

Performance Management Systems in Rustenburg mines, North West, South Africa

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DECLARATION

I, EDGAR CHINEMBIRI, the undersigned, hereby declare that this dissertation is my own unaided work. It is submitted in partial fulfilment of the requirements for the degree Master in Business Administration at the North-West University. It has not been previously submitted for any degree or examination at any other university or institute.

Signed:.....

E. Chinembiri

DEDICATION

This dissertation is dedicated to my little family. You are the reason I have chosen to reach for more and do better at everything. Whatever sacrifices I might have to make along the way for you, know that I will make them with a heart overflowing with joy, hopeful that they will in the future ensure a better life for you. You are so special.

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ABSTRACT

The purpose of this study was to investigate the effectiveness of a performance management system in enhancing organisational performance in the Rustenburg mines. This is because it is currently not known whether or not it is beneficial to implement PMS in the Rustenburg mines. This study uses a case study research method. A mixed method research approach was used to evaluate the effectiveness of PMS in the Rustenburg mines. The study indicates that PMS enhances performance and improves output if implemented according to recommended guidelines. The study recommends the implementation of PMS in the mining sector so as to improve performance and output.

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1 CHAPTER ONE: INTRODUCTION

1.1 Introduction

The purpose of this study was to determine what effects accompany the implementation of performance management systems in the Platinum mines in Rustenburg, namely Anglo American and Kroondal. According to the Chamber of Mines, South Africa (2012), ever since the discovery of minerals in South Africa in the 19th century, the country has benefited heavily from huge private funding being pumped in for the extraction, refinement and export of these commodities, acting as a stimulus for the entire South African economy. Performance Management Systems (PMS) are mechanisms designed to measure performance in various institutions, including the mining sector. PMS should also be included in strategic planning by organisations wishing to improve the quality of output (Bouckaert & Halligan, 2007). Indeed, performance measurement and programme evaluation have been central drives efficiency, effectiveness and accountability within the public sector (Guthrie & English, 1997). The business world is changing at an ever-increasing pace (Maier, 2004). Globalisation of markets, the revolution in information and communication technology (Castells and Development, 1999), the increasing importance of financial markets and competition for talent are only a few of the change drivers in the current business climate (Verweire & Van den Berghe, 2004) . In this rapidly changing and complex environment, companies need to rethink their performance management processes in order to remain competitive in the business (Day, 2000).

Companies using performance management systems perform better financially than those that do not (Kaine & North-Samardzic, 2015) . According to Gomez-Mejia *et al.* (2004) companies effectively managing staff performance will outperform those companies lacking such PMS programmes across a wide range of financial and productivity parameters. Introduction of effective performance management systems, and using these as an opportunity to motivate staff members in the direction of their desired goals, can help managers achieve their own goals (Bowen & Ostroff, 2004). Performance management systems assist employees to understand their responsibilities and how their day-to-day work contributes toward meeting their employers' strategic goals, while at the same time providing a mechanism for giving

employees specific and candid feedback on how well they meet expectations (Radin, 2006).

Performance review is not new. Much research has been conducted, making this process one of the most praised, criticised and debated management practices in recent decades. Despite all the research and countless texts, articles and conference papers, performance review remains a major source of frustration for managers. The lack of a performance management system has been likened to flying a “plane without altimeter, compass or gyroscope (Banks & May ,1999). Gray (2002:16) concurs that after many years of much study, there is little evidence that performance management programmes elicit the desired effect, and that in fact tying performance management to merit increases may simply be a waste of time, because it presupposes that we understand and can manipulate something as complex as human behaviour.

1.2 Background of study

Performance review has been traced as far back as the third century. In the United States of America the federal government began to evaluate employees in 1842 when Congress passed a law mandating annual performance reviews for department clerks (Nankervis, Compton & Baird, 2006:340). Advocates of performance review included eminent early writers on management such as Drucker, Herzberg *et al.* together with a number of contemporary writers such as Cascio, who see performance review programmes as the only logical means to appraise, develop and thus effectively utilise the knowledge and abilities of employees (Banks & May, 1999). “Strategic success lies in focusing attention at all levels on key business imperatives that can be achieved through effective performance management” (Bennett & Minty, 1999:58). It is frequently seen as one of the hallmarks of the new managerialism in human resource management, also commonly represented as a device for individualising the employment relationship (Johansen & Shieds, 2007). The human resource managers’ concerns are improving the ability of managers to reward performance (Heathfield, 2007:6). The evaluation of performance appraisal is significant as every employee deserves to know where he/she stands on performance (Grote, 2005), Mula (2014: 227) asserts that getting the most from people and building a workplace that promotes top performance is one of the biggest

challenges for private sector managers. Mula (2014:2270) argues that many organisations implement pay-for-performance systems that are well-designed on paper, but these same organisations are unsuccessful at making the cultural shifts necessary to make significant change and results.

Law (2007:24) concurs that performance appraisal systems are ineffective and inefficient in that they do not measure performance, because they fail to take into account the system factors that account for most variation within an organisation.

Formal programmes to assist with performance reviews and merit ratings are by no means new (Banks & May,1999). In many instances an appraisal interview will provide the basis for noting deficiencies in employee performance; these will then be used to make plans for improvement (Banks & May,1999). Unless deficiencies are brought to an employee's attention, they are likely to continue until they become even more serious (Banks & May,1999). Underperformers may not always understand exactly what is expected of them (Aguinis, 2009). Once their responsibilities are clarified they are in a position to take the corrective action needed to improve performance

Successful performance management can also help companies plan better, retain top performers and align individual goals with those of the organisation (Aguinis, 2009). However recent studies show that although performance management is widely embraced in South Africa, its use remains problematic and companies struggle to implement it successfully (Bush, 2008). Dennis Finn, head of performance improvement at PricewaterhouseCoopers, notes: "People and organisations are getting better at doing performance management, but they still have a long way to go" (Efrat, 2004).

In addition, Michelle Bourke, a director in Deloitte's Consulting Division, notes that "while there is recognition of the value of performance management and its role in driving the business, many of the organisations we work with are struggling with their existing performance management systems and are looking for ways to improve them" Efrat (2004). Kaplan and Norton (2008) add that performance appraisals work best where the content of the performance management system is tightly aligned to the organisation's vision and where this vision is then broken down into goals,

measures and targets. These are cascaded down through all areas of the organisation to where the need is greatest

Leaders have to spend time in perfecting key metrics before evolving these into steps that are specific, measurable, time-bound and objective (van Wagtendonk *et al.*, 2008). What often happens is that a manager drives a business based on the latest problematic flare-up: this puts the company in a reactive stance, driven by “short-termism”, and leads to employee frustration

There are numerous performance management systems that are technically perfect but far too complex, becoming more of a burden than an aid. When a system is overly complicated, those concerned will deal with performance management as a once-a-year event that “has” to be dealt with, rather than as part of a beneficial dialogue between manager and staff that should be occurring throughout the year (Fletcher, 2008). This research assesses the degree to which this is the case on mines in the Rustenburg area. The Rustenburg mining area is located in the Bojanala district in the North West province of South Africa. There are four platinum mines along the N4 highway which is 100km northwest of Pretoria. Rustenburg town is the urban settlement which houses the Anglo American and Kroondal mines offices and surrounded by the shafts where they conduct the actual mining. The study was conducted in the platinum mines in this area. The mining industry in South Africa has been the main driving force behind the history and development of their most advanced and richest economy (Hoogvelt, 2001). Large-scale and profitable mining was started during the discovery of a diamond on the banks of the Orange River in 1867 by Erasmus Jacobs and the subsequent discovery and exploitation of the Kimberley pipes a few years later. Mining has become an important contributor to the South African economy and we are fully supportive of maintaining, promoting and enhancing that role. Members of the mining sector are from the following extractive areas;

- Platinum
- Gold
- Coal
- Others

Currently South Africa is the largest producer of platinum in the world (Cawthorn, 2010), accounting for 78% of the world's platinum, and this creates the highest number of job opportunities, uplifting communities in the process.

1.3 Problem statement

As noted in section 1.2 above the mining sector is faced with a critical shortage of skills, posing a challenge in attracting and retaining the most-productive employees, especially if their efforts are not acknowledged. Therefore it follows that, if performance management systems are properly utilised, it can assist in reducing employee dissatisfaction and staff turnover. Currently the fit of performance management systems in the Rustenburg mines is not known. Türk and Roolah, (2005) state that performance management is a process aimed at determining the results of an employee's work, one of its functions being to offer justified compensation for his/her efforts. It has to be relevant, reliable and justly measurable, while closely linked to objectives of the organisation. Another difficulty is the incompetent managers that conduct professional assessment. Spencer and Spencer (2008) believe that formal training of managers is the most effective way to prepare them to conduct successful employee performance appraisal. In light of the above it is therefore necessary to investigate the fit of PMS in the mining industry in the Rustenburg area. The outcome of the research with regard to performance management system contributes towards improvement of the above.

1.4 Purpose of the study

The main purpose of this research has been to understand why performance management has been used as a tool by different organisations and whether the circumstances at Anglo American would be conducive to a successful performance management programme. As the case in any research is to increase knowledge this study is no exception. The study shows the history of performance management and the effects that have been experienced in organisations where it has been implemented. Secondly, the results of the study provide a platform for fresh discoveries and improvements of existing mechanisms on the concept and assist in finding a lasting solution to issues around its implementation. By identifying gaps and potential downsides in performance management, the study provides a firm

standpoint for further research in this area. Although major research projects have been made with regard to performance management, this study does not discard perceived consequences but it attempts to make further meaningful contributions.

1.5 Objectives

The objectives of the research study are to:

- ❖ Determine the factors that impact on the implementation of performance management systems at Rustenburg mines.
- ❖ Determine the policy on how to implement in the performance management systems the extent to which the performance appraisal system can be utilised.
- ❖ Establish the difficulties involved in the implementation of the performance appraisal system in mines.
- ❖ Determine the perceptions of the supervisors and those under supervision towards utilisation of a performance appraisal system.
- ❖ Determine whether there is any reward structure, or are there motivational elements, to support installation of performance appraisal systems?

1.6 Research questions

In order to assess and evaluate the extent to which performance management systems have been utilised in the mining sector, several research questions have to be answered.

- 1) What are the factors that impact on the implementation of performance management systems?
- 2) Is there a clear policy on how to implement the performance management systems?
- 3) What difficulties do managers face in implementing performance management systems in the mining sector?
- 4) What are the perceptions of the supervisors and those under supervision towards utilisation of a performance appraisal system?
- 5) Is there any reward structure, or are there motivational elements, to support installation of performance appraisal systems?

1.7 Literature review

According to Neely *et al.* (2005), the literature on performance management systems covers topics like performance evaluation, performance review, performance appraisal and performance management, and the issues on these have always been the same, i.e. the content and source of the appraisal; fairness of appraisal and linking it to compensation, feedback and training.

Cook and Schwartz (2002) pointed out that performance management (PM), in recognising the achievements of others, in offering constructive feedback on performance and helping them to identify areas for development and improvement, should lead to increased self-esteem, job satisfaction and should also offer support in career development. In the mining industry this will increase the production and hence the profits made for the company.

Kueng (2000) argues as a key issue that performance management should aim at clarifying the need of the organisation for its performance and setting up a process, which would ensure that the organisation performance is delivered. Kueng (2000) further mentions that the setting up of the process to ensure the delivery within the organisation could only be done with a high level of strategic alignment of all the processes involved in the management and development of people throughout the organisation. In addition Dewettinck *et al.* (2012) argue that the important aspects of performance management are setting performance goals, developing strategies and translating them into concrete guidelines for action, i.e. making them operational.

Based on the above literature, it is asserted that there are challenges that are facing any performance management system process of any organisation and based on that, the following research is done in the platinum mines in the Rustenburg area Garcia-Zamor (2003) states that employers have been trying to link performance management to pay increases since the end of the World War II, by evaluating performance and then rewarding it monetarily, with managers trying to motivate employees to work harder, smarter and stay on the job. In the mining sector there is little hard evidence that implementation of performance management system elicits the desired effects. Employees were sceptical of the evaluation results and even doubtful of the ability of those managers who are involved in the process.

Humphrey *et al.* (2007) argued that the principle of equity was in practice collapsing back into the old principle of equity, as a result of the following challenges

- Implementation of PMS;
- The system challenges lay not so much in measuring performance, but in the development and implementation of equitable rewards; and
- Organisations were rarely able to reward employees twice as highly even if an evaluation system showed that output was twice as high as that of equivalent colleagues.

Grote and Scullen (2006:39) assert that one knows that there is something wrong with the performance management system evaluation process, which is why we are always trying to fix it with 360 degree feedback, and forced ranking are two of the more prominent fixes, but no fix seems to satisfy everybody. There is probably no management process that has been the subject of more Dilbert lampoons than the performance management system (Montague, 2007:40).

According to Scholtes (1993) the best performance management systems do not work, and at worst they cause serious damage to morale within the organisation. Furthermore Scholtes, (1993) contends that the performance management concept cannot be fixed, since it is a reflection of the leadership philosophy . Despite the popularity of performance management tools, there is on-going debate among scholars and academics regarding the true efficacy of performance appraisal (Schraeder, Becton & Portis, 2007:20).

Heathfield (2007:6) maintains that the traditional process of performance appraisal reflects and underpins an old-fashioned, paternalistic, top-down, autocratic mode of management that relies on organisational charts and fear of job loss to keep the troops in line. The traditional performance appraisal treats employees as possessions of the company, fails to create dialogue, and rarely results in positive employee development.

1.8 Significance of the study

1.8.1 Implications

The aim of this research has been to increase knowledge in and about the efficacy of PMS. The study of theoretical aspects of the assessment of performance management systems possesses enormous power to accelerate the expansion and development of more socially and economically modelled performance management strategies that can mitigate employee resentment. Secondly, the results of the study provide a platform for fresh discoveries and improvements to existing mechanisms so as to improve performance management. By identifying gaps and potential downsides in performance management systems, the study provides a firm standpoint for further research in this area. Although major contributions have already been made with regard to improvement of performance management systems, this study also attempts to make further meaningful contributions. The study does not discard any existing performance management systems in the workplaces under examination, but rather attempts to improve performance management and find a lasting solution to issues around its implementation.

1.8.2 Applications

The results arising from this study can potentially be applied to workplace situations. A clear exposition of organisations' well-established and executed workplace performance management systems, together with involvement, collaboration and networking, will help to educate those concerned about the need for performance improvement. The study provides human resource practitioners with a platform to disseminate information on how performance can best be managed in the workplace to improve individual and organisational results. The study is also expected to open up areas that would benefit from further investigation by other researchers.

1.9 Research methodology

According to McKendrick (2000:256), research design provides the answer to the questions and what methodology should be used to obtain information that is needed. For the purpose of this study a quantitative method is applied. The research

design can be defined as a framework of the research plan of action. There are various research methods from which one may be appropriately selected. According to Saunders *et al.* (2004) a research design is a general strategy of how the researcher goes about answering the research questions. Confirming this, is the view of Palanikumar and Panneerselvam (2009) who describe a research design as a plan that provides guidelines for data collection.

For quantitative measures, research questionnaires were distributed to respondents. The rationale to use questionnaires is the validation of information that is collected to eradicate doubt or feeling of bias. The data collected need to be aligned with the questionnaires to ensure validity and reliability.

1.91 Assumptions

The search is underpinned by the following assumptions:

Mines are implementing performance management systems as a measure of employee performance. According to Arnaboldi and Azzone (2010) and the literature on performance management systems covers topics like performance evaluation, review and appraisal and the issues on these topics have been the same. The mining system has no reward structure to build employee enthusiasm arising from the performance management systems already in place. The study uncovered the perceptions of those rated, and those doing the ratings, in regard to the rationale of the performance management system used in the mining sector. Arnaboldi and Azzone, (2010) have stated that many challenges followed in the wake of the implementation of PMS, such as *inter alia*, the following

- They are strongly rejected;
- They were undermined by problems of implementation;
- These systems lay not so much in measuring performance, but in the development and implementation of equitable rewards.

1.9.2 Sampling

According to Bailey and Boykin (2001) sampling denotes the process of selecting a fraction of the population under examination from which to obtain descriptive and analytical data about that population as a whole. According to Zelizer (2010) it provides answers to questions and are the means which shall be used to obtain information that is needed. The method involves the population being divided into a number of strata that are mutually inclusive and contain homogeneous members in terms of characteristics such as gender or age (Hibberts *et al.*,2012). The desired number of participants is then randomly selected proportionally within each stratum. This type of sampling is mainly used to ensure that different elements within a population are sufficiently represented within the sample (Brink,1990). The research design was chosen on the basis of the following attributes:

- ❖ Uniqueness: - gather important information from different sources.
- ❖ Probability sampling: - unbiased representation of population interest.
- ❖ Standardisation of measurement: - same information collected from every respondent.

