table>
<thead>
<tr>
<th>merit system rules</th>
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<tbody>
<tr>
<td>Promotes workforce diversity</td>
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<tr>
<td>Recognizes and rewards good performance</td>
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<tr>
<td>Assesses employee development and training and makes provision for it</td>
</tr>
<tr>
<td>Encourages and assists employees to achieve full potential</td>
</tr>
<tr>
<td>Evaluates employees timeously and thoroughly</td>
</tr>
<tr>
<td>Takes timely, appropriate, corrective disciplinary action</td>
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</tbody>
</table>

**MANAGEMENT PERFORMANCE EVALUATION AND DEVELOPMENT FORM**

<table>
<thead>
<tr>
<th>Purpose of appraisal:</th>
<th>Employee’s name:</th>
<th>Evaluation period:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual review</td>
<td>..................</td>
<td>From To ............</td>
</tr>
<tr>
<td>Probationary review</td>
<td>Job title:</td>
<td>Directorate</td>
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<td></td>
<td>..................</td>
<td>..................</td>
</tr>
<tr>
<td>Other:</td>
<td>Evaluator’s name:</td>
<td>Evaluator’s title:</td>
</tr>
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**Part I: Performance Evaluation**

Assessment of employee's contribution in helping the organization to achieve its goals and be successful. Describes how well the employee has done in carrying out job responsibilities and
performance expectations. Considers performance demonstrated with regard to the applicable performance elements when conducting this assessment.

Comments on specific performance elements below:

<table>
<thead>
<tr>
<th>Work processes and results:</th>
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<tr>
<th>Decision making:</th>
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<tr>
<th>Interpersonal skills:</th>
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<th>Leadership:</th>
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<th>Planning:</th>
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<th>Human resources management:</th>
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<th>Programme/ project management:</th>
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<th>Interacting with external environment:</th>
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<th>Overall comments:</th>
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Performance rating based on evaluation of abovementioned performance elements:.......................... Performance, for employees on all levels, is divided into five levels in terms of which certain broad actions/ recognitions could be considered:
<table>
<thead>
<tr>
<th>Unacceptable (1)</th>
<th>Acceptable/ Minimally Successful (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good/ Fully Successful (3)</td>
<td>Very good/ Exceeds Full Successful (4)</td>
</tr>
<tr>
<td>Excellent/ Outstanding (5)</td>
<td></td>
</tr>
</tbody>
</table>

**Part II: Future performance expectations**

Identify any particular performance expectations, job duties, special assignments and/or skills upon which the employee should focus to reinforce his/her success and contribution to the organization. The performance elements may help in identifying future expectations.

**Part III: Future training and development**

Identify training and development opportunities in which the employee should participate to enhance future performance.

**Part IV: Organizational support**

**To be completed by the employee**: What suggestions do you have as to how your supervisor, co-workers and/or management can support you in the present job and with future career goals.

**Part V: Comments and signatures**

This report is based on my best judgment.

Evaluator's signature

| Title:.................. | Date:.................. |

This report has been discussed with me.

Employee's signature

| Title:.................. | Date:.................. |
NOTE: After the performance evaluation has been completed and signed by all parties, it is the evaluator’s responsibility to provide a copy to the employee and to ensure that the original is placed in the employee’s personnel file.

3.11 CHARACTERISTICS OF AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM

"High levels of subordinate participation in the performance appraisal result in employees being satisfied with both the appraisal process and the supervisor who conducted it" (Lathan & Wexley 1994:198). Supportive supervisors can play a major role in improving the performance of subordinates. It is always a good idea to discuss issues that may hamper the subordinate’s performance and a continuous evaluation process will enable subordinates to voice concerns before they become real problems.

Challenges of performance management and development systems

Most managers do not commit themselves fully to the performance management exercise. They do not incorporate these systems into an on-going performance management process. Performance contract, in fact the whole performance management itself is just another farce on the part of company management to force management to face the unruly and troublesome workers who are too lazy to
work and who always come up with excuses and delaying tactics to avoid work. To be realistic about the whole issue, workers may sometimes try their luck, in most cases just to test whether the manager is really conversant with aspects pertaining to human resources and the policies of the company apart from their day-to-day work. They only attend to performance appraisal issues when these are required by their companies at the end of each quarter.

Managers do not always have a way of recording the success of performances after the development of an employee has taken place. In fact, sending employees on development courses is done simply because the requirement is in the performance contract. This contract should in fact be a flexible document, and agreed upon by both parties. Employees should therefore be sent on development courses on a need basis. This will eliminate the unnecessary expenditure of training employees in skills that are not relevant to their work. Subordinates on the other hand sometimes tend to regard it as the responsibility of management to pursue what has been agreed upon in the performance contract. This contract is between two people (the manager and the employee) and both people should honour the contract; not just the manager.

Performance management systems do not make provision for follow-ups on performance evaluations by senior management. Follow-ups are done only when there is a dispute between the appraiser and the employee. This is problematic. Think of a very good, very productive, and very efficient employee who is rated down because he/she is not the manager’s favourite. Think also of a manager who rates an irresponsible and unproductive employee very highly because the former is not bold enough to stand up to the unruly and arrogant behaviour of the employee. Some form of control and policing is missing here.
Performance appraisals should be linked to the overall management philosophy and culture of the organisation. Because of fast changing organisational behaviour, performance contracts should be designed to accommodate these changes.

3.12 CRITICAL SUCCESS FACTORS OF PERFORMANCE MANAGEMENT SYSTEMS

Performance management is a dynamic process that integrates strategic planning, business planning, budgeting, and an appraisal of the performance of people in terms of a range of factors. Performance management must induce desired human behaviour otherwise it has failed as a system (Joubert & Noah, 2000:16-20).

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

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

**Focus**

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

**Balance**

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

**Mobilisation**

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

**Latitude**

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

**Contracting**

Individuals must enter into contracts with their supervisors to access resources and compensation.

**Motivation**

People need a continuous stream of recognition and support to stay inspired and contended with the job.

**Measurement**

A popular saying based on the business wisdom contained in, "What gets measured gets done," holds true no matter what level or in which job an employee has to perform. The more specific and accurate the targets and measures, the better the value of contributions.
Appraisal
It is essential to put a score or value on the achievement of the individual and to be sure that it is contextually ranked and objective. Latest indications are that a four-point scale has the most impact on behaviour and performance results.

Feedback
Is the oxygen of excellent performance. Feedback induces behaviour change irrespective of whether it is positive or negative feedback. Embargoes must be placed on personal attacks that hurt the ego of self-concept of individuals.

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

Caring
Is the invisible compensation for loyalty and commitment. These factors are critical but neglected in the hurry and compensation structures of business. Caring is shown through birthday cards, flowers, kindness and small gestures towards the family of the employee. A random appraisal of performance management systems currently in use in terms of these criteria, provide decision makers with food for thought (Joubert & Noah, 2000:16-20).

3.13 REASONS FOR FAILURE OF MOST PERFORMANCE MANAGEMENT SYSTEMS

Performance management systems in organisations fail because of various reasons. Sometimes there is more than one reason, some so complicated and unrelated that it becomes difficult to understand them. Departments sometimes propose unrealistic and inappropriate goals and objectives to be achieved by divisions. These divisions are usually not even consulted when the performance
appraisal systems are designed. The appraisers are expected to deliver on the performance management system without being trained to do so. Sometimes insufficient training is provided so that appraisers know the procedures although they have no skills to handle difficult employees.

The system itself may not clearly define its objectives and therefore it keeps role players guessing as to what the objectives actually mean to them. In addition, the measurement tools and methods that are used by the system may not be good enough on their own and they may need to be complemented by other methods. Systems that have limitations in terms of involvement and participation discourage role players and will turn them away or cause them to adopt an ‘I-don’t-care’ attitude. “To succeed in the information age we must create systems which change people’s jobs in a way that compels them to behave differently. This requires adopting an integrated approach which optimized performance at individual, team and business unit levels. This has repercussions for the way in which areas such as measurement, feedback, pay and development are addressed” (Jones, Palmer, Osterweil & Whitehead, 1996:217).

