

**A PERFORMANCE MANAGEMENT SYSTEM IN THE OFFICE OF THE PREMIER OF  
THE LIMPOPO PROVINCIAL GOVERNMENT:  
A CRITICAL ANALYSIS**

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## DECLARATION

I, Zodwa Lucky Mlambo, hereby declare that the work in this report is my own, that it is based on original research work conducted by me and it has not been submitted elsewhere for the purpose of obtaining a degree or diploma either in part or in full. I further declare that all the sources that I have used or quoted have been indicated and acknowledged by way of a comprehensive list of references.

Signature:  \_\_\_\_\_  
Mlambo ZL

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## ABSTRACT

The Public Service Regulations (PSR) 2001, Part VIII, introduced a performance management and development model for the South African Public Service. This model's main aim is to manage performance in a consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency and effectiveness, accountability for the use of resources and the achievement of results.

It is necessary for the public sector institutions to have performance management systems in place in order to measure the overall performance of the institutions. Such systems should also assist to identify skills gaps or training needs amongst employees. A comprehensive Performance Management System (PMS) should be linked with the human resource development within institutions in order to close the skills gaps by sending employees for training.

The primary objective of this study was to analyse the main perceptions of employees and to determine their level of awareness regarding the PMS and its implementation. To reach this primary objective, a number of secondary objectives were considered as relevant. These include exploring the principles, theories and models of Performance Management; identifying the typical elements that should be included in a comprehensive Performance Management System; analysing the statutory and regulatory guidelines pertaining to the development and implementation of a PMS in the South African Public Service; identifying typical challenges that responsible managers in the Office of the Premier experience in the implementation of the PMS; and developing guidelines and recommendations for a more effective implementation of the PMS to enhance best practice and statutory compliance as well as to overcome typical challenges currently experienced with its implementation.

The research was conducted at the Office of the Premier in the Limpopo Province. It comprised of a literature study and an empirical survey using a questionnaire to obtain information from selected staff members and managers. Respondents were tested on their perceptions regarding the implementation of the PMS in the Office of the Premier. The findings demonstrated that the existence of performance management system does not guarantee automatic perfection in performance. The merit is how effective an institution can apply performance management in combination with an entire set of functional policies, systems and instruments to improve its

impact on service delivery.

## **OPSOMMING**

Die Staatsdiens Regulasies 2001, Deel VIII, het 'n prestasiebestuurs- en ontwikkelingsmodel vir die Suid Afrikaanse Staatsdiens voorgestel. Die doel is om prestasie op 'n raadplegende, ondersteunende en nie-diskriminerende wyse te bestuur, sodat organisatoriese doeltreffendheid, verantwoording vir die gebruik van hulpbronne en bereiking van doelwitte bevorder kan word.

Dit is noodsaaklik vir openbare instellings om prestasiebestuurstelsels in plek te hê sodat prestasie gemeet kan word. Die stelsel behoort die identifisering van vaardigheidstekorte en opleidingsbehoefte te ondersteun. Die stelsel behoort gekoppel te wees aan die ontwikkeling van menslike hulpbronne in die organisasie sodat vaardigheidstekorte deur opleiding aangespreek kan word.

Die primêre doelwit van hierdie studie is om die persepsies van werkeemmers, hul vlak van bewustheid en die implementering van die prestasiebestuurstelsel te analiseer. Ter ondersteuning van die primêre doelwit is sekondêre doelwitte geformuleer. Dit sluit in die bestudering van beginsels, teorieë en modelle van prestasie bestuur, identifisering van toepaslike elemente vir insluiting in 'n omvattende prestasie bestuur stelsel, analise van die statutêre en regulasie raamwerk pertinent tot die ontwikkeling en implementering van die stelsel in die Suid Afrikaanse Staatsdiens, identifisering van die tipiese struikelblokke soos beleef deur bestuurders verantwoordelik vir die implementering van die stelsel in die Kantoor van die Premier, en die ontwikkeling van riglyne en voorstelle vir die effektiewe implementering van die stelsel om goeie praktyke en voldoening aan statutêre vereistes te bevorder en tipiese struikelblokke rondom implementering te vermy.

Die navorsing is in die Kantoor van die Premier in die Limpopo Provinsie onderneem. Die navorsing bestaan uit 'n literatuurstudie en 'n empiriese opname waar 'n vraelys gebruik is om data van geselekteerde respondente in te samel. Die bevindinge was dat die bestaan van 'n prestasie bestuurstelsel nie perfeksie in prestasie waarborg nie. Die waarde van die stelsel is hoe effektief 'n organisasie prestasiebestuur in kombinasie met beleid, ander stelsels en instrumente kan toepas ten einde die impak daarvan op dienslewering te verbeter.

## ACRONYMS

|         |                                                            |
|---------|------------------------------------------------------------|
| BARS.   | Behaviourally anchored rating scales                       |
| BSC.    | Balanced Scorecard                                         |
| DG.     | Director General                                           |
| DPSA.   | Department of Public Service Administration                |
| EEA.    | Employment Equity Act 55 of 1998                           |
| HoD.    | Head of Department                                         |
| HR.     | Human Resource                                             |
| HRD.    | Human Resource Development                                 |
| HRM.    | Human Resource Management                                  |
| ID.     | Identity Document                                          |
| IMS.    | Institute of Manpower Studies                              |
| IPSP.   | Integrated Provincial Support Programme                    |
| KPA.    | Key Performance Area                                       |
| KRA.    | Key Results Area                                           |
| LRA.    | Labour Relations Act 66 of 1995                            |
| MBO.    | Management by Objectives                                   |
| MPSA.   | Minister of Public Service Administration                  |
| PALAMA. | Public Administration Leadership and Management Academy    |
| PDP.    | Personal Development Plan                                  |
| PGDS.   | Provincial Growth and Development Strategy                 |
| PM.     | Performance Management                                     |
| PMDS.   | Performance Management and Development Strategy            |
| PMS.    | Performance Management System                              |
| PRP.    | Performance-related Pay                                    |
| PSCBC.  | Public Service Co-ordinating Bargaining Council            |
| PSR.    | Public Service Regulations, 2001                           |
| SAMDI.  | South African Management and Development Institute         |
| SETA.   | Sector Education and Training Authority.                   |
| SMC.    | Simeka Management Consultants                              |
| TQM.    | Total Quality Management                                   |
| WPPSTE. | White Paper on Public Service Training and Education, 1997 |
| WPTPS.  | White Paper on Transformation of Public Services, 1995     |
| WPTPSD. | White Paper on Transforming Public Service Delivery, 1997  |

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1. ORIENTATION AND PROBLEM STATEMENT**

Performance Management provides the system and processes used to plan work, set performance expectations and standards. The system ensures that each staff member is clear about the important role they play in the institution and the achievement of institutional objectives. Performance Management entails the activity where performance is measured over a period of time and is aligned with detailed targets at the same time while looking for opportunities to progress.

The purpose of Performance Management is to establish systems and methods that translate the strategic goals of an institution into individual performance criteria terms. In addition, the purpose of Performance Management is to get better performance in significant areas by creating responsibility to goals and objectives. Hence, Performance Management can be used to advance institution services, through improved economy, efficiency and effectiveness in service delivery and to hold the institution accountable for the use of resources.

Generally, the human resources management (HRM) unit of a public institution in South Africa facilitates the translation of the mission, vision and strategic objectives of a department into tangible outputs through the PMS. The unit is typically expected to refine the PMS, to improve alignment with strategic goals, embedding a performance culture and ensuring capability enhancement (National Treasury, 2005).

The new Public Service Management Framework that includes amongst other legislation, the Public Service Act 103 of 1994, as amended, as well as the new Public Service Regulations, 1999 came into operation on 1 July 1999. The new approach to Performance Management for employees below management level (1-12) is embodied in the amended Public Service Act 103 of 1994 and the Public Service Regulations (PSR) in 1999 aimed at employee development and empowerment, and not punishment.

Part VIII of the amended Public Service Regulations (PSR) issued in 2001, introduced a Performance Management and development model for the South African Public Service whose main aim is to manage performance in a consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency and effectiveness, accountability for the use of resources and the achievement of results. Chapter 1, part VIII of the PSR, 2001 further requires that each executing authority should determine a system for Performance Management and development for each employee in his or her department other than employees who are members of the Senior Management Service (SMS). The statutory framework, designed to transform the public service, is focused on improving service delivery and is informed by the mandates which will be discussed in chapter 3.

The Limpopo Provincial Administration has a wide range of challenges to which it must respond. These challenges include meeting the statutory and constitutional requirements in respect of service delivery; and implementing its Provincial Growth and Development Strategy (PGDS). The implementation of an effective Performance Management System (PMS) would ensure that limited resources are utilized optimally in order to efficiently address budget limitations. The Limpopo Provincial Administration has in accordance with Chapter 1, Part VIII of the PSR, 2001, developed a PMS whose main objective is to enable the Provincial Administration to address and measure performance at departmental level as well as at directorate, unit or team and individual level. A PMS was introduced with effect from 1<sup>st</sup> April 2002.

The performance reviews must be prepared on a quarterly basis and an annual performance evaluation on the last day of the performance management (PM) cycle. The PM cycle commences from the 1<sup>st</sup> of April to the 31<sup>st</sup> of March of the following year, (e.g. 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009). In Performance Management, when compiling individual workplan agreements, they must be linked from the strategic plan to the operational plan and to the annual performance plan of the institution in order to achieve the strategic goals and objectives of the institution. Monitoring and evaluation of performance should be done regularly per individual.

It is therefore essential that a Performance Management System should be established, maintained and audited. In order to evaluate performance, key performance indicators (KPIs) must be set. These KPIs must be measurable, applicable, objective and specific. In order to report on performance, the accounting officers need to measure performance when budgets are

prepared, as well as during the financial year. By the end of the financial year, they will need to confirm to what extent their targets have been met. Accounting officers must ensure that performance agreements/workplans are developed and implemented at the beginning of each financial year. The Performance Management Committee shall be established in all the departments to manage the implementation of the PMS. Moderating committees may be established per level in all departments to moderate the annual performance assessment reports.

It was, however, observed that a significant number of employees lack adequate understanding of the PMS. They regard the system as a “money-making tool” and not a Performance Management tool to develop them (Interview, 4 April 2009). Based on the above view, the problem thus is to analyse the level of awareness and the perceptions of employees about the implementation of the PMS with the aim of making recommendations for improvement. Without an analysis of the implementation process it would not be possible to uncover best practices and to ascertain the level of statutory compliance. Employee morale and productivity could also be negatively influenced without significant improvements to the implementation process. In support of this view, Van der Waldt (2004:221) argues that employees typically have a poor attitude to PMS as one of the most common human performance problems. Research may change the way people do their work in a particular field, or may change the way people live (Higson-Smith, Parle, Lange, & Tothill, 2000:27).

## **1.2. RESEARCH QUESTIONS**

This study analysed the level of awareness and the perceptions of employees about the implementation of a PMS in the Office of the Premier because it was perceived that employees lack the appropriate level of knowledge regarding the purpose, function and contribution of the system. The key questions were:

- a) What are the principles, theories and models of Performance Management?
- b) Which elements should be included in a comprehensive Performance Management System?
- c) What are the statutory and regulatory guidelines pertaining to the development and implementation of a PMS in the South African Public Service?

- d) To what extent are employees aware of and trained in Performance Management and its implementation?
- e) What are the main perceptions of employees in the Office of the Premier regarding the PMS?
- f) What are typical challenges which responsible managers in the Office of the Premier experience in the implementation of the PMS?
- g) What can be done to enhance best practice and statutory compliance with the implementation of the PMS?

### **1.3. RESEARCH OBJECTIVES**

To achieve the primary objective of the study, the following secondary objectives were specified:

- a) To explore the principles, theories and models of Performance Management
- b) To identify typical elements that should be included in a comprehensive Performance Management System
- c) To analyse the statutory and regulatory guidelines pertaining to the development and implementation of a PMS in the South African Public Service
- d) To determine to what extent employees in the Office of the Premier, Limpopo Province, are aware of and trained in Performance Management and its implementation
- e) To analyse the main perceptions of employees in the Office of the Premier regarding the PMS
- f) To identify the typical challenges, that responsible managers in the Office of the Premier experience in the implementation of the PMS
- g) To develop guidelines and recommendations for a more effective implementation of the PMS to enhance best practice and statutory compliance and to overcome typical challenges currently experienced with its implementation

### **1.4. LEADING THEORETICAL ARGUMENTS**

The following preliminary statements were made:

- In terms of the PSR, 2001 Chapter 1 Part VIII B.4(b) an employee's supervisor shall monitor the employee's performance on a continuous basis and give him/her feedback on his/her performance at least four times a year.

- PMS needs to be linked with human resource development (HRD) and training in order to identify the needs for training. According to Minnaar (2006:182) Performance Management processes should link with broad and consistent plans for staff development and align with the department's strategic goals. Van der Waldt (2004:245) indicates that carrying out the processes of Performance Management provides an opportunity to identify developmental needs. Performance evaluations may be used as a starting point for discussions of training, development and improvement (Moorhead & Griffin, 2001:198).

## **1.5. METHOD OF INVESTIGATION**

### **1.5.1. Literature Survey**

The purpose of the review of existing literature is to identify gaps in knowledge, as well as weaknesses in previous studies, that is, to determine what has already been done and what is yet to be studied or improved (Bless & Higson-Smith, 1995:23 and 2000:20). According to Mouton (2001:87), the reasons why a review of the existing literature is so important are to find out what the most widely accepted empirical findings in the field of study are; to save time, and to avoid duplication.

According to Leedy and Ommrod (2005:64), a literature review has numerous benefits: It can offer new ideas, perspectives and approaches that may not have occurred to the researcher. It can inform the researcher about other researchers who conducted work in that area. Furthermore, it can show the researcher how others have handled methodological and design issues in studies similar to the researcher's. Finally, it can reveal sources of data that the researcher may not have known to exist.

A literature study was done in which primary and secondary literature was used for this research. Books, journals, government reports and other documents related to the topic were consulted. Computer searches for relevant material have also been undertaken in the North-West University library (Potchefstroom Campus). The preliminary analysis indicated that ample material and literature were available to do research on this topic.

Official government reports and guideline documentation were reviewed. In this regard the Public Service Regulations (2001) stipulates that it is the responsibility of the supervisor to

manage, monitor and evaluate her/his employees' performance on a continuous basis with a view to providing feedback to the latter and contributing to the achievement of the departmental objectives. The empowerment and development of employees will thus be realised.

#### **1.5.1.1. Databases**

The following databases were consulted to ascertain the availability of the study material for the purpose of this research:

- a) Catalogue of thesis and dissertation of South African Universities
- b) Catalogue of books: Ferdinand Postma Library (Potchefstroom Campus)
- c) Catalogue of books: Polokwane Public Library
- d) Catalogue of books: UNISA Library (Polokwane Campus)
- e) Catalogue of books: Tshwane University of Technology Library (Polokwane Campus)
- f) Government Publications
- g) Internet Searches

#### **1.5.2. Empirical study**

According to Brynard and Hanekom (2006:37), qualitative methodology refers to research that produces descriptive data – generally the participant's own written or spoken words pertaining to their experience or perception. It is a focus upon the real-life experiences of people. Words and sentences are used to qualify and record information about the world. Social reality is recorded (Bless & Higson-Smith, 2000:38).

An empirical study was conducted to analyse the implementation of the PMS. Questionnaires were used to collect data. The questionnaire provided a space for comments for the target population to express their views on how the PMS is being implemented and how they can be developed through the system. The questionnaires were the most appropriate method for data collection because the participants did not fill in their names on it and this enabled them to be honest when expressing their perceptions about the system.

Peshkin (In Leedy & Omrod, 2005:134) highlighted that qualitative research studies typically serve one or more of the following purposes:

- Description - they can reveal the nature of certain situations, settings, processes, relationships, systems or people.

- Interpretation – they enable the researcher to gain new insight about a particular phenomenon, develop new concepts or theoretical perspectives about the phenomenon, and discover the problems that exist within the phenomenon.
- Verification – they allow the researcher to test the validity of certain assumptions, theories, or generalisations within real-world contexts.
- Evaluation – they provide a means through which the researcher can judge the effectiveness of particular policies, practices or innovations.

#### **1.5.2.1.      *Design***

The design of the empirical study was as follows: Qualitative research is empirical in nature wherein data are not in the form of numbers (Punch, 2006:3). According to Struwig and Stead (2001:13), qualitative data includes information such as words. In this study qualitative research served the purpose of evaluation, whereby the researcher judged the effectiveness of the implementation of PMS. A questionnaire was used as data collection method. The questionnaire was concise and well-formulated.