1.9.3 Research Instruments

Since the purpose of this research was to assess performance management systems in use on the Rustenburg mines, the best research instruments or methods of collecting primary data entail using a survey and interviews. According to Fowler Jr (2013) , a survey is a design that provides a quantitative or numerical description of some fraction of the population—the sample—through the data collection process of questioning individuals. This data collection in turn enables a researcher to develop general findings applicable to a population from a sample of responses. Surveys are administered and can use questionnaires; interviews can be conducted; and questions may be posed via fax, e-mail, or over the phone. Before conducting such surveys, a “test run” pilot study is indicated.

For a survey, the researcher used a personal questionnaire to be administered to all participants in the research. According to Leclerc (2005), a personal questionnaire is defined as a set of questions on a form to be completed by a research respondent.

Personal questionnaires are handed to the respondents who will complete them on their own, but the researcher is available to assist and explain if problems are encountered. Personal questionnaires were used in this survey because most of the respondents are busy employees requiring time to complete these questionnaires: however, the researcher was at all times available to assist. The major significance of this type of questionnaire is that it is less time-consuming and always to the point.

1.9.4 Scope of the study

This research study is limited to employees working on the Rustenburg mines despite the fact that the mining houses concerned are involved in operations around the world. Because of time and resource constraints it would be difficult to extend this research to other regions. The research study depended on a representative sample of employees and HR managers, as indicated in the targeted population study, since it would be difficult if not impossible to extend such research across the entire workforce.

1.10 Ethical issues

The research process can pose ethical dilemmas. These have arisen in past instances where a researcher has falsified data or plagiarised details of the work presented by another researcher. Billari and Wilson (2001) assert that human beings constantly appraise, consciously or unconsciously, objectively or subjectively. People appraise themselves and others, they appraise behaviour, personality and system. Organisational appraisal systems are an attempt to formalise these activities for the benefit of both the individual and the organisation (Torrington & Hall, 1991:480). Blaxter (2001) suggests that a common cause of ethical challenge is conflicts of interest between the researcher and the researched. The researcher may be excited about his/her research idea, and be keen to collect data affected by whatever they are researching. However, there is a risk that the researcher may be tempted to consider unethical research practice in order to try to obtain and/or retain some of the data. The researcher is responsible for any physical and psychological risks caused to the participants. The participants were made aware of the level and nature of the risk before they agree, freely, to take part in the study. The researcher ensured that the level of risk was justified by the importance and the relevance of the

study and in absolute terms. The participants were asked to sign a consent form to record information agreed upon.

1.10.1 *Privacy and confidentiality*

Privacy and confidentiality imply that only the researcher—and possibly a few members of staff—should be aware of the identity of participants and that the researcher should have given a commitment in regard to that (Strydom, 2002:27).

In the study, where a questionnaire was used as an instrument for data collection, no personal identification detail was included in the questions and respondents were not required to write their names. In cases where respondents volunteered their names, such information was deleted immediately; furthermore, since the research study is of a tentative nature, the confidentiality of the information and the privacy of the participants were guaranteed.

1.10.2 Informed consent

Informed consent involves obtaining voluntary participation by those involved with the right to withdraw from the study at any time, thus preventing potential undue influence and coercion. To ensure implementation of the ethical principle, the researcher provided prospective participants with written information about the study before they become further involved. This information included the purpose of the study, details of subject confidentiality, information on risks and benefits, and also who to contact for further details.

1.11 Chapter outline

Chapter 1: Introduction;

Chapter 2: Literature review;

Chapter 3: Methodology;

Chapter 4: Data presentation and analysis; and

Chapter 5: Conclusion and recommendations

1.14 Summary and conclusion

This chapter has examined the background of the research problem over and above the problem statement. A background to the study envisaged the need to assess the impact of nationalisation on mines in Rustenburg. The research questions have been stipulated while the research objectives have been explicitly stated. The significance of the study and the research methodology were outlined. Through elaboration on the purpose of the study, the research insights have been articulated. To this end it has enabled the researcher to devise the scope of the study.

2 CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter highlights the literature in relation to what performance management systems (PMS) involve. The researcher also looks at what other authorities say about performance management systems. Particular issues linked to performance management such as motivation, rewards and change management are also discussed. The key activities associated with performance management are planning, feedback, evaluation and development. Problems arising from the implementation of PMS in the work situation will be highlighted and the envisaged solutions.

2.2 Essence of the Performance Management System

Armstrong (2009) views performance management as a systematic process for improving organisational performance by developing the performance of individuals and teams. It is a way of facilitating and improving the performance of employees by building a conducive work environment and providing maximum opportunities for participating in organisational planning and decision making process (Yadav & Dabhade,2013). Improved results are obtained by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements (Lockett *et al.*,1992). Performance management is owned and driven by line management. Agreeing with this, Ivancevich (2004:21) contends that performance management is a process whereby executives, managers and supervisors work to align employee performance with organisational goals. This means that, from a strategic and competitive advantage perspective, performance management is the integration of employee performance to organisational goals to obtain superior performance. Low, (2010) argue that managers should have a small span of control because they have more problems to deal with. Line managers must understand the organisational goals and communicate effectively to their subordinates so that they can achieve them (Hayward *et al.*, 2008).

Commenting on the value of performance management, the Harvard Business Essentials (2006) said that, "A formal performance appraisal typically feeds into

the company's pay and promotion scheme." Performance management process sets the platform for rewarding excellence by aligning individual accomplishments with the organisation's mission and objectives and making them understand the importance of a specific job in realizing the outcomes

However this is in contrast to Ostroff and Bowen, (2000) who postulate that "pay should be a natural consequence of performance, it does not drive it." It suggests that employees must be rewarded for their work rather than be rewarded to work. White (2002), said that employees have a right to a fair remuneration and conditions of service.

According to Kant *et al.* (1997) the benefits of performance management are that it improves performance by changing undesirable behaviours of employees through constructive feedback and providing an opportunity to build strong working relationships between members of a team. In contrast to this there are no coordinated efforts by team members who often miss deadlines for carrying out important duties

Performance management systems involve activities far beyond simply reviewing what an employee does. They have to fulfil several purposes, as described by (DeCenzo & Robbins, 2015:98). More specifically, Schemerhorn (2001) views the performance management system as a flexible process that consists of the following activities:

- Defining organisational goals;
- Setting objectives;
- Agreement on training and development plans;
- Performance appraisal ;
- Regular feedback;
- Reward allocation and;
- Development of individual career plans;

Saunders (2000), suggests using the SMART model that says objectives must be Specific, Measurable, Attainable, Realistic and Time-bound.

- Specific – Objectives should be clear, unambiguous, straightforward and understandable
- Measurable - Objectives need to be defined in terms of quality, quantity, time and money
- Agreed – Objectives should be agreed upon by individual employees and managers or team leaders.
- Realistic – Objectives need to be within the control and capability of the individual.
- Time-bound – Objectives need to be completed within the agreed time-scale.

Smither (1998:123) also argues that several management theories have been built on the core assumption that clear unambiguous expectations (objectives) and standards are indeed important for securing effectiveness. To substantiate this, Schemerhorn (2001) states that a performance management system ensures that performance standards are defined, objectives set, performance regularly assessed for accomplishments, and appropriate actions undertaken to improve future performance potential.

Effective performance management processes use a measurement of performance and provide feedback to employees as well as rewarding subordinates to motivate them to work hard for the realisation of corporate goals. DeCenzo and Robbins (2005:246) state that “performance evaluations were primarily designed to tell employees how they had done over a period of time and let them know what pay rise they would receive”. In agreement with this, Suri *et al.* (2004) state that performance management systems identify and analyse competence gaps, initiate training and develop action plans to enhance competencies by eliminating or bridging competence gaps, then celebrate significant accomplishments as a method of reinforcement.

Cummings and Worley (2014) state that all organisations are subject to administrative and operational changes to improve their performance and productivity, as well as to achieve broader organisational objectives. This implies also for the mines to change the way they operate in order to meet their planned

organisational targets. To finalise performance management can be regarded as a proactive system of managing employee performance for driving individuals and the organisation towards desired performance and results (Hatry, 2006)

According to Pulakos (2009) it is considered as the “Achilles Heel” of managing human capital and should be given top priority. In addition it is ranked the lowest topics in employee satisfaction survey.

2.3 Performance management systems in the mining sector

Performance management system is viewed by the researcher as a way within an organisation that seeks to determine the expected standard of performance by employees with a view to the overall successful achievement of the all-inclusive organisational objectives. Performance of each individual can be measured in comparison of the standard of performance set.

If an employee’s performance is falling short, intervention should be put in place to improve it and bring it in line with the expected standard of performance. According to the researcher the role of the immediate manager is crucial as he is in control as well as providing feedback on all matters in the department. Merchant and Van der Stede (2007) defines control as the creation of realistic standards against which performance of employees and the organisation can be measured, and by which deviation from the enterprise’s standards are detected in good time. If deviation occurs, the necessary corrective steps are carried out to ensure that the set objectives of the enterprise are achieved (Merchant & Van der Stede, 2007). In the discussion on “Blueprint for Performance Management”, Kok *et al.* (2014) consider feedback as one of the critical factors of performance management system. They define feedback as the oxygen of excellent performance, and that feedback induces behaviour change irrespective of whether it is a positive or negative feedback (Kok *et al.*, 2014).

Kok *et al.* (2014) define performance management as a formal management process for harnessing and directing, measuring, evaluating and rewarding human effort, competence and talent in realising an organisation’s vision and mission within a framework of core values.

Armstrong and Baron, (2003) contend that performance management is a strategic and integrated approach to delivering sustained success to organisations by improving the people's performance by developing their capabilities of teams and individual contribution.

Neely *et al.* (2005) assert that performance management is the process by which the company manages its performance in line with its corporate and functional strategies and objectives. According to Freeman (2010) performance management addresses the fundamental challenge of balancing and ultimately fusing mind and body, that is synchronising the analysis of problems with actions intended to correct them. Performance management is "the art and science of dealing with employees in a manner intended to positively influence their thinking and behaviour to achieve a desired level of performance, is invaluable in identifying, evaluating and correcting employee performance problems" (McConnel, 2004:273).

2.4 Conceptualization of performance management

Gomez-Mejia *et al.* (2004) assert that performance evaluation is the heart of performance management system, but the whole process must include the organisational policies, culture, practices and features designed that interact to produce employee performance. The performance management process gives opportunity for integration of all HR strategies as noted by (Armstrong, 2000). HR practices can be bundled together to complement and strengthen each other for an organization to deliver desired performance. According to "MacDuffie (1995) bundled aligned HR practices allow one to create mutually reinforcing environment which generates desired outcomes. Designing the performance management process to foster employee engagement will result in higher levels of performance (Gruman & Saks, 2011). Accordingly, we can argue that a PM process can be enhanced by focussing on employee engagement as a proximal outcome and important determinant of job performance

According to Macey and Schneider (2008) employee engagement is a new concept and the reasons behind are different to the traditional employee outcomes such as job satisfaction and organisational commitment (Macey *et al.*, 2009). A number of

considerations on how to increase engagement as an outcome for performance management process are significant and untested.

As observed by Banks and May (1999), the traditional way of assessment was more suitable for stable jobs with work process that are procedural and easily noticed. Nowadays jobs and what represent good performance are variable. The evolution of concepts such as emotional intelligence, distinction between task contextual performance, adaptability, creativity and proactivity will represent results associated with behavioural engagement. Das (2003) noted that achieving increments in performance needs less management rather than facilitation of it by creating an enabling environment to improve. Gruman and Saks (2011) noted that focus of performance management process should not be on results as opposed to behaviours, personality and competencies.

2.5 Performance Management (PM) and Human Resources Management (HRM)

Essential to the notion of strategic management of human resources (HR), is the requirement that the process of managing people is not an end in itself, but is explicitly related to the wider goals of the organisation (Mabey *et al.*, 2005). According to these authors, strategic human resources management (SHRM) must be a means to achieve strategic goals. The integration of HRM, and strategy implied by SHRM, places policies and processes within a system whereby outcomes cannot be assessed without reference to a set of objectives and criteria supplied by other sectors of the organisation (Bishop, 2011). They also state that the management of HR, therefore, finds itself being judged on its contribution to wider goals and, faced with this scrutiny, must develop its own procedures to report on its record. More generally, it must provide a framework for internally auditing the means by which it delivers contributions to the strategic goals, with a view to continuously improving them. Performance management is a means of addressing these requirements (Kurien & Qureshi, 2011)

“The overarching, if unsurprising, finding is that HR functions today are engaging in fairly extensive measurement efforts, deploying a wide range of transactional and

tactical metrics to monitor the performance and the organisation overall” (Corporate Leadership Council, 2006:3, 9).

2.6 Employee engagement

Numerous challenges facing organisations have shifted the focus of attention on performance management systems to ways of improving employee performance (Buchner, 2007). Introducing system changes depends on positive employee preconditions (Ochurub, Bussin & Goosen, X, 2012). There is some debate over whether organisations can facilitate these preconditions. Employee engagement has been confirmed as the most important key to an organization’s success and competitiveness as argued by (Macey *et al.*, 2009). Various writers have praised engagement as the driver of individual attitudes, behaviour and organisational performance, productivity, retention, financial performance and even shareholder return (Bates, 2004; Baumruk, 2004; Harter, Schmidt & Hayes, 2002; Richman, 2006).

Given the deepening disengagement among workers nowadays, managers should play bigger roles to motivate and increase workers commitment (Kular *et al.*, 2008). Employee engagement is desirable and has both psychological and behavioural facets in that it involves energy, enthusiasm and focused effort. According to Bruch and Ghoshal (2003); Jansen (2004), Walter and Bruch (forthcoming); Cole, Bruch and Vogel (2005) emphasis on collective level energy may increase more understanding of energy in organisational setting.

“The effects of strategic leadership are likely to influence the energy levels within an organisation” especially during change (Canella & Holcomb, 2005, Jansen *et al.*, 2008; Shamir, 1995). Jansen (2004:278) talks of “the energy associated with movement along a trajectory” to support this view. Thus he contributes significantly to an understanding of how to apply energy towards change.

It has been established that energy has links to various beneficial outcomes for organizations. For instance Shrafat (2012) established that the well-being of teams and individuals in any organisation have individuals who are willing to apply essential effort and energy to meet organisational goals.

For high-energy organisations, Cole, (2005) indicated that there is a need to create energy to maintain the momentum. In addition at group level energy encourages collective goal commitment, and overall collective job satisfaction.

Energy drivers in many organisations were found to be networks. According to the studies carried out by Baker, Cross, and Wooten (2003) and Cross *et al.* (2003) it proves the above concept. This is when individuals commit exceptional energy as part of a network.

Research by Bruch and Ghoshal (2004) suggests that energy is not always positive. Further research by Bruch and Vogel (2011), however, suggests the following energy levels in organisations:

- Productive energy – employees exhibit high positive energy levels
- Comfortable energy – employees are satisfied but complacent
- Resigned inertia – employees are frustrated, cynical and lowly engaged
- Corrosive energy – also called high negative energy with employees engaged in aggression and destructive behaviour.

The study by Bruch and Ghoshal (2003) noted that organisations have different energy levels of which are shown by the table below:

Table 1: Four Organisational Energy Levels (source: Bruch & Ghoshal, 2003).

INTENSITY OF ORGANISATIONAL ENERGY	HIGH	Corrosive Energy	Productive Energy
	LOW	Resigned Inertia	Comfort Inertia
		NEGATIVE	POSITIVE

QUALITY OF ORGANISATIONAL ENERGY

According to Bruch and Ghoshal (2003) the characteristics of the energy levels are:

1. Corrosive organisational energy

This is where the organization displays high-energy intensity, which leads to tension, internal conflicts, rumour mongering and is highly counter-productive. Bruch and Ghoshal (2003), Bhatnagar (2005), Bruch *et al.* (2005) noted that this ultimately robs the company of its vitality and stamina.

Bruch *et al.* (2005) say that “focusing” is needed in order to change from the corrosive state to productive energy state. Leaders must focus on eliminating this behavioural pattern in order to move the organization into being competitive.

2. Productive organisational energy

Bruch and Ghoshal, (2003) defines organisations with productive organizational energy as organisations that have intense positive emotions, high attention to take decisive action to solve problems, look out for new opportunities and have care about achieving key organizational strategic objectives and goals.

Leaders in these types of organisations are therefore focused with refuelling the organizational energy levels (Bruch *et al.*, 2005).

3. Resigned inertia

It manifests itself in an organisation that is weak, with negative emotions such as frustration, disappointment, mentally withdrawing and cognitively absent, disinterest in company goals.