A complete and continuous evaluation of the whole system will help identify the true causes of the system failure. This is unfortunately the most neglected part of appraisal and supervision. There are several risks with which companies are faced if continuous system valuation is ignored such as (Jones, Palmer, Osterweil & Whitehead, 1996:217):

- Employees may not know what is expected of them;
- Appropriate action may not be taken to correct poor performance;
- The best qualified and the most deserving employee may not be selected for advancement and rewards;
• Valid and reliable measures of performance may not be produced by the system;
• The organisation may not have a defence when personnel decisions are challenged; and
• The overall efficiency and productivity of the work force may decline.

3.13.1 Manager’s failure

Some managers do not have time for coaching and listening to subordinates when they have work-related problems. For some companies, organisational policies look good on paper but lack practicality. Employees are encouraged to voice their opinions, but only to fall victim to resentment if their opinions challenge the managers. There is also a lack of commitment and a lot of resistance from managers who are expected to administer the performance management systems. Their shortcomings range from dislike of criticising subordinates, to lack of skills needed to handle interviews, dislike of the system itself and its appraisal instruments and methods. It is sometimes very difficult to understand managers’ behaviour. Putting one’s interest as a manager above those of the company you represent may lead to legal challenges levelled against the company. Such managers also do not understand the expenditure that the company incurred in recruiting and developing the employees.

3.13.2 Fundamental guidelines to address failures

Incentives and benefits, like paid vacations, car allowances, etc do not always motivate employees to perform. Job satisfaction, which goes along with these benefits, can be a motivating factor for performance depending on what an individual employee perceives to be fair and equitable (Hellrigel, 1998).

Job-hopping is becoming the order of the day as employees move across their countries’ borders in search of job satisfaction and a place where they and their
services will be valued. "A culture of valuing employees matters more than job perks in keeping staff" (Bernet, 2001:3). Excellent benefits are no longer a valid reason for employees to stay in one company or job. "Employees will also look for other returns to justify the time, energy, mental and emotional effort that they devote to their organisation". (Deeprose, 1994:3). As Aycock-Williams (1987:2.2) puts it, people will perform as desired if they are capable of performing as judged by their skills, qualifications, and experience during the selection process.

If employees have well-defined roles and know exactly what is expected of them as per the agreement with the supervisor, they will perform, given the necessary support, tools to perform, receive feedback on how they are performing, and if they receive rewards for performing. In all aspects, feedback will always be the key to improve the performance of employees.

### 3.13.3 Revisit the design of the system

The design of the performance management system should be integrated and should be revised on a continuous basis to accommodate the changing needs of companies. In fact, the system itself should prompt both the manager and the employee to revisit the design. The opportunity to use difference appraisal methods may reduce the potential of conflict between the appraiser and the employee. Christieson (1988) suggests that, depending on the type of work being measured, the "measures of performance should meet the criteria of relevance, reliability, free from discrimination freedom of bias, and practicality".

### 3.13.4 Building trust

Building trust is a joint effort and the success or failure of this depends on the parties involved. Performance evaluation based on racial lines and other
discriminatory behaviour is destructive and will be challenged by employees. It is always better to build and maintain this trust for the benefit of the company, at least.

3.13.5 Coaching

Coaching enables managers and employees to achieve what they are meant to achieve. By doing so, they can correct themselves as they go along and be able to evaluate themselves in the end. "It is more than being an accountability partner that supports someone in reaching his or her goals or as a disciplinarian who changes someone’s unwanted actions" (Flaherty, 1999). The benefits of coaching cannot be overemphasised here. Coaching in the workplace gives employees scope to grow, to be self-correcting, and to be long-term excellent performers. It also helps establish a long-term relationship between the employee and his/her supervisor. This relationship may help to create a warm atmosphere free from confrontations in the workplace.

3.13.6 Recognize and reward employees

Deeprase (1994:2) suggest three reasons why organisations should recognise employees. It helps to establish an equity arrangement, to reward employees fairly for their efforts, and to clarify values for which the company will reward workers. Managers deny having control over salaries and always blame the narrow latitude given to them for adjusting salaries. There are nine guidelines for an effective recognition and reward system, namely:

- Involve employees in designing the system;
- Determine and communicate specific reward criteria (and the requirements for earning each criterion);
- Recognise behaviour as well as outcomes;
• Individualise rewards – give people what they want;
• Say “thank you” often;
• Make it your goal to boost workers’ self-esteem and their esteem in the eyes of co-workers;
• Develop an atmosphere that fosters intrinsic rewards;
• Reward the entire team for team accomplishments; and
• Avoid deadly mistakes that cause your records system to backfire.

3.14 THE ROLE OF HUMAN RESOURCES (HR) IN THE PERFORMANCE MANAGEMENT PROCESS

In this section the role of HR as a business partner is discussed and the role of HR in performance management is outlined. HR is often viewed as an expense generator and not as a value adding partner. Generally line managers see HR performing administrative roles and as a result there is no respect for this department. The role that HR plays is in building a competitive organization through the management of strategic human resources, management of transformation and change, management of firm infrastructure and management of employee contribution (Ulrich, 1997). Although these roles are valid and have proven to be value adding in recent years, there is a critical need to move beyond the strategic business partner role to becoming a player in the business (Ulrich & Beatty, 2001). Players, according to Ulrich and Beatty (2001) contribute to the profitability of the organization, deliver results and do things to make a difference.

Sunil (2007) states that the role of a business player is to:
• Coach
• Design
• Construct
• Change the organization
• Create followers and
• Play by the rules

Another perspective on the role of HR suggests that in leading edge companies, HR plays four key roles which namely: strategic business partner, innovators, collaborators and facilitators (Schuler & Jackson, 2000). This, therefore, means that HR need to understand the core of the business from strategic, operational, financial and other aspects necessary to be part of an effective team managing an organization (Sunil, 2007). When HR functions as an innovator this becomes a challenge for them to search continuously for strategies that will create value for the organization and not merely function in a reactionary mode. In serving as collaborators they need to work with senior leaders, line management and all employees to implement business strategies forming the strategic link throughout the organization. Lastly, as facilitators, HR functions as change agents providing support and readiness for planned changes designed to support the business strategies (Sunil, 2007). The fundamental role of HR is essentially to maximize profitability, quality of work life, and profits through effective management of people (Cascio, 2003). The other role that HR plays is to help create value to the organization (Sunil, 2007).

The above information illustrates that HR has a vital role to play in performance management, not merely in terms of putting a performance management system in place, but ensuring that performance management becomes a tool for achieving organizational strategic goals. This is done through executing key responsibilities in terms of performance management, which include:

• Plan the system,
• Develop and design the system
• Implement the system and
• Maintain the system
3.14.1 Plan the system

An effective performance management system should enable and empower line management to implement the strategy and objectives of the organization successfully. Bennett and Minty (2001:20) highlight the following steps when planning a performance management system:

- Assess the need for change
- Gain top management commitment to the new approach. Without the commitment of the top management it will be impossible for the performance management to succeed.
- Set up a project team; when the concept of performance management comes into play it is important that there be a team that will drive and guide the process;
- Review the past. Previous employee and organizational performance will give a direction on how the process has changed. Therefore it is important to review how things have happened in the past;
- Clarify the objective of performance management and
- Build new assumptions for the future implementation of the process.

The above information suggests that Human Resources should verify the extent to which the current performance management system serves business purpose and goals, gain top management support for a new system and make use of a cross-functional task team to develop and implement the system.

3.14.2 Develop and design the system

The role of HR is to ensure that the performance management system is developed and designed to provide line managers with a guideline of what needs to be done in the performance management process. Performance management systems make clear to employees what is expected of them and assure line managers and
strategic planners that employee bahaviour will be in line with the organisation's goal (Noe et al, 2003).

Bennett and Minty (2001:20) highlight the following steps when developing/designing the system:

- Commence the design;
- Plan a communication and education process;
- Collect feedback from stakeholders;
- Refine the design;
- Check with top management and
- Complete the design and plan the implementation.