The questionnaire was piloted with a small number of respondents in order to ascertain its appropriateness and accuracy. According to Strydom and Delport (2005: 331), the purpose of the pilot study is to determine whether the relevant data can be obtained from the respondents.

#### **1.5.2.2.      *Respondents***

Written permission was obtained and the participants were informed about the permission that was granted. They did not sign informed consent forms because their names were not reflected on the questionnaire. Respondents were selected amongst employees from salary level 1 to 12 on a random selection basis, i.e. four employees per salary level were selected. This was to ensure that all employees in the Office of the Premier are represented. A sample size of 48 was taken to represent the population of the Office of the Premier's employees. The results obtained were generalised.

According to Brynard and Hanekom (2006:54), a sample is a small group or portion selected from the population. Sampling is a technique employed to select a small group with the view to determine the characteristics of a large group. A sample is used to determine specific properties

of the whole (Brynard & Hanekom, 2006:55). A sample comprises of elements of the population considered for actual inclusion in the study, or it can be viewed as a subset of measurements drawn from a population in which we are interested (Strydom, 2005:194).

#### **1.5.2.3.        *Instrumentation***

The advantage of questionnaires is that respondents have time to think about the answers to the questions in the questionnaire (Brynard & Hanekom, 2006:46). According to Bless and Higson-Smith (1995: 114 and 2000:112), the advantage of using a questionnaire is that it is easily standardised and has a low drain on time and finances. Questionnaires were distributed to the respondents for completion. The respondents participated voluntarily. Anonymity was assured by making sure that the respondents complete the questionnaires without indicating their names and this helped them to be honest in their answers.

Kanjee (2006:484) defined a questionnaire as a group of written questions used to gather information from respondents, and it is regarded as one of the most common tools for gathering data in social sciences. A questionnaire usually consists of a number of measurement scales, open-ended items for qualitative responses and other questions that elicit demographic information from the respondents. Open-ended and closed questions were used as a response format. According to Kanjee (2006: 486), open-ended questions allow respondents to communicate their experiences or opinions about a specific issue in their own words without any restrictions. Fontana and Frey (In Welman *et al.*, 2005:198) indicate that unstructured interviews provide a great wealth of information than other forms of data collecting methods because of their qualitative nature.

#### **1.5.2.4.        *Processing***

Data were collected through questionnaires. Completeness of the questionnaire to check that each question was answered was considered. Accuracy was considered to check for misleading answers. All data collected from the questionnaires were taken into consideration and a conclusion was drawn based on the findings. An empirical analysis was used to interpret the research data.

#### **1.5.2.5.        *Procedure***

The following procedure was followed:

- A literature review was undertaken to determine best practice on PMS and its implementation.
- Questionnaires were completed by selected respondents to determine their perceptions.
- Based on the research objectives all relevant information was analysed and evaluated.
- All information and data were presented scientifically.

## 1.6. CHAPTER LAYOUT

In chapter 1; an orientation of the study and problem statement were highlighted. The research questions and the objectives of the study were indicated and a theoretical statement was formulated. The method of investigation was provided in this chapter.

Chapter 2 dealt with the literature review based on the views of different sources related to this particular research field. The literature review is often a separate chapter in a research analysis in which the researcher synthesises the literature in the topic and engage critically with it (Henning: 2004:27). Literature review would examine the recent debates in the topic and identify gaps in the area, in an attempt to widen the frontiers of knowledge. Theoretical emphasis on fairness and the influence it can have on the morale of the employees were provided.

In chapter 3; the statutory and regulatory requirements pertaining to the PMS were highlighted. Statutory framework regulating human resources in the public sector were identified e.g. the Constitution of the Republic of South Africa.

In chapter 4; explanation of the PMS at Limpopo Office of the Premier was provided. Indication of when it was implemented, how it was structured, who was involved; who the role players were, was highlighted and what the main challenges in the area were. Interviews were conducted and questionnaires were designed. The types of questions were both open-ended and closed questions. The study wanted to discover the level of awareness and how the employees perceived the PMS, its weaknesses and strengths.

In chapter 5; the summary of the specific findings observed in the field was provided, followed by the recommendations based on these findings on the level of awareness and perceptions about the PMS.

In the next chapter a literature review is done based on the views of different sources related to this particular research field. The foundation for an understanding of the issues relating to a theoretical overview of performance management is provided. The definition of performance management, with its different concepts, in order to gain a clear understanding of the phenomenon is thus described.

## **CHAPTER 2**

### **PERFORMANCE MANAGEMENT AND PERFORMANCE MANAGEMENT SYSTEMS: A CONCEPTUAL OVERVIEW**

#### **2.1. INTRODUCTION**

In the previous chapter an orientation of the study and problem statement were highlighted. The research questions and objectives of the study were indicated and a theoretical statement was formulated. The method of investigation was also provided.

It is necessary for public sector institutions to have Performance Management Systems in place in order to measure the overall performance of the institution. Such a system should also assist to identify skills gaps or training needs amongst employees. A comprehensive Performance Management System (PMS) should be linked with human resource development in institutions in order to close the skills gaps by sending employees for training.

This chapter deals with the literature review based on the views of different sources related to this particular research field. The purpose of this chapter is to provide a foundation for an understanding of the issues relating to a theoretical overview of Performance Management. The definition of Performance Management, with its different concepts, in order to gain a clear understanding of the phenomenon will be described.

This chapter will further highlight Performance Management models, steps and techniques that can be utilised for implementing Performance Management in a holistic manner within public institutions. The key requirements for applying Performance Management in the public institution will also be identified.

The benefits for effective Performance Management will also receive attention. This chapter will further discuss the processes in designing a Performance Management System as well as the key challenges associated with it.

## **2.2. PERFORMANCE, PERFORMANCE MANAGEMENT AND PERFORMANCE MANAGEMENT SYSTEMS: CONCEPT CLARIFICATION**

Performance Management has in many instances been given diverse meaning and interpretation. In order to give a precise view, it was imperative to clarify concepts.. The following section will explore some of these definitions.

### **2.2.1. Performance**

Keamey and Berman (In Van der Waladt, 2004:36) define performance as simply 'managing public programmes for outcomes'. Otley (In Van der Waladt, 2004:37) refers to performance as being about doing the work, as well as about the results achieved. According to Fox and Meyer (1995:94), performance can be regarded as the way in which planned action takes place or objectives are reached; operational behaviour directly related to the organisation's effectiveness. Bates and Holton (In Armstrong & Baron, 2006:15) elaborate on this definition and indicate that performance is a multi-dimensional construct, the measurement of which varies, depending on a variety of factors. Van der Waladt (2004:37) and Armstrong and Baron (2006: 15) also state that it is important to determine whether the measurement objective is to assess performance outcomes or behaviour. Armstrong and Baron (2006: 15) are of the view that if you cannot define performance, you cannot measure or manage it.

Bernadin *et al.* (In Armstrong & Baron, 2006:15) are concerned that performance should be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of the organisation, customer satisfaction, and economic contributions. When one is managing the performance of teams and individuals, both inputs (behaviour) and outputs (results) should be considered. Performance is about how things are done as well as what is done (Armstrong & Baron, 2006:16).

According to Brumbrach (In Armstrong & Baron, 2006:16) performance means both behaviour and results. Behaviour emanates from the performer and transforms performance from abstraction to action. Not just the instruments for results, behaviour are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results.

### 2.2.2. Performance Management

Performance Management can be regarded as a process which is designed to improve organisational, team and individual performance and which is owned and driven by line managers (Armstrong, 1994:13). Hendry *et al.* (In Wilson 1999:139) add that Performance Management is a systematic approach to improving individual and team performance in order to achieve organisational goals. Edis (1995:3) supports this view by indicating that Performance Management refers to any integrated, systematic approach to improving organisational performance to achieve an organisation's strategic aims and promote its mission and values.

Armstrong and Murlis (1994:205) and Armstrong (1994:23; 2006:143) further add that Performance Management is a means of getting better results from organisations, teams and individuals by understanding and managing performance within an agreed framework of planned goals, objectives, standards and attributes/competence requirements. Armstrong and Murlis (1994:205) and Armstrong (1994:23; 2006:143) and Hartle and Weiss (1998:3) state that Performance Management is a process of establishing shared understanding about what is to be achieved, and how it is to be achieved, and an approach to managing and developing people in a way that increases the probability that organisational objectives will be achieved.

Layton (2002:27) in turn defines Performance Management as a systematic approach to performance improvement through an ongoing process of:

- establishing strategic performance objectives.
- measuring performance.
- collecting, analysing, reviewing and reporting performance data, and
- using that data to drive performance improvement.

Wilson (1999:138) adds that Performance Management as a concept or philosophy should ideally be a systematic approach that encompasses:

- motivation of employees to perform.
- vision by employers on what performance standards they expect of employees.
- ownership of management of performance at a variety of levels within organisations, and
- monitoring and measurement of the performance achieved by employees.

Performance Management can further be regarded as a strategic and integrated approach to

delivering sustained success to organisations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors (Armstrong 2006:142). Performance Management refers to a process of aligning or integrating organisational and individual objectives to achieve organisational effectiveness (Armstrong & Baron, 2006:51). Armstrong (2006:142) adds that it can play a major role in providing for an integrated and coherent range of human resource management processes that are mutually supportive and contribute as a whole to improving organisational effectiveness. Hartle (In Armstrong, 2006:145) adds that Performance Management should be integrated into the way performance of the business is managed and it should link with other key processes such as business strategy, employee development and total quality management.

Performance Management can be defined as a continuous process, supported by an effective and streamlined system, which is in the first place developmentally focused and implemented as a managerial accountability (Meyer & Kirsten, 2005:59). It is manifested in both formal and informal interactions between manager and subordinate (Meyer & Kirsten, 2005:59). In reality, Performance Management is based on the theory of management by objectives (MBO), a management process originating from the strategic management process (Minnaar & Bekker, 2005:119).

Performance appraisal essentially entails the measurement and ranking of performance in the institution, whereas Performance Management comprises the management of all performance-related activities within the institution, of which performance appraisal is only one of those activities (Fisher, Katz, Miller & Thatcher, 2003:74). Performance appraisal motivates employees if it is done appropriately. In support of this, Van der Waldt (2004:240 and 2008:28) argues that if used effectively, performance appraisal can improve employee motivation and performance.

According to Mhetoa (2006:98) Performance Management is not only measuring, monitoring and enhancing the performance of staff as a contributor to institutional performance. It is also the planning, communication and management of institutional strategies to lead institutional performance. For example, a communication strategy would, firstly, plan the number of times senior management will visit the regions per annum, contents of the agenda and monthly one-on-one meetings with subordinates. Lastly, it would manage the effectiveness of the very same communication strategy.

The performance of individuals is critical to the effectiveness of any institution and needs to be managed. Any institution requires an appropriate Performance Management System (PMS) that is directly aligned to the strategic objectives of the business, ensuring that the strategic objectives of the business are translated into clear achievable objectives for each individual employee. Any PMS is only as effective as it is implemented. Managers play a crucial role, not only in the implementation of a PMS, but in the leadership of desired performance outcomes of their subordinates (Hayward *et al.*, 2008:24).

According to Rogers (1990:40), the distinguishing feature of the PMS is the extent to which it consciously and systematically attempts to translate the procedures for planning, monitoring and reviewing performance down to the level of the individual member of staff, thereby integrating the management of organisational performance with that of individual performance. Within these systems there is an explicit recognition that:

- The performance of an institution is ultimately dependent on the performance of each individual member of its staff.
- Each member of staff must be clearly and individually accountable for what he/she does and achieves.
- The discipline of regularly setting objectives and workplans, of monitoring and reviewing or appraising performance, should be applied individually as well as organisationally.
- Individuals are more likely to work productively and effectively when they can place their own activities within a clear framework of broader policies, goals and targets.
- Individuals are more likely to be motivated when they are personally involved in determining their objectives, goals and targets of performance.

According to Fletcher (In Armstrong & Baron, 2006:8) and Fletcher (In Wilson, 1999:139) Performance Management is associated with an approach of creating a shared vision of the purpose and aims of the organisation, helping each employee understand and recognise their part in contributing to them, and in so doing, manage and enhance the performance of both individuals and the organisation.

Plachy (In Armstrong & Baron, 2006:43) highlights that Performance Management is communication: a manager and an employee arrive together at an understanding of what work is to be accomplished, how it will be accomplished, how work is progressing toward desired

results, and finally, after an effort is expended to accomplish the work, whether the performance has achieved the agreed-upon plan. The process recycles when the manager and employee begin to plan what work is to be accomplished for the next performance period. Performance Management is an umbrella term that includes performance planning, performance review and performance appraisal. Mondy *et al.* (In Swanepoel *et al.*, 2003:375) add by describing Performance Management as a process which significantly affects organisational success by having managers and employees work together to set expectations, review results and reward performance.

Spangenberg (In Swanepoel *et al.*, 1998:404) describes the human resource dimensions of Performance Management and describes it as an approach to managing people that entails planning employee performance, facilitating the achievement of work-related goals and reviewing performance as a way of motivating employees to achieve their full potential in line with the organisation's objectives. As such, Performance Management can be regarded as an ongoing process that involves the planning, managing, reviewing, rewarding and development of performance. Curtis (1999:263) concurs with this dimension and adds that Performance Management is an approach to management which harnesses the endeavours of individual managers and workers to an organisation's strategic goals. It defines goals and the outputs needed to achieve those goals, it gains the commitment of individuals or teams to achieve those outputs, and monitors outcomes, Patel (In Van der Waldt, 2004:39) supports Curtis's view above. According to Thomas (2007:67) Performance Management also gives the employee a basis for assessing his or her personal strengths and weaknesses, and provides a basis for individual development planning.

Amos *et al.* (2004:64) emphasise the strategic dimension of Performance Management and define it as a process that begins with translating the overall strategic objectives of the organisation into clear objectives for each individual employee. They contend that Performance Management is based on well-established psychological principles stating that people are more productive when they are knowledgeable of their results through feedback on how they are performing, have clear attainable objectives or goals to achieve and are involved in the setting of tasks and objectives.

According to Armstrong (2006:144) Performance Management in its fullest sense is based on the belief that everything that people do at work at any level contributes to achieving the overall

purpose of the organisation. It is therefore concerned with what people do (their work), how they do it (their behaviour) and what they achieve (their results). It embraces all formal and informal measures adopted by an organisation to increase corporate, team and individual effectiveness and to continuously develop knowledge, skills and competence.

Performance Management is about collaboratively determining individual work-related objectives in accordance with organisational objectives facilitating the achievement of those objectives, reviewing performance against the objectives and providing employee with feedback as a means of motivating the employee to achieve his or her full potential, to experience satisfaction and commitment, and to contribute to organisational success (Amos *et al.*, 2004:64).

According to Costello (1994:3), Performance Management supports an organisation's overall business goals by linking the work of each individual employee or manager with the overall mission of the work unit. Generally, this is accomplished by establishing individual goals and objectives that are tied directly to the organisation's purpose or direction. An effective Performance Management process generally starts with identifying clear goals, which are used as a foundation for ongoing coaching and performance review.

### **2.2.3. Performance Management System**

A good Performance Management System is a tool to help managers improve the performance of their employees in order to achieve their organisation's performance goals. In a good Performance Management System, an employee should be able to track how well he or she is doing as the year unfolds, take corrective action if needed to resolve performance weaknesses and possibly renegotiate performance goals as circumstances change (Thomas, 2007:67). A Performance Management System is defined by DPSA (2008:20) as "an authoritative framework for planning, managing and measuring performance of both the organisation and the employees".

Handy (In Armstrong & Murlis, 1994:219) indicates that Performance Management Systems can help managers to be teachers, counselors and friends, as much or more than they are commanders, counselors and judges; to trust people to use their own methods to achieve the manager's own ends; to delegate on the basis of a positive will to trust and to enable, and a

willingness to be trusted and enabled; to become 'post-heroic' leaders who know that every problem can be solved in such a way to develop other people's capacity to handle it.

Bevan and Thompson (In Price, 1997:303-304) describe a model performance management system as follows:

- The organisation has a shared vision of its objectives or a mission statement, which is communicated to its employees.
- There are individual performance management targets, related to unit and wider organisational objectives.
- There is a regular formal review of progress towards achieving the targets.
- There is a review process which identifies training, development and reward outcomes.
- The whole process is itself evaluated, giving feedback through changes and improvements.