Bruch and Ghoshal (2003); Bhatnagar (2005); Bruch *et al.* (2005) noted that this state is generally self-sustaining and needs a strong force to come out of it.

4 Comfortable organisational inertia

It is generally characterised by low animation, a relaxed atmosphere and high levels of satisfaction. Organisations in this state are calm, full of contentment, lack vitality and alertness and rely on that the status quo remain the same.

Leaders in this state need to create a sense of fear in the organisation so that they collectively approach the danger with anger and tenacity, a strategy called “slaying the dragon”, as noted by Bruch *et al.* (2005).

Furthermore Bruch and Ghoshal (2003) explained that organisational energy is like wind, which cannot be touched. It's motivation that can be built or destroyed.

Bruch and Ghoshal (2003:45) further state that, “organisational energy is related but not identical to the sum of the energy of the individuals”. This attempts to quantify the combined energy of the organisation by combining individual efforts.

According to Bruch, Vogel and Morhart (2005), leaders need to understand the crucial factors to create energy in organisations. These are the five factors:

- Leadership quality – leaders need to inspire and promote creativity.
- Strategic direction – clear vision of shared values is more compelling and tends to unleash potential.
- Confidence – belief in ability to rise above challenges unleash potential.
- Commitment – strong sense of collective commitment enhances team passion.
- Teamwork – a high cohesion and strong sense remove competition and destructive tendencies.

2.7 Reasons for managing employee performance

Armstrong (2004:479) views performance management as “a means of getting better results from the organisation, teams, individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirement”. Nel, Werner, Haasbroek, Poisat, Sono and Schultz (2009:493) define performance management as a holistic approach and process

towards the effective management of individuals and groups to ensure that their shared goals, as well as the organisational strategic objectives, are achieved. In addition Briscoe and Claus (2008) view performance management as the system through which organisations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards.

Concurring, Ivancevich (2004) states that managers and supervisors use performance management as a way to align employee performance with the firm's strategic goals. This means that it is a process involving a formal and systematic review of employee progress towards achieving organisational goals, with emphasis on improvement, learning, development and motivation. Conversely Kreitner (2000) holds that the aim is to evaluate job performance as a basis for making objective personnel decisions. Thus performance management can be judgmental or developmental. If it is judgmental, past performance and the available information form the basis for decision-making about levels of compensation or reward. In this case, evaluation of subordinates which needs training and development as well as matters of promotion, demotion, transfers or dismissals will be of major concerns. If performance management is developmental, the focus will be on the future and the available information will be used to provide feedback to subordinates on their strengths and weaknesses. Fisher *et al.* (2004) hold the view that performance feedback informs employees how they have performed in comparison with organisational standards. Substantiating the point, Fisher *et al.* (2004) assert that the purpose of performance management is to make sure that employee goals, behaviours are used to achieve set goals and the feedback of information about performance are all linked to the corporate goals.

Furthermore, "it also helps managers to be proactive in the identification of training and development opportunities to remove barriers that are likely to have adverse effects on performance" (McKenna, 2000:538). DeCenzo and Robbins (2005:257) view performance management systems as concerned with:

- Providing feedback on employee performance.
- Addressing developmental issues of subordinates.
- Satisfaction of legal needs in regard to the organisation of documentation.

In addition, Armstrong (2006:496) views the performance system as concerned with:

- Performance improvement.
- Aligning individual goals with organisational goals.
- Satisfying the needs and expectations of all stakeholders.
- Communication and improvement.

Within this context, managing employee performance is used as a control mechanism that provides not only feedback but also organisational assessment of how matters are progressing towards the accomplishment of desired strategic goals (Goold & Quinn, 1990).

Furthermore, PM can be the bridge between the overall business goals and the specific goals of every individual employee. Goals at the individual employee level and business goals provide the guideline for employee behaviour and assist in their orientation towards certain achievements (Hirst *et al.*, 2009). “The strategic relevance of PM is mainly in the creation of opportunities for business awareness at all levels, focus and concrete targets, employee motivation and employee engagement” (Bezuidenhout & Schultz, 2013).

2.8 The process of performance management

Latham, Sulsky and MacDonald (2007) define the process of performance management as follows:

The process of performance management consists of the following four steps:

- i. Desired job performance is defined.
- ii. Specific challenging goals are set in regard to what the person or team should start doing, stop doing, or do differently.
- iii. The individual's performance on the job is observed.
- iv. Feedback is provided and a decision made about training, transferring, promoting, demoting or terminating the contract of an individual.

Pilbeam and Corbridge (2004:52) note that performance management is a holistic process which needs the definition of organisation goals, effective systems of measurement and assessment, compensation/reward systems that provide incentives, plus constructive feedback and support for employees to develop and acquire the skills needed effectively to contribute towards organisational success. In convergence with this, Fisher *et al.* (2004) state that performance management is an on-going interactive process designed to enhance employee capability and facilitate productivity. The process of performance management is therefore a continuous and flexible process involving managers and subordinates, acting as partners within a framework that stipulate how they can best work together to realise the required result

According to Armstrong (2004:21) the Performance Management System is cyclical in nature.

2.9 Performance management cycle

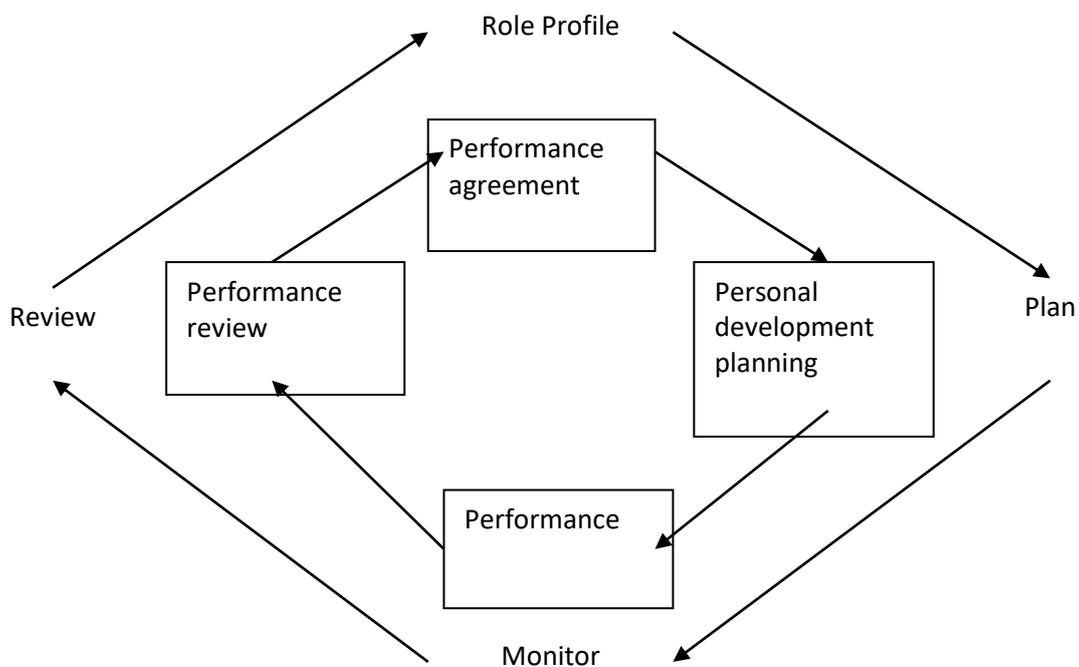


Figure 1.1: Performance management cycle (adapted from Armstrong 2004:486)

- Role profile – key result areas and competency requirements are agreed upon.
- Performance agreement/contract – defines expectations in the form of objectives, how performance will be measured and the skills required to achieve the required results.
- Personal development planning – set out actions that people intend undertaking to improve themselves by extending their knowledge and skills.
- Managing performance throughout the year/performance – action is taken to implement the performance contract and development plan as individuals carry out their daily activities at work.
- Performance review – the formal evaluation stage when a review of successes and challenges is carried out.

Objectives in regard to performance appraisal should be SMART (i.e. Specific, Measurable, Achievable, Realistic and Time-framed).

While Armstrong (2004:51) provided an important framework for performance appraisal, Pilbeam and Corbridge (2004:90) argue that performance management is a holistic process which requires the definition of goals, effective systems for measurement and assessment, a reward system that provides for incentives, constructive feedback and support for employees to develop and acquire the skills needed effectively to contribute towards organisational success. In this context he condensed the process of performance management into three stages, as follows:

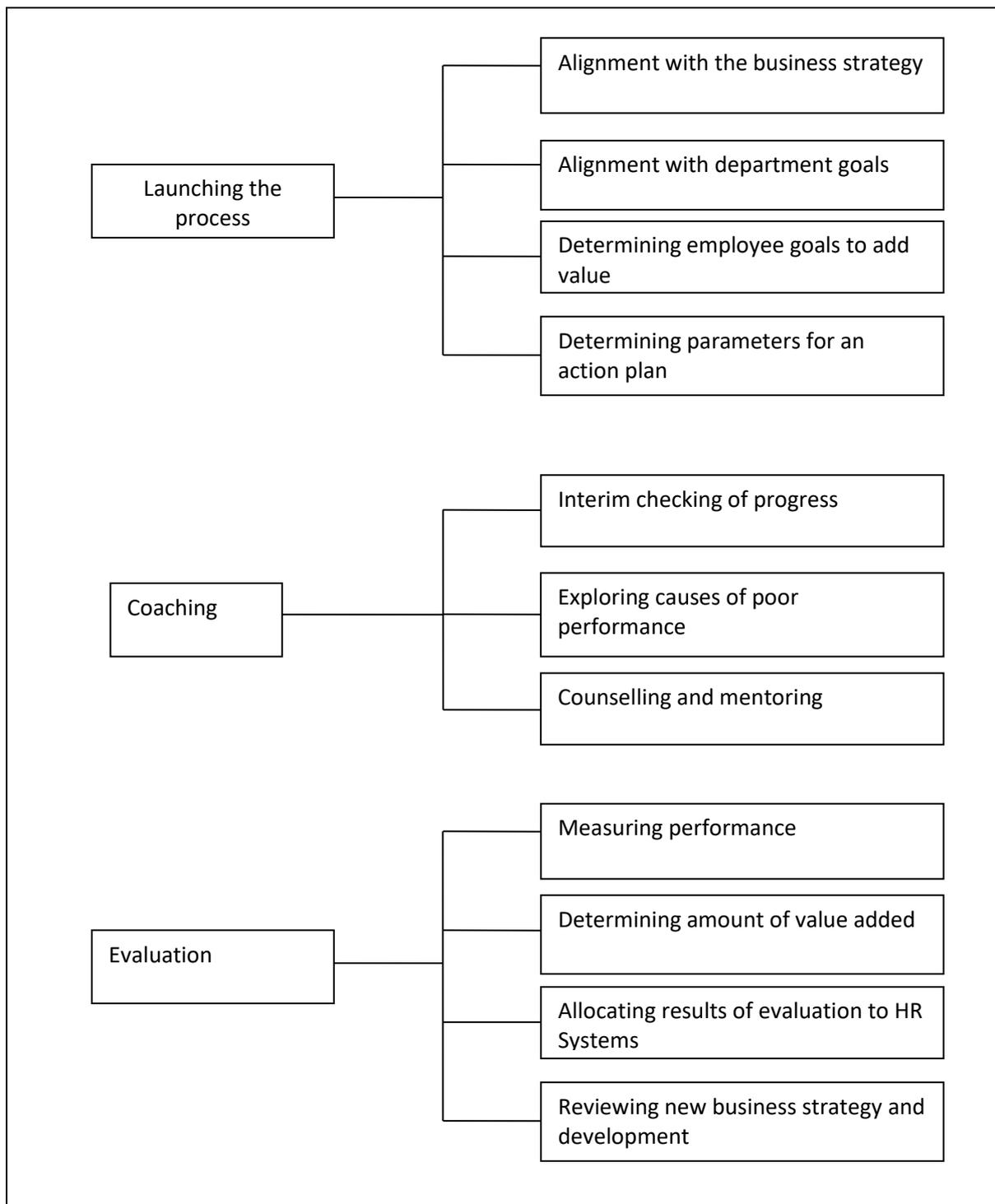


Figure 1.2: Performance Management Process (adapted from Pilbeam & Corbridge 2004)

While the systems and procedures are extremely desirable, they do not always work as planned and often there are unintended consequences. The systems are often modelled on the world of production, and hence lose credibility when implemented in some industries such as the mining sector. For this reason, it is important to note

that, no matter how good a performance management system may be, there is a need for all parties involved initially to understand the appraisal process so as to derive maximum benefit from it

2.10 Types of performance management systems

According to Greer (2001:226), "Various approaches to performance measurement are available to help assess the degree to which the behaviour of employees' at all organisational levels contributes to implementation of strategies." Although these methods of performance measurement and evaluation are useful means of providing feedback they differ in the degree to which behaviours are congruent with organisational strategies. Kreitner (2000:201) argues that the strength of an appraisal system is gauged by its conformity to the criteria for legal defensibility which include:

- Use of a job analysis in developing the appraisal system.
- Whether the system is behaviour-oriented, nor trait-oriented.
- Reliance on specific instructions by evaluators when conducting appraisals.
- Review of the results of the appraisal by evaluators to provide feedback necessary for improvement.

However, they have varying degrees of informing reward systems about the extent to which employees deserve increased compensation, promotions, recognition and so on. Further, they are all potentially valid sources of guidance for further development effort although they may differ in appropriateness

Some of the commonly used evaluation techniques include Management by Objectives (MBO), Graphic Rating Scales, Behaviourally Anchored Rating Scales (BARS) and 360-degree appraisals.

2.10.1 Management by Objectives (MBO)

DeCenzo and Robbins (2005:40) describe management by objectives as a performance appraisal method that involves mutual objective setting and individual evaluation based on the attainment of specific objectives. Subordinates set the goals

to be accomplished over the next period of time, then specify the measures by which accomplishment of such objectives will be determined and outline action plans that will be used in achieving the objectives, with the subordinates working out a joint agreement. Goals in MBO are participatively determined. Nel *et al.* (2009) argue that MBO provides an initial setting of goals, relying on information about long-range organisational objectives. These are cascaded down to department goals and finally provide individual goals. However Nel *et al.* (2009) agree with DeCenzo and Robbins (2005:43) on the mutual setting of goals. The major advantage of MBO is that it ensures continuous feedback on performance and goals. There is a result-oriented emphasis, which results in increased employee productivity.

MBO Process.

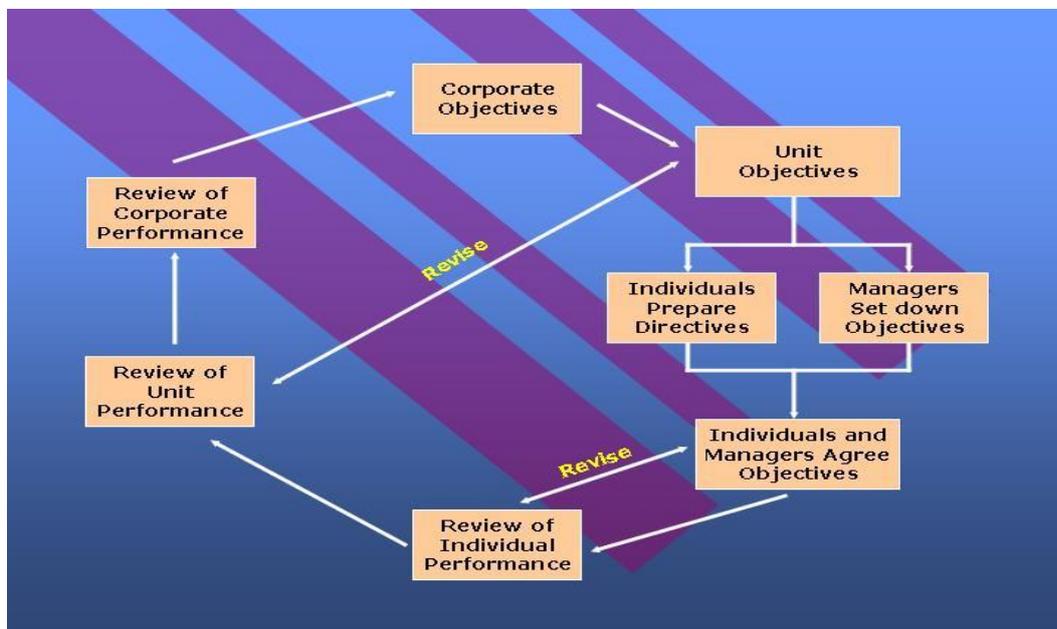


Figure 1.3 MBO Process. *Performance Management* Source: Armstrong (2007)

2.10.2 Behaviourally Anchored Rating Scales (BARS)

According to DeCenzo and Robbins (2005:41), Behaviourally Anchored Rating Scales is a performance management technique that generates critical incidents and develops behavioural dimensions of performance. Concurring, Nel *et al.* (2004) noted that the technique combines graphic scales with examples of critical incidents. The evaluator appraises behaviour rather than traits, with observable and measurable job behaviour being specifically defined, and from which ratings are then

made (Wiese & Buckley,1998) .The advantage of BARS is that it produces error-free, reliable ratings because evaluations are made focusing on recorded anecdotes that differentiate between doing a job effectively or ineffectively (Pyzdek & Keller, 2003).