Designing the performance management system requires that all the stakeholders be involved so that everyone involved in the process is on par with all the requirements of the system. It also suggests that all the stakeholders, including supervisor, employees and top management should understand the process. Education is therefore an important aspect in the process.

3.14.3 Implement the system

According to Swanepoel et al (2000:418) procedures related to the implementation phase focus mainly on various training sessions and introductory exercises. The contents of such training may be determined by the level of involvement of users during the development phase, the complexity of the specific system and the existing competence in performance management of the supervisors. Bennett and Minty (2001: 20) concur and highlight the following steps when implementing the system:

- Decide if a pilot intervention is necessary;
- Present the final design to top management and
Design training material and train staff on new system.

When implementing the system it is vital to ensure that the line managers are trained on the system to ensure effective implementation of the system.

3.14.4 Maintain the system

Maintaining the system entails activities such as:

- Monitoring the internal and external environment for changing circumstances that may necessitate a review or adjustment of current practices and
- Auditing and evaluating the effectiveness of the programme on annual basis (Swanepoel et al, 2000:418).

Bennett and Minty (2001: 20) highlight the following steps when maintaining the system:

- Monitor results and improve if necessary and
- Realign other Human Resource systems such as recognition and reward systems, training and development, orientation, recruitment and selection.

From time to time Human Resources will assess the effectiveness of the system and make improvements where necessary.

3.14.5 Assisting and consulting with line managers

The human resources' role is to consult with line managers when there is a need. Human Resources need to continuously give guide lines in following and doing what is expected of them in the entire performance management process (Bennett & Minty, 2001: 35).
3.14.6 Training line managers

Swanson (1995) defined employee training as the process of systematically developing expertise in individuals for the purpose of improving performance. Line managers who need help in performance management should contact the Human Resources department for guidance. HR department from time to time should assess the effectiveness of the training delivered to employees.

In Summary, the above information suggests that the role of Human Resources in the performance management process is to:

- Develop and implement a performance management system
- Ensure top management commitment to performance management
- Ensure the participation of various stakeholders (senior management, line management, employees) in the development and implementation of performance management, also by using a cross-functional team in the design and implementation process.
- Ensure that the performance management process is aimed at attaining business goals (acting as a business partner).
- Ensure that line managers understand the performance management process.
- Train line managers on the performance management system.
- Ensure that the performance management process is used as a tool to enhance the relationship between line managers and human resources practitioners.
- Monitor the implementation of performance management in the organization to ensure that legal and organizational policy is followed.
- Ascertain that line managers understand what the performance management system stands for.
- Open an opportunity for line managers to see the human resources department as a support function within the business.
3.15 THE ROLE OF LINE MANAGEMENT IN THE PERFORMANCE MANAGEMENT PROCESS

According to Mathis and Jackson (2008) and Banfield and Kay (2008) performance management process is viewed from the perspective of the immediate supervisor. These authors indicate that the performance management process starts with determining the performance standards for the employee. Performance standards define the expected levels of performance, and are benchmarks or goals or targets depending on the approach taken (Mathis & Jackson, 2000:382). These authors also state that the line manager’s responsibility is to conduct performance appraisals with the employee. The authors then qualify this statement by emphasizing that this is based on the assumption that the immediate supervisor is the most qualified person to evaluate the employee’s performance realistically, objectively and fairly.

Banfield and Kay (2008:271) also mentioned the role that the line manager plays in the performance management process. They also state that managers must have the necessary skills to conduct the performance management process and that they solely measure and monitor the employee’s performance. The line manager is required to contribute to the strategic objectives of the organization as well as to the employee’s objectives so that the performance standards may be clear for the attainment of good results (Banfield & Kay, 2008:285). It is important that the line manager provides feedback on performance to assist the employee with developmental areas as well as those areas that the employee does well on just to get the assurance that he or she has an impact on the success of the organization.

Viedge (2003) indicates that successful performance management rests strongly on the relationship between the line manager and the employee. This view is
based on the fact that ongoing trust and open communication between the supervisor and the employee is crucial for determining individual goals, discussing performance obstacle, facilitating performance and coaching the employee. The supervisor and employee should share the same perception about what is required and what performance measures will be used. Vierge (2003:8) describes the performance management process as a continuous cycle instead of a process. This is based on the premise that performance management is never ending, as it is a continuous process of setting goals, working towards goals, evaluating progress and revisiting goals. The above mentioned models are graphically presented in Figure 3.2 below and also discussed:

Figure 3.2: Ohio State University performance management model

Performance Planning is a stage where a dialogue between a supervisor and employee establish clear, specific performance expectations at the beginning of the performance cycle. Coaching involves two-way discussions which focus on recognizing employee excellence and areas for improvement and learning, as well as identifying barriers to performance. The Multiple Sources of feedback is a process which provides employees with performance information to supplement supervisory feedback; it may include feedback sources such as self, peers, constituents or direct reports. Lastly Performance Review is a summative two-way discussion and written documentation focusing on employee performance: areas of excellence, goals for improvement and development needs (Handbook for the Core Performance Management Process: 12).

This model follows a similar form as previously discussed based on other authors. It further explains the steps followed for the line manager in the performance management process. The above graphical presentation is compared with Viedge's performance management model in Figure 3.3 below.
Figure 3.3: Viedge's performance management model

Source: Viedge (2003:18)

The above model consists of various steps. It starts with clarifying expectations which involves the explanation and discussing the expected behavior and performance of the employee. The second step is facilitating performance. The line manager asks the employee what he/she can do to help the employee perform according to expectations and makes resources, such as tools, capacity information and material available to the employee. When thorough planning from the line manager's side is done, the entire performance management process becomes easier.

The next step is to monitor performance. The manager manages performance by interacting with the employee in order to provide the employee with
opportunities to explain how he/she is doing, what problems they are experiencing and how they are progressing. The line manager understands the performance outcomes and will be able to see if the employee is not performing according to the set standards. Monitoring performance helps the employee to see shortcomings and deal with them as soon as they crop up. Through the monitoring of the line manager, when the evaluation time comes it does not become a problem as the line manager constantly monitor performance.

When providing feedback to the employee, the employee gets an opportunity to challenge things that he or she is not in agreement with. Providing feedback helps the employee to see shortfalls and gets an opportunity to improve. At times the line manager is required to coach, counsel and support the employee should there be a need for that. It is therefore critical for the line manager to bring forth caring skills to assist the employee to understand that the process is not personal but it is aimed at ensuring better performance. The recognition of performance encourages motivation to the employee. The employee improves the current performance to ensure that more recognition is given.

Comparisons of the two models reveal that the line manager has a responsibility and a role to play in the performance management process. Both models come up with similar steps and the last one adds to what the first one had covered.

From the above information it is therefore evident that the supervisor has a direct and crucial role to play in the performance management process. The theory shows that the supervisor is responsible for the following:

- Get clarity on the mission, vision and strategic goals of the organization;
• Clarity with the employee, through discussing the key performance areas (KPAs) of the employee and the goals the employee has to attain;
• Clarify performance measures;
• Facilitate performance by providing the necessary resources, such as equipment, information and support;
• Ensure that the employee performance is constantly monitored;
• The provision of performance feedback to the employee;
• Coaching and mentoring the employee to ensure continuous improvement and personal development;
• Recognition of good performance and
• Dealing with poor performance.

Banfield and Kay (2008:288) argue that it is useless for managers to be ignorant when it comes to dealing with poor performance. They also state that the effective management of performance not only involves developing systems and procedures, but engaging with those employees whose behavior is unacceptable.

The line manager may consider the mechanisms that normally reside outside an existing appraisal process (Banfield & Kay, 2008:289):

• An informal performance interview

A meeting between a manager and an employee to highlight areas of concern with the employee’s current performance; discuss and set targets for improvement and where appropriate to arrange support and training to achieve targets (Banfield & Kay, 2008:289).

• A formal performance interview

There should be a meeting between the manager, the employee and an HR practitioner where an employee representative may be present. The concern about
the performance can be discussed, targets set for improvement and consequences of failure to improve can be highlighted and may include demotion, transfer to another department or termination of employment. Timelines for improvement, training and coaching may be agreed upon and further evaluation sessions may be set (Banfield & Kay, 2008:289).