### **2.3. HISTORICAL DEVELOPMENT OF PERFORMANCE MANAGEMENT**

Williams (2002:1) gives a historical background of the paradigmatic development of Performance Management as a discipline and management application. In his view, Performance Management came into prominence in the late 1980s and early 1990s. Although he maintains that there is no single approach to Performance Management, he also positions Performance Management as a system for integrating the management of organisational and employee performance.

According to Armstrong and Baron (2006:43), the first recorded use of the term 'Performance Management' is in Beer and Ruh (1976). Their thesis was that 'performance is best developed through practical challenges and experiences on the job with guidance and feedback from superiors'. They described the Performance Management System at Coming Glass Works, the aim of which was to help managers give feedback in a helpful and constructive way, and to aid in the creation of a developmental plan.

Beer and Ruh (In Armstrong & Baron, 2006:43) highlight the features of a Performance Management System, which distinguished it from other appraisal schemes as follows:

- Emphasis on both development and evaluation.
- Use of a profile defining the individual's strengths and development needs.

- Integration of the results achieved with the means by which they have been achieved.
- Separation of development review from salary review.

Armstrong and Baron (2006:44) indicate that full recognition of the existence of Performance Management was provided by the research project conducted by the Institute of Personnel Management (1992).

The importance of individuals working together in teams and the focus on the continuous improvement of the efficiency and effectiveness of the team is at the heart of the philosophy underpinning total quality management (TQM) and, Performance Management can enhance teamwork (Armstrong & Murlis, 1994:241). Armstrong and Murlis (1994:241) add that the significance of quality as a core value can be emphasised in the performance management process. But the fundamental reason for introducing TQM, or any quality initiative, is to increase stakeholder value – value to shareholders, customers, employees and the community.

## **2.4. AN OVERVIEW OF PERFORMANCE MANAGEMENT**

Performance management is based on the simple proposition that when people know and understand what is expected of them and have been able to take part in forming those expectations, they can and will perform to meet them (Armstrong, 1994:24). The following aims, objectives and principles are recognised in this study:

### **2.4.1. Aims, objectives and principles of performance management**

The overall aim of Performance Management is to establish a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills and contribution (Armstrong, 1994:24). Performance Management is aimed at planning, managing & improving employee performance. The aim of Performance Management is to optimise employee's output in terms of quality and quantity, thereby improving the department's overall performance and service delivery (DPSA, 2007:10).

The central aim of Performance Management is to develop the potential of staff, improve their performance and, through linking an employee's individual objectives to business strategies, improve the company's performance. Performance Management is about directing and

supporting employees to work as effectively as possible in line with the needs of the organisation (Williams, 2002:19).

Armstrong (1994:25) and Armstrong and Baron (2006:52) indicate that the aims of Performance Management are to:

- Help to achieve sustainable improvements in organisational performance.
- Act as a level for change in developing a more performance-oriented culture.
- Increase the motivation and commitment of employees.
- Enable individuals to develop their abilities, increase their job satisfaction and achieve their full potential to their own benefit and that of the organisation as a whole.
- Enhance the development of team cohesion and performance.
- Develop constructive and open relationships between individuals and their managers in a process of continuing dialogue which is linked to the work actually being done throughout the year.
- Provide opportunities for individuals to express their aspirations and expectations about their work.
- Help to retain high quality people.
- Support total quality management initiatives.
- Demonstrate to everyone that the organisation values them as individuals.

According to Williams (2002:27), the Institute of Manpower Studies (IMS) survey identified improving organisational effectiveness, motivating employees and improving training and development as the three main reasons for introducing Performance Management. In a similar vein, the industrial society discovered the identification of individual training needs to be the main purpose of schemes. Other purposes included setting objectives/targets and providing feedback on performance, changing the organisational culture and linking pay to productivity which was also important reasons amongst organisations with formal Performance Management Systems.

McLagan (In Spangenberg, 1994:40) proposed that Performance Management can serve at least three major purposes: as a vehicle for implementing organisational goals and strategy and as a driving force for creating a participative culture to provide useful information for the decisions. Performance Management has a powerful impact on the culture of the organisation because of interfaces throughout the process of managing performances, e.g. goal setting,

coaching, feedback, etc.

Bennet and Minty (In Nel *et al.*, 2008:494) highlight that performance management process has three major purposes: It is a process for strategy implementation; it is a vehicle for culture change it provides input to other HR systems such as development and remuneration. Nel *et al.* (2008:494) indicate that performance management process can be broken down into four key activities as follows: performance planning, performance coaching and monitoring, performance measurement and evaluation, performance feedback and documentation.

Costello (1994:27) stated the purpose of performance and development planning as follows: make performance expectations explicit, tie individual performance to organisation and department business plans, identify measurement or evaluation criteria for performance, identify gaps in knowledge or skills required to achieve expectations, describe specific development activities, and foster communication between manager and employee.

Armstrong and Murlis (1994:224) and Armstrong (1995:451) highlighted activities that consist of performance management process as: corporate strategies and objectives, performance agreements and plans, continuous management of performance throughout the year, formal performance reviews, development and training, rating and performance related pay.

Lockett (In Armstrong & Baron, 2006:53) believes that Performance Management should focus on two objectives: Ensuring that people are motivated to perform effectively to the boundaries of their ability; and stretching these boundaries through an effective programme of personal development.

Meyer and Kirsten (2005:60) and DPSA (2007:10) indicate the following objectives that can be achieved if an organisation has a well-integrated Performance Management System: to establish a performance and learning culture in the public service, to improve service delivery; to ensure that all job holders know and understand what is expected of them, identify, manage and promote jobholders' development needs; to evaluate performance fairly and objectively, to support employment equity plans, to create a climate for motivation, and to attract and retain skilled staff.

According to Armstrong (1994:149), the objective of Performance Management should be

formulated to provide guidance for its development and implementation. The objectives could be derived from the reasons for introducing Performance Management, which might be summarised as follows:

- To improve organisational, team and individual performance.
- To provide for the closer integration of organisational, team and individual objectives.
- To clarify expectations on what individuals and teams have to achieve.
- To develop individuals' skills and competences.
- To foster a closer relationship between individuals and their managers based on the agreement of objectives, feedback, counseling and coaching.
- To provide for a more objective and fairer method of assessing performance.
- To empower individuals to manage their own performance and learning.

The word 'principle' refers to the existence of formal, written procedures which prescribe specific courses of action to be taken under specific situations and which bureaucrats must follow without regard to personal preferences or special interests (Fox & Meyer, 1995:101). Performance management principles in this study imply the rules that public employees have to value and adhere to their responsibilities in performance.

Minnaar (2006:185) highlights the principles in terms of how an institution manages its core functions: determines what it wants to achieve based on a careful analysis of the management environment, analyse organisational capacity, design organisational strategies that reflect the conclusions drawn from the preceding two steps, prepare an action plan (or operational plan) that contains particulars of how the organisation is going to go about achieving the performance targets spelled out in the strategic plan, resource the action plan and implement by executing the action steps in the action plan.

Armstrong and Baron (2006:80) summarise the principle of Performance Management as follows:

- It translates corporate goals into individual, team, departmental and divisional goals.
- It helps to clarify corporate goals.
- It is a continuous and evolutionary process, in which performance improves over time.
- It relies on consensus and co-operation rather than control or coercion.
- It creates a shared understanding of what is required to improve performance and how this will be achieved.

- It encourages self-management of individual performance.
- It requires a management style that is open and honest and encourages a two-way communication between superiors and subordinates.
- It requires continuous feedback.
- Feedback loops enable the experiences and knowledge gained on the job by individuals to modify corporate objectives.
- It measures and assesses all performance against jointly agreed goals.
- It should apply to all staff.
- It is not primarily concerned with linking performance to financial reward.

#### **2.4.2. The dimensions of performance management**

Keamy and Berman (In Van der Walddt, 2004:37) highlight eight dimensions or means of performance that illustrate the multi-dimensional nature of performance as follows:

- Modification of perceptions and attitudes is an attempt to change emotions, beliefs, values and attitudes by increasing the information flow to people – a task accomplished by explaining policies, instituting staff meetings, keeping an open door and other such communication mechanisms.
- Modification of the authority system is aimed at increasing the responsiveness of management and at improving authority relations, decision process and communication systems. Attempts to modify the formal chain of command, clarification of authority relations, delegation, the development of policy teams, reassignment of supervisory responsibility, are examples.
- Structural re-organisation is simply an adjustment of the system or structure. It means changing such things as size of the unit, staffing procedures, physical arrangements or budgeting processes.
- The process of measurement and evaluation involves setting goals and objectives, measuring progress and evaluating results. It is reflected by the implementation of management by objectives, management information systems, and programme planning and budgeting.
- Modification of work methods through technology entails changes in equipment, work methods, control systems, form and tracking devices and work processes. It is most often reflected by attempts at automation and might include computerised placement procedures, receipt posting, case tracking and reporting processes.

- Retraining and replacement of people change. Personnel may be taught new skills as a result of redefined duties, responsibilities and job qualifications.
- Modification of the workflow usually involves rearrangement of units or jobs so that the path or sequence of workflow is altered. Such changes often modify intergroup relationships.
- The final means or dimension of change to improve performance is introducing a new programme. Such innovation usually involves new products or services.

According to Van der Walddt (2008b:8) the dimensions help us to understand a great deal about the process of improving organisational performance. It also illustrates why there is some confusion about the various definitions of performance – it depends on which dimension you focus on. These dimensions may however contradict one another, for example to improve performance effectiveness of outputs, it may be necessary to change or modify work methods, which in turn could negatively affect the motivational climate. Also the introduction of new programme may be necessary, but in turn it could negatively affect the performance of personnel.

#### **2.4.3. Performance management as a management application**

Armstrong (1994:33) and Armstrong and Murlis (1994:219) indicate that the philosophy of Performance Management is strongly influenced by the belief that it is a natural and core process of management. Its emphasis is on the analysis, measurement, monitoring performance and planning; and coaching for performance improvements means that it is concerned with basic aspects of good practice with regard to the management of people. That is why it should be regarded as a process which is driven by management so that it becomes a valued part of their everyday working life and not an annual bureaucratic chore imposed upon them by the human resource department.

Beardwell *et al.* (2004:532) highlight that Performance Management is a mechanism to control values rather than simply actions. The skills required by managers to carry out a performance management process are often underestimated. They need to know how to set clear, measurable and achievable objectives. They need to know how to define and assess competency requirements. They have to provide helpful feedback and know, not only how to commend staff on their achievements at review meetings, but also how to coach them and help

them to recognise where their performance has been sub-standard and needs to be improved (Armstrong, 1994:34; Armstrong & Murlis, 1994:220).

## **2.5. APPLYING PERFORMANCE MANAGEMENT IN PUBLIC INSTITUTIONS**

Mlaba (2005) highlights some of the core requirements for the successful implementation of PMS in an institution as follows:

- Management's buy-in;
- A PMS champion who will drive the PMS process internally (PMS specialist needs to be actively driving the process);
- Proper communication channels;
- Adequate and timely information; and
- Adequate resources.

Wright and Brading (In Armstrong & Murlis, 1994:224) and Wright and Brading (In Armstrong, 1995:449) articulate that the framework which sets out how employees can best work together, has to reduce the degree to which Performance Management is a top-down process and it needs to encourage a balanced approach with the following features: less focus on retrospective performance assessment and more concentration on future performance planning and improvement, identification and recognition of the skills and competences associated with high levels of performance, identification and recognition of outputs which are defined in qualitative terms and not just quantitative ones, a free upwardly managed process and more focus on the individuals' contribution to the success of the team as a whole.

Guidelines of applying Performance Management in the workplace according to Meyer and Kirsten (2005:67) are as follows: compile a policy and strategy for Performance Management for your organisation, link the Performance Management system to the overall goals of the organisation, train line managers so that they understand the principles and practices of Performance Management; set clear but challenging performance targets for all employees, identify measurable performance standards for employees, provide sufficient support for employees to perform, create a high performance organisational culture to support the Performance Management System, reward outstanding performance by employees, conduct regular performance discussions with employees, develop relevant performance appraisal forms and keep records of all data, obtain inputs from employees and managers regarding

opportunities to improve the Performance Management System, create employee development opportunities to improve performance, and monitor and review the Performance Management system.

According to Williams (2002:17), requirements of the performance management process are the following: a clear statement of the organisation's mission, a mechanism to enable the performance of individuals within the organisation to be aligned with that mission statement and a way of adjusting performance requirements to meet new challenges which may arise, a set of human resource management policies which support the organisation's strategic aims and which give individuals an incentive to work towards their own personal objectives, a clear statement of the organisations future goals- their vision and the direction in which they intend to move, and a process which enables the critical capability factors within the organisation to be developed as part of the performance management process.

According to Mlaba (2005), the successful implementation of the Performance Management System at all the institutions will certainly serve as a yardstick in objectively measuring the performance of the institution's officials. Spangenberg (1994:283) indicates the criteria for setting objectives i.e. specific and understandable, measurable, challenging, realistic and achievable, consistent, written in consultation with the performer, related to specific time frames, dynamic and controllable.

#### **2.5.1. Organisational and human resources benefits of effective performance management**

Effective Performance Management means the following according to Williams (2002:12): articulating the organisation's vision, establishing key results; objectives and measures at key business unit level, identifying process objectives and the key indicators of performance for those processes, identifying and installing effective departmental measures, monitoring and controlling four key performance measures (i.e. quality, delivery, cycle time and waste), and managing the continuous improvement of performance in those key areas – 'benchmarking' your performance against the best. According to Masango (In Van der Waldt, 2004:94), key aspects of an effective Performance Management System should include, among others: performance targeting, the setting of performance standards and a performance evaluation system.

According to Van der Waldt (2004:41-42; 2008b:9), performance management provides the organisation with the following benefits:

- Top management: It should enable them to get on with their job of setting objectives for the organisation, whilst managing relationships with external bodies- customers, politicians, regulatory bodies, stakeholders and translating their requirements into objectives for the organisation.
- Managers: It will help them gain a full understanding of the organisation's mission, set targets and standards for their team and delegate work, freeing them to concentrate on strategic planning and continuous improvement and development of their operations and work team.
- Staff: Improved management of performance should result in clearer targets and the freedom of work, autonomously to achieve these targets, with the right level of support from their management, i.e. improved personal self-development.
- Support functions: Objectives which come from a centrally agreed upon business plan are more likely to give support to functions an alternative reason for existence rather than the pursuit of their own specialised agenda.
- Customer: Clear Performance Management should enable the organisation to deliver its customers' promises more consistently by converting customer needs into workable plans of action.

Performance Management further has the following benefits: It clarifies strategy and makes it accessible, it transforms strategy into operations, vision into action (strategic alignment), it clarifies roles and responsibilities which are political and managerial, it clarifies expectations of the institution and individuals; it improves accountability and participation (Van der Waldt, 2004:42). According to Hartle and Weiss (1998:189), effective Performance Management is able to identify individual strengths and weaknesses which provide the basis for assessing individual development needs.

Van der Waldt (2004:213) highlights that when properly conducted, human performance management can reduce the amount of time managers need to spend on guiding employees or managing conflict. By helping employees understand what managers expect, it allows them to work more independently with less day-to-day supervision. By its identification of barriers to performance, it can improve productivity. If properly done, Performance Management could

assist employees to work towards the goals and needs of the institution through effective planning. He (Van der Walddt), further states that Performance Management benefits employees by ensuring that they know what they are supposed to do, what doing their job well means, why their job tasks are important, and provides a mechanism for everyone who wants to improve their performance to do so. Performance Management, when done well, can improve staff morale.

Nel *et al.* (2001:516) state that in order for Performance Management to be effective, it must be line-driven rather than personnel (or human resources) department-driven. The development of a Performance Management System should be a joint effort between line and human resource managers. This will offer line managers ownership of the system and ensure stronger commitment. According to Lundy and Cowling (In Nel *et al.*, 2001:516), subordinates should play an active role in the management of their own performance, linked to the organisational performance as a whole, to eliminate any potential resistance by employees. Costello (1994:3) adds that an effective Performance Management System should serve as the cornerstone and driving force behind all organisational decisions, work efforts and resource allocation.

Sloman (In Nel *et al.*, 2008:494) suggests the following conducive conditions for promoting the implementation of effective Performance Management System: A vision of organisational strategic objectives is communicated to employees, departmental and individual performance targets are set within wider objectives, a formal review of progress towards targets is conducted, the whole process is evaluated to improve effectiveness. Beardwell *et al.* (2004:533) state that Performance Management is effective only to the extent to which it can shape personal and organisational values, irrespective of the measure to which it can change behaviours, as values are said to set the parameters within which people make decisions.