2.10.3 Graphic rating scales

Nel *et al.* (2004) in collaboration with Ivancevich (2004:172) agree that graphic rating scales involve a format of multiple interval response scales carrying numerical values with short descriptive anchors. Its advantage is that the method lacks behavioural specificity, hence allowing a standardised performance evaluation approach that can be used across a numbers of jobs. Greer (2001:230) agrees that results obtained from graphic rating scales are easily translated into numerical indices. Elements that are rated through graphic ratings are similar to those in the area for personal dimensions, as contained in the performance appraisal forms utilised by the mines in this research (Rao, 2004).

2.10.4 Paired comparisons

In this technique each worker is compared with every other worker in a selected group (Nel, 2009:500). The final placement of each individual is then determined by the number of times she or he has been judged to be better than the others. This measurement instrument becomes cumbersome when large numbers of employees are involved.

2.10.5 Essay method

The essay method requires the assessor to write a report in the form of an essay, describing the strengths and weaknesses of each employee (Brown *et al.*, 2013). The essay method is time-consuming, heavily dependent on the writing skills of the assessor and reliant on comprehensive reporting.

2.10.6 Critical incidents

This technique focuses on the continuous recording of actual job behaviours that are typical of success or failure. Incidents reflecting good and bad performance are noted. Critical incident is a time-consuming method and can be influenced by incidents that are recorded towards the end of the review period, or by incidents that may have been forgotten or omitted (Boyle, 2003).

2.10.7 Forced choice

The assessor is provided with a list of paired, job-related descriptions from which she or he is forced to choose the description that most fits the employee in each case. Forced choice is a partially objective method of evaluation, but the assessor may be forced into making a choice between two descriptions, neither of which may fully describe an employee's performance (Grote, 2005).

2.10.8 360-degree appraisal

According to Kreitner (2000:334) "360-degree appraisal is a pooled anonymous evaluation by one's boss, peers and subordinates". Thus this evaluation technique involves measurement of an employee's performance supervisors, peers, customers, team member and even suppliers. Research studies carried out on the effectiveness of this appraisal system indicated that the method produces positive results from accurate feedback, reduces subjective factors in the evaluation process, develops leadership in the organisation and also empowers employees (DeCenzo & Robbins, 2005:60). Agreeing, Kreitner (2000:192) extrapolates that the rationale of the multi-assessor appraisal is that two or more heads are less prone to bias than one.

2.10.9 Critique

Although varied techniques are available for performance assessment, many are simplistic, invalid and unreliable, failing to measure criteria in a consistent manner. In contrast some techniques designed to provide objective performance measurement are so complex that they are impractical and cumbersome. It is therefore imperative

that performance evaluation techniques be systematically tailored to the nature of the organisation before being launched. This is essential to render them credible.

2.11 Conflicting ideas and problems with Performance Management Systems

Three constituencies coexist in the process of performance management—the employees, appraisers and the organisation—and co-ordinating the needs of each may cause problems. According to McKenna (2000:548) “in a good performance appraisal system, the measurement methods must be valid, reliable, and free from bias, producing ratings that are not too lenient, or severe, or bunched in the middle (central tendency) and that are free of halo and timing errors”. This means that a good performance appraisal system should reflect the actual performance of an employee. Nel *et al.* (2004) report that performance evaluations are fraught with danger because many human agendas come into play. In this research involving the Rustenburg mines it is therefore important to know the perceptions of employees towards the utilisation of the performance appraisal system in regard to salary increases for so-called high-fliers.

Maintaining an effective performance management system requires training for the evaluators, adequate time to perform evaluations and conduct performance counselling, and rewards to distribute according to performance. From the researchers’ point of view, the major problem in conducting the performance management system is that supervisors lack these vital skills. Beardwell *et al.* (2004:529) contend that supervisors may lack sufficient technical skills and people-management skills to be able to conduct an effective appraisal. Substantiating this, Pilbeam and Corbridge (2004:46) argue that it is unrealistic to expect improved levels of performance without skills being continually updated. This means that managers may have difficulties in coming up with bias-free, well-timed, valid and reliable judgments. It is the purpose of this study to establish whether the supervisors utilising performance management systems in the mining companies had been thoroughly trained to effectively administer employee performance appraisals.

The other main problem that managers face in implementing a PMS is the inability of management to give meaningful feedback. Beardwell *et al.* (2004:531) propound that

the Mercer survey noted that “while firms may be good at appraising individuals, many are weak in providing effective feedback”. This affects the impact of the PMS since its major function is about measuring performance and giving feedback that determines strategic decision-making.

Lack of trust among supervisors and those supervised also contributes to the ineffectiveness of a PMS. Kreitner (2000) maintains that promises of improvement are likely to fall on deaf ears if employees do not trust management. A strong psychological contract forms the basis of an effective performance management process. Beardwell *et al.* (2009) state that the Chartered Institute of Personnel and Development (CIPD) research of 2003 noted that while workers were happy in their work, fewer than 30 per cent trusted their senior managers to look after their interests, indicating a psychological contract that is far from strong. Coates (2004) provides substantiation for this view by noting that subjectivity and bias are inherent in one individual’s assessment of another and that there are real difficulties in developing objective measures.

Potential tension within a system of performance appraisal is possible if this appraisal is linked to employees’ competence and performance pay, or even where interpersonal relationships are crude. Therefore, rather than focusing on employees’ assessment systems, the best way to deal with change is to improve interpersonal relationships at work. Coates (2004) argues that in order to reduce problems associated with performance appraisal it is imperative that organisations set the policy within an ethical framework, which includes trust, integrity and the faith that management places in individual participation in the appraisal system. This helps to build trust between supervisors and subordinates. In agreement with this, Winstanley and Stuart-Smith (1996:6) state that the following four ethical principles underpin the performance appraisal process: respect for the individual; mutual respect; procedural fairness and transparency of decision-making. Disregarding these basic principles will render the system fraught with performance measurement discrepancies. Some of the factors that distort performance appraisals are diagrammatically presented by (DeCenzo & Robbins, 2005:251) as follows:

2.12 Distortions associated with performance appraisals

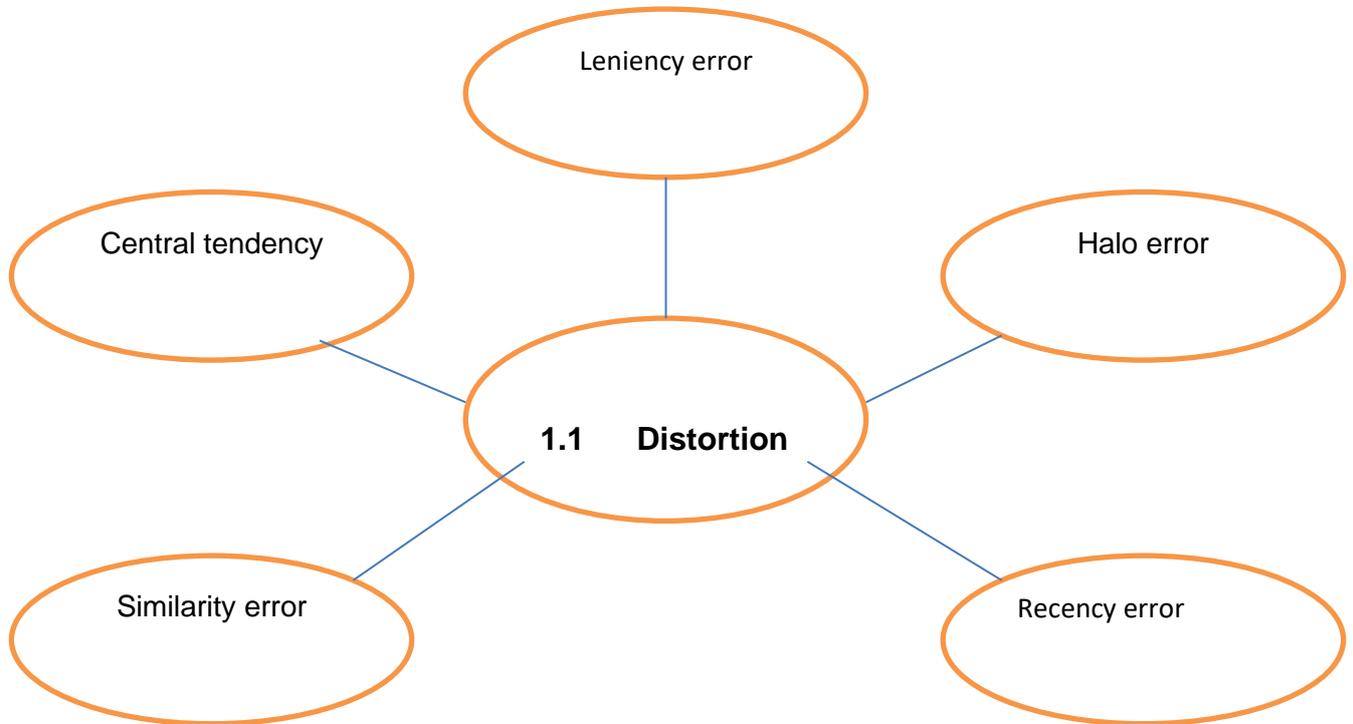


Figure 1.4: Distortions associated with Performance Appraisals (adapted from DeCenzo & Robbins, 2005:257)

These factors suggest that the judgments made by managers about their subordinates are usually unrealistic and can even lead to “demonization”. In support of this view, Shamir *et al.* (1993) hold that “the impression the subordinate receives about his or her appraisal has a material effect on both self-esteem and future motivational disposition”. Ivancevich (2004:32) maintains that employees who are not evaluated as being in the top performance category experience a reverse motivation ... they slow down.

2.12.1 Halo error

According to Scott and Taylor (1985) it is the tendency of the evaluator to allow an assessment of an individual in regard to one trait to influence his or her evaluation of that person across the board. Fisher *et al.* (2004) hold that the halo effect is the tendency of raters to let their general feelings towards an individual colour

performance judgments. Substantiating this, Armstrong (2001:19) maintains that this error occurs when one or two good points are seized upon, leading to the neglect of negative indicators. This error is prevalent in the mining sector and has a negative effect on the credibility of performance evaluation.

2.12.2 Leniency error

DeCenzo and Robbins (2005) agree with Fisher *et al.* (2004) when they say distortion materialises when the evaluators show a tendency to rate performance at a consistently high level, amounting to overstatement of subordinates' performance. Ivancevich (2004:32) maintains that raters have their own rose-tinted spectacles through which they otherwise objectively view subordinates. This problem shows up during performance management in mines and results from the nature of the interpersonal relationships between supervisors and those being supervised.

2.12.3 Central tendency

With this type of error, evaluators bunch the ratings of their subordinates around the mid-point, restricting the range no matter how good or bad the performances of their subordinates might be, giving a wrong impression of subordinates' performances. Supporting this, Fisher (1996) observed that this type of error results in nearly everyone receiving the same rating. In the mining industry, validation forms reviewed by this researcher show that artisans' assessments tend to be bunched at around the same rating.

2.12.4 Similarity error

The distortion arises when evaluators rate other people in the same way that they perceive themselves. They project self-perceptions onto others, hence producing unrealistic performance evaluations. In contrast, Ivancevich (2004:32) holds that supervisors may let another employee's performance influence the ratings given to someone else. This error is also visible in the mining industry, detracting from the validity of performance management systems.

2.13 Human motivation

Managers seeking answers to the riddle of how to improve performance often examine motivational theories for assistance. Beardwell *et al.* (2004:504) state that links are frequently made between a motivated workforce and high levels of productivity. In collaboration Schermerhorn (2001:72) contends that a highly motivated work-force is indispensable if high performance outcomes are to be achieved consistently in organisations. An appropriate understanding of motivational theory allows employers to make their tasks more satisfying for the employees. The underlying assumption is that if employees are happier at work, they will be more productive. According to Cole (1996:60) motivation is the term used to describe those processes—both instinctive and rational—by which people seek to satisfy the drives, perceived needs and personal goals that trigger human behaviour. Schermerhorn (2001:13) argues that motivation accounts for the level, direction and persistence of effort expended by employees at work.

Herzberg *et al.* (1957), cited in Arnold *et al.* (1991), identified two types of motivation. These are intrinsic and extrinsic motivation.

2.13.1 Intrinsic and extrinsic motivation

Intrinsic motivation refers to self-generated factors that influence people to behave in a particular way or to move in a particular direction (Gagné & Deci, 2005). Such factors include responsibility, opportunities for advancement, autonomy, interesting and challenging work and skills development. In contrast, extrinsic motivation relates to what is done for people to motivate them to be enthusiastic about their work. As such it includes rewards such as increased pay, praise and promotion. Both intrinsic and extrinsic motivators should be visible in an effective performance management system for the organisation to achieve its intended goals.

One of the major aims of performance management appraisal systems is to motivate and reward employees. Armstrong (2004:206) holds that motivating other people is about getting them to move in the direction you want them to go in order to achieve a result. Watson (2006) argues that when motivation is mixed with the individual's ability, the individual's performance can be forecast because motivation and ability

interact to yield high individual performance. However it is important to note that people have many needs, all of which are continually competing for their behaviour. Hersey *et al.* (2001) state that managers have to know their people to understand what motivates them.

Modern philosophy stresses employee participation in mutually setting goals with the supervisor as being central to an effective performance management system. There is an assumption that some people want to satisfy some of their needs through work and will do so if management provides them with a supportive environment. Armstrong (2004:41) holds the view that content and process theories of motivation can provide a framework within which organisations can reap the best from of their employees.

2.13.2 Content and process theories of motivation

Content theories of motivation use individual needs to explain the behaviour and attitudes of people at work. They help employers to understand human needs and that people with different needs may respond differently to similar work situations. The process theories of motivation offer additional insights into how people give meaning to rewards and then respond with various work-related behaviours (Ellemers *et al.*, 2004).

According to Maslow (1987) two principles are central to his hierarchy of needs theory in regard to how needs affect human behaviour at work. The deficit principle holds that a satisfied need is not a motivator of behaviour. People are expected to act in ways that satisfy needs for which a deficit exists. The progression principle holds that a need at one level does not become activated until the need at the next level is satisfied (Oliver, 2014). The logic behind this is that people are expected to advance step by step up the hierarchy in their search for needs satisfaction. Maslow's theory (Harvey & Erdos) enables employers to recognise that the deprivation of needs may negatively influence attitudes and behaviours of workers, resulting in labour withdrawal or regular absenteeism. Most of the labour problems inherent in the mining industry have their roots in the frustration of safety needs.

Management in the Rustenburg mines should put more effort into determining employee satisfaction, a key factor in upholding an effective performance management system. In contrast to Maslow's observation, Alderfer (1972), in his ERG theory, argues that individual needs can be explained in a continuum rather than in a hierarchy. He considered that people were more likely to move up and down the continuum in satisfying needs at different levels. For that reason Alderfer condensed Maslow's five human needs into three major sets, namely existence, relatedness and growth needs. All three types of needs can influence individual behaviour at a given time. Disagreeing with this, Schermerhorn (2001) states that human beings are at different levels of existence so at any given stage an individual exhibits the behaviour characteristic of people at that stage. This suggestion is relevant to this research in that, unless managers are aware of the needs of their subordinates, it will be difficult for them to execute an effective performance management system that can motivate workers to perform to their best potential.

In his studies on human motivation, Herzberg, (1959) concentrated on satisfaction at work. He observed that certain factors tended to lead to job satisfaction while others bring dissatisfaction. The factors giving rise to satisfaction were called motivators and those leading to dissatisfaction were termed hygiene factors.

The hygiene factors are related to Maslow's lower needs such as supervision, policies, working conditions, money, status, administration and interpersonal relationships (an aspect well understood by managers in the mining industry looking for improved employee productivity). Although these factors do not lead to higher levels of motivation, without them there would be discord resulting from disenchantment that would in turn result in lower productivity. Such disenchantment is typical of what is currently happening in mining institutions... a particularly relevant point covered by this research. The motivators embrace what people actually do at work and are related to Maslow's higher order needs. They include recognition, achievement, challenging work, growth and development.