The two types of interviews must be based on the fact that employees need to be given the opportunity to improve their performance before other actions can be taken against the employee.

3.16 THE SPECIFIC ROLE OF HUMAN RESOURCES IN THE MANAGEMENT OF UNDERPERFORMANCE

Performance management procedures are designed to encourage and promote good performance, thereby enhancing the overall performance of the organization. Most employees will respond positively to performance management initiative but some employees will exhibit signs of poor performance and at this point the performance management procedures. The performance standards and measures used in the performance management system will provide an important framework for discussions about poor performance and may also provide evidence of poor performance which can be used in disciplinary hearings ( Provincial Treasury Performance Management Training, 2008:31).

According to Tshukudu (2006:53) one crucial aspect of managing performance is managing poor performance. Poor performance is an obstacle in the attainment of strategic organisational goals. Poor performance can be tolerated to a certain extent, but where it persists, measures have to be taken for the sake of customers, colleagues and the individuals concerned. Avoiding the management of poor
performance will not improve the current performance problem but will compound poor performance (Marais, 2002:24).

An important aspect of dealing with poor performance is to address poor work performance when the incident occurs. Performance management is an ongoing and daily activity. The Human Resources' role is to ensure that all policies are communicated to and understood by all employees. The Human Resource practitioner advise the line manager on the steps to manage poor performance. Human Resources must ensure that the elements of procedural fairness are applied such as:

- Conducting an investigation on the cause of poor performance
- Appropriate evaluation, instruction, training, guidance or counseling of the employee
- The employee must be given time to improve
- The employee has a right to be heard
- The employee has right to be represented
- Alternatives to dismissal should be considered.

HR must always be available to support both the employee and line manager when nonperformance occurs. As the custodian of policies HR has to ensure that disciplinary measures are taken fairly.

3.17 CONCLUDING REMARKS

Performance evaluations are becoming an integral part of any organization. It is important to be able to give feedback on the performance of a team or an individual. Important criteria to look at are the job competencies needed, some career planning and also the salary review. A comprehensive performance evaluation should be
used to evaluate the above criteria. It is important however to keep in mind any ethical dilemmas that might occur during such an evaluation. These could have a substantial effect on the individuals' performance.

Management should however tie the evaluation to a reward system. This is ultimately the end result. If management can motivate employees it should get very good performance evaluations of such employee. If an employee gets a good performance review tied to a good reward, it will motivate him/her further. The argument above shows how important evaluations have become. More and more companies are looking to this type of evaluation to get more out of their employees.

The overview and evaluation of the performance management system has been provided. The most important thing to highlight at this stage is the cyclical nature of performance management. Furthermore, this chapter provided the reader with key principles for the establishment of a successful performance management programme. Fundamental success factors to the sustained success of a performance management system and evaluation thereof are also provided. The next chapter will address the empirical study designed to address the research problem whilst outlining the research design and methodology.
CHAPTER 4

RESEARCH METHODOLOGY

4.1. INTRODUCTION

This chapter seeks to address the empirical study designed to address the research problem (formulated in Chapter 1) whilst outlining the research design and methodology as well as exposing the scope of study consisting of the target population and the sample and sampling procedures used when conducting the study. The chapter finally concludes by pointing out what will be covered in the subsequent chapter which will be chapter 5.

According to Creswell (1994), 'research method' refers to the rationale and the philosophical assumptions that underlie a particular study relative to the scientific method, and is directly connected to the problem statement and goal of the research. Research is a purposely, precise and systematic search for new knowledge, skills, attitudes and values, or for the re-interpretation of existing knowledge, skills, attitudes and values (Creswell, 1994).

4.2 PERMISSION TO CARRY OUT THE RESEARCH

Prior to the execution of data collection, the researcher wrote a letter to the Head of Department of the Eastern Cape Provincial Treasury, requesting permission to conduct the research. An explanation was provided on what the information was to be used for and how it will be handled. They were assured of the confidentiality in the treatment of information provided. Permission was granted through a letter dated 15 November 2012 (see Appendix. A).
4.3 SCOPE OF THE STUDY

The scope of the study is the area in which the research will be conducted. The research will be conducted in the Eastern Cape Provincial Treasury at Bhisho. Bhisho is the capital of the Eastern Cape Province. The provincial legislation and many other government departments are headquartered in this town. Bhisho lies just north of the former provincial capital King William's Town.

It was a capital of the former Bantustan of Ciskei. Bhisho is the Xhosa word for Buffalo, which is also the name of the river that runs through this town. On the 7 September 1992 this small town became the scene of what is known as the Bisho Massacre, where about 100 000 people matched protesting for the dismantling of the Ciskei, which still maintained a measure of independence, and removal of Ciskei leader Brigadier Oupa Gqozo. The Ciskei Defense Force opened fire, shooting dead 29 people and wounding 100. The massacre came at a time when negotiations towards democracy were underway.

Traditionally, government treasury management has been defined as a set of rules, practices, and procedures for making financial resources of the government more productive and borrowing of funds less expensive. The Provincial Treasury therefore is the institution responsible for the financial management of all government operations in the Eastern Cape. This involves amongst others, the preparation and planning of the provincial budget, monitoring the implementation of the budget to ensure that the budget intent and outcome are congruent, controlling expenditure, and generally ensuring sound financial governance in the province.

It is the primary responsibility of the Provincial Treasury to ensure effective and efficient cash management.
This involves:

- The need to ensure that cash is available for payment of expenditures in order to allow an orderly implementation of the government budget, and
- Managing revenue (cash collection) and expenditure payment processes in such a manner that cash becomes available for short term investment purposes.

It is also the responsibility of the Eastern Cape Provincial Treasury to implement effective and transparent financial management systems in the province, maintain and control associated systems in use by line departments, manage transversal supply chain management policies and systems, manage transversal financial information systems and assist in building financial management capacity in the province.

The Eastern Cape Provincial Treasury is responsible for the sound financial management of 39 municipalities in the province pertaining to the following:

- Monitoring the planning and preparation of budgets;
- Monitoring the in-year implementation of the budgets;
- Ensuring timely submission of Annual Financial Statements and Audit Reports;
- Instituting financial interventions, whenever necessary;
- Ensuring the implementation of a Supply Chain Management Framework;
- Assisting in the establishment of such structures as internal audit and budget offices;
- Assisting in building financial management capacity;
- Offering training in financial management; and
- Ensuring harmonization of Provincial Ordinances (if any) with the MFMA.
4.4 RESEARCH DESIGN AND METHODOLOGY

Research is defined in the dictionary (Tulloch, 1993: 1306) as "the systematic investigation into and study of materials, sources, etc., in order to establish facts and reach new conclusions". Leedy and Ormrod (2001:2) also define research as "a systematic process of collecting, analysing, and interpreting information (data) in order to increase our understanding of the phenomenon about which we are interested or concerned".

Leedy and Ormrod (2001:94) state that research studies can be divided into two broad categories: quantitative and qualitative research. The methodology controls the study, dictates the acquisition of data and arranges them in a logical relationship. Research can be conducted in one of the following approaches or in both methods combined:

4.4.1 Quantitative approach

Quantitative research is used to answer questions about relationships among measured variables with the purpose of explaining, predicting and controlling phenomena. This approach is sometime called the traditional, experimental or positivist approach. Quantitative researchers tend to use experimental or correlation designs to reduce error, bias and extraneous variables. Data are collected from a population, or large samples that represent the population, in a form that is easily converted to numerical indices. Mouton (1996:169) informs that quantitative researchers are most interested in describing the norm of the population sampled. Quantitative researchers analyse data by looking at particular elements, first in isolation and then in various combinations with other elements. This method includes techniques such as observations, quantitative analysis and questionnaires.
Quantitative research falls into two categories: surveys and experiments. Both types of quantitative research employ scientific methods to draw their conclusions. Survey research uses scientific sampling and questionnaire design to measure characteristics of the population with statistical precision. It seeks to provide answers to such questions as "How many people feel a certain way?" and "How often do they behave in a certain way?" Survey research enables management to make comparisons between groups.