Armstrong and Baron (2006:81) summarise the benefits to the organisation, managers and individuals of well-conceived and well-run performance management processes as follows:

- For the organisation such processes: align corporate, individual and team objectives; improve performance, motivate employees, increase commitment, underpin core values, improve training and development processes, help to develop a learning organisation, enlarge the skill base, provide for continuous improvement and development, provide the basis for career-planning, help to retain skilled employees, support total quality and customer service initiatives, and support culture-change programmes.

- For managers such processes: provide the basis for clarifying performance and behaviour expectations, afford a framework for reviewing performance and competence levels, improve team and individual performance; support leadership, motivation and teambuilding processes; provide the basis for helping underperformers, may be used to develop or coach individuals, offer opportunity to spend structured 'quality' time with teams and team members, provide the basis for providing non-financial rewards to staff (e.g. recognition, opportunity for growth and development).
- For individuals such processes offer: greater clarity of roles and objectives, encouragement and support to perform well, the supervision of guidance and help in developing abilities and performance, opportunities to spend 'quality time' with their managers, opportunities to contribute to the formulation of objectives and plans and to the improvement in the way work is managed and carried out, and an objective and fair basis for assessing performance (Armstrong & Baron, 2006:82).

According to Lundy and Cowling (1996:382), benefits claimed for managers included the following: individuals linked into teams, performance evaluated objectively, development in current job encouraged, reward linked to performance. The following benefits were claimed for individual members of staff: clear understanding of the job, basis created for regular discussion of tasks, agreement on development needs and feedback given on performance.

According to Amos *et al.* (2004:68), the benefits of Performance Management include the following: the employee is involved in the assessment of his or her performance, the employee has clear targets to work towards this provide direction, the employee output is coordinated with company goals, the employee can appreciate self-worth through realising the significance of what he or she is doing, a two-way communication exists between manager and subordinate; which improves their relationship, and organisational efficiency is improved by aligning the employee's efforts with the strategic objectives of the organisation.

An effective appraisal process requires employee feedback. Appraisal systems that provide formal feedback once a year are more likely to be deficient. In order for an appraisal system to be maximally effective, there must be ongoing formal and informal performance feedback. Effective performance feedback is timely, specific, behavioural in nature, and presented by a

credible source. It is effective in changing employee work behaviour and enhances employee job satisfaction and performance (Roberts, 2002:337).

According to Swanepoel *et al.* (2003:382), an effective Performance Management System should enable and empower line management to implement the strategy and objectives of the organisation successfully. Wilson (1999:143) states that any Performance Management System is only as good as it fits with other key business systems and strategies. It is not something that is done to employees but with them. At its best it (PMS) should add value to the business and to relationships within the business. However, in many cases it does not because of its lack of focus or ownership by key stakeholders at a variety of levels.

Mlaba (2005) contends that Performance Management can positively impact on the institution in the following ways:

- More effective and efficient service delivery.
- Better planning processes.
- Higher degree of accountability.
- Allows for improved decision making process.
- Integration of work, leading to cost efficiency and
- Motivates staff and helps limit the out-flow of skills from the institution.

## **2.6. PERFORMANCE MANAGEMENT MODELS, STEPS AND TECHNIQUES**

### **2.6.1. Performance management models**

According to Robson (In Eygelaar & Uys, 2004:32), the absence of a comprehensive and integrated practical model has caused the demise of many efforts to introduce organisational performance excellence. Nasser and Viviers (In Eygelaar & Uys, 2004:33) indicate that there are 10 key principles, which encompass the purposeful and success-driven behaviour of new generation organisations i.e. engaging the market - understand the market, create value for customers, call the tune and calculate the risk - then pre-empt, mobilising capacities - defy the old paradigms, focus on speed, simplicity and self-confidence and create an obsession with perpetual renewal, energising the organisation - nurture competitive angst, inspire with pack leadership and manage through creative tension.

According to Bond (In Vermaak & Fourie, 2007:71), the neglect of 'strengths' result in an 'area for improvement' and therefore negatively influences the organisation's results. Attending to and rectifying the 'area for improvement' will conversely result in the increase in organisational effectiveness, better results and higher scores during evaluation. Obtaining the results of the strengths in successful organisations will result in the identification of generic factors, linked to the specific criteria that could probably contribute, if implemented by other organisations, to continuous improvement strategy.

Walters (In Curtis, 1999:263) developed a more prescriptive model of a Performance Management System, which contains the following elements:

- Establishing a portfolio of measures; quantitative and qualitative, designed to track both inputs and outputs.
- Forge forward-looking appraisal schemes, underpinned by clear and precise information, to enhance everyday management activities throughout the year.
- Design comprehensive personal development plans based on careful analysis of opportunities and needs.
- Encourage learning and development, overcome the obstacles to learning and evaluate the results.
- Design and implement schemes for performance-related pay which motivate and reward employees for achieving corporate goals.

The following table (i.e. 2.1.) represents Spangenberg's Integrated Model of Performance. It assumes that there is a connection between performance at an organisational and individual level. Performance from an organisational perspective has a direct link with the individual aspect of performance.

**Table 2.1: Spangenberg's integrated model of performance**

| ORGANISATION                                                                                                                                                                                                                                                                                                  | PROCESS/FUNCTION                                                                                                                                                                                                               | TEAM/INDIVIDUAL                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. PERFORMANCE PLANNING</b>                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>• Vision</li> <li>• Mission</li> <li>• Strategy</li> <li>• Organisational goals set and communicated</li> </ul>                                                                                                                                                        | <ul style="list-style-type: none"> <li>• Goals for key processes linked to organisational and customer needs</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Team mission, goals, values and performance strategies defined</li> <li>• Individual goals , responsibilities and work-planning aligned with process/function goals</li> </ul>                          |
| <b>2. DESIGN</b>                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>• Organisational design ensures structure support strategy</li> </ul>                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• Process design facilitates efficient goal achievement</li> </ul>                                                                                                                      | <ul style="list-style-type: none"> <li>• Teams are formed to achieve process/function goals</li> <li>• Job design ensures process requirements reflected in jobs; jobs logically constructed in ergonomically sound environment</li> </ul>       |
| <b>3. MANAGING PERFORMANCE (AND IMPROVEMENT)</b>                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>• Continual organisation development and change efforts</li> <li>• Functional goals (in support of organisational goals) managed, reviewed, and adapted quarterly</li> <li>• Sufficient resources allocated</li> <li>• Interfaces between functions managed</li> </ul> | <ul style="list-style-type: none"> <li>• Appropriate sub-goals set; process performance managed and regularly reviewed</li> <li>• Sufficient resources allocated</li> <li>• Interface between process steps managed</li> </ul> | <ul style="list-style-type: none"> <li>• Active team-building efforts, feedback, co-ordination and adjustment</li> <li>• Developing individual understanding and skills; providing feedback</li> <li>• Sufficient resources allocated</li> </ul> |
| <b>4. REVIEWING PERFORMANCE</b>                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>• Annual review, input into strategic planning</li> </ul>                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>• Annual review</li> </ul>                                                                                                                                                              | <ul style="list-style-type: none"> <li>• Annual review</li> </ul>                                                                                                                                                                                |
| <b>5. REWARDING PERFORMANCE</b>                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>• Financial performance of organisation</li> </ul>                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>• Function rewards commensurate with the value of organisational performance and function contribution</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>• Rewards commensurate with the value of organisational performance, and: for team - function and team contribution; for individual - function/team performance and individual contribution</li> </ul>    |

(Source: Spangenberg, 1994:30 – 31)

Performance Management as a practice involves planning in advance, how well work will be done and how it will be managed. Spangenberg (1994:29) highlights that; Performance Management can be regarded as an ongoing process that involves the planning, managing, reviewing, rewarding and development of performance.

### **2.6.2. Performance management steps**

Various authors such as Wilson (1999) and Nel *et al.* (2001) developed performance management steps to be followed in successfully implementing Performance Management within an institution. The researcher will use the steps explained by Van der Waldt since they add value in selecting the process to benchmark and the spirit of participation that will assist an institution to develop and implement its system in an acceptable manner. According to Van der Waldt (2004:288) the following steps are important:

#### **2.6.2.1. *Select the process and build support***

The first step is to select the process to benchmark and build support from both upper and middle management in order to gain the appropriate resources and foster the spirit of participation required in an effective benchmarking initiative. Selecting the process means determining which processes or issues are critical to the goals of the organisation and whether benchmarking is the appropriate method to determine the efficiency of the process. Not targeting a specific process to examine or attain management support will almost certainly mean that the benchmarking attempt will fall short of its goals. In this initial step it is important to develop an action plan to focus efforts and keep information organised.

Benchmarking is a sophisticated approach for comparing the performance of a specific organisational process against the best practice. This comparison may be applied internally or externally to the organisation. Benchmarking becomes an effective tool for improving performance once critical success factors, performance indicators and measures are established and understood in the organisation (Alberta, 2004).

#### **2.6.2.2.      *Determine the current performance***

Before benchmarking one institution against another, to discover how they achieve high levels of service excellence or performance, one must understand one's own performance. An initial self-assessment should include questions to determine whether the process has been flowcharted and whether redundancies or inefficiencies have been targeted. Process mapping will facilitate a thorough understanding of any process. It is necessary to document the inputs, activities and outputs of the process and to identify key performance measures for the process.

It is crucial to determine the state of the current environment. Too often, companies embark upon benchmarking efforts because they want to achieve the well-known results of similar institutions. This could be misguided; because benchmarking is institution and issue/service specific (Van der Walddt, 2004:288). Without a clear understanding of the environment and the impact of specific processes on overall institutional performance, benchmarking will probably fail to yield meaningful results.

#### **2.6.2.3.      *Determine where performance should be***

The first part of step three; determining the way performance 'should be,' is choosing potential benchmark partners. Benchmark partners are other public institutions, including one's own; that are successfully executing the process. Determining the 'should be' is where one begins to focus on examining the process from an external perspective, conducting secondary research to supplement internal exploratory efforts and discovering which criteria are important. This understanding could lead one to the most appropriate benchmark partners.

#### **2.6.2.4.      *Determine the performance gap***

Consider where an institution should be and subtract where it is – the difference is the so-called 'performance gap'. The larger the gap the higher the priority to narrow it. In this step, an institution should consider a host of issues and try to analyse them logically. For example, examine a process from a cost, quality, and time and productivity perspective, with the understanding that strength in one area does not necessarily indicate strength across the board.

For performance gaps to be useful, they must be logically identified, organised and categorised (Van der Walddt, 2004:289). This means in part that the causal factor behind the gap should be

attributed to people, processes, technology or cultural influences. In addition, each gap should be ranked, based on a priority indicator.

#### **2.6.2.5.      *Design an action plan***

There are several ways to ensure that the institution's benchmarking efforts produce positive results. One way is to use goal-oriented, attainable and detailed action plans to plot the improvement course. An action-plan template should include a description of the overall action plan, detailing each specific action step and each problem the actions are targeted to solve.

The action plan should also describe the chronological steps to implementation, defining requirements and specifications, and allotting an appropriate time frame for implementation. The action should identify those accountable for implementation and describe rewards if their efforts are on time or ahead of schedule. Perhaps most important is to ensure that the action plan has buy-in from all key parties, including management, process owners and those affected by the proposed change.

#### **2.6.2.6.      *Continuous improvement initiatives***

Just as there is no end to learning and there is no such thing as accumulating enough knowledge, benchmarking is not an activity that an institution should do only once (Van der Walddt, 2004:289). Rather, it is part of an ongoing, continuous improvement effort that is vital for organisations seeking to achieve and maintain competitive advantage in the new economy. The secret to long-term success is to keep institutional processes effective and efficient through continuous monitoring and measuring.

The new economy is an opportunity to embrace change. Using benchmarking as a tool for continuous improvement is one way to determine whether the institution is doing everything it can to meet the challenges inherent in the global, intensely competitive environment.

#### **2.6.3.    Performance management techniques**

The following HRM techniques will be explored. According to Swanepoel *et al.* (2003:385) appraisal techniques may be categorised according to the type of criteria used, namely:

- Trait-oriented methods (for example trait scales).

- Behaviour-oriented methods (for example critical incidents, BARS), and
- Results-oriented methods (for example MBO).

Alternatively, techniques may be classified according to the main purpose that the procedure serves; namely:

- Comparative purposes (relative standards) and
- Developmental purposes (absolute standards).

Swanepoel *et al.* (2003:385) further divide performance rating techniques into two categories namely: relative ranking techniques and absolute rating techniques.

#### **2.6.3.1. Relative ranking techniques**

Appraisal systems based on relative judgment ask supervisors to compare an employee's performance to that of others, doing the same job (Gomez-Mejia *et al.*, 2004:225). Relative rating systems have the advantage of forcing supervisors to differentiate among their workers. Without such a system, many supervisors are inclined to rate everyone the same, which destroys the appraisal system's value. The disadvantages of relative rating systems are that they do not make clear how great or small the differences between employees are. They do not provide any absolute information, so managers cannot determine how good or poor employees at the extreme rankings are. It forces managers to identify differences among workers where none may truly exist. These systems typically require assessment of overall performance (Gomez-Mejia *et al.*, 2004:226).

Three rating techniques identified by Swanepoel *et al.* (2003:385) and Amos *et al.* (2008:294) under relative rating techniques are:

- Ranking – straight ranking entails simply the rank ordering of individuals, according to overall merit or according to other performance factors, from the best to the worst performer.
- Paired comparisons – this procedure requires the evaluator to compare each worker separately with the other. The eventual ranking of an individual is then determined by the number of times he/she was judged to be better than the other worker.
- Forced distribution – when using this technique, the evaluator is required to assign certain portions of his/her workers to each of a number of specified categories on each

performance factor. This aligns employees in accordance with per-assigned performance distribution fields, for example, 'exceeds expectations', 'meets expectations', or 'does not meet expectations'. It is a person-to-person comparison.

#### **2.6.3.2. Absolute rating techniques**

Unlike relative judgment appraisal formats, absolute judgment formats ask supervisors to make judgments about an employee's performance based solely on performance standards. Comparison to the performance of co-workers is not made (Gomez-Mejia *et al.*, 2004:226). The disadvantages of this technique are that all workers in a group can receive the same evaluation if the supervisor is reluctant to differentiate among workers. The other disadvantage is that different supervisors can have markedly different evaluation standards. The advantage of it is that supervisors avoid creating conflict among workers (Gomez-Mejia *et al.*, 2004:226).

Five rating techniques identified by Swanepoel *et al.* (2003:386) under absolute rating techniques are:

- Essay method - the rater is required to write a report on each employee, describing individual strengths and weaknesses. This is generally a time-consuming method, the success of which is much dependent on the writing skills of the raters.
- Critical incidents – this technique requires the supervisor to continuously record actual job behaviours that are typical of success or failure, as they occur. This may often lead supervisors to try to recall and document incidents only towards the end of the review period, thus confounding objectivity and opportunities for timely feedback.
- Behavioural checklists – this format provides the rater with a list of descriptions of job-related behaviours which have to be marked if they are descriptive of the individual being rated.
- Graphic rating scales – a scale for a specific trait or characteristic consists of a continuum between two poles on which the rater indicates to what degree the rate possesses that characteristic. The popularity of graphic rating scale is due to advantages such as the fact that they are easy to understand, they allow for comparisons across individuals because they are standardised, they are acceptable to users and they are less time consuming to develop and administer than some other formats.
- Behaviourally anchored rating scales (BARS) – are job specific and require a high level of participation from supervisors. These scales have the advantage of behavioural

emphasis, job relevance and a high level of user participation. On the other hand, the complex development procedure makes it a relatively time-consuming and expensive method. According to Beardwell *et al.* (2004:528), BARS is an attempt to assess actual performance and behaviour, it is concerned not with whether an employee has initiative, but with specifically identifying what he or she actually does that demonstrates initiative or the lack thereof.

There are other performance appraisal methods also identified by Swanepoel *et al.* (2003:388) as the following:

- Management by objectives (MBO) – is a system of management that focuses on setting and integrating individual and organisational goals, but due to its process, it can also be used for evaluating performance. Gomez-Mejia *et al.* (2004:230) indicate that MBO is a goal-directed approach to performance appraisal in which workers and their supervisors set goals together for the upcoming evaluation period. The setting of objectives with the employee also clarifies the standard of performance expected, the means by which performance will be measured, the development and resources necessary to achieve the objectives, the rewards associated with achieving the agreed objectives at relevant standard levels (Amos *et al.*, 2004:66; 2008:287).