The proponents of the goal theory, Latham and Locke (1979:101), observed that motivation is driven primarily by the goals or objectives that individuals set for themselves. From the point of view of these theorists, motivation and performance are higher when individuals are set specific goals and when there is feedback on

performance. That observation by Latham and Locke is relevant to this study because performance management systems involve goal setting and provision of feedback, which are some of the important ingredients in motivating behaviour in the direction of goal achievement. Among their desires, workers want to perform a worthwhile task, share in a group effort, share in setting objectives, share in rewards for their efforts and continue with personal growth. The assumption suggests that participation in goal setting for performance appraisal will result in significantly better performance. Substantiating this, Locke and Latham, (1994) noted that goal theory is the same as Management by Objectives (MBO), which had often failed because it had been bureaucratically applied without the real support of those involved and without ensuring that managers were aware of the importance of process agreement, also of reinforcement and feedback, and are insufficiently competent at implementing the process. This is linked to what is happening in most mines in the implementation of performance appraisal systems.

In his expectancy theory Tom (1971) argues that people make decisions about work behaviour based on the value they place on the rewards they receive. The basic principle in expectancy theory is that people invest themselves in work in order to obtain desired returns. To this end, motivation to work depends on the relationships between three expectancy factors as noted by Vroom. These are:

- Expectancy – the probability that one's effort will yield successful performance.
- Instrumentality – a person's belief that successful performance will be followed by rewards and other potential outcomes.
- Valency – the value an individual assigns to the rewards and other work outcomes.

In convergence, the equity theory of Adams (1965) sees people balancing what they put into their work with what they get out of it in the light of what other people put into and gain from similar situations. To further consolidate this idea, Stahl (1995), cited in Watson (2006), says that these theories show how work behaviour is influenced by how people perceive their situations after comparing their work or reward exchange (implicit contract) with their employer to those of others. Adams (1965) described ways in which employees dealt with perceived inequities as follows:

- Change their work inputs by putting less effort into their work.
- Change the rewards received by asking for better treatment.
- Change the comparison points by finding ways to make things seem better.
- Change the situation by transferring or quitting the job.

This scenario is prevalent in the mining industry where some companies have suffered industrial action and “go-slows” as a result of salary and wage discrepancies. These have lessened organisational performance, resulting in lowered production output. Management should consider getting the best out of employees by ensuring that their performance management system is linked to reasonable benefits (Yahya & Goh, 2002). This research sought to determine whether the performance management system in mining has the capacity to respond to the motivational demands of the work-force while delivering improved performance standards in mines

2.13.3 Critique

While theories of motivation are pertinent to determining the direction of how employees could be motivated to improve on their performance, they do not take into consideration external factors that affect organisational performance (Gagné & Deci, 2005). Among these are the economic and political environment prevailing at a particular period, and yet these have a major impact on the functioning of organisations. Also worth noting is that extrinsic motivators can have an immediate and powerful effect on employee motivation but usually fail to last long. For this reason organisations should emphasise an increase in intrinsic motivators to provide a lasting effect on employee performance since they are inherent in workers and not imposed from outside.

2.14 Supervision and performance management

The ultimate justification for the existence of managers is the improvement in the work of their subordinates. If managers fail at this, they fail as managers. Pfeffer and Veiga (1999) state that competent supervision is essential to improving productivity; a vital requirement for an organisation to survive in a competitive world market.

Further emphasising this point, Watson (2006) suggests that to achieve the best results from employees, supervisors must provide a consistent system that allows them to perform at a high level. This means that as supervisors, managers are expected to develop relationships and environments that enable people to work together and respond positively to change. Human characteristics remain a powerful factor in productivity despite the introduction of new technologies and techniques, yet most people and groups seem to reduce their effectiveness as employees unless persuaded to adopt favourable behaviour.

2.15 The performance management system as a change process

Change is an inevitable phenomenon that can either be planned for, or that happens spontaneously. The change process affects all innovative practices either positively or negatively, hence an examination in this study of the change process.

As noted by John Kotter (2008) in his recent surveys, CEOs report that up to 75 per cent of their organisational change efforts fail to yield the promised results. This means that the change programme produces a stream of unintended and unhelpful consequences. Reasons for such unwanted results are that top management develops strategies around re-design, restructuring, new efficiencies and so on while assuming that everyone will share their vision and create change programmes around these strategies.

A study of the change process by Bourne *et al.* (2000) may help mining administrators to manage the change process involved in the implementation of a performance appraisal system. In Lewin's force field analysis, diagnosis calls for problem identification and selection of an appropriate solution. Thus the necessity of a new programme should be highlighted and its worthiness unveiled. Agreeing with this, Stanleigh (2008) states that the aim of "unfreezing" is to motivate and make the individual or group ready to change. Decenzo and Robbins, (2015) further suggest that, no matter what change or how minor it may appear, understanding its effects is of paramount importance for it to be supported and lasting. "Unfreezing" comes after diagnosis, hence, just as a farmer clears a field before planting new seeds, so must managers help employees clear their minds of old roles and old purposes. Decenzo

and Robbins (2015) further state that the “white waters” metaphor better explains the idea when it extrapolates that equilibrium is achieved in three ways. These are:

- Increasing the driving forces that direct behaviour away from the status quo.
- Decreasing the restraining forces that hinder movement from the existing equilibrium.
- Combining the two approaches.

Once individuals have become motivated to change, they become ready to be provided with new patterns of behaviour. For this reason, this stage requires a conducive climate calling for maximum involvement of the super-ordinates. Strategic leadership becomes an important factor in promoting successful change management. In the content of total quality management (TQM), the primary responsibility of leadership is to cultivate an atmosphere in which continuous and optimum improvement can take place. A transformation effort will fail unless most of the organisation members appreciate, understand and commit themselves to try and make the effort happen (Stanleigh, 2008) .The final stage of “refreezing” calls for the integration of newly-acquired behaviour as patterned behaviour into the workers’ personalities, followed by reinforcement mechanisms so that it becomes a norm. In line with Thorndike’s “law of effect”, behaviours that get rewarded are behaviours that occur. Therefore, a rewards system for the successful implementation of a performance management system needs also to be installed to promote its management.

John Kotter (2008:22) said the most general lesson to be learnt from the more successful cases is that the change process goes through a series of phases that, in total, usually require a considerable length of time. However, Lewin’s “White Rapids Metaphor” emphasises the fact that environments are both uncertain and dynamic. This means it is important to note that change is a process and to be able to move from crisis to control, we must follow the process. Skipping steps creates only the illusion of speed and never produces satisfactory results. The researcher also suggests that in designing performance management systems, administrators should have an exit plan to deal with the uncertainties surrounding change implementation.

2.15.1 Critique

Organisational change is pertinent in easing organisations towards new horizons of success. However management is short-sighted about the significance of providing a conducive environment to assist in bringing the change to fruition, resulting in most change programmes failing to take off.

2.15.2 Relationship between rewards and performance management

There are many possible ways to creatively link rewards to performance management systems in the workplace. To take full advantage of these possibilities, Harrison and Klein (2007) suggest that managers:

- Respect diversity and individual differences.
- Clearly understand what people want at work.
- Allocate rewards to satisfy the needs of individuals and the organisation.

Aguinis (2009) further asserts that a motivational performance management system is rich in rewards for performance accomplishments that help meet institutional goals. Merchant and Van der Stede (2007) likewise hold the view that the objectives of any reward management system must help to drive organisational performance, be designed to obtain and keep the right type of people that the organisation needs, encourage the behaviour which contributes directly to achievement of organisational goals and include symbols that communicate management's philosophy, attitudes and intent. Although there is no best rewarding system that will work for every organisation, it is imperative that mines tailor their reward systems to needs, strategies and objectives specific to this turbulent environment to improve employee productivity

According to Pine, (1999), in a world where businesses recognise the need to tailor products to customer's demands, it also seems logical that employee compensation should follow suit. Rewards should be seen to be fair and equitable for effective performance management and, in a scenario where this is not seen to be the case, the following—as observed by (Heaton *et al.*, 2008)—may happen:

- ❖ Employees collectively, through their trade unions, will exercise sanctions.

- ❖ Individual employees will withdraw their labour, thereby increasing staff turnover, or absent themselves or restrict their input.
- ❖ It becomes difficult to recruit new employees of the appropriate calibre.

This is backed up by Konopaske and Ivancevich (2004) who contend that wage incentives can be explained on the basis of the hungry man theory which holds that, since a hungry worker would want to earn money to buy food, wages should be kept at above subsistence level so that workers will be motivated to be more highly productive.

Employee motivation to work harder and better is an important factor. A number of studies have indicated that if pay is linked to performance, employees produce a higher quality and quantity of work. Expectancy theory maintains that people make decisions about their behaviour at work based on the value of the rewards they receive. Backing this, equity theory holds that workers can increase or decrease their input based on the rewards allocated for their performance. This theoretical observation has relevance on most mines as an indicator that an effective reward system should be designed to distribute rewards in relation to differences in performance. Walker and Greenhall (2011) argue that everything in an organisation is done within the framework of a system, so if the system itself prevents good work, as workers will not be able to improve performance even if they want to. Taticchi *et al.* (2010) hold that to achieve a strategic alignment of individual and organisational goals, firms should motivate employees to want to reach their goals through a strong reward linkage system because the most powerful approach to changing worker behaviour is financial compensation.

Rewards can be intrinsic or extrinsic to cater for employees at different stages of needs satisfaction. Extrinsic rewards are externally administered, for example pay, promotions, time off, awards and verbal praise. This links to Herzberg (2005), hygiene factors and Maslow's lower order needs that trigger motivated behaviour. In relation to performance management, Agarwal (2009) observed that pay could be used to send a message to employees about the level of recognition for work contributions made, about behaviour that is valued by the employer and about the organisation's attitude to individual performances and achievements. To this end, provisions for intrinsic rewards should be inherent in an effective performance

management system as the Existence, Readiness and Growth (ERG) theory argues that needs inducing motivated behaviour vary at any given point in time from one person to the other. Consolidating this concept, Armstrong, (2002) suggests the human capital theory hints that employers and individuals expect a return on their investment and firms should recognise that the increased value generated by their employees should be rewarded.

The overall aim of rewarding performance is to support this attainment of the organisation's strategic goals and to ensure that the organisation has the skilled, competent, committed and motivated work-force it needs. From this point of view the researcher observed that ineffectiveness in the implementation of the performance management system might be an indication that the reward system is failing to achieve this grand strategy, thus resulting in declining worker productivity

Whilst rewarding employee performance is pertinent to the effective implementation of any performance management system, a lack of thought and imagination had been shown in tackling the issue of rewards. If people are going to be motivated to perform, there must be clear benefit for them in the first place before they respond to calls for more and better productivity

2.16 Benefits of Performance Management Systems

An effective performance management system has a number of benefits that assist in resolving the challenges encountered in the traditional management control system.

These benefits can be summarised as follows:

Quality information: performance reports are more complete and give a "line-of-sight" on the organisational vision. The alignment results in better organisation, thus performance management systems support effective strategic planning and budgeting processes.

Enhanced management support: performance management systems make real the concepts of continuous improvement and the "learning organisation". The early

warning system forces management to gain a better insight into, and a better grip on, organisational performance, cost containment, product quality and service.

Early warning system: an effective performance management system functions as an early warning indicator of under-performance, providing signals about potential challenges before they develop into comprehensive problems. This enables managers to anticipate new developments and take remedial action following receipt of performance information.

Improved communication: an effective performance management system forms a strong foundation for horizontal and vertical organisational communication. It speeds up information sharing between departments and organisational units, with information less likely to be a source of negativity.

2.17 Summary

A review of literature indicates that performance management is a systematic process for improving organisational performance by developing the performance of individuals and teams (Armstrong, 2009). A PMS plays an important role in meeting organisational goals and objectives as indicated in the review .It summarised the major difficulties with PMS and highlighted the areas of critical concern (design and implementation). A critical analysis of some of the major concepts has also been given. Difficulties that hinder the effective implementation of performance management systems have been highlighted.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives an overview of how the researcher undertook the study on an assessment of Performance Management systems in the Rustenburg mines in North West. It further justifies the research methodology applied in the current research. This research methodology section deals with the research design, sample population and data-collection methods. Leedy (1989:113) describes a methodology as an investigative framework within which facts are placed more clearly in order to provide a clear meaning to what they represent. The researcher therefore defines methodology as a system of explicit rules and procedures upon which claims of knowledge are evaluated, thus providing rules for communicating and reasoning. Thereafter an analysis of the results gathered through the quantitative research will be given in order to help meet the research objectives as laid out in Chapter 1. A questionnaire was designed for the survey.

3.2 Research design

The research design can be defined as a framework of the research plan of action. There are various research methods from which one may be appropriately selected. According to Saunders *et al.* (2004) a research design is a general strategy of how the researcher goes about answering the research questions. Agreeing with this is Panneerselvam (2004:44) who described a research design as a plan that provides guidelines for data collection. It is therefore a master plan that indicates the strategies or actions the researcher performs to conduct the research. There are various approaches that can be employed in research and these include experiments, case studies, action research, ground theory, narrative inquiry and surveys grounded in theory and ethnology. This research was conducted using a Mixed Method Research approach using a survey research strategy where questionnaires were sent out to target individuals working in the Platinum mines in Rustenburg.

3.2.1 Mixed-method research

- Research problems have both qualitative and quantitative dimensions and to fully address them, the researcher used both techniques which involve not only collecting, analysing, and interpreting both qualitative and quantitative data but also integrating conclusions from the data into a cohesive whole. Mixed-methods research requires the researcher to well versed in most of the following skills Creswell and Plano Clark (2011) :The researcher must identify focused and useful research questions, formulating and strategically testing hypotheses, choosing one or more samples that enable appropriate inferences about a larger population, controlling for confounding variables, conducting structured, semi structured, and open-ended interviews and analysing qualitative data (identifying units suitable for coding, applying the codes ,discerning general themes, etc. (Saunders, Lews & Thornhill, 2012).

The research design was chosen on the basis of the following attributes:

- Uniqueness: Gathering important information from different sources.
- Completeness: Addressing a research problem and its sub-problems only by collecting, analysing and interpreting both qualitative and quantitative data.
- Triangulation: Making a more convincing case for particular conclusions if both qualitative and quantitative data lead to those conclusions.
- Probability sampling: Unbiased representation of population interest.
- Standardisation of measurement: Same information collected from every respondent.
- Analysis needs: Complement the available secondary data.

3.3 Target population

Krefting (1991) refers to the population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. Leedy and Ormrod (2010) define population as a complete set of cases or group of members which the research study will be based. The target population for the study was 150 respondents from the Anglo American Platinum Mining Company in Rustenburg. The list and categories of the population were as follows. The total sample population

consisted of 150 employees, that is, 30 management members and 120 general workers.

3.3.1 Anglo American Platinum Mining Company

This target population of Anglo American Platinum mine in Rustenburg was considered to be the best representation of all the platinum mines where a thorough assessment of performance management systems was made on both the skilled and unskilled employees.

3.3.2 Unskilled Anglo American Platinum Mining Company workers

This target population was considered to be of paramount importance because these are the people who could clearly give a picture of how the mining systems operate. This was considered paramount to provide the required data which would be used in the data analysis and presentation and eventually play a pivotal role in the conclusion section.

3.3.3 Skilled (management team) from Anglo American Platinum Mining Company

This target population was considered to be essential because of the crucial and very detailed information that assisted the researcher when compiling the findings and the data analysis.

3.4 Sample population

According to Becker (1998) a sample should represent the full set of cases in a way that is meaningful and which we can justify. The full set of cases from which a sample is taken is called the population. Sampling techniques enable the researcher to reduce the amount of data needed to be collected by considering only data from a sub-group rather than all possible cases or elements. Some research questions will require sample data to generalise statistically about all the cases from which the sample has been selected.

In this research, the researcher used the sample population which included the entire target population. The total sample population consisted of 150 employees, that is, 30 management members and 120 general workers from the Anglo American mine.

3.5 Sampling methods

Purposive sampling was used in this study. With purposive sampling the researcher used judgment to select cases that will best enable to answer research questions and to meet the objectives. It is often used when working with small samples such as case study research and when you wish to select cases that are particularly informative (Neuman, 2005). Purposive samples cannot be considered to be statistically representative of the total population. The choice to select purposive sampling depends on the research questions and the objectives of the study.

3.5.1 Simple random sampling technique

A simple random sampling technique was used in determining the sample size. Furthermore, only one big mining company was sampled as it reflects what is happening in other mines so if the researcher were to apply any other sampling technique, the study might have lacked true representation thus the conclusions and recommendations would be misleading at the end of the research.