Leedy & Ormrod (2001:3) define research as the systematic process of collecting and analysing information (data) in order to increase our understanding of the phenomenon with which we are concerned or interested.

According to Leedy (1997:172-229), depending on the research objective, a specific research methodology can be selected from various methodologies available:

- The experimental method
  This method attempts to account for the influences that condition a specific situation.

- The historical method
  This method can be applied to data that is in a literary form or documentary by nature, and is concerned with the retrieval and analysis thereof.

- The descriptive survey method
  This method is also called the normative survey method, and concentrates on data that is derived from observational situations. The descriptive survey measures the characteristics of a sample at a specific point in time, and describes these observations in words.
- The analytical survey method
  This method is appropriate for analysing quantitative data that needs statistical measures to extract meaning.

4.4.2. Qualitative approach

Baxter, Hughes & Malcolm (2003:64) state that qualitative implies a direct concern with experience as it is lived or felt or undergone. Qualitative researchers operate under the assumption that reality is "socially constructed, complex and ever-changing" thus the realities or qualities these researchers wish to study are not easily divided into discrete, measurable variables. Rather than sample a large number of people with the intent of making generalizations, qualitative researchers tend to select participants to learn about the range of behaviour related to the research focus. Qualitative research can also be defined as a way of collecting information and data on the knowledge, attitude, belief and behaviours of the target population. This is because information gathered is not given in numerical value (Leedy & Omrod 2001:147). In this approach the researcher made use of structured interviews.

Qualitative research: An exploratory study (to explore an unknown sector, identify the main dimensions of a problem, draw assumptions understand motivations) or operational study based on in-depth analysis of interviewee responses (in a group or individually), typically in what's known as "focus groups." It most often deals with a restricted sample of individuals that does not necessarily need to be representative. It may be the preliminary phase of a quantitative study or stand-alone research. (www.ipsos.com/how/Glossary.aspx, 2011)

Qualitative research studies typically serve one or more of the following purposes: They can reveal the nature of certain situations, settings, processes, relationship, systems or people. They enable the researcher to (a) gain new insights into a
particular phenomenon, (b) develop new concepts or theoretical perspectives about
the phenomenon and (c) discover the problems that exist within the phenomenon;
Qualitative research allows the researcher to test the validity of certain
assumptions, claims, theories or generalisations within real-world contexts. This
kind of research also provides a means by which a researcher can judge the
effectiveness of particular policies, or innovations (Leedy and Ormrod, 2001: 131 –
135).

4.5. RESEARCH PARADIGM

According to Collis and Hussey (2003:46), the term ‘paradigm’ refers to the
progress of scientific practice based on people’s philosophies and assumptions
about the world and the nature of knowledge; in this context, it is about how
research should be conducted. Collis and Hussey (2003:46) identify two main
research paradigms, namely the positivistic paradigms and the phenomenological
paradigm. Creswell (1994) refers to the positivistic paradigm as quantitative and
the phenomenological paradigm as qualitative.

The positivistic approach attempts to explain the facts or cause of social
phenomena by establishing a relation between variables, which are information
converted into numbers, with little regard to the subjective state of the individual. It
also involves testing a hypothesis. A hypothesis is stated in mathematical/
statistical terms that make it possible to calculate the probability of possible
samples assuming that the hypothesis is correct. Then a test statistic is chosen
that summarizes the information in the sample and is relevant to the hypothesis. A
null hypothesis is a hypothesis that is presumed true until a hypothesis test
indicates otherwise.

The phenomenological paradigm is concerned with understanding human behavior
from participants’ own frame of reference. This paradigm pays considerable
attention to the subjective state of the individual. Qualitative researchers typically
rely on four methods for gathering information: (1) participation in the setting, (2) direct observation, (3) in depth interviews, and (4) analysis of documents and materials (Marshall et al., 1998).

De Vos (2002:291) and Creswell (1997:17) assert that the nature of the research question determines the type of methodology to be used. This study was concerned with exploration and descriptions. This inquiry proposed to answer "what" or "how" questions, which, according to Creswell (1997:17), is typical in qualitative research. The phenomenological paradigm was pursued in this study and because it used qualitative research, certain design limitations existed, particularly with the concern of validity and interpretation of research findings. Internal validity threats in qualitative research are theoretical, interpretive, and descriptive in nature (Creswell, 1994). External threats to validity are comprised primarily of issues of generalizability (Creswell, 1994).

Theoretical threats to validity occur when the researcher does not address contradictory evidence or does not explore alternative interpretations of situations or events (Maxwell, 1996). Remaining open and receptive to issues that the participant chooses to address gives the qualitative researcher the opportunity to obtain information that may be contrary to held assumptions or that may provide negative evidence of held assumptions (Bogdan & Biklen, 1990). Peer debriefing provides an additional method for establishing validity (Creswell, 1994).

Threats to interpretation validity can occur as a result of the researcher's own biases and beliefs if the researcher attached his or her own words and meanings to the interviews and observations (Maxwell, 1996). Maxwell (1996:91) states that while there are no specific methods in qualitative research assuring that the researcher has correctly interpreted events and observations; triangulation provides a means for enhancing the validity of the findings. Triangulation is accomplished through the use of different methods of data collection such as member checks and the use of technical literature. Member checks are used to obtain feedback from
research participants regarding the accuracy of emerging themes and categories, enhancing the validity of the decisions made by the researcher (Creswell, 1994).

The primary threat to description validity is an inaccurate representation of what the researcher heard or saw from a research participant (Maxwell, 1996). Qualitative design methods of audio-taping interviews and taking detailed, concrete, and chronological field notes during the interview process serve to enhance description validity (Maxwell, 1996). Member checks provide an additional method of ensuring description validity (Creswell, 1994).

The purpose of the present qualitative research was neither to remove the researcher from the research nor to conduct sterile research, but rather to garner an understanding of how the researcher fitted into a data collection, analysis, and interpretation of the research, using such awareness effectively. Qualitative researchers acknowledge that there is no value-free or bias-free design in any type of research (Denzin & Lincoln, 1994:212). Furthermore, attempting to minimize the effect of the researcher on the interview process is not considered to be a meaningful goal in qualitative research (Maxwell, 1996:91). The most important goal is to understand how the researcher may be influencing the participant during the interview process, and how such influence may be influencing the participant during the interview process, and how such influence may affect the validity of the research findings (Maxwell, 1996:93). Asking open-ended, non-leading questions will serve to reduce undue influence of the researcher's perspective on the participants' response (Maxwell, 1996:93).

External threats to validity involve generalizability of research results to similar situations and subjects (Creswell, 1994). Although qualitative research is not intended to provide research results that can be generalized to other situations or subjects (Creswell, 1994), this does not mean that qualitative research results are never generalizable beyond the study (Maxwell, 1996:97). Qualitative studies have
face generalizability, and are generally conducted with a focus on the development of a theory that will be applicable to future situations (Maxwell, 1996:97).

4.6. TARGET POPULATION

According to Bless & Higson-Smith (1995:87) the target population refers to the set of elements that the researcher focuses upon and to which the results obtained by testing the sample should be generalized. In this study the target population consisted of the managers of Human Resources of the Eastern Cape Provincial Treasury and the departments' employees. Like in most researches it is impossible to collect data from a large forum, thus a sample will be selected.

4.7. SAMPLE DESIGN

This study was based on convenience sampling, which is a non-probability group. According to Chisnall (1995), sampling methodology is the foundation of an effective research design. Basically, a sample is a microcosm of the population or universe from which it is drawn, and can only be accepted as accurate within certain limits (Lloyd, 1988). According to Collis and Hussey (2003:155), a sample is made up of some of the members of a population. A sample frame is a list of the population from which all the sampling units are drawn (Vogt, 1993:202). According to Hill et al. (1999), there are two main types of sample, namely a Probability and a Non-probability sample.