According to Harvey and Brown (In Swanepoel *et al.*, 2003: 389), MBO is a technique used to identify organisational goals at all levels and to encourage participation in setting the standards for evaluating subordinates performance. Participation in the goal-setting process allows managers to control and monitor performance by measuring results against the objectives employees helped to set. Amos *et al.* (2004:66; 2008:287) add that MBO is a system of management that relies on the rater (manager) and the employee collaborating in the setting of objectives, allowing the employee to be involved in, and to manage, his or her own performance. This is motivational for the employee.

- 360-degree appraisals – the essence of the process according to Swanepoel *et al.* (2003:391) and Amos *et al.* (2004:73) revolves around gathering and processing performance assessments on individual employees involving persons such as customers, suppliers, peers and team members, superiors, subordinates as well as the person assessed. The assessment information is used as feedback to the employee and serves as an important input for career development and management and training

development. This can also lead to more accurate training needs analyses and to draft more realistic personal development plans (PDPs). Gomez-Mejia *et al.* (2004:244) also state that 360-degree feedback is the combination of peer, subordinate and self-review. Beardwell *et al.* (2004:528) add that the idea behind 360-degree feedback is that employees benefit from feedback gathered from a wide range of sources. Characteristically this includes peers, superiors, subordinates and customers; essentially it is designed to obtain comments from all directions, above, below and on the sides of the employee concerned. It is intended to give a more complete and comprehensive picture of the individual's performance and contribution.

According to Wilson (1999:161), the focus of 360-degree feedback is on development of skills and competences which will improve organisational performance. The advantage is that it has the potential to overcome the bias of the traditional one person top-down review or appraisal and the disadvantage is that it depends on the interpretation and skills of the person giving the final feedback. According to Hartle and Weiss (1998:60) what constitutes good feedback are the following: it is specific rather than general, it is recent, it is descriptive not judgmental, it is balanced, it stands alone, and it is a two-way discussion.

## **2.7. DESIGNING A PERFORMANCE MANAGEMENT SYSTEM**

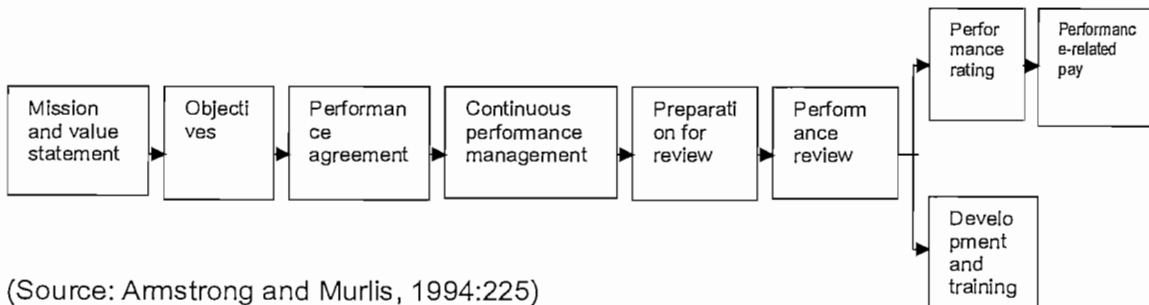
Performance management strategy has to focus on developing a continuous and flexible process that involves managers and those whom they manage; acting as partners within a framework. This should set how they can best work together to achieve the required results (Armstrong, 2006:146). According to Edis (1995:4), formal processes will need to be put in place to support the performance management by means for a Performance Management System to facilitate a coordinated approach.

### **2.7.1. Establishing a framework**

Armstrong and Murlis (1994:224) state that although every organisation wanting to introduce performance management should develop its own version to suit its needs, it is useful to have a framework within which appropriate processes can be developed and operated. This framework will help in deciding the approach to be adopted and, when the decision has been made, will

provide guidance to managers and the individuals and the teams they manage on what performance management activities they will be expected to carry out. The framework for a full performance management process is illustrated in the following figure:

**Figure 2.1: The performance management process**



(Source: Armstrong and Murlis, 1994:225)

According to Spangenberg (1994:43), the performance management process comprises of five phases:

- Developing organisational mission, goals and strategic capabilities.
- Formulating goals and creating alignment at the team and individual levels.
- Designing or redesigning structures.
- Managing performance, and
- Reviewing performance.

#### **2.7.1.1. *Developing organisational mission, goals, and strategic capabilities***

Facilitating the development of a sense of mission for the organisation whereby the purpose of the organisation is aligned with its strategy and values is, and should be, the basis for Performance Management. For Performance Management to be relevant it should, furthermore, be instrumental in critical success factors as well as performance goals and measures for the organisation. Implementation of strategy will therefore be as important as the strategy itself.

#### **2.7.1.2. *Formulating goals and creating alignment at the team and individual levels***

Considerable interest has been created lately in natural work teams by the realisation that empowered teams, may facilitate the accomplishment of organisational goals through increased productivity and quality, and the increased flexibility required to meet changes in the market place and technology. When the employee can live out the values of the organisation, true

commitment is achieved.

#### **2.7.1.3.      *Designing or redesigning structures***

The purpose of designing or redesigning is to facilitate the achievement of goals and objectives by ensuring that the current organisational structure is aligned with strategy. At the organisational level, a relationship map may be used to demonstrate the customer-supplier relationship between the line and staff functions. At the process level, a process map documents the steps departments go through to execute a specific process. The challenge for management at organisational level is to develop functional relationships that eliminate 'disconnections' among departments, and at the process level to develop optimal process flows. At the employee level, work should be redesigned whenever significant changes in work processes take place.

#### **2.7.1.4.      *Managing performance***

Managing performance and improvement covers the major part of the annual performance cycle. In fact, managing performance is an ongoing twelve-month activity that runs through all five phases of the annual performance management cycle. According to Spangenberg (1994:46), this process comprises three parts: managing and improving performance at three levels, understanding the employee's work motivation with emphasis to goal-setting theory, which is the primary theory of motivation in the workplace, and the leader's role in enhancing employee performance.

#### **2.7.1.5.      *Reviewing performance***

Performance review is a critical step in the performance management process and is often neglected, or even avoided, through lack of self-efficacy. Odiome (In Spangenberg, 1994:46) makes a compelling case for the quarterly review. Rewarding performance is normally considered to be the last step in the annual performance management cycle. However, because of its strong, often negative, impact on the performance review, discussion of reward is often scheduled separately from the performance review.

### **2.7.2. Key challenges associated with a Performance Management System**

Employees are often dissatisfied with the methods of Performance Management Systems and managers are frequently reluctant to engage in the process because of its confrontational nature

(Price, 1997:287). According to Price (1997:304), an organisation with one or more of the following conditions, its performance management system is deemed to be ineffective:

- Lack of agreement among all critical parties on what is to be performed.
- Lack of an effective way to measure desired performance.
- Lack of a reward system tied directly to performance.
- Lack of an environment conducive to successful performance.
- Lack of a communication programme to gain understanding, acceptance and commitment to the system.
- Lack of a performance based organisational culture.

Lundy and Cowling (1996:308) state that studies conducted by the Institute of Personnel Management identified major weaknesses in the manner in which Performance Management was being conducted. Four crucial issues were highlighted. First, there was frequently little indication of a real sense of ownership of Performance Management among line managers. Secondly, there is no depth of commitment. Too many managers perceive it as a top-down process with no feedback loop operation. Third, there was a widespread perception that Performance Management was owned by the HR department. Fourth, a lack of thought and imagination had been shown in tackling the issue of rewards. The survey evidence shows that performance pay has failed to motivate employees and may have done much to demoralise staff (Lundy & Cowling, 1996:313).

Performance Management has to be seen as a method or set of techniques. It is time consuming and must be managed from one or more centres of power. It needs data, which must be collected and used. It needs a major management intervention to set up the information systems needed to monitor, supervise and establish the appraisal systems which, in turn, are supposed to ensure an effective, decentralised, flexible workforce (Curtis, 1999:264). A performance appraisal is a controversial management tool searching for answers to ubiquitous problems in system design and administration (Roberts, 2002:333).

Beardwell *et al.* (2004:529) indicate that a lack of time and resources may hinder line managers in providing comprehensive and effective performance reviews and objective-setting. Managers may perceive the appraisal process as a bureaucratic nuisance and form-filling exercise. There may also be many external factors beyond the control of the individual employee which affect their performance, such as resources, processes, technology, corporate and HR strategy,

working environment, external business context and management.

According to Curtis (1999:264) poor performance is assumed to be the result of prevalent "non-performance culture". There are no perceptions inherent in the method that there may be structural obstacles to improvement, such as unfunded commitments or unresolved allocations of responsibility. Improvement within the performance management framework simply requires management to identify "drivers for change" that can be exercised at the level of personal responsibility. The capacity to absorb change and act in new ways can be taken for granted. Gomez-Mejia *et al.* (2004:364) indicate that most workers believe that those who work harder and produce more should be rewarded accordingly. If employees see that pay is not distributed on the basis of merit, they are more likely to lack commitment to the organisation, decrease their level of effort and look for employment opportunities elsewhere.

The appraisal component of the system needs to be relevant and fair and should be tested by organisations for its continued reliability and validity (Hayward *et al.*, 2008:24). Roberts (2002:335) adds that clear and specific standards of performance are major elements of a valid and reliable performance appraisal system. The lack of contractually bound performance indicators and targets makes the process of decision making arbitrary and open to nepotism or gaming. There are no verification mechanisms; ultimately, employees who know what exactly is wanted in filling the required forms to get rewarded, whether or not the answers represent actual performance. No evidence of an effective performance and feedback system could be found (Chabikuli *et al.*, 2003:111). The lack of variance within the employee performance data made it difficult to differentiate clearly between a good and poor performance appraisal score (Hayward *et al.*, 2008:23).

Mintzberg (In Spangenberg, 1994:1) postulated three contextual factors that reduce the effectiveness of performance appraisal. These are: the nature of managerial work, organisational characteristics and environmental demands. Rater error according to Gomez-Mejia *et al.* (2004:232), is an error in performance appraisal that reflects consistent biases on the part of the rater. Van der Waladt (2004:268) states that in any kind of rating or ranking system errors or biases can occur. One common problem is recency error - the tendency to base judgments on the employee's most recent performance because it is most easily recalled. It introduces inaccuracy into the judgment, overdue of one part of the scale-being either too lenient or too severe or giving everyone a rating of average.

According to James (In Rogers, 1990:82), the recency error is the tendency for performance achievements in the immediate past to be given a greater weighting than the earlier achievements. The leniency/severity effect is the general tendency to assign extreme ratings. The first impression error is the tendency for initial evaluations to overshadow subsequent performance. Kleynhans *et al.* (2006:160) add that leniency occurs when a manager is tolerant of an employee's mistakes or weaknesses and gives the employee a high rating which is not deserved.

Van der Waldt (2004:268) indicates that the 'halo' effect is a rating error that occurs when the rater's knowledge of an employee's performance on one favourable or unfavourable incident colour the ratings on all others. Kleynhans *et al.* (2006:160) add that if the employee has successfully added value to the organisation through the development of higher skills, he may be rated satisfactorily overall, even if he has not added value in other areas that were agreed upon. James (In Rogers, 1990:82) adds that the 'halo' effect is where rating in one quality or area influences ratings in other qualities or areas. The error of central tendency is the tendency to rate all individuals in the middle of the scale because it is a 'safe' rating. This is a particularly common error which some schemes try to overcome by having no mid-point – i.e. they use, for example, a four-point scale. However, while such scales overcome some of the problems of central tendency, they create difficulties in rating individuals whose performance is properly described as satisfactory or adequate. Kleynhans *et al.* (2006:160) add that central tendency is when the appraiser tends to rate all the employees near the average or middle of the scale, even though their work performance may be above or below average.

Swanepoel *et al.* (2003:380) concurs with Van der Waldt and add "same-as-me" and "different-from-me" error. This refers to the tendency to assign more favourable ratings to employees who are perceived by the rater to be similar to or behave in a similar way to the rater, or alternatively to rate less favourably those workers who demonstrate traits or behaviours different from those of the rater. James (In Rogers, 1990:82) indicates that similarity effect is the tendency to rate an individual according to how the appraiser views that individual in relation to him/herself – hence greater similarity produce higher ratings.

Swanepoel *et al.* (2003:380) indicate that contrast error is the tendency to allow the rating of an individual to be positively or negatively influenced by the relative evaluation of the preceding

rate. Thus an average performer may receive a poorer rating than would otherwise have been the case if his/her appraisal follows that of the company's star performer. James (In Rogers, 1990:82) adds that the contrast effect is the tendency to rate an individual in relation to other employees rather than on the requirements of his/her job. Overdependence on a single source is the tendency to generalise on the basis of one or two behavioural cues or a very limited number of objective measures or targets which do not cover the whole of an individual's job.

Kleynhans *et al.* (2006:159) indicate the lack of objectivity as another problem; a supervisor may give an employee a low rating for his appearance because it is not the supervisor's idea of how an employee should dress for work. Yet appearance may have nothing to do with how well a computer programmer, for instance, does his job. Supervisory bias may occur when the appraiser is influenced by characteristics such as age, gender, race or seniority of the employee. For example, a supervisor may give a female official a lower rating than her male colleague because he thinks that a man will always do a better job than a woman. Bias may be conscious or unconscious and can be difficult to overcome because it is usually hidden. Most people do not realise that they are biased. Proper training can improve performance evaluations and eliminate bias.

Gomez-Mejia *et al.* (2004:242) highlight that actor /observer bias is a tendency where the supervisors tend to blame the worker when they observe poor performance, while workers tend to blame external factors. It is important that managers determine the causes of performance deficiencies accurately for three reasons: Firstly, determination of causes can influence how performance is evaluated. For example, a manager is likely to evaluate an episode of poor performance very differently if he thinks it was due to low effort than if he thinks it was due to poor materials. Secondly, causal determination can be unspoken and underlying sources of conflict between supervisors and their workers. Supervisors often act on what they believe are the causes of performance problems. This is only rational but when the supervisor's perception significantly differs from the worker's, the difference can cause tension. Thirdly, causal determinations affect the type of remedy selected; what is thought to be the cause of a performance problem determines what is done about it. For instance, very different actions would be taken if poor performance was thought to be as a result of inadequate ability rather than inadequacies in the raw materials.

Gomez-Mejia *et al.* (2004:242) further add that a more inclusive version of the causes of

performance embraces three factors: ability, motivation and situational factors. The ability factor reflects the worker's talents and skills, including characteristics such as intelligence, interpersonal skills and job knowledge. Motivation can be affected by a number of external factors (such as rewards and punishment) but is ultimately an internal decision: it is up to the worker to determine how much effort to exert on any organisational characteristics. Situational factors (or system factors) include a wide array of organisational characteristics that can positively or negatively influence performance. System factors include quality of materials, quality of supervisor and the others listed in the following figure:

**Figure 2.2: Situational (System) factors to consider in determining the causes of performance problems**

- Poor coordination of work activities among workers.
- Inadequate information or instructions needed to perform a job.
- Low-quality materials.
- Lack of necessary equipment.
- Inability to obtain raw materials, parts or supplies.
- Inadequate financial resources.
- Poor supervision.
- Uncooperative co-workers and/or poor relations among people.
- Inadequate training.
- Insufficient time to produce the quantity or quality of work required.
- A poor work environment (for example, cold, hot, noisy, frequent interruptions).
- Equipment breakdown.

(Source: Gomez-Mejia *et al.*, 2004:242)

Aamodt (In Swanepoel *et al.*, 2003:380) states that since many managers may simply not have the time or the inclination to practice "management by walking round" and observing their subordinates at work, sampling errors such as the recency effect and infrequent observations may lead to invalid and subjective evaluations.

Van der Walddt (2008c) highlights that performance appraisal is never fully objective and accurate - people are too complex. There are different types, i.e. patterns on, critical incidents; Peromnes, Hay method, EQUATE; comparative standards; In-group rank ordering (e.g. 2<sup>nd</sup> out of 10); Behaviourally Anchored Rating Scales (BARS) and 360 - Degree feedback (supervisor, co-workers, subordinates). Spangenberg (1994:15) highlighted the following problems with performance appraisal: lack of management commitment, inappropriate organisational culture.

Performance appraisal destroys teamwork. Measuring objectives or standards Foster mediocrity. Performance appraisal system and rater inadequacies increase performance variability. Focus on short-term (local) rather than long-term (general) objectives. Performance appraisal decreases self-esteem, increases fear, and reduces productivity and motivation.