The simple random sampling technique was adopted after taking into account the following:

3.5.2 Advantages

- I. Sample was small due to the small target population.
- II. Some participants were unwilling to participate, i.e. the researcher identified those who might likely to cooperate.
- III. Drawing a random sample enables one to study the properties of a population with the time and money available, and therefore if the sample is not random the value (indicating significance) cannot be interpreted.

3.5.3 Disadvantages

- i) It was difficult to identify respondents within the sample

In an effort to minimise the effect of the weaknesses of purposive random sampling, the researcher used judgemental sampling in identifying respondents from general workers and management. The selection was based on the understanding of mining performance management systems. In this regard, respondents were those who had an understanding of performance management, years of work experience, middle management upwards and an ethical background.

3.6 Data-collection instruments

3.6.1 Questionnaires

The researcher used questionnaires in obtaining data from the sample population highlighted above. The aim of the questionnaire was to satisfy the objectives of the research as set out in Chapter 1. Questions were constructed bearing in mind the literature study that was done. The primary objective was to determine performance management systems in Rustenburg mines on the key constructs of Chapter 1. The questionnaire was designed to respond the research questions. Section 2 covers demographic information, section 3 covers current performance management systems, section 4 covers the effects of the current performance management system, section 5 covers the PMS requirements to achieve organisational goals. A sample of the questionnaire is attached as Annexure 2. The Questionnaire was chosen due to the following advantages of using questionnaires when collecting required data for research:

3.6.1.1 Questionnaire design

The questionnaire was designed to respond to the research questions and meet the study objectives. Section 2 covers demographic information which enables the researcher to categorise the respondents in terms of their personnel information such as age, gender, etc. Section 3 covers current performance management system in the Rustenburg mines. It enables the researcher to respond the research questions, which are

- Is there a clear policy on how to implement the performance management systems?
- What difficulties do managers face in implementing performance management systems in the mining sector?

Section 4 covers the effects of the current performance management system. It enables the researcher to respond the research questions which are:

What are the perceptions of the supervisors and those under supervision towards utilisation of a performance appraisal system?

What are the factors that impact on the implementation of performance management systems?

Section 5 covers the PMS requirements to achieve organisational goals. It enables the researcher to respond the research question, which is: Is there any reward structure, or are there motivational elements, to support installation of performance appraisal systems? Section 6 covers the general comments about PMS in the Rustenburg mines.

3.6.1.2 Advantages

- Questionnaires can be administered to many people at the same time, i.e. it is time saving.
- It is easy to analyse because people respond to the same questions.
- Relatively cheap.
- A researcher gets a wide range of information.

3.6.1.3 Disadvantages

- Non-responses.
- The wording on the questionnaire can bias response.
- Questionnaires are impersonal, i.e. no way of clarification.
- There may be delays in getting the questionnaires back.
- Creating vague questions will result in ambiguous answers.

In mitigating the weaknesses of the questionnaires, the researcher took into account the following qualities when preparing the research questionnaires:

- Only relevant questions derived from the secondary objectives were asked.
- Questions were to be asked in a way that systematic flow would be achieved.
- The researcher used simple language, and avoided double-barrelled questions.
- The researcher avoided indicative and sensitive questioning.

Further, in an endeavour to minimise the possible negative impact of these weaknesses on the data collected, the researcher used judgmental sampling in selecting respondents from the mines in within the sample population.

3.6.2 Covering letter

Leedy and Ormrod (2004) state that a covering letter is a tool employed by a researcher to introduce the interview schedule to the respondent. Ormrod (2004) suggested that the covering letter should indicate the main aim of the survey in order to convey its importance to respondents. The researcher attached to the questionnaire a covering letter requesting the assistance of the respondents in answering the questionnaire and the purpose of the survey. This was done to help the respondents understand the research objectives and research topic as well as realise the benefits of the whole process. A sample of the covering letter is attached as part of Annexure 1.

3.6.3 Questionnaire pilot testing

Moroeng (2003) argues that it is very important to avoid mistakes such as ambiguity in questioning or setting questions that are not clear to respondents. Pilot testing is a pre-study, defined by Moroeng (2003) as a small-scale preliminary investigation designed to acquaint the researcher with flaws and problems that need attention before the main study. It is necessary to note that the researcher sent a pilot questionnaire to Anglo managers. The intention was to get opinions on the questionnaire design, time taken to complete the questionnaire, clarity of questions,

relevance of questions to research topic, sensitivity of information being requested and general criticism of the questionnaire.

3.6.4 Interviews

Legotlo (1998) defined an interview as a research tool used to obtain information from one on one communication with the interviewees. Bless and Higson-Smith (2000) expanded the definition of an interview further as a direct personal contact with participant who is asked to answer questions relating to the research problem. The researcher supplemented the information that was obtained from the questionnaire by interviewing identified respondents in clarifying issues. Interviews were either telephonic or face to face which was important in ensuring that all key questions were answered.

3.6.4.1 Advantages of interviews

Leedy and Ormrod (2004) give the following as advantages of using an interview:

- Respondents usually respond when confronted in person.
- The interviewer can note specific reactions/responses and then eliminate misunderstandings about the questions asked, in the same vein the interviewer can facilitate the asking of more complex questions.

3.6.4.2 Disadvantages

- It is a costly method and if the researcher is not adequately funded, data collection would not cover widely dispersed population.
- Interview bias is very common, for example; any facial expression or comment by the interviewer can affect the response obtained.

In trying to reduce the negative effects of the disadvantages of the interview, the researcher adhered to the following key principles:

- Adequate funding was sourced to cater for the interview costs.
- Simple language was used during the interviews.
- The researcher avoided indicative and sensitive questioning.

3.7 Secondary data collection method

The researcher collected the secondary data by collecting annual departmental reports from the mines within the entire sample. This was effective in obtaining the actual data on performance which is important in determining mines' performance management systems.

3.7.1 Advantages

- The information is readily available and therefore saves on time and cost.

3.7.2 Disadvantages

- Data is historical and therefore out-dated.
- Data inconsistencies occur.
- Data is not specific to the problem under investigation and the assumptions of the previous researcher may not be known.

In order to minimise the negative effects on the weaknesses of secondary data on the research, the researcher only used the relevant data and disregarded any suspicious information which was subjective in nature.

3.8 Data-collection procedure

In this case study both qualitative and quantitative data were collected at the same time. A triangulation design was used when the strength of one method offset the weakness of the other. This is attributed to the fact that triangulation entails collecting material in many different ways and from different sources. This approach fitted well to the data requirement of this research since performance management is a broad subject which required detailed information in order to achieve the researcher objective .

3.8.1 Primary data-collection procedure

The research questionnaire was sent to the identified respondents by hand and through e-mail. The task of distributing the questionnaires to respondents was assigned to human resources departments within the organisations after physical

delivery by the researcher. Physical follow-up collection of the questionnaires was done to boost the return ratio. Questionnaires for managers were designed to assess the extent to which the performance management system in place could be utilised to measure employee performance and to elucidate other issues pertaining to administration of the performance appraisal system. Questionnaires for employees sought to source information on their opinions and perceptions about the companies and the administration of the performance appraisal system in regard to measuring employee competency. Views of employees on ratings made of themselves, the effect of performance appraisal on salary increments and the rationale of the appraisal system in the mining sector were some of the issues that were addressed in employee questionnaires. The questionnaire contained questions aimed at capturing data and information of interest to the researcher. The questionnaire consisting of both closed and opened ended questions was pre-tested by conducting a pilot survey on members of the sampling frame which eliminated ambiguities and clarification of certain questions.

- Responses were collected through the same communication channels mentioned in (i) above.
- Personal interviews were conducted to clarify responses collected in and were conducted guided by the research questionnaire.

On the other hand, secondary data was collected from presentations made by senior management at various meetings since these presentations highlight where the mine was coming from and where it was going. This provided useful insight to the researcher on the past, present and the future of the mines.

3.9 Data presentation and analysis

Data collected was analysed, tested, integrated and findings discussed using content analysis (Gibbs, 2007). Content analysis is a method for identifying, analysing, and reporting patterns or themes within data and best fit the study. It minimally organises and describes the data set in detail (Moodie, 1997). It also often goes further than this, and interprets various aspects of the research topic. The data gathered through this research was explained in the context of a detailed report including findings, conclusions and recommendations

The data was presented in tables, graphs, pie charts and qualitative form. Graphs, tables and pie charts were used because of the following:

- Tables make it easier to compare and contrast key indicators over time.
- Pie charts provide a pictorial illustration of how key indicators are drawn from the questionnaires.

The researcher used the SPSS package in analysing the primary data collected and this package was complemented by the use of the Excel package. This was considered after taking into account that these packages process data efficiently and they are also good in coming up with pictorial view and trend analysis and above all its adaptability and simplicity.

3.10 Conclusion

The chapter explained research design, methods and instruments used to gather data for the study. Population sample and target population were vividly identified. The chapter further stated the advantages and disadvantages of each method which was used to collect data. This Chapter played an important role in setting out a framework which guided the whole research process with special attention to data collection, i.e. both primary and secondary data. The data collected using this methodology was presented and analysed in Chapter 4.

CHAPTER FOUR

4.0 DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The chapter presents results of data that had been collected from the survey. The survey was conducted with production and the administration workers in different divisions within the organisation, to test their perceptions of performance management systems. Presentation of data was done through pie charts, tables and graphs. Analysis and interpretation of the data was enabled through descriptive statistics.

4.2 Response rate

The researcher sent out 150 questionnaires to both the general workers and management but only 120 were completed and returned. This saw an average questionnaire response rate of 80% and the researcher considered this as good for this research. The high success response can easily be attributed to the success of the survey method used and the researcher's association with the Anglo American Platinum Holdings respondents. In addition, the researcher noted a general interest in the research topic as evidenced by additional remarks sent at the end of the questionnaire. For easy interpretation and consistency the analysis of the results is presented in percentages.

4.3 Data presentation and analysis

4.3.1 Gender

From the survey conducted to obtain biographical data it was learnt that 68.3 per cent of the staff are male and 24.2 percent female and 7,5 did not disclose their gender. This clearly indicates that mines have more males than female employees. This is attributed to the nature of work done in mines.

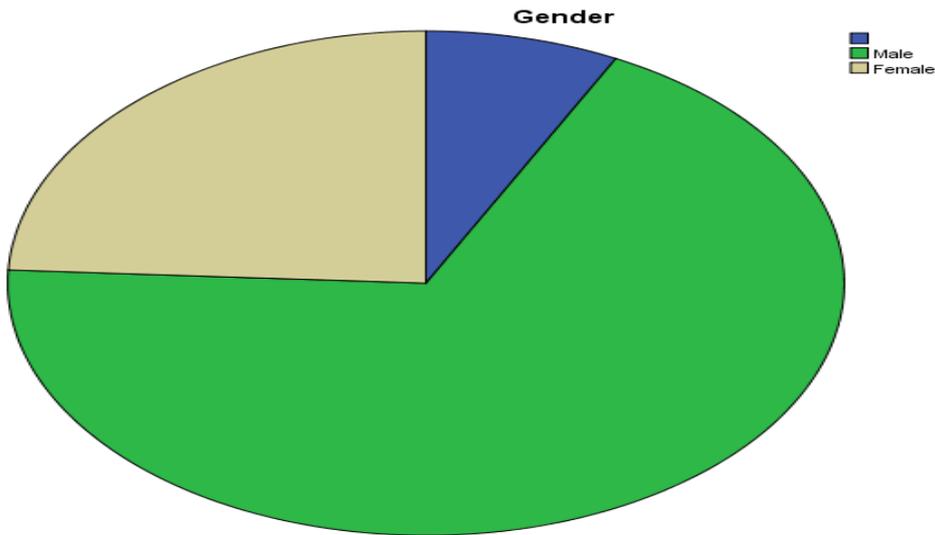


Figure 4.1 Gender

4.3.2 Race

The research indicated that the majority of workers are black, followed by whites, Indians, coloured and others respectively. This is an indicator that blacks dominate the mining field. Whites follow, which can be attributed to the racial laws and the higher level of education they have than others. Preference was not given according to race and the sample breakdown is considered a fair representation of the demographics of the mines.

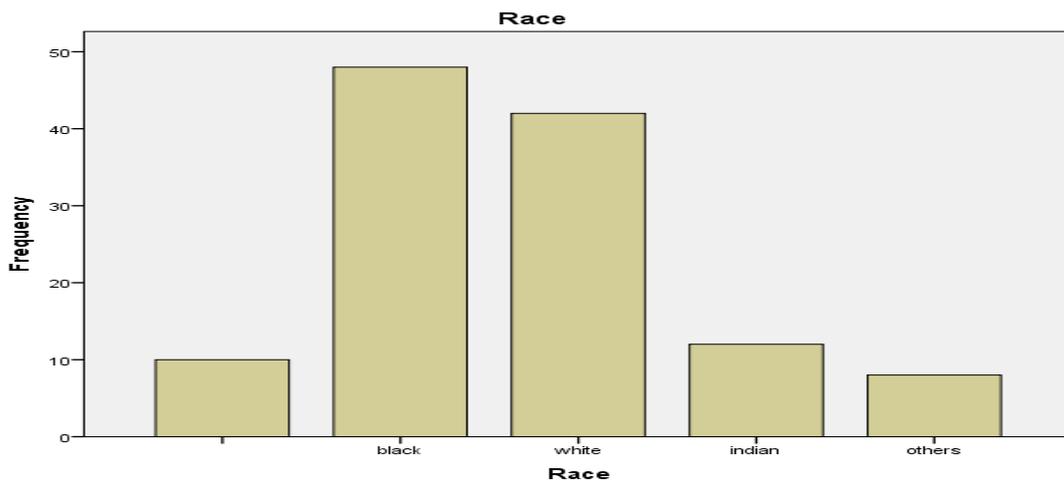


Figure 4.2 Race

4.3.3 Profession of respondents

From the 120 respondents, 58,3% occupy operational positions whilst 15% are in Administration and Human Resources and 26,7% did not disclose their profession.

This indicates that more operational respondents are required in the mines. It means that the nature of work done in the mines and the use of machinery during the actual mining activities require personnel with academic qualifications.

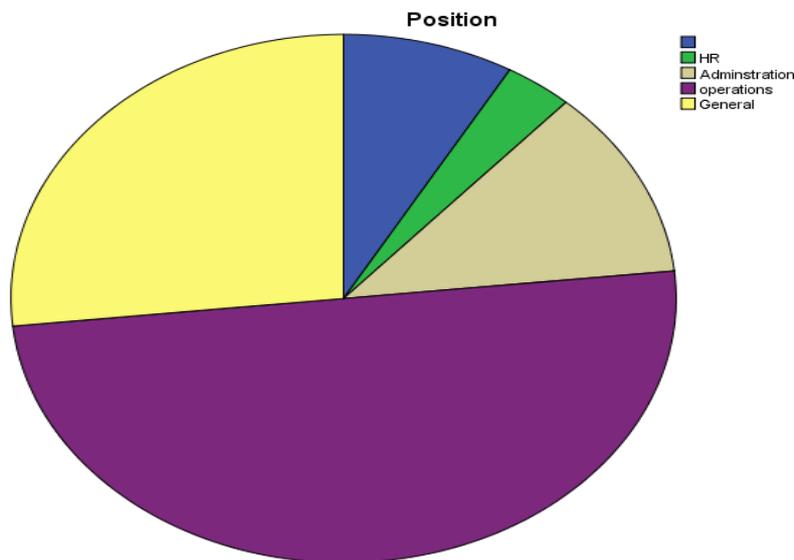


Figure 4.3 Profession of respondents

4.3.4 Qualifications of the respondents

As indicated by table 4.1 below of the total respondents 42, 5% have matric as a qualification, 18.3% have diplomas, 13,3% have degrees,11.7% have post-graduate degrees, 8,3% did not answer about their qualifications. This indicates that the majority of employees who conduct performance appraisals are highly educated and will be an advantage to the mines when setting targets with them.

According to the survey data a manager holds at least a tertiary qualification and the majority of non-managers hold at least a diploma. Understanding of the performance management system increased with the level of education and it was noted that engineers cooperated and had a positive attitude towards the PMS when compared with artisans. The level of education reveals why mines use heavy machinery which needs qualified personnel to operate it.

Table 4.1 Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10	8.3	8.3	8.3
Matric	51	42.5	42.5	50.8
Diploma	22	18.3	18.3	69.2
Degree	16	13.3	13.3	82.5
Post graduate	14	11.7	11.7	94.2
Others	7	5.8	5.8	100.0
Total	120	100.0	100.0	

Source: Survey

4.3.5 Age

From the figure 4,4 below, 28% of the respondents are below 30 years of age, 39% are between 31-40 years of age, 20% are between 41-50 years of age and 13% are above 50 years of age. Majority of the respondents are between 31 -40 years ,and this implies that majority of employees are in that category, which is an average group of working class that have sufficient work experience to conduct performance management systems in the organization. It means that the majority of working employees are still energetic and still in their prime age.