Probability samples, also referred to as random samples, are different from non-probability samples in that the entire number of respondents from whom the probability sample will be drawn is known in advance. Because of this, the chance of each element to be selected can be calculated. This essential difference makes it possible to calculate the sampling error of a probability sample in showing the population parameter. With non-probability samples, there is no way of determining
exactly the chance of selecting any particular element; therefore it is not possible to calculate the sampling error (Kress, 1982:182).

Probability samples are divided into the following categories: *simple random sampling* is a sample type where each element has a known and equal chance of selection; *systematic sampling* is a sample type where every "Kth" element of population is sampled, beginning with a random start and then skipping the following samples to "Kth" element; *stratified sampling* is a sample type where the entire population is partitioned into subpopulations and elements are selected separately from each group or stratum in a systematic or simple random method; *cluster sampling* is a sample type where the population gets divided into groups then the groups are randomly selected for study; *double sampling*, also called sequential or multiphase sampling, is a sample type where a researcher collects information by sample then uses this information as a basis for selecting a subsample for further study (Patton, 1990:169 – 186).

Non-probability sampling is divided into the following categories: *convenience sampling* is a sample type where respondent participation is voluntary or where the interviewer selects sampling units, that is, whomever he or she finds; Judgemental sampling is a type of sampling where respondents are chosen by an "expert" who provides a list of respondents who he feels will form a representative sample; Quota sampling is a sampling method where specific numbers of respondent are chosen who possess certain characteristics known or presumed to affect the subject of the research study. Finally, snowball sampling is a type of judgement sample used for small specialized target populations where each respondent is asked to provide the names of other respondent who will qualify for the sample (Patton, 1990:169 -186).

### 4.8. DATA COLLECTION TECHNIQUES

According to Mouton (1996:107) the data collection method refers to the way in which data has been collected or some of its intrinsic properties or is the way a
researcher is going to collect data. To collect data from respondent, the following instruments were used:

4.8.1 Interviews

Clark & Sartorius (2004:15) are of the view that interviews are qualitative, in depth and semi – structures (structured or unstructured) that are asked and filled in by an interviewer in a face to face situation with the respondent(s). Schnetler et al (1989:16) state that this type of data collection method allows the interviewer to communicate by asking questions using voice, body language, facial expressions and it also allows the interviewee to formulate his/her responses making use of voice, body language and facial expressions.

Bless & Higson – Smith (1995: 111), identify three advantages of individual interviews as a form of data collection method. Firstly, this method of data collection can be administered to illiterate respondents. Because the interviewer reads the question and writes down the response, the respondent does not have to be able to read or write. Secondly, the interviewer has the opportunity to further explain a question or words in a question if he/she senses that the respondent does not fully understand the question. Thirdly, by using the interview method, the interviewer can ensure that all questions are answered and that challenging or difficult questions are not left out. This is made possible by the fact that the interviewer is personally administering the questionnaire.

Other studies list the following as further advantages of individual interviews:

- Misunderstood questions and inappropriate responses can be clarified
- Fewer incomplete responses
- Higher responses rate
- Greater control over the environment that the survey is administered in
- Additional information can be collected from respondent
Jackson (1995:122) identifies two challenges of individual interviews. **Firstly,** using the individual interview as data collection method is one of the most expensive methods of survey. **Secondly,** it is a very time consuming method of data collection as an interviewer can only handle a limited number of respondent per day. For the study, the interviews were limited only to the Human Resources officers and officials of the Eastern Cape Provincial Treasury, the researcher made use of structured interviews that included planned and detailed questions. The interviews were structured because the questions asked were formulated prior the interview. These were open ended questions which allowed the interviewees to provide detailed answers.

### 4.8.2 Questionnaires

Saunders *et al* (1997:254) stresses that the validity and reliability of data collected as well as the response rate achieved depends largely on the design of the questionnaire and the effectiveness of the pilot testing. The data needed determines the choice of questions, which can be developed by the researcher or adopted or adapted from other questionnaires. Welman & Kruger (1999:172) advise careful choice between open-ended and close-ended questions, since advantages of each type is highly dependent on the situation, and can become disadvantages.

The questionnaire method was used to elicit in-depth information and this allowed for a measure of quantification. Questionnaires were mainly used to gather data by simply ticking in the appropriate box or indicating Yes/No in the box provided. Bless & Higson-Smith (2000:13) are of the opinion that whatever is conceived to be filled by a respondent directly or by an interviewer, a questionnaire remains a complex instrument for data collection. The questionnaire was divided into biographical data, understanding of Employment Equity and evaluating of the current status and strategies used in the Employment Equity.
The researcher distributed questionnaires to Provincial Treasury officials. The officials were a combination of those from historically disadvantaged background and those who benefited in the apartheid era.

4.9 ETHICAL CONSIDERATION

Much social research necessitates obtaining the consent and co-operation of participants who are to assist in investigations and of significant others in the institutions or organizations providing the research facilities (Cohen & Manion 1994:45). Therefore, before the research journey was started, a letter was written to the Head of Eastern Cape Provincial Treasury requesting permission to conduct the research in his department.

4.9.1 Voluntary Participation

Research projects involving human subjects carry the risk of exposing its subjects to risk, psychological discomfort and or loss of privacy (O'Sullivan & Rassel, 1989:204), which is why there is a need for voluntary participation. Respondents were informed that their participation was voluntary and assured that their identity would not be revealed and that they could withdraw at any time of the project should they choose to. Additional information such as the purpose of the study, the processes involved and their role as participants were highlighted.

4.9.2 Informed consent

O'Sullivan, Rassell & Berner (1989: 208) advise that free and informed consent from the subject, is a ‘cornerstone of ethical research practice’. The respondent had sufficient information about the possible risks and reasonable expected benefits in order to decide whether the benefits are worth the risks. The respondents were informed that they were selected in order to strengthen the
subjects' understanding of the study and their importance in the study. The respondents were not in any way put under the impression that their participation in the project would improve their business prospects and opportunities.

4.10 DATA ANALYSIS

As the completed questionnaires were received from the survey, the data was progressively scrutinized, checked and sorted for later analysis. The results of the personal interviews were incorporated into the survey results. All the data were gathered and sorted, they were then interpreted and analyzed and the results were compared with the identified problem. The results assisted in the testing of the hypothesis, as originally formulated.

The quantitative information gathered was statistically analyzed and interpreted and the qualitative information was also interpreted through deductive reasoning. The computer software package Microsoft Excel 2007 was used to organize and analyze data. The statistics are further arranged in Chapter Four, according to the sequence of questions in the questionnaire, and are presented by means of charts and tables.

This research utilized both the quantitative and qualitative methods to permit an absolute and effective research practice. The research concentrated on an extensive literature review to obtain full knowledge of the delimited area, and questionnaires were used to discover the limitations. Statistical analysis was used to analyze and validate the claims.

4.11 CONCLUDING REMARKS

In this chapter the empirical study designed to address the research problem was discussed. Qualitative and quantitative research methodologies were discussed, followed by a description of the research design used in this study. The chapter
also focused on the research methods that were utilized to gather data. The main aim was to derive effective techniques to gather sufficient research data. Appropriate issues observed were outlined, explained and justified. In the next chapter, the researcher will present, interpret and analyze the data which was collected using the methodology discussed in this chapter.
CHAPTER 5
DATA PRESENTATION, INTERPRETATION AND ANALYSIS

5.1 INTRODUCTION

The objective of this chapter is to present and analyze findings of the study. As discussed in the previous chapter, the method of data collection used was focus group interviews, where direct questions on the employees' understanding and experiences of the Provincial Treasury performance management system, appraisal and process for implementation were posed. It must be emphasized that the understanding of both the groups interviewed was largely based on and related to their experience and history in the organization.

5.2 DISCUSSION OF THE RESEARCH FINDINGS

The concepts "understanding", "perceptions" and "experiences" are interrelated, and present some difficulty in being separated in the discussion. "Perception", reflects people's experience of reality and might influence the participants' "understanding" of the performance management system, as well as their "appraisal" as most of them might lack formal exposure to the subject of performance management. However, the data-analysis yielded themes that could be categorized according to the headings.