According to Armstrong and Baron (2006:343) organisations can provide the climate and the processes for solving performance problems by:

- Creating a culture in which success is applauded but in which the approach is to minimise the likelihood of failure; if it does occur, steps should be taken to ensure that lessons are learned to prevent repetition in future.
- Developing performance-management processes that set standards against which performance can be reviewed and deficiencies rectified by individuals, the individuals' managers or by both acting jointly.
- Training managers in how to handle performance and disciplinary problems.
- Continually monitoring performance and analysing the reasons for failure in order to develop organisational solutions.
- Ensuring that organisational learning is encouraged, so that if performance problems occur, people will generally know what to do to avoid repetition.
- Foster a 'double-loop' learning approach, in which the root causes of problems are analysed and dealt with, rather than simply taking short-term corrective action.

The responsibility for solving performance problems rests with individuals and their managers. A joint problem-solving approach should be adopted. Coaching and counseling should be provided or organised by managers whenever appropriate during the year. Performance review meetings should provide 'quality time' in which the parties can reflect on general performance issues and agree on what is to be done either or both in future. Personal development plans (PDPs) should specify the areas of performance or behaviour in which learning needs to take place and the means by which this learning is to be achieved (Armstrong & Baron, 2006:343).

## **2.8. HUMAN RESOURCE APPROACHES TO PERFORMANCE MANAGEMENT**

Bevan and Thompson (In Armstrong & Murlis, 1994:241) highlighted an integrating process which meshes various human resource management activities with the business objectives of the organisation. They identified two broad thrusts towards integration:

### 2.8.1. Remuneration-driven performance management systems

Reward-driven integration, emphasising performance-related pay (PRP) based on short-term targets with a consequent undervaluing of any other human resource activities (Price, 1997:302). Bevan and Thompson (In Armstrong, 1994:24); Bevan and Thompson (In Armstrong & Murlis, 1994:241); and Bevan and Thompson (In Armstrong & Baron, 2006:45) also indicate that reward-driven integration emphasises the role of performance payment systems in changing organisational behaviour and tends to undervalue the part played by other HRD activities that can also be used to pursue these objectives. Williams (2002:222) also agree with these authors, he indicates that in the organisations changing the remuneration philosophy and practices was seen as the main means of delivering improvements in overall organisational effectiveness. Bevan and Thompson (In Armstrong & Murlis, 1994:241) suggest that the more limited reward-driven approach may reinforce a disposition to short-termism and set back organisational effectiveness in the long term.

Rewards-based systems: offering incentive/explicit reward. Here the assumption is that individuals work harder if given specific rewards for good performance. Rewards are only provided if desired performance and behaviour are attained (Wilson, 1999:148 and Edis, 1995:12). Rogers (1990:86) adds that rewards-based appraisal schemes are concerned with appraising performance as a basis for allocating different kinds of rewards. According to Plachy and Plachy (1998: xiii) traditional reward systems have failed to improve work performance. This is mainly because employees receive nearly automatic pay increases to the maximum of their pay range as long as they do not get fired.

Here are some issues one should consider when installing individual or group reward systems (Plachy & Plachy, 1988:234):

- Design system objectives to meet specific needs in the organisation.
- Clarify who can receive what rewards. Principally, be sure that employees can influence the factors that will earn those rewards.
- Make sure reward criteria fit with the organisation's objectives, to avoid contradictory motivations.
- Match rewards criteria with operational cycles and time them to coincide with revenues.
- Discuss expectations before effort is expended in the pursuit and management of reward objectives.

- Focus rewards on those gains that are most desirable for the organisation, the individual or the group.
- Match reward payments to the difficulty of attaining the objective.
- Consider the scheduling of reward payments. Reward payments might be paid only if the employee were still employed when the reward was earned.

### **2.8.2. Development-based performance management systems**

Incomes Data Services (In Williams, 2002:19) highlights that the central aim of performance management is to develop the potential of staff, improve their performance and through linking an employee's individual objectives to business strategy, improve organisational performance. Rogers (1990:85) added that developmental schemes focus on the development and training needs of individuals. They seek to match the expectations and aspirations of the employee to the staffing needs of the organisation in order to realise the potential of human resources.

Development-driven integration, using appraisals to provide information for developing an organisation's people geared for long-term objectives (Price, 1997:302). According to Bevan and Thompson (In Armstrong, 1994:24); Bevan and Thompson (In Armstrong & Murlis, 1994:241); and Bevan and Thompson (In Armstrong & Baron, 2006:45), development-driven integration stresses the importance of ensuring that appropriate HRD activities are in place to meet the long-term objectives of the organisation and, furthermore, ensures that business needs and HRD are coordinated, Williams (2002:222) agree with these sources. Bevan and Thompson (In Armstrong & Murlis, 1994:241); and Bevan and Thompson (In Armstrong & Baron, 2006:45) further add that although performance pay may operate in these organisations, it is perceived to be complementary to HRD activities rather than dominating or driving them. Williams (2002:222) further indicates that as a result, it is not given undue weight within the organisation.

Development-based systems: involving implicit/intrinsic reward. Here the assumption is that people work best when given a worthwhile job and are allowed to get on with it. Reward will come from the satisfaction derived from the job itself and the opportunity to develop individual abilities through the encouragement of learning (Wilson, 1999:148). Roberts (2002:335) states that self evaluation or self appraisal reduces defensive behaviour when used for developmental purposes.

Development-based performance management is meant to improve performance by improving staff capability. Instead of relying on extrinsic rewards, investment is made in the competences of staff. In a culture where learning is valued, and work itself is seen as largely rewarding, this can be effective, because people will want to extend their own abilities and take more challenging assignments, without necessarily seeking extra payment (Edis, 1995:8). Edis (1995:9) further indicated that this also helps to create a flexible workforce which can meet future demands more effectively. The ideal here is often called 'the learning organisation' – referring to one where work opportunities for learning are identified and deliberately maximised, to create a culture where everyone is encouraged to learn and adapt to change.

The appraisal interviews carried out in developmental schemes according to Rogers (1990:86) will typically have five elements:

- A review of the job content and role of the appraisee.
- An analysis of the skills, abilities and competencies needed by the appraisee to fulfill their job satisfactorily.
- A review of the personal plans and aspirations of the appraisee.
- The identification of developmental and training needs including possible modifications to the appraisee's role and job.
- Specification of an action plan.

## **2.9. CONCLUSION**

In this chapter the aim, objectives, principles, models and theories of Performance Management were explored. It was found that the primary aim of performance should be to get better individual and organisational performance, and not simply to evaluate individual performance. This finding answers the research question that says: what are the principles, theories and models of Performance Management?

The elements that should be included in a comprehensive Performance Management were identified and the dimensions of Performance Management were indicated. The organisational and human resources benefits of effective Performance Management were highlighted in this chapter and it was found that continuous improvement of performance should be managed, benchmarking one's performance against the best. Effective PMS should include, among

others, performance targeting, the setting of performance standards and a performance evaluation system. These findings respond to the research question that says: which elements should be included in a comprehensive performance management system?

In the next chapter the statutory and regulatory requirements pertaining to PMS will be highlighted. Statutory framework regulating human resources in the public sector will also receive attention.

## **CHAPTER 3**

### **PERFORMANCE MANAGEMENT: STATUTORY AND REGULATORY FRAMEWORK**

#### **3.1. INTRODUCTION**

The previous chapter discussed the theoretical overview of Performance Management. This chapter deals with the statutory and regulatory framework associated to this particular research field. The purpose of this chapter is to give a basis for an understanding of the issues concerning statutory and regulatory requirements pertaining to Performance Management. To operationalise the research objectives of this study, the statutory framework regulating human resources in the public sector will be unpacked.

Performance Management in the South African Public Service is guided by various statutory and regulatory stipulations and requirements. It is obligatory for the Public Service to act in accordance with the mandate of statutory and regulatory framework in order to determine the performance of the institution.

#### **3.2. THE STATUTORY FRAMEWORK FOR IMPROVED SERVICE DELIVERY**

Various legislation will be explored in this section. These include the Constitution of the Republic of South Africa Act 108 of 1996; The Public Service Act 103 of 1994; The Labour Relations Act 66 of 1995; Basic Conditions of Employment Act 75 of 1997; Employment Equity Act 55 of 1998; and Skills Development Act 97 of 1998. The researcher will commence with the Constitution since it is the highest authority in South Africa (overriding all other legislation).

##### **3.2.1. The Constitution of the Republic of South Africa Act 108 of 1996**

Section 2 of the Constitution stipulates that 'this Constitution is the supreme law of the Republic, law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled'. This simply implies that there is no legal norm in the State higher than the Constitution. All

components of the State are regulated by the Constitution and related legal norms. Public administration is one of the primary themes of the Constitution and in Section 197(1), it is stipulated: 'within public administration there is a public service for the Republic, which must function and be structured in terms of national legislation, and which must loyally execute the lawful policies of the government of the day.'

Chapter 10 of the Constitution contains specific provisions pertaining to public administration. In this regard, a number of fundamental ethical or normative guidelines, which should be considered and upheld by all public personnel in the provisioning of service to society, are found in section 195 of the Constitution (Van der Waladt, 2008a:11).

Section 195(1) of the Constitution serves as a reference point guiding the conduct of all public officials in every sphere of government. Section 195(1) provides that 'Public administration must be governed by the democratic values and principles enshrined in the Constitution.' These values are listed, in Section 1 of the Constitution, as human dignity, the achievement of equality, the advancement of human rights and freedoms, non-racialism and non-sexism.

Section 195 (1) further stipulates other principles that should inform public service delivery, among the most important are the following: Services must be provided impartially, fairly, equitably and without bias, people's needs must be responded to and the public must be encouraged to participate in policy-making; transparency must be fostered by providing the public with timely, accessible and accurate information; and that Public administration must be development- oriented.

The Constitution stipulates that public administration should adhere to a number of principles, including that:

- A high standard of professional ethics must be promoted and maintained.
- Resources must be utilised efficiently, economically and effectively.
- Public administration must be accountable.
- Good human resource management and career development practices, to maximise human potential, must be cultivated, and
- Public administration must be broadly representative of South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

Section 23 (1) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that everyone has the right to fair labour practices. In addition every worker and employer has the right to form and join a trade union or employers' organisation and to participate in the activities and programmes of such organisations. These constitutional stipulations are evident of a society moving in the direction of greater democracy, freedom and involvement of the individual. In the work situation, the trend of giving employees more say and involving them in important management decisions is being encouraged and employers are expected to develop skills that build teams, integrate employees and boost morale (Van der Walddt, 2008a:23).

The Constitution of the Republic of South Africa also supports the Performance Management System. For public administration to be effective necessary resources (financial, human and physical) should be made available. According to the Limpopo Provincial policy, Performance Management is a process of harnessing all available resources within an organisation and ensuring that these perform to the maximum, in order to achieve the desired results. Performance Management involves building processes, systems, culture and relationships that facilitate the achievement of organisational objectives.

At the planning stage all necessary resources are identified which can assist one in the achievement of the desired object. For development to take course, every employee is required to identify all the training needs. This will assist in developing the employees. Employees, who were previously disadvantaged, will also be able to acquire the necessary skills. In everything that we do the issue of transparency, fairness and objectivity should be put forward. Every employee's rating or performance should be done consistently and objectively in order to promote the delivery of services.

### **3.2.2. Public Service Act 103 of 1994**

The Public Service Act 103 of 1994 is one of the most significant statutes regulating the employment of public employees. This Act was established to provide for the organisation and administration of the public service of the public, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service and matters connected therewith (Van der Walddt, 2008a:11).

Van der Waldt (2008b:17) highlights that the Public Service Act stipulates that performance management process should link to broad and consistent plans for staff development and align with the developmental strategic goals. The primary orientation of Performance Management should be developmental but should allow for effective response to consistent inadequate performance and for recognising outstanding performance. It tells managers more about the performance assessment, which outlines the instruments to be utilised during the process. It says more about incentives for good performance and suggestions, improvements and innovations.

Section 3 (5) assigns powers and duties concerning the internal organisation of a department to its executing authority. This includes the determination and grading of the post establishment; and the career incidents of employees other than heads of department (HoDs), such as Performance Management and discipline in a department. Section 3 B assigns the President and relevant Premiers the powers and duties concerning the appointment and other career incidents of HoDs, which may be delegated.

Van der Waldt and Du Toit (1999:384) indicate that the Public Service Act 103 of 1994 places obligations on public managers for the effective management and administration of public institutions. Section 7(3) (b) provides for specific responsibilities of HoDs. These include efficient management and administration, effective utilisation and training of staff, maintenance of discipline, promotion of sound labour relations, and proper use and care of state property. Section 12(4) (b) provides for the inclusion, by mutual agreement, of "specific performance criteria for evaluating the performance of the HoD."

### **3.2.3. Labour Relations Act 66 of 1995**

The Labour Relations Act 66 of 1995 was the first real attempt to level the human resource playing field between the public and private sectors (Van der Waldt, 2008a:12). This Act replaced the Public Service Labour Relations Act 102 of 1993, which focused only on the public service. The purpose of the Act is to advance economic development, social justice, labour peace and the democratisation of the workplace. The Act regulates the relations between trade unions and employers and forms part of a broader process of labour law reform (Van der Waldt,

2008a:12).

The Labour Relations Act 1995, Schedule 8, makes provision for dealing with incapacity and poor performance by employees. In a way, it is not possible to solely dismiss an employee based on a workplan or performance agreement but it may be used as proof of incompetence. If all possible avenues of remedying underperformance have been undertaken, it is only fair for employers to invoke incapacity procedures as contemplated in the Labour Relations Act.

#### **3.2.4. Basic Conditions of Employment Act 75 of 1997**

The main purpose of the Basic Conditions of Employment Act is to enhance economic development and social justice by the establishment and enforcement of basic conditions of employment. The Act applies to all public employees, excluding members of the South African National Defence Force, the National Intelligence Agency and the South African Secret Service. The broad content of the Act includes regulation of working time, leave, remuneration and termination of employment (Van der Waldt, 2008a:12).

This Act made a significant contribution towards the management of employee's performance within the Public Service. Every employee who is appointed in terms of the Public Service Act is covered by the stipulations of the Act. According to this Act, people can be appointed temporarily, casually and permanently; all casual employees are, however, not covered in the system. Temporary employees are covered as long as the contract is not less than a year. If an employee can complete a cycle in one post starting from the beginning of a cycle that employee qualifies for a performance bonus if his performance is satisfactory. Employees whose service is terminated before the end of the cycle will forfeit all the benefits that the PMS offers.

The act also assists in leave matters. According to the PMS policy, women are allowed to go for a maternity leave for a period of 4 months. In terms of the PMS employees who are on maternity leave are also covered by the system as long as the leave is approved by the higher authorities. Employees who are on sick or study leave for a period of less than 2 cycles are covered by the system.

The management and appraisal of performance is between an employee and the supervisor;

which means that the information between the two must be kept confidential. Every feedback given to the party concerned may not be made public. During the performance management discussion some disagreement between the two may arise. The Act gives everyone the route to follow as far as lodging the grievance is concerned. Every problem should be solved according to the procedures set out in the Act.

In terms of Performance Management, three steps should be followed, that is planning, monitoring and evaluation. The last stage is the one that determines the issue of payment or non-payment of employees. For the employees whose performance is commendable, the calculation of a merit award is done using the remuneration packages for that cycle. Every percentage given should be multiplied by the employees' notch and this will give the amount that should be paid to that employee.

#### **3.2.5. Employment Equity Act 55 of 1998**

The purpose of this Act is to achieve equity in the workplace by – promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.

Section 16 of this Act states that a designated employer must take reasonable steps to consult and attempt to reach agreement on the matters referred to in section 17 with a representative trade union representing members at the workplace, with its employees or representative nominated by them; or if no representative trade union represents members at the workplace, with its employees or representatives nominated by them. The employees or their nominated representatives with whom an employer consults in terms of subsection (1) (a) and (b), taken as a whole, must reflect the interests of – employees from across all occupational categories and levels of the employer's workforce; employees from designated groups; and employees who are not from designated groups. This section does not affect the obligation of any designated employer in terms of section 86 of the Labour Relations Act to consult and reach consensus with a workplace forum on any of the matters referred to in section 17 of this Act.

### **3.2.6. Skills Development Act 97 of 1998**

The purpose of the Skills Development Act is to develop the skills of the South African workforce and to improve and promote the quality of life and their prospects of work and labour mobility. This Act also aims to promote productivity and the competitiveness of employers, self-employment; and the delivery of social services. This should increase the levels of investment in education and training in the labour market. Through the stipulations of the Act, employers are encouraged to use the workplace as an active learning environment to provide employees with the opportunities to acquire new skills and to provide opportunities for new entrants to the labour market to gain work experience (Van der Waladt, 2008a:12). Another special focus of the Act is to improve the chances of previously disadvantaged people finding employment through education and training (Kleynhans *et al.*, 2006:276).