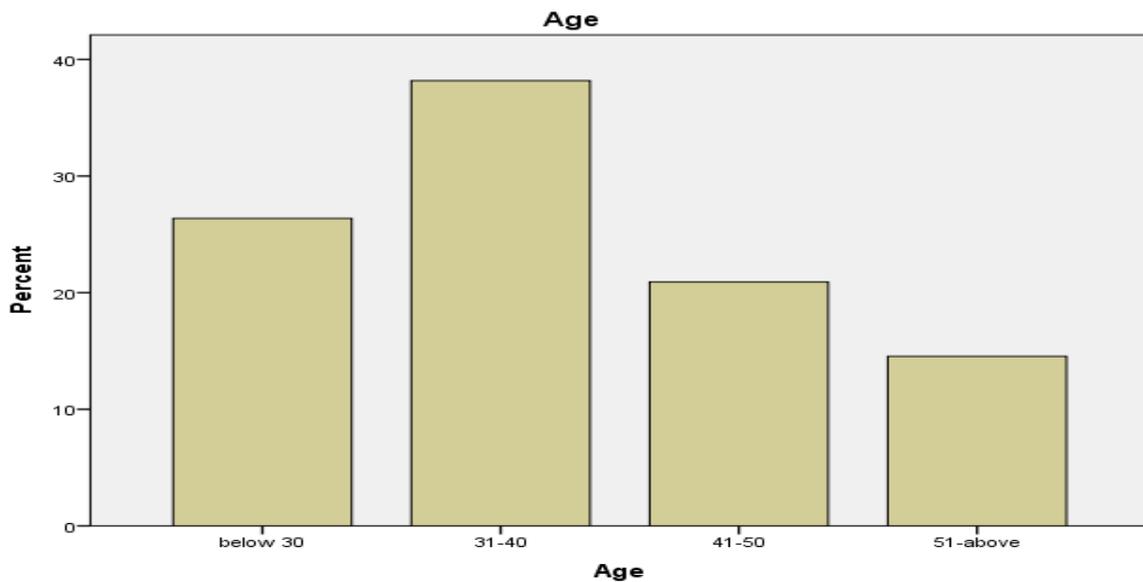


Figure 4.4 Age

4.3.6 Period in service

Out of the total sample 10 (8,3%) did not disclose their service in the mine, 12 (10%) have less than one year, 46 (38,3%) have between 1-5 years in service, 32 (26,7%) have between 6-10 years within the mines and 20 (16,7%) have more than ten years of service in the mines. The majority of respondents fell in the category of between 1-5 years and this could be attributed to high staff turnover within the mining sector. This will also mean respondents may not provide a true reflection of the impact and conduct of performance management system since they will always be new in the working environment.

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	10	8.3	8.3	8.3
< 1	12	10.0	10.0	18.3
1-5	46	38.3	38.3	56.7
6-10	32	26.7	26.7	83.3
>10	20	16.7	16.7	100.0
Total	120	100.0	100.0	

Table 4.2

4.3.7 Organisational policy on PMS

Figure 4.6 below shows that out of the sampled respondents 72% indicated that there was a clear policy on PMS and 20% of the indicated that there was no clear policy whilst 8% did not answer. The 72% could be attributed to exposure and training of PMS and a link to the organisational mission. Grote and Scullen, (2006) concur that a PMS has also been viewed as a painful event when managers evaluate the employees' performance; it rarely had close links to overall mission and programme of the organisation that were designed to maximise human effort. Therefore it follows that performance appraisal should establish a connection between the organisational and personal goals as well as shape and change the organisational culture towards results driven climate.

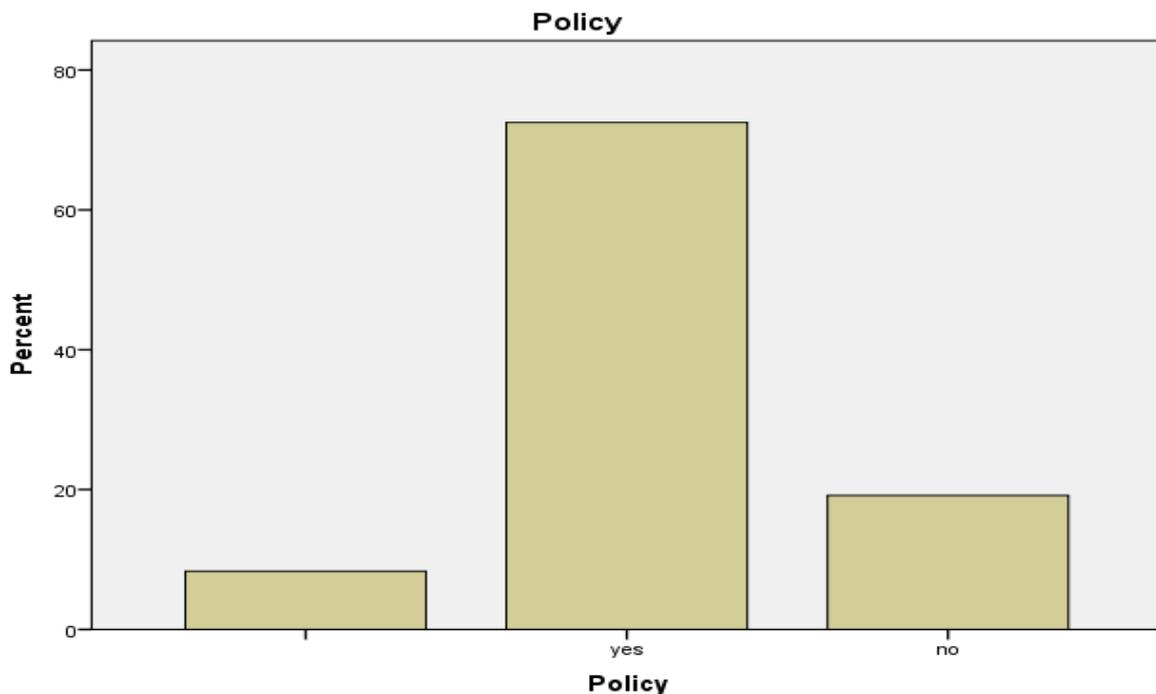


Figure 4.6 Organisational policy

4.3.8 Involvement of employees in target setting

The table 4.3 below shows that 80% of the respondents are involved in the target-setting process, whereas 20% admitted that they were never involved in target settings. Majority of the employees are aware of PMS since they are part of the process and agree on targets with their immediate managers. This indicates that

proper implementation of the PMS in the organisation must therefore include the involvement of the employees in target setting.

INVOLVEMENT IN TARGET SETTING	
YES	NO
80%	20%

Table 4.3 employee involvement

4.3.9 Relationship between managers and employees

The majority of the respondents strongly agree that there was a good relationship between managers and employees within the organisation. The majority of the responses could be attributed to the fact that they have received training and coaching to conduct PMS and understand the meaning of it. The lesser number that responded with poor relationship could be attributed to the conflicts found in the organisation. Pimpa (2005:116) highlights that accuracy of performance appraisal are critical for determining training needs. It is therefore necessary to have good relationship within the organisation in order for successful implementation of PMS.



Figure 4.8

4.3.10 Acknowledgement of innovativeness

Out of the 120 respondents, as indicated by figure 4.9, 68% agreed that management acknowledged their innovativeness and 23, 3% disagreed about the acknowledgement of their innovativeness in meeting the set targets. Montague (2007:46) states that the appraisal session is intended to evaluate job performance, not the person and it is important for the supervisors to be aware of some common factors that may distort their judgement and undermine the value of it. This indicates that majority of the respondents are acknowledged for their innovativeness .It means they are rewarded for meeting their set targets. In conclusion managers acknowledge the innovativeness of the employees.

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	82	68.3	74.5	74.5
	No	28	23.3	25.5	100.0
	Total	110	91.7	100.0	
Missing	System	10	8.3		
Total		120	100.0		

Table 4.3 Acknowledgement for innovativeness

4.3.11 Handling for achieving targets

Figure 4.10 indicated that out of the sample of 120 respondents, 38% agreed that they were handled very well if they met their set targets, 30% said good, 20% said excellent and a minority of 12% said poor; this could be attributed to the rewards they were paid after meeting the targets during the performance appraisal process. This indicates that respondents are handled well in the organisations if they perform and meet targets.

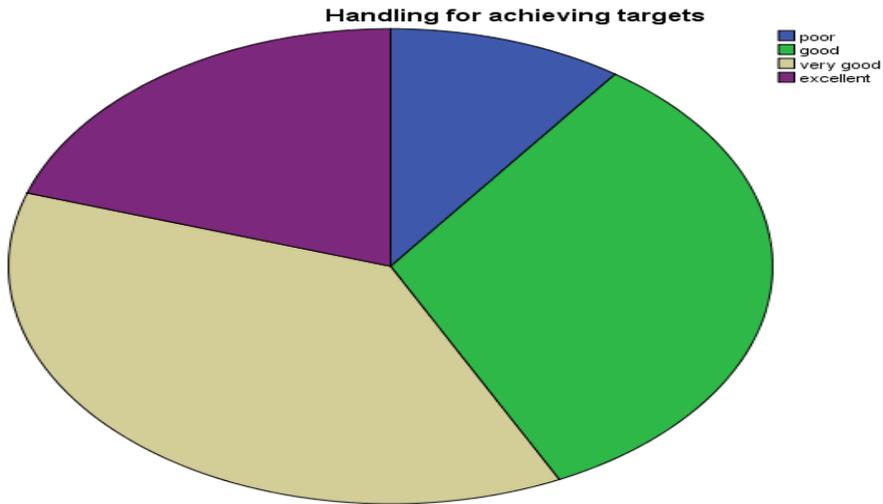


Figure 4.10

4.3.12 Support by managers to Achieve targets

As indicated by figure 4.11 below, 84% agreed that they got support from managers to achieve targets whereas 16% were worried that manager did not give them the much-needed support to achieve desired targets. This indicates that the majority of the respondents were happy with the way management supported them to achieve ultimate targets.



Figure 4.11

4.3.13 Rewards for meeting the PMS targets

90% of the respondents as indicated by figure below agreed about the issue of being given rewards for meeting targets set by the organization. 10% said they did not agree and this may be attributed to conflicts during implementation of the system and they may not have been rewarded due to lack of financial constraints within the organisation. The majority may have been rewarded after meeting the set targets with the organisation. It therefore means that PMS should be used as rewarding instrument within the mines.

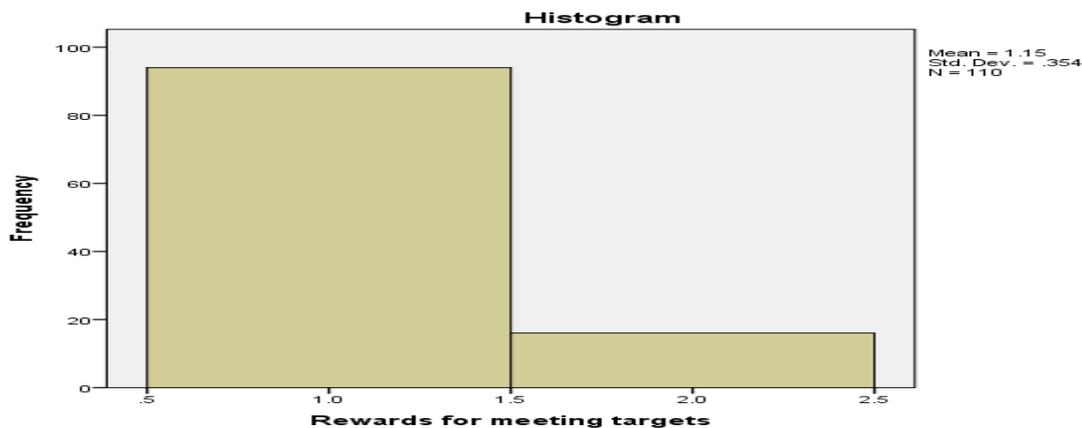


Figure 4.12

4.3.14 Description of current system

The majority of the respondents asserted that the current PMS system was good as illustrated by figure 4.13 .This may be attributed to the rewards they are paid when they meet the set targets by the organisation. This indicates that the majority of the respondents agree and are comfortable with the current system. The second majority of the respondents said it was very good, followed the excellent group. Very few respondents asserted that it was poor - maybe they have conflicts with their line managers during performance appraisals.

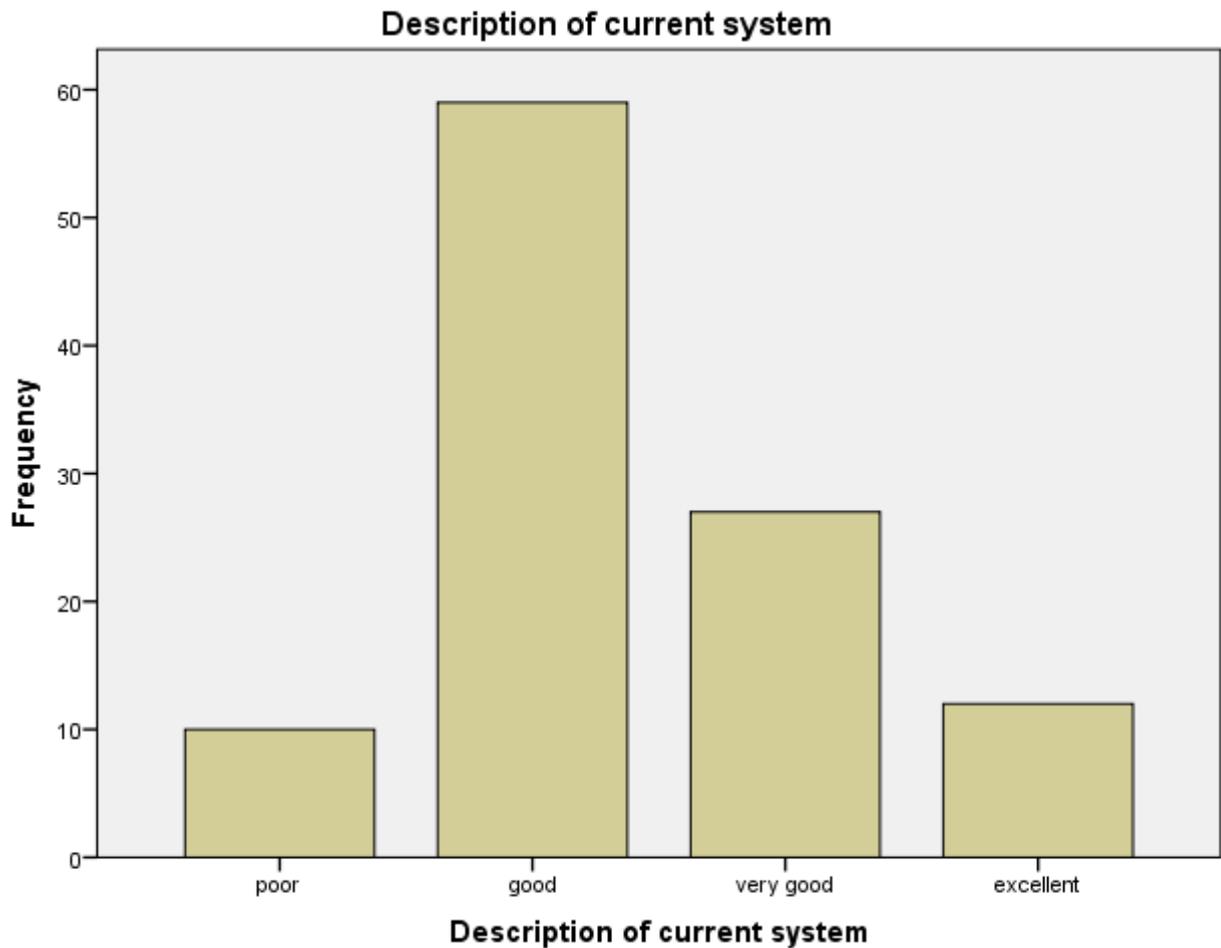


Figure 4.13

4.3.15 Rate of communication between management and workers

The figure below shows that 48% of the respondents agreed that the rate of communication was good and 38% of the respondents said it was very good, and fewer than 5% said it was poor. This can be attributed to their relationship with their line managers but the researcher concluded that rate of communication was good. It means proper feedback is being given to the majority of the respondents