The discussion of the findings of the focus group discussion are clustered into categories and sub-categories based on the four broad themes. The four main categories are outlined in bullet points below:

- Understanding of performance management system
The discussion in this category of the findings focused on what the participants cognitively, thought and knew about performance management from the development stage.

- Experiences and observation of previous performance management systems
  The findings reflected how the participants qualitatively evaluated the effectiveness of the process they had been exposed to, as opposed to their ideal system. This category further looked at the transparency of the process.

- Management/ Supervisor and employee attitudes and also competency impacting on the performance management system
  For the purpose of this study, "attitude" indicates that the experiences, feelings, beliefs and understandings of performance management created a mental state which became apparent in behavior and responses to the topic. This category also looked at the competency of the managers and supervisors regarding the topic.

- Envisaged performance management system
  The discussion in this category of the findings focused on the format and possible system content from the participants' point of view. This category looked specifically at the components of the envisaged performance management system. The responses to the bullet points above are now discussed below and are grouped into four categories with the relevant sub-categories.

5.2.1 UNDERSTANDING OF THE PERFORMANCE MANAGEMENT SYSTEM

The participants' reflect on their understanding of the performance management and appraisal related to previous practice, where the performance management system was part of the overall corporate management structure of the
organization. However, most staff perceived it as just a tool and a procedural activity to satisfy the line managers. The groups concurred that the previous performance management systems in the organization were not adding any value to their lives; further they stated that there was no reward in place for high performers and no action taken to assist non-performers. The group stated that the agreed development or identified courses during performance management were not implemented by the training department year after year, thereby making the exercise a non-value-adding activity.

As for the newly proposed performance management system, the union members felt there was not enough consultation with their representatives, and therefore they did not want anything to do with it; this was the cause of a deadlock on the implementation of this new proposed system. Bourne et al. (2003) states that setting up a good performance management system does not happen overnight or by accident. Its design needs to be carefully considered, and how it will work should be carefully planned before managers begin using it to evaluate employees. Furthermore a performance management system should provide employees with at least these four basic benefits: (1) a clear understanding of job expectations, (2) regular feedback about performance, (3) advice and steps for improving performance, and (4) rewards for good performance or else a corrective mechanism.

The manager’s focus group agreed that the goal of a performance management system is to help boost employees performance and, ultimately, the productivity of the business. Participants stated that for it to be effective, a performance management system should incorporate updated job descriptions, performance measures and standards, evaluator training and guidelines for improvement, employee input and compensation and rewards.
5.2.2 EXPERIENCES AND OBSERVATIONS

5.2.2.1 The effectiveness of the previous system

Organizations are profoundly influenced by their past experience with performance management and related initiatives. Opaque rationales and erratic implementation of performance assessment schemes in the past tend to create skepticism about the effectiveness and motivation of performance management today (DeNisi, 1996).

Some employee focus groups stated their concerns and skepticism around the fact that the previous performance management system in the Eastern Cape Provincial Treasury was only implemented from middle managers down, with a different performance management system for Directors and top management. The employees agreed that the system needed to extend consistently throughout the organization from the senior leadership team, with support from all line managers. The manager's focus group went through to state on this point that the key was to ensure that senior and middle managers should see themselves as part of a leadership team, they accept the management roles and responsibilities, and be equipped to carry them out.

The groups agreed in expressing concern about the fact that it had been a norm in the Eastern Cape Provincial Treasury, looking at the previously used performance management system, that the system was not linked to career progression, and it was used to manage productivity without offering value to the performer, which in a long run led to staff resentment of the process. Therefore a complete performance cycle as drawn according to Schneier et al. (1987:98) as in Figure 2.5 in this study
would be welcomed and supported by most of the focus groups. Those employees who had fewer years of experience might not have had an opinion or understanding, but contributed very well to the discussion. The researcher's skill and understanding of the organization had to be used to ensure that all opinions of old and newer staff members were represented.

5.2.2.2 The Process Transparency

In order to ensure that distrust of the system was minimized, employees proposed that the process of evaluation should be transparent. Some comments from the focus groups about the transparency of the system follow.

"The review process is also not very open. It's this closed up thing that gives rise to bickering and one saying that, that person is not such a good performer. And the way it is done sometimes leaves so many questions."

"Boundaries get shifted all the time; it depends on the person for whom they need to shift the boundaries. Especially if your perception is that that person is the boss's favourite".

These comments from the employees' focus group reflect the lack of confidence they had in the system but are largely based on their understanding of the previous performance management system. They conceded that they did not fully understand it, which makes for unnecessary tension amongst staff. The absence of clearly defined communication of the process and the perceived shifting of boundaries for some and not others are some of the signs that support their notion of a process that lacks lucidity.

De Cenzo et al. (1996:325) reflect that emotions in evaluation often affect employee satisfaction with the evaluation process. In evaluating performance,
emotions may arise and if these emotions are not dealt with correctly, it may lead to greater conflict, often perceived by employees as favouritism.

5.2.3 ATTITUDE AND COMPETENCY

5.2.3.1 Manager/ Supervisors’ and Employees’ Attitudes

"Attitude", for the purpose of this study, refers to a complex mental state involving beliefs, feelings, values and dispositions to act in a certain way (www.cogsci.princeton.edu/cgi-bin.webwn). Therefore, experiences, feelings and beliefs/ understandings about a performance management system influence a mental state which becomes apparent in behavior and responses.

Coffey and Atkinson (1996:83) indicate that we analyze not only content, but also "meaning and metaphor". These authors imply that it is not just about, "what is said", but also "how it was said". Themes reported here are categorized as attitudes in that it is often perceived behavior and inferences drawn from contributions rather than explicit commentary. In the focus group discussions, much of this information also emerged from group interaction and dynamics. The researcher observed that, although interaction between participants in all focus groups was free and open, some participants were overbearing, and appeared to want to dominate discussions. This was not questioned by the other participants, and the inference can be drawn that many participants preferred to follow the lead of the more vocal individuals.

Within the employee groups there were more openness of expression, even in inappropriate language, as the atmosphere was relaxed and casual. It almost seemed to be a relief to finally share their opinion on this important process in their professional lives. On the other hand, the atmosphere in the managers’ group was stiff and almost stifling. They indicated that they felt inhibited by the recorder. In
addition, their focus group session was held after those of the staff, and they felt exposed.

The employees expressed an attitude of distrust and skepticism towards the performance management system currently proposed, because they felt that their union councils had not been properly consulted by the Human Resource department. They felt that this behavior needed to change if management expected a full buy-in from them.

As for the attitude of the employees towards the system, all of the focus groups felt the performance management system was needed, but that it should include the components of planning (involving staff with proper union consultation), fair monitoring and rewarding high performers and correcting of low performers, as stated in the theoretical sample of a performance management system.

5.2.3.2 Manager/ Supervisor Competency

Swanepoel (2003:379) states that the two conflicting purposes also force managers into conflicting roles in performance management and appraisal, serving simultaneously as both judge and counselor.

The view from a number of employees’ focus groups is summarized as follows: “I do not think that the supervisors have enough skills or training to evaluate us. They are supervisors based on years of experience and they require training in actual managerial skills”.

The managers group’s view is summarized as follows: “There is a lot of training to get through, and we have not been trained on how to do performance management, appraisal, time management, and that is a problem”.

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Despite the fact that the interviews were the responsibility of line management, all focus groups agreed that it should be the HR practitioner's job to ensure the effectiveness of a performance management system, by training supervisors how to plan and conduct the process properly.

5.2.4 COMPONENTS OF THE EXPECTED SYSTEM

The analysis of past experience and the researcher's theoretical proposed performance management system shed light on the envisaged performance management system.

From the employees' focus group viewpoint, the purpose of performance management is summarized in four-fold as follows: (1) "Tell me what you want me to do, (2) Tell me how well I have done it, (3) Help me improve my performance, and (4) Reward me for doing well." Locke et al (1981) concur, and states that numerous studies have shown that goal-setting is an important element in employee motivation. Goals can stimulate employee effort, focus attention, increase persistence, and encourage employees to find new and better ways to work.