Emphasis should be placed on employee development. The key feature of Performance Management is that it is developmentally orientated and hence provision is made for employees to have Personal Development Plans to help them improve current skills levels or acquire new skills in order to be competitively sustainable. Chapter 7 of the Skills Development Act state that each public service employer in the national and provincial spheres of government – must budget for at least one per cent of its payroll for the training and education of their employees with effect from 1 April 2000; and may contribute funds to a SETA.

### **3.3. REGULATORY FRAMEWORK FOR PERFORMANCE MANAGEMENT**

The White Papers providing specific regulation for Performance Management include the Transformation of the Public Service, 1995; Human Resource Management, 1997; Transforming Public Service Delivery, 1997 (Batho Pele); Public Service Training and Education, 1997; and Affirmative Action in the Public Service, 1998. These White Papers will be highlighted in this section.

Public Service Regulations, 2001 and Treasury Regulations, 2001 also provide mandates for Performance Management and they will also be explored in this section. This section also discuss the official Collective Agreements that provide mandates for Performance Management, namely the PSCBC Resolution 13 of 1998 (performance agreements); PSCBC Resolution 3 of

1999 (financial rewards and incentives); PSCBC Resolution 7 of 2000 (rank/leg promotions & pay progression system); and the PSCBC Resolution 9 of 2000 (Senior Management Service).

### **3.3.1. White Paper on Transformation of the Public Services, 1995**

In line with the Constitutional principles, the White Paper on Transformation of the Public Services (WPTPS) calls on all departments to make service delivery a priority. The WPTPS also provides a framework to enable departments to develop departmental service delivery strategies. These strategies will need to promote continuous improvements in the quantity, quality and equity of service provision. Chapter 11 of the WPTPS requires departments to identify, among other things:

- A mission statement for service delivery, together with service guarantees.
- Service standards, defined outputs and targets, and performance indicators; benchmarked against comparable international standards.
- Plans for staffing, human resource development and organisational capacity building; tailored to service delivery needs.
- Monitoring and evaluation mechanisms and structures; designed to measure progress and introduce corrective action, where appropriate.
- The redirection of human and other resources from administrative tasks to service provision, particularly for disadvantaged groups and areas.
- Financial plans that link budgets directly to service needs and personnel plans.
- The development, particularly through training, of a culture of customer care and of approaches to service delivery that are sensitive to issues of race, gender and disability, and
- Plans for the introduction of continuous quality improvement techniques, in line with a total quality management approach.

These plans, including capacity building, by implication mean that government institutions should address means that will improve the performance of such institutions and their officials to deliver efficient services.

The WPTPS asserts that it is vital that the transformation process be guided by a clear, comprehensively and commonly accepted vision of the fundamental principles to guide the

composition and functioning of the public service i.e. responsive to the needs of the public, accessible, informative, accountable and open to public scrutiny; and efficient, effective and productive.

Chapter 4 of the WPTPS indicates that themes have begun to emerge, some of which have relevance for the current situation in South Africa. These include: an increasing emphasis on quality, efficiency and cost-effectiveness, an increasing emphasis on human resource development and management designed to promote participative management and innovation, to build capacity, and to reward individual and team performance (through the introduction of appraisal and incentive systems); a move to improve financial planning and control systems, including reforming budgeting systems, with a view to making them more performance and output related.

According to this Act, the Public Service is at the forefront of the delivery of public services. The main reason for the Public Service to exist is to render service to the public. The Act supports the PMS when it comes to the delivery of services. Chapter 9 of the WPTPS stipulates that in improving the output-related performance, accountability and responsiveness of the public service, important structural and cultural changes will need to be made in the organisation and management of State institutions, with the objective of: empowering, challenging and motivating individual public servants to work productively and with initiative and commitment towards the achievement of the goals of the public service, as well as towards the satisfaction of their own personal and career-related goals. At the heart of the performance of the public service lie issues concerning the efficiency, competence, motivation and morale of the workforce.

Chapter 13 of the WPTPS stipulates that a strategic framework for effective human resource development will entail a number of related elements, including staff training. These will include: the introduction of effective appraisal systems, and the use of incentives to reward individual and team performance; and the basing of promotion and career advancement on performance rather than on seniority or qualifications.

Government departments should manage performance in a consultative, supportive and non-discriminatory manner in order to enhance organisation efficiency, effectiveness and

accountability for the use of resources and the achievement of results. Everything that the department does should be transparent.

In developing the PMS every employee, union and the other employees' representative should be consulted. Their opinion in the development of policies is of utmost importance. After the development of policies, access should not be denied to everyone. Everything that the Government is doing should be known to everyone and should be accessible.

At the beginning of the cycle the performance standards and targets are set. It is the responsibility of every employee to know the standard that is expected from him/her. Everyone must be treated with courtesy. All the necessary information should be made available to the public e.g. policies, acts and circulars. It should be circulated to all so that they can know what is happening in their department.

At the final stage the issue of compensation comes in. Every employee who performed well should be given a reward. Every employee whose performance falls below the required standard should not be rewarded. Instead, training interventions should be prioritised in order to close the gap between what employees can do and what is expected of them. For good and poor performance, money is essential for payment of training providers (for poor performance) and rewards (for good performance). In providing training and rewards, there must be efficient and effective use of public money.

In a situation where a fault is committed apology should be given. This should assist in establishing trust in the Public Service and also facilitate motivation of employees. For example, when an employee fails to submit a report to a supervisor on time or vice versa, an apology is needed, because feedback builds trust between people and improving performance in the delivery of services.

### **3.3.2. White Paper on Human Resource Management in the Public Service, 1997**

The White Paper on Human Resource Management in the Public Service, issued in 1997, aims to provide a policy framework to enable the Public Service to develop human resource management practices which support the development of a professional Public Service that is

capable of, and committed to, South Africa's democratic, economic and social transformation goals.

The importance of Performance Management in all spheres of government in South Africa is further enhanced by Chapter 5 of the White Paper on Human Resource Management (WPHRM) in the Public Service 1997, which states the following:

"The success of the public service in delivering its operational and developmental goals depends primarily on the efficiency and effectiveness with which employees carry out their duties. Managing performance is therefore a key human resource management tool to ensure that: employees know what is expected of them, managers know whether the employee's performance is delivering the required objectives, poor performance is identified and improved; and good performance is recognised and rewarded."

Chapter 5 of the WPHRM further contends that Performance Management is an integral part of an effective human resource management and development strategy. It is an ongoing process in which the employee and employer together strive constantly to improve the employee's individual performance and their contribution to the organisation's wider objectives. Since the performance of every employee contributes to the overall delivery of the organisation's objectives, it follows that the performance of every employee should be managed. The performance management procedures may vary from one group or level of employees to another, depending on the nature of their work.

Chapter 5 of the White Paper further highlighted the following principles that should be applied:

- Results orientation – the employee's performance should be assessed on the basis of a workplan covering a specified period, setting out clearly his or her responsibilities and the objectives to be achieved.
- Training and development – The performance assessment process will help to identify strengths and weaknesses, and the interventions which are needed to deal with these, including the employee's future training and needs, and other developmental interventions such as career counseling, coaching and mentoring.
- Rewarding good performance – it is important to recognise and reward employees who perform exceptionally well, and whose skills are particularly valued, in order to encourage them to maintain the high standard they have achieved, and to encourage others to strive for improved performance.

- Managing poor performance – where performance has not matched the requirements in the workplan, the assessment, both written and verbal, should be focused on identifying the reasons for this, and on reaching mutual agreement on the steps which need to be taken to effect improvement. Such steps may include interventions such as career counseling, coaching, mentoring retraining, developmental opportunities and re-deployment. If the desired improvement could not be effected, dismissals on grounds of inefficiency can be considered.
- Openness, fairness and objectivity – the employees should be given a copy of the written assessment, and be given the opportunity to comment on it. The employee has the right to appeal against an assessment that he or she believes to be unfair. The reporting manager's written assessment should be reviewed by his or her own immediate manager in order to ensure that reporting standards are objective and uniform.

The WPHRM in the Public Service further stipulates that every employee's performance will be assessed at least once annually against mutually agreed objectives. The assessment process will be aimed at identifying strengths and weaknesses, in order to recognise and reward good performance and manage poor performance.

### **3.3.3. White Paper on Transforming Public Service Delivery (Batho-Pele), 1997**

White Paper on Transforming Public Service Delivery (WTPSPD) aims to address the need for a specific policy and criteria for the transformation of public service delivery. It also provides the principles, known as the Batho Pele principles, meaning "people first", which would enable national and provincial administrations to develop the strategies to promote continuous improvement in the quantity, quality and equity of service provision (Van der Walddt & Du Toit, 1999:385).

The WTPSPD (Batho-Pele) notes that the development of a service orientated culture requires the active participation of the wider community. The emphasis is on putting people first. Improving service delivery calls for a shift away from inward-looking bureaucratic system and attitudes towards a search for new ways of working, which puts the needs of the public first. Rapea (2004:98) indicates that Batho Pele is a deliberate strategy to instill a culture of accountability and caring by public servants. Through this strategy public servants must become

service oriented, strive for service excellence and commit to continuous service delivery improvement. The Batho-Pele White Paper sent a strong message of government's commitment to a citizen-centered approach to service delivery, anchored by the eight Batho Pele Principles: consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money.

- Consultation – citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.
- Service standards – citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.
- Access - all citizens should have equal access to the services to which they are entitled.
- Courtesy – citizens should be treated with courtesy and consideration.
- Information – citizens should be given full, accurate information about the public services they are entitled to receive.
- Openness and transparency – citizens should be told how national and provincial departments are run, how much they cost, and who is in charge.
- Redress – if the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy, and when complaints are made, citizens should receive a sympathetic, positive response.
- Value for money – public services should be provided economically and efficiently in order to give citizens the best possible value for money.

HR should be used as one of the key leverage points in the Public Service to ensure that Batho Pele is an integral part of departmental processes, systems, planning and culture. It is important to leverage HR processes such as performance management, induction and training to institutionalise, mainstream and operationalise Batho Pele. Furthermore, HR systems such as performance management are key in enhancing performance accountability for service delivery culture and practice (DPSA, 2006:44).

Rapea (2004:98) highlights that the starting point is to integrate Batho Pele into departmental strategic plans as a driver of strategy. Moreover, he states that the best link between Performance Management and Batho Pele is the development of realistic, measurable performance indicators. Furthermore, it involves the allocation of responsibilities to teams and

individuals for development of their performance contract (Rapea, 2004:99).

### **3.3.3.1. *Incorporating the belief set and the principles into the Performance Management System***

Cabinet approved that, as an integral part of this process, the Batho Pele principles and the belief set (We Belong – focuses on people who deliver services to clients, We Care – focuses on internal and external customers, We Serve – focuses on anticipating customer needs) be incorporated into the Public Service, Performance Management System as a means of embedding the belief set and therefore influencing behaviours. The following according to DPSA (2006:44-45) are examples of broad indicators as a means of operationalising each belief set. Please note that these are just broad guidelines. There are various ways to give effect to each element of the belief set:

#### **We Belong – creating a sense of belonging by for instance**

- Providing a conducive working environment physically and otherwise for employees – such as good conditions of service like employee wellness programmes, rewards, training and development, etc. In practice HR units should play a leading role in the realisation of this belief set.
- Creating platforms and systems that foster a culture of collaboration, collegiality, teamwork, institutional / organisational dialogue, learning, etc. This part of the belief set applies to the public as well, in the sense that government cannot deliver services optimally if the public itself is not an important partner in the process.
- The departmental strategy must articulate for example, how it is going to improve the skills of its employees, how excellent performance will be rewarded and how poor performance will be dealt with. In this case employees like to feel that they are valued (Rapea, 2004:99).

#### **We Care – demonstrating to both employees and the public that the Public Service genuinely cares about them:**

- Creating a caring environment when serving the public by for instance, providing facilities for seating, helpdesks, information counters customer relationship management systems, etc.
- Soliciting the public's inputs, suggestions, etc on service delivery and giving meaningful

feedback about services to the public as well.

- It is about treating people with dignity and respect (Rapea, 2004:99).

**We Serve** – demonstrating in practical terms that we as public servants truly put people first when serving them, by for instance:

- Demonstrating preparedness and willingness to go beyond the call of duty.
- Demonstrate that employees are willing to make sacrifices for the sake of providing the public with services in the spirit of achieving the vision of a better life for all.
- Adhering to the set service delivery standards (such as meeting targets, producing the right ID to the right person, with the right names, on time – if it is in the Home Affairs department).
- Employees who are well looked after, working in a good environment with good equipment will provide service in an integrated manner and will always go an extra mile by working more hours (Rapea, 2004:99).

Rapea (2004:99) indicates that the most ingredients for the best linkage between Performance Management and Batho Pele are the development of realistic measurable performance indicators and allocation of responsibilities to teams and individuals for development of their performance contract. Performance Management is about continuous improvement, therefore it is very important to build in a system of client feedback.

#### **3.3.4. White Paper on Public Service Training and Education, 1997**

The primary aim of the White Paper on Public Service Training and Education (WPPSTE) is to establish a clear vision and policy framework to guide the introduction and implementation of new policies, procedures and legislation aimed at transforming public service training and education into a dynamic, needs-based and proactive instrument. As such, it must be capable of playing an integral and strategic part in the processes of building a new public service for a new and democratic society in South Africa (Van der Walddt, 2008a:13).

Van der Walddt (2008a:13) further indicates that the anticipated outcome will be a new system of public service training and education that will be strategically linked to broader processes of transformation, institution building and human resources development within the public service

and the Skills Development Strategy.

Chapter 7 of the WPPSTE stipulates that to be able to monitor policy processes, performance and outcomes, a set of key performance indicators will need to be put in place. The use of effective performance indicators and measures will assist in improving internal and external accountability, as well as enabling policy and decision-makers at national, departmental and provincial levels to introduce and implement more effective processes of ongoing strategic planning and review. Performance measures will need to take into account the performance targets and expectations agreed upon by all relevant stakeholders involved in PSTE.

Chapter 7 of the WPPSTE further stipulates that although the use of performance indicators and targets can form an indispensable part of an effective system of planning and review, the Government recognises that monitoring data (both quantitative and qualitative) should be interpreted sensitively, rather than being used in an over-simplistic way as conclusive proof of success or failure. Such data should instead be used to try and obtain a realistic view of progress made and to highlight those areas where scope exists for further improvement or investigation.

### **3.3.5. White Paper on Affirmative Action in the Public Service, 1998**

Van der Waldt and Du Toit (1999:386) indicate that the Green Paper on a Conceptual Framework for Affirmative Action and the Management of Diversity in the Public Service which was widely consulted on was released in May 1997. It argues that affirmative action should be integrated into national and provincial departments' core businesses and in particular, into their human resource management and development policies and practices, including performance management.

By August 1997, the Government announced details of a new affirmative action policy for the Public Service. This policy emphasised management of diversity, based on public service culture, composition, human resource management and service provision practices. The White Paper on Affirmative Action in the Public Service was published in April 1998. Chapter 3 of this White Paper stipulate that Public Service affirmative action programmes must contain, as a minimum, the following: Performance management implementation of and demonstrable

support for the organisation's affirmative action policies must be included in each employee's performance assessment criteria.

Directors-General must ensure the development and implementation of the affirmative action programmes on their behalf. Objectives related to Affirmative Action should be included in the performance contracts of Directors-General. The integration of affirmative action principles and objectives into HRM practices, and their application throughout the organisation should be one of the main objectives of the HR managers and practitioners and will be one of the criteria by which their performance will be assessed. Ensuring that affirmative action objectives are incorporated into the Performance Management System and that performance in supporting affirmative action is included in the assessment of staff at all levels.

### **3.3.6. Public Service Regulations, 2001**

Section 41 of the Public Service Act 103 of 1994 proclaimed the Public Service Regulations 1999. The Public Service Regulations comprehensively details the policy and procedures related to human resource aspects in the Public Service. The Public Service Regulations make provision for the total spectrum of public human resource management activities, including job evaluation, compensation, working conditions, appointments, promotions, termination of service, performance management and training and development (Van der Waldt, 2008a:12).

Performance Management is seen as an integrated framework of systems and processes for: aligning strategic intentions, decisions and activities across and within public service organisations, linking day-to-day activity and strategic goals; aligning the organisation and management framework of individual departments towards achieving improved effectiveness, and for assessing its effectiveness both in terms of specific results and outputs and the impact of these on the live of citizens (outcomes); and aligning all those HR processes, systems and practices designed to recruit, retain, support and develop individual staff and set them up to succeed.

Paragraph B.1 of Part VIII, Chapter 1 indicates that an executing authority shall determine a system for Performance Management for employees in his/her department other than employees in the Senior Management Service (SMS). This implies that the Minister of Public Service Administration (MPSA) should determine such a system for members of the SMS.

According to the Public Service Regulations 2001 as amended, Chapter 1 Part VIII, it is required that the executing authority should determine in consultation with their departments, a system that links individual performance to organisational goals. Chapter 1, Part V.A.1 (a) of the PSR indicates the remuneration in the Public Service shall aim, within financial constraints, to support efficient and effective service delivery and provide appropriate incentives for employees. Furthermore, Part V.A.2 (d) requires that in determining an employee's salary, an executing authority shall take into account the employee's performance.

PSR VIII.B.3 requires that a supervisor is designated to manage an employee's performance. The supervisor must explain the performance assessment procedure to the employee before the assessment cycle starts, or within one month after the person has been appointed or promoted to a post. The supervisor also needs to inform the employee of the criterion that is going to be used for the performance assessment. The supervisor should meet with the employees regularly to discuss their basic objectives and what successes or failures they have experienced. Together the supervisor and employees should agree on performance objectives and targets. These objectives should directly link to the overall objectives of the section or department.

In terms of PSR 1/VIII B.4(b) an employee's supervisor shall monitor the employee's performance on a continuous basis and give him/her feedback on his/her performance: at least four times a year – orally, if the employee's performance is satisfactory (fully effective and above), and in writing if unsatisfactory (not fully effective and below), at least twice (in writing or orally) during the six months preceding the employee's annual formal performance assessment, and in writing, for the annual formal performance assessment covering the whole cycle.

Armstrong and Murlis (1994:223), Armstrong (1995:448) and DPSA (2007:10) highlight the key principles underpinning effective performance management that are outlined in the Public Service Regulations Chapter 1 Part VIII A. These principles are the following: departments shall manage performance in a consultative, supportive and non-discriminatory manner to enhance organisational efficiency and effectiveness, accountability for the use of resources and the achievement of results. Performance management processes shall link to broad and consistent staff development plans and align with the departments strategic goals. Performance management processes shall be developmental, and shall allow for recognising fully effective

response to performance that is consistently not fully effective and lower. Performance management procedures should minimise the administrative burden on supervisors while maintaining transparency and administrative justice.

### **3.3.7. Treasury Regulations, 2002**

Departments must comply with the Treasury regulations regarding strategic planning and budgeting. Part 3, Chapter 5 of the Treasury Regulations deals with strategic planning. The guidelines provided by the National Treasury give detailed and extensive outlines of what is required to effectively link departmental strategy to budgets. Departments need to budget for projected salary increases and financial rewards that may be allocated to members of the SMS based on framework determinations made by the MPSA.

Part 9 section 30.2 of the Treasury Regulations stipulate that the accounting authority of a public entity must establish procedures for quarterly reporting to the executive authority in order to facilitate effective performance monitoring, evaluation and corrective action.

### **3.3.8. Public Service Co-ordinating Bargaining Council (PSCBC) Resolution No. 13 of 1998**

According to this Resolution a performance agreement shall include at least the following parts:

- Definition of a person's work according to his/her key duties and responsibilities.
- Methods for assessing his/her performance in fulfilling those responsibilities.
- Dates for quarterly assessment and, if necessary, revision.
- Mechanisms for resolving disputes about the assessment as described in paragraph 5.2, and
- Increment date.

In terms of paragraph 3.3(c), at least on a quarterly basis, the performance agreement shall provide for a review of the employee's key responsibilities and/or methods of assessment, which may lead to modifications in either responsibilities or methods of assessment and the progress of and obstacles to the person's work.

### **3.3.9. Public Service Co-ordinating Bargaining Council (PSCBC) Resolution No. 3 of 1999**

The Resolution determines, inter alia, that the current dispensation on merit bonuses and other forms of recognition of outstanding performance, innovations or achievements shall remain in force until a new agreement, which is in line with the requirements of the Labour Relations Act, 1995, is negotiated. In short, departments may develop their own unique Performance Management Systems (e.g. evaluation criteria etc.), but any performance related incentive schemes in terms of such systems must be aligned with the said Resolution.

To overcome the stumbling block which is the impact of PSCBC Resolution 3 of 1999 (Part XXXV) and in view that it was agreed in Resolution 6 of 2002 that the employer may continue with the implementation of the pay progression system, the Minister for the Public Service and Administration approved that the employer withdraw from Resolution 3 of 1999 (Part XXXV) as of 1 April 2003. The trade unions in the PSCBC have been informed accordingly.

This means that departments may continue to develop (and implement as of 1 April 2003) their own performance related incentive schemes aligned with their departmental performance management systems within the parameters of the PSR (2001) (Chapter 1, Part VIII). However, any outstanding performance, innovations or achievements up to and including 31 March 2003, should still be dealt with in line with Resolution 3 of 1999 (Part XXXV).

### **3.3.10. Public Service Co-ordinating Bargaining Council (PSCBC) Resolution No. 7 of 2000**

The objectives of this Resolution are to establish processes to develop new, more equitable benefits, career paths and pay progression for all employees in the Public Service; to establish a framework for restructuring in the Public Service; and to provide for the annual wage increase for public service employees for the 2000/2001 financial year. This Resolution terminated the rank and leg promotion on the 1<sup>st</sup> July 2001 and implemented a new pay progression system.

The parties shall set up career paths for every occupation, which shall define:

- Grounds for promotion to higher salary levels, which must include both an improvement in competencies and good performance.
- The grounds for movement into occupations on the same salary level.
- Competencies required for each salary level.
- Procedures to assess employees' competencies at each salary level, and
- Other requirements for promotion.

The parties shall establish training programmes that enable employees to obtain relevant competencies. The employer shall provide sufficient funds per sector for research to assist in the definition of career paths. Each sector shall define the competencies required for each level in career paths, taking into account new policies and service requirements.

#### **3.3.11. Public Service Co-ordinating Bargaining Council (PSCBC) Resolution No. 9 of 2000**

This resolution extends Resolution 13 of 1998 that sets the framework for managers to agree to individual performance agreements. It provides for the remuneration packages of senior managers/professionals to be translated to a more transparent total cost-to-employer and inclusive flexible remuneration package system.

### **3.4. CONCLUSION**

The implementation of Performance Management in the public sector is a lawful obligation. The Auditor General as part of the annual audit conducts a performance management audit, in an effort to make sure that public sectors are complying with the legislations. The regulations require the executing authority to determine a performance management and development system consistent with the overall principles specified in the Public Service Regulations, Chapter 1, Part VIII. The regulations stipulate requirements that the system must meet but leave wide scope for discretion in terms of ensuring that the system is appropriate to the needs and circumstances of the department.

Various Acts and regulatory guidelines in South Africa indicate the intent to establish a Performance Management System for the public institution. The above information answers the research question that says: what are the statutory and regulatory guidelines pertaining to the development and implementation of a PMS in the South African Public Service? The White Paper on Transforming Service Delivery (Batho Pele) notes that the development of a service-orientated culture requires the active participation of the wider community. Public institutions need regular feedback from service users if they are to improve their operations.

The overall orientation of the performance management process is developmental. It is focused on learning and performance improvement not on tight control, policing or punishment. The system must link individual and team performance management and development to the strategic goals of the organisation and the staff development plans associated with them. Employees must receive regular feedback at meetings to review performance. If performance is not satisfactory, feedback must be in writing.

In the next chapter, the PMS at Limpopo Office of the Premier will be explained. Indication of when it was implemented, how it was structured will be highlighted and the main challenges in the area will receive attention.

## **CHAPTER 4**

### **PERFORMANCE MANAGEMENT SYSTEM AT THE LIMPOPO OFFICE OF THE PREMIER: EMPIRICAL FINDINGS**

#### **4.1. INTRODUCTION**

The previous chapter discussed the statutory and regulatory framework pertaining to Performance Management. In this chapter explanation of the PMS at the Limpopo Office of the Premier was provided. An indication of when it was implemented, how it was structured, who was involved, the role players were highlighted and the main challenges in the area of Performance Management were also identified.

This chapter deals with the methodology used, the research design and the way in which data were collected; analysed and interpreted in the Office of the Premier as the locus and focus of this research. The construction of a questionnaire, which will serve as a measurement tool to evaluate and validate the data obtained in the literature study, will be discussed as well as the choice of the participants of this study. Problems encountered in the survey will also be addressed. The outcome of data collected by means of questionnaires is presented in such a way that the logical interpretation of findings will serve as a basis to address the problem statement of the research.

An empirical study was conducted at the Limpopo Office of the Premier to analyse the implementation of the PMS. Relevant information was obtained by means of a structured questionnaire (Annexure A) to facilitate interviews in order to attain relevant information from employees. Questionnaires were designed and piloted with a small group of participants. The types of questions were both open-ended and closed questions. Interviews were conducted with the selected participants, the analyses thereof were made. The information gathered through the interviews was used entirely for research purposes and treated as confidential. This chapter has as its purpose to explore the level of awareness of the PMS in the Office of the Premier, Limpopo Province and to determine how employees perceive the PMS. This chapter further intends to determine to what extent the Office of the Premier complies with the theoretical and statutory requirements of a PMS.

## **4.2. CURRENT PMS AT THE LIMPOPO OFFICE OF THE PREMIER**

### **4.2.1. Background and description**

The Performance Management System seeks to customise the principles and framework of Performance Management in the Provincial Administration of Limpopo in order to provide policy measures and guidelines for the improvement of the Office of the Premier and individual performance and service delivery. This is done in compliance with Chapter 1, part VIII of the Public Service Regulations 2001, that requires each executing authority to determine a system for Performance Management and development for employees in his/her department other than employees who are members of Senior Management Service (SMS).

With a view to the implementation of the new Regulations, much work was done by the Department of Public Service Administration (DPSA) and the former South African Management and Development Institute (SAMDI), the Public Administration Leadership and Management Academy (PALAMA) to guide and train staff in departments. During the time of the drafting of the new Public Service Regulations, between 1997 and 1998, the DPSA conducted "Baseline Implementation Training" on the then draft version of the Regulations. Various other training and advocacy interventions also took place during the time leading up to 1 April 2001. During February and March 2001 presentations were also made at national departments and provinces. Training by SAMDI started in February 2000, and was conducted both on request by departments and provinces, and on the initiative of SAMDI (DPSA, 2001:41).

Public Service Co-ordinating Bargaining Council Resolution 7 of 2000 determined that the "present rank and leg promotion system shall be terminated by 1<sup>st</sup> July 2001 or earlier if a new pay progression system is agreed to before that date." Through the Integrated Provincial Support Programme (IPSP) process, the Simeka Consultancy group was appointed in November 2000 to develop a system for departments in the province. Simeka build on the experience that was already gained in the Eastern Cape; established a task team which revised the initial system based on the Balanced Score card approach. A similar process as the one adopted in the Eastern Cape was followed in the Limpopo Province (DPSA, 2001:20).

Performance Management according to Simeka (2004:16) is a process of harnessing all available resources within an organisation and ensuring that these perform to the maximum, in

order to achieve the desired results. Performance Management involves building processes, systems, culture and relationships that facilitate the achievement of organisational objectives. Therefore, the provincial Performance Management System is a systemic process of:

- Planning work, setting expectations and standards.
- Developing a highly skilled base of staff members who know what they should contribute and how they should go about making this contribution.
- Nurturing an organisational culture that strives towards excellent performance and service delivery.
- Continually monitoring performance, and
- Rewarding excellent performance.

Simeka (2004:17) further indicates that the system ensures that each staff member is clear about the important role he/she plays in the organisation and the achievement of organisational objectives. At an individual staff member level, a Performance Management System allows for the following:

- Agreement to be reached on individual, team and departmental responsibilities and the linking of these with the overall goals of the department.
- The clear definition of areas of responsibility and determination of indicators against which performance can be measured.
- Providing and receiving feedback on performance.
- Recognition and understanding of the levels of performance.

For each department, team and the province as a whole:

- The drawing of clear links between what the department, teams and individuals do, and the goals of the province as a whole.
- Recognition of good performance.
- Improvement of poor performance.

The Limpopo Provincial Government Transversal Service Standards (2007 – 2008) stipulates that “All employees shall submit performance instruments by the end of April annually and performance reports/reviews within the 1<sup>st</sup> month after the end of the quarter”. The main purpose is to plan work, manage and develop every employee to ensure that the desired objective of the department is achieved. The system is participative in the sense that both the employee and the supervisor are involved in the performance processes. The role players in the

Performance Management System are all employees of the provincial government appointed in terms of the Public Service Act.

#### **4.2.2. The objectives and principles of a PMS**

The main objective of the system is to clarify and align broader organisational, departmental, team and individual efforts and expectations, thereby ensuring that energies are directed at achieving the Provincial strategic goals. This will ensure that excellent performance is recognised, rewarded and non-performance is addressed (Simeka, 2004:17). The critical aims and objectives of performance appraisal are to reward those employees who excel in their areas of responsibilities. This therefore, entails recognising those who perform well and giving feedback and support to those employees who perform below average (Office of the Premier, 2006:17).

In broad, the main objectives of the scheme according to the Office of the Premier (2006:18) are the following:

- Recognises extraordinary employee contributions in areas of effectiveness, quality of work, cost savings, productivity, innovation, personal sacrifices and creativity.
- Providing well researched and systematic method of identifying outstanding individual contribution.
- For those employees who have demonstrated performance or contribution in excess of their normal duties, the system provides the best way to reward them.
- The system also enhances the Department's ability to meet or exceed its targets.
- Align employee's performance to the departmental strategic and operational goals.
- To promote a culture of responsibility and participation through open dialogue about goals and achievement thereof, personal development and performance improvement, and
- To develop performance improvement plan for managing under performers/unacceptable performance.

Simeka (2004:9) adds that the objectives of the PMS for the Province are as follows:

- To provide a systematic framework for performance planning, performance monitoring and review and performance assessment.

- To promote a shared sense of responsibility amongst staff for the achievement of strategic goals and objectives.
- To encourage managers to effectively create conditions for staff to perform optimally, and
- To be more focused on employee training and development.

According to Simeka (2004:17), the underlying principle of the PMS is that it is developmental rather than punitive. It provides a clear and detailed framework for: agreement on performance contracts, clear measures of agreed upon standards and a balance between organisational needs and employee rights. The system allows for joint responsibility and accountability based on mutual trust and respect and is cost-effective and practical as it enhances improvements in quality services.

The following principles according to Simeka (2004:11) should underpin the PMS:

- The PMS is to be uniformly implemented across all departments and shall apply to all employees.
- The PMS shall be based on a Balanced Scorecard approach.
- The integration of provincial policies and departmental plans forms the basis upon which the PMS is designed, implemented and managed.
- Individual Performance Instruments (PIs) shall be aligned with organisational objectives as identified in each department's strategic plan.
- The system shall be participative in that both the supervisor and the supervisee will be fully involved. Performance Instruments/plans shall be developed in a consultative manner and assessment of performance shall be a result of discussions between the supervisor and the supervisee.
- Provides clear linkages between performance and recognition systems, and
- PMS is applied equitable and fairly.

#### **4.2.3. Phases of PMS design and implementation process**

In realising the Public Service transformation imperatives, Simeka Management Consultants (SMC) was appointed in October 2000, through the Integrated Provincial Support Programme (IPSP), to design and implement a PMS for the Limpopo Provincial Government.

SMC used a phased approach to design and implement the PMS:

- Phase 1:        entailed a project start-up and communication.
- Phase 2:        involving a system design and piloting in three departments.
- Phase 3:        was about system refinement and production of first edition of PMS manual.
- Phase 4:        culminated in the province-wide PMS implementation and advisory roles; and
- Phase 5:        involved the project team handing over the project to line managers (in case of internal consultants like champions and PM committees) or to departments (in the case of SMC as an external consultancy)
- Phase 6:        reassessing the performance culture change following the full implementation of the system, revising the manual (2<sup>nd</sup> edition), evaluating PMS Communication Strategy and adjusting the Business Plans to Balanced Scorecard format to enhance strategic alignment (Simeka, 2004:15).

#### **4.2.4. Constituencies of the Provincial PMS**

Limpopo Provincial Government's PMS comprises of a performance management framework and a model. Limpopo has adopted the Balanced Scorecard approach as a model that captures performance dimensions that will be measured.

The Performance management framework links