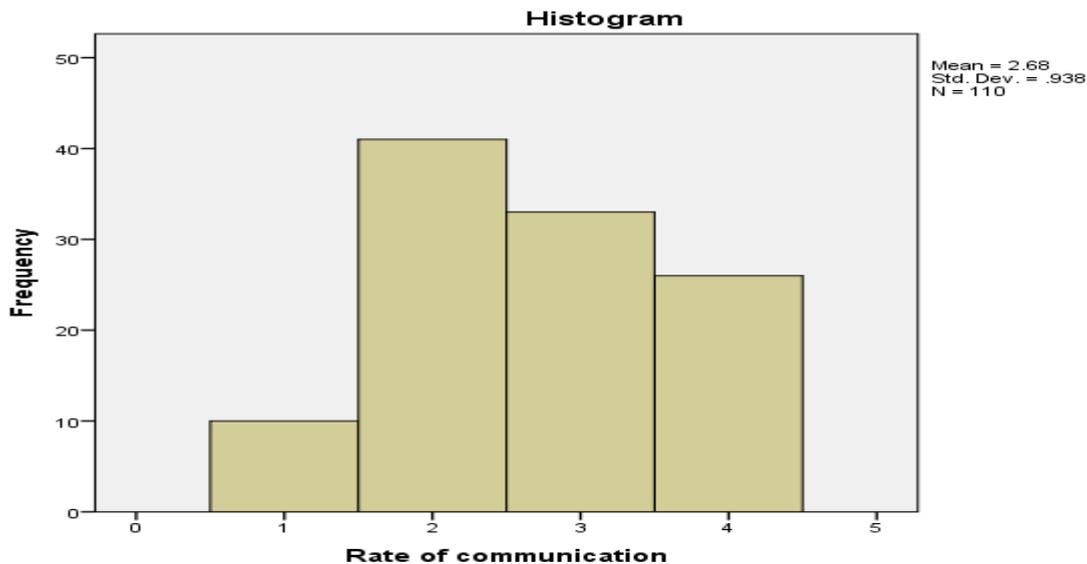


Figure 4.14

4.4 General comments on PMS

4.4.1 What is your opinion of the performance management system within the organisation?

The majority of the respondents asserted that the PMS had brought positive energy within the organisations as those who highly perform are rewarded and the implementation of the system is fairly good. Targets are being achieved as agreed upon by management's communication system in terms of feedback – thus it was effective. Joan Dean (2002:3) pointed out that performance management (PM), in recognising the achievements of others, in offering constructive feedback on performance and helping them to identify areas for development and improvement, should lead to increased self-esteem, job satisfaction and should also offer support in career development. In the mining industry this will increase the production and the profits made for the company

2 What factors do you consider important in a performance management system?

The major factors which were considered important in the performance management system by majority of the respondents are;

- involvement of employees during target setting by their line managers
- Proper communication and feedback after appraisals
- To be rewarded after meeting the set targets

- Continuous training and coaching on the PMS
- Managers to be trained before conducting Appraisals.

Armstrong (1991) noted that goal theory is the same as Management by Objectives (MBO), which had often failed because it had been bureaucratically applied without the real support of those involved and without ensuring that managers were aware of the importance of process agreement, also of reinforcement and feedback, and are insufficiently competent at implementing the process.

3 Describe the kind of relationship you would expect between management and workers and to what extent does it exist currently?

The relationship between the employees and management the majority of the respondents asserted that it was very good and management should motivate them to achieve set goals by awarding more incentives. The respondents indicated that the cordial relationships that currently exist with management enhance their efforts to achieve their agreed set targets. It enables them to be involved in all aspects of the performance management system. Employee engagement has been confirmed as the most important key to an organization's success and competitiveness as argued by Macey *et al.* (2009).

4 Do you think performance management system evaluates goal achievement adequately and why?

The results from the respondents indicate that PMS evaluates goal achievement adequately as there are fewer challenges encountered after appraisal and employees are rewarded for meeting the set targets. According to McKenna (2000:548) "in a good performance appraisal system, the measurement methods must be valid, reliable, and free from bias, producing ratings that are not too lenient, or severe, or bunched in the middle (central tendency) and that are free of halo and timing errors".

5 What are your general comments on the performance management system demonstrated by your managers?

The majority of the respondents indicated that the PMS demonstrated by their managers was very good as shown by their results in the analysis from the previous chapter. From the researchers' point of view, the major problem in conducting the performance management system is that supervisors lack these vital skills. Beardwell *et al.* (2004:529) contend that supervisors may lack sufficient technical skills and people-management skills to be able to conduct an effective appraisal. Substantiating this, Pilbeam and Corbridge (2004:46) argue that it is unrealistic to expect improved levels of performance without skills being continually updated.

4.5 Conclusion

This chapter provided a summary of the results from the respondents on different presentations. The results were analysed objectively in that questions from the same objective were put together. It also summarises the findings from the study and provides the overall picture of how the variables which were measured in the study are related. The findings indicate that PMS has a positive impact on the performance of employees in the mining sector in Rustenburg.

CHAPTER FIVE:

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter highlights the research findings in Chapter 4 and then draws conclusions from these findings. The chapter also gives a brief summary of the research outcomes. In addition, recommendations were derived from the conclusions mentioned above and in turn the recommendations offer suggestions for future research.

5.2 Findings from the study

The results from the study revealed that PMS forms an integral part in meeting the organisation's objectives and the set targets .Performance management is a holistic process which requires the definition of goals, effective systems for measurement and assessment, a reward system that provides for incentives, constructive feedback and support for employees to develop and acquire the skills needed effectively to contribute towards organisational success. The overall responses from the respondents indicated that performance management requires cooperation from both the employees and management in order to be successfully implemented. The whole process must involve from the target setting, implementation, appraisal, feedback and the rewarding of the met targets. There should be proper and clear policy of PMS and respondents must be satisfied with the current system although they can acknowledge that there are some challenges during implementation within the organisation. There is good relationship between the employees and their managers and the respondents are content with the coaching, training and acknowledgement when they met the agreed set targets.

5.2.1 Findings from the literature

Armstrong (2009) views performance management as a systematic process for improving organisational performance by developing the performance of individuals and teams. It is a way of facilitating and improving the performance of employees by

building a conducive work environment and providing maximum opportunities to them for participating in organizational planning and decision making process.

Effective performance management processes use a measurement of performance and provide feedback to employees as well as rewarding subordinates to motivate them to work hard for the realisation of corporate goals. DeCenzo and Robbins (2005:246) state that “performance evaluations were primarily designed to tell employees how they had done over a period of time and let them know what pay rise they would receive”.

If employees’ performances are falling short, intervention should be put in place to improve it and bring it in line with the expected standard of performance. According to the researcher the role of the immediate manager is crucial as he is in control as well as providing feedback on all matters in the department. Le Roux *et al.* (1999:121) define control as the creation of realistic standards against which performance of employees and the organisation can be measured, and by which deviation from the enterprise’s standards are detected in good time. If deviation occurs, the necessary corrective steps are carried out to ensure that the set objectives of the enterprise are achieved (Le Roux *et al.*, 1999:21).

5.3 Realisation of research objectives

The realisation of research objectives in relation to the study will now be discussed. Each objective is followed by a discussion of the information relating to it.

❖ To determine the factors that impact on the implementation of performance management systems at Rustenburg mines

Heathfield (2007) states that no system is perfect, and no system perfectly and reliably measures employee performance. Managers thus need to examine why this established process is so painful for all participants. PMS as a strategic and integrated process delivering a sustained success by organisations requires the following:

- Improving the performance of employees by developing their capabilities;
- Involving employees in target setting, performance standards and objectives;

- Giving continuous feedback and compensating them when targets are met;
- Informing employees at various stages of PMS, i.e. agreeing on targets, goals, ongoing coaching, continuous communication, performance evaluation, training and development and reward;
- Experiencing poor ownership by middle managers and employees of the process due to lack of training;
- Giving scarce rewards due to financial implications;
- Doing personal reflection due to negative results.
- Experiencing physical circumstances due to aging/inadequate equipment; and
- Making errors in performance evaluation that can be attributed to bias, the halo effect, a central tendency and inability to give criticism.

❖ **To determine the policy on how to implement the performance management systems, the extent to which the performance appraisal system can be utilised.**

Pimpa (2005:115) mentions that there are numerous veto points that can derail even the most carefully designed systems. Furthermore, unclear performance standards, absence of coaching and training and personal bias are some of the factors that reduce validity and reliability. The second objective was achieved in chapter three when respondents affirmed that they were involved in the setting of targets, conducting performance reviews and are given feedback on results of performance appraisal, whether positive or negative. Effective and efficient performance management systems assist organizations in achieving their target goals and objectives through staff development and improved communication (Montague, 2007). Performance management systems work when designed well, with clear guidelines and goals, administered by trained managers and supported by top management (Montague, 2007). Research showed that when raters have been trained and reminded of potential biases prior to evaluation period, they are better at avoiding appraisal problems (Longenecker *et al.*, 1987). The respondents agree that their managers are well trained and conduct the appraisals free and fair. The research concludes that respondents are satisfied with the managers following performance appraisal system and procedures.

❖ To establish the difficulties involved in the implementation of the performance appraisal system in mines.

Montague (2007:46) states that the appraisal session is to evaluate job performance not the person, and it is important for managers to be aware of some common factors that may distort their judgement and undermine the value of the appraisal process. It emerged in chapter three when the majority of the respondents acknowledged that there were difficulties in the implementation of performance appraisal systems, especially when immediate managers were not properly trained.

Managers must collect data that will ensure that the appraisal is fair and accurate (Montague, 2007). The research concludes that respondents are satisfied that managers who evaluate are credible. Top management should explore opportunities for managers to show concern to employees on the performance management system. The inherent subjectivity of the assessment process (Beardwell & Holden, 2006) may lead to claims of favouritism, bias and arbitrary treatment.

❖ To determine the perceptions of the supervisors and those under supervision towards utilisation of a performance appraisal system

Miller and Thornton (2006:153) state that one of the key issues is the accuracy of performance appraisal ratings. If employees feel the ratings are inaccurate, it is unlikely that they will buy into the performance appraisal system. The objective was achieved in chapter three when respondents stated that they were rewarded if they met their agreed targets. In addition the handling of the process motivates majority of them and aims to achieve more outputs for the organisation.

According to Roberts (2002:90) if employees are confident about the fairness of the appraisal process they were more likely to accept performance ratings, even the adverse ones, if they perceived a fair decision-making process. When supervisors are held accountable for the quality of their performance appraisals they will be more consistent and strategic minded when conducting them (Armstrong, 2013).

Appraisal may present an ideal vehicle for a superior to consolidate his or her power over a subordinate by presenting an interpretation of performance consistent with a

stance that he or she is trying to adopt (Mabey *et al.*, 2005). The research concludes that the performance management system has an impact on employee and organisational output.

5.4 Conclusion

The research has highlighted some of the issues raised in the ongoing debate regarding pros and cons of formal performance management systems. Regardless of the belief held that about true effectiveness of formal performance management, organisations will continue using the tools for the foreseeable future (Schraeder *et al.*, 2007). Current assessment of employees in the mines is influenced by various factors.

Three major factors identified were deficiencies in performance appraisal, managers are not properly trained, performance management systems are not efficient and managers do not show concern. The major causes of these problems are a lack of long-term planning and a lack of training in performance appraisal (Pimpa, 2005). There is a need for managers to be knowledgeable to conduct performance appraisal, provide feedback in a supportive manner and show concern for employees. The organisation is advised to train managers to be better and more effective raters. PMS can assist an organisation in achieving synergistic results. The findings revealed that performance management is a holistic process which requires the definition of goals, effective systems for measurement and assessment, a reward system that provides for incentives, constructive feedback and support for employees to develop and acquire the skills needed to effectively contribute towards organisational success. The major factors which were considered important in the performance management system by majority of the respondents are;

- involvement of employees during target setting by their line managers;
- Proper communication and feedback after appraisals;
- Being rewarded after meeting the set targets;
- Continuous training and coaching on the PMS; and
- Managers to be trained before conducting appraisals

5.5 Recommendations

The following are the recommendations to the managements of the mines aimed at improving the implementation of the performance management system within their organisations.

The organisation should find a way of goal setting and clearly define value added purposes for appraisal to the employees. Whiting and Kline (2007:131) state that employees expect to be rewarded and appraised fairly and for the process to be carried out with no hidden agendas. Armstrong (2013) highlights the fact that more often than not, managers openly communicate clear, realistic expectations, provide the tools necessary for meeting those expectations, and then provide valued rewards; thus employees will be motivated to achieve the desired results. Further on in the discussion on communication, policy reviews and goal setting the majority of the respondents asserts that the organisation was meeting its obligation.

Performance appraisal satisfaction is enhanced by employee participation and perceived clarity of goals (Kuvaas, 2006:506). Roberts (2002:90) concurs that employee participation is an effective tool for enhancing job-related autonomy, a necessary precondition for employee growth. The organisation should enhance performance appraisal by ensuring employee/supervisor involvement in the appraisal system design to be active participants in the process, highlighting opportunities to improve performance management.

The organisation should provide clear and direct two-way communication between the managers and employees, to enhance and eliminate problems in the PMS. Roberts (2003:94-95) argues that participation, goal setting and feedback are critical for enhancing the accuracy and quality of performance standards, and increasing commitment to goals and standards. In addition the development of reliable, valid, fair and useful performance standards is enhanced by employee participation as they possess requisite unique and essential information necessary for developing realistic standards (Roberts, 2003).

The organisation should offer more effective training of managers and executives in the appraisal process to improve and enhance knowledge, and continuous

improvement in terms of the performance appraisal system. Drucker (1995) cautions that no one is born with the ability to appraise others' performance accurately, and experience does not, of itself, prepare managers to conduct successful employee appraisals. Formal training is the most effective way to prepare managers to conduct successful employee appraisals. Schraeder *et al.* (2007) agree that training raters and giving them feedback, improves raters' ability to make accurate evaluations of employee performance.

On the issue of fairness and bias, the organisation should ensure objective assessment through uniform process and criteria to enhance performance results to be fair, valid and legally defensible for rewarding and recognising individual performance. Catano *et al.* (2007) highlight that procedural fairness is improved when employees participate in all aspects of the process, when there is consistency in all processes, and the assessment is free of manager bias, then there is a formal channel for the employees to challenge or rebut evaluations.

Pimpa (2005:115) mentions that there are numerous veto points that can derail even the most carefully designed systems. Designing an appraisal system requires not only establishing policies and procedures, but also obtaining the support of the entire workforce (Risher & Fay, 2007).

On the issue of feedback, the organisation should provide employees with regular feedback regarding their performance to reduce error, waste, achieve increased productivity, improved quality as well as enhancing employee motivation, commitment and sense of ownership. Scobbie and Dixon (2014) mention that the notion that people at work should receive performance appraisals is eminently sensible. This will enormously benefit both employees and the organisation, in that feedback provides the basis to set goals to both evaluate and improve their performance. This leads to reduced errors and waste, increase productivity, improve quality and enhance employee motivation, commitment and sense of ownership (Nickols, 2007). The organisation should improve performance appraisal through ongoing performance systems' review and corrective action, highlighting opportunities to improve performance management. Spangenberg, (1994) indicates that the problem with measuring performance of individuals is that their performance is inseparable from the system and its processes.

5.6 Limitations

- The research has been limited to the Anglo American and Kroondal mines' production and the administration staff that implement performance management system on behalf of the organisation, and this may limit the generalisation of the findings.
- Some senior Anglo managers were not that cooperative during data collection because they were busy working on the interim financial statements.
- Financial constraints: the researcher is based in Mafikeng while the study was conducted in Rustenburg and sometimes the researcher had no money to cover travelling expenses to go for consultations.

5.7 Future research

Performance appraisal has received much attention in the industrial and organisational psychology literature (Whiting & Kline, 2007). The research contributes various opportunities for further research notably:

- To aim at integrating and consolidating knowledge of performance appraisal perception;
- To use objective performance measures when studying affect in the situations wherever possible; and
- To cover other factors with potential to influence satisfaction with feedback.

5.8 Concluding remarks

The purpose of this study was to identify factors impacting on the implementation and operations of Performance Management Systems at Anglo American and Kroondal mines so as to determine how any adverse impacts on staff and the organisation can be mitigated. The study also set out to assess the impact of the performance management system, as well as problems hindering effective implementation of the programme. The results from the study revealed that PMS forms an integral part in meeting the organisation's objectives and the set targets. Performance management is a holistic process which requires the definition of goals,

effective systems for measurement and assessment, a reward system that provides for incentives, constructive feedback and support for employees to develop and acquire the skills needed effectively to contribute towards organisational success. The literature review indicated that performance management is a systematic process for improving organisational performance by developing the performance of individuals and teams. It is a way of facilitating and improving the performance of employees by building a conducive work environment and providing maximum opportunities to them for participating in organizational planning and decision-making processes.

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