The managers' focus group viewpoint was that "the overall goal of any good performance management plan is to ensure the employees' activities (the tasks they perform and how well they perform them) support the goals of the organization while maintaining a motivated and happy workforce."

From the above-mentioned input it was concluded that the revised performance management system should have a stronger emphasis on proper planning, managing, monitoring, reporting, and reward high performance and/ or correction of low performance.

5.2.5 CONCLUSION ON THE DISCUSSIONS
The conclusion that can be drawn from all focus groups is that the previous performance management system used by the Eastern Cape Provincial Treasury was on track with clear objectives, and was largely integrated with the departments' planning process, primarily through the use of divisional planning objectives as a basis for employee performance agreements. However, the general findings were qualified by the need to address several key issues, and to make some improvements to the process. As a result it was also concluded that the revised performance management system should have a stronger emphasis on effective managing, monitoring, reporting and rewarding high performance and correcting low performance respectively.

5.3 SUMMARY OF THE FINDINGS

The analyzed data compiled from the focus group discussions was discussed with reference to three major categories and related sub-categories. The categories were: understanding of the performance management system/s; and attitudes reflected during the study and towards the subject of performance management.

Findings were discussed in narrative style, and sub-categories were contextualized within the framework of relevant literature and supported by quotations from the original transcriptions. In the first category the understanding of performance management system by employees and their managers was described. These were categorized into the sub-categories development, effectiveness, transparency and the implementation of the previous performance management system, as well as the manager/ supervisors' and employees' attitude towards the system.

- The employees' understanding of the previous performance management system was that it was just a tool and procedural activity with no value adding and no link to rewards. However, the managers/ supervisors
understood the importance of a performance management system and saw value in exercising it.

- The lack of management consultation with the union council was found to be another factor which led to skepticism among employees.

- The managers/supervisors' and employees' attitudes and general reaction to the previous performance management systems process were not clearly defined although the objectives were clear. The focus group contributions recommended a defined step-by-step clear performance management system process with integration of all the relevant components of an acceptable performance management system.

- As regards the effectiveness of the system, the process transparency and the manager/supervisor competence, from the data collected it would appear that the previous performance management system was poorly managed and not motivating to staff members. Lack of manager/supervisor training was also pointed out as a demoralizing for.

- This category also attempted to cover the challenges faced during the review process, with recommendations by participants for more transparency and clear communication. The relevant literature was referred to during the discussion.

- The final category dealt with an envisaged performance management system, using a theoretical performance management system as a proposed copy during the focus group interviews. This sub-category reflected the attempts by employees and managers to recommend a performance management system that would fill the gaps of rewarding high performance and correcting low performance respectively.
In conclusion, the managers and employees showed a clear understanding of performance management systems and proposed some improvements and addition of other key performance management issues like rewarding excellent performance and improving relationship management during reviews. The conclusion was that a revised performance management system should have a stronger emphasis on effective management, monitoring, reporting and reward for high performance and correcting low performance. The following chapter will focus on the conclusion and recommendations of the study.
CHAPTER 6

CONCLUSION AND RECOMMENDATIONS ON THE STUDY

6.1 INTRODUCTION

Chapter one provided a broad introduction and background to the study, the significance of the study, the objectives and purpose of the study. Chapter two provided a detailed discussion reviewing related literature. It sought to provide through treatment of the conceptual, theoretical and legislative frameworks. Chapter three gave a detailed overview of performance management. Chapter four outlined the research design and methodology whilst exposing the scope of study consisting of target population and sampling procedures used. Chapter five presented and analyzed findings of the study.

The aim of this chapter is as follows: (1) to summarise the discussion on research methodology and the subsequent findings of the study, (2) to draw conclusions from the findings, and (3) to make relevant recommendations based on the findings. At the operational level, all departments have confirmed that they will comply fully with all technical requirements in concluding the management of the performance of staff in respect of the 2012/13 performance cycle. This will ensure that all staff will be appraised as at 31 March 2014 and that managers will be able to take decisions with regard to corrective steps and the granting of incentives.
Indications are, however, that the Eastern Cape Provincial Treasury as a collective has not yet transformed to an organization displaying an ethos of performance management. The Performance Management System is generally applied as a staff evaluation system focusing on incentives (pay progression and performance bonuses). It is seen as a burdensome inconvenience by line managers, with the general comment that performance management is a function of human resources management and that it should not be managers' responsibility.

6.2 SUMMARY OF THE RESEARCH METHODOLOGY

The research design was based on De Vos (2002) and Creswell's (1997) assertion that the nature of the research question determines the type of methodology to be used. This study was interested in exploration and descriptions. The research proposed to answer "what" and "how" questions which, according to Creswell (1997:17), is typical of qualitative research.

This study was confined to the employees of the Eastern Cape Provincial Treasury. The data collection method was questionnaires and focus group interviews. Categories that emerged from the data analysis were subjected to literature control. Data verification was performed, based on the model by Lincoln and Guba in Creswell, 1997, using the criteria of credibility, transferability, dependability and conformability.

6.3 FOCUS AREAS FOR IMPROVING THE MANAGEMENT OF PERFORMANCE
The link between organizational and individual performance needs to be strengthened from a holistic perspective. To this end, the Eastern Cape Provincial Treasury will draft and institute an interventionist management of performance programme in departments to run concurrently with the organizational and staff performance cycles. The following could constitute the focus areas of the programme:

- A focus on the planning processes of departments ensuring that government strategy is cascaded in provincial and departmental context in terms of time (long-term strategic plans of 5 years plus);
- Medium-term strategic plans (MTEF period) and annual business plans.

To this end, a Strategic Planning and Management Framework (SPMF) will be drafted and implemented. This framework will also provide for compulsory quarterly progress reviews in the departmental management context (DTC) against the outputs and actions as committed in the business plan. All quarterly DTC reviews will give input into a quarterly provincial output overview. Finally, an annual departmental business plan cycle is concluded by way of publishing the annual report of the department. This report is subject to a rigorous overseeing process. It is seen as prudent, in support of the improvement focus of the Management of Performance Programme that the envisaged Strategic Planning and Management Framework should provide for an annual report review process by the Eastern Cape Provincial Treasury.

A focus on the performance defining responsibilities of departments in order to ensure an annual basis where outputs and actions are contained in business plans is reflected in performance agreements and cascaded throughout the department. This focus will entail the drafting and implementation of a procedural guide on performance setting, which will
provide for appropriate interventions at the various hierarchical levels in departments.

6.4 CONCLUSION ON THE FINDINGS

This chapter draws conclusions on the findings. However, in chapter 5 an extensive discussion of the findings has been given and summarized. Reference was made to the main categories and sub-categories which were followed during data analysis. The findings were discussed in narrative form, and each category and sub-category was highlighted by appropriate quotations from the transcripts and then compared with relevant literature and available research.

The findings concluded that a revised performance management system should close the missing gaps and have a stronger emphasis on proper managing, monitoring and reporting, as well as rewarding or correcting high or low performance respectively. According to Schneier et al. (1987:98), a performance management system is classified into a development, planning, managing, reviewing and rewarding phase as seen in Figure 2.1.

6.5 RECOMMENDATIONS

In view of the research findings and the literary contextualization of the findings, the following recommendations can be made:

- The Eastern Cape Provincial Treasury needs to establish clear organizational objectives which will contain clear criteria and standards of expected performance from all business units and each employee.
• The performance management tool should be negotiated and agreed with the union councils and management. The performance measures or key performance indicators should be agreed upfront with all employees, irrespective of their level in the organization.

• Flowing from the previous recommendation, it is recommended that only one performance management system should be implemented across the organization.

• The Eastern Cape Provincial Treasury needs to develop a performance management system comprising planning, managing, reviewing and rewarding stages. A system of ongoing performance feedback, both formative and summative, should be implemented.

• It is recommended that discussion about performance management be improved and should happen regularly for reasons of transparency, so as to restore a culture of trust in the organization.

• The Eastern Cape Provincial Treasury needs to train all managers and supervisors how to use the performance management process effectively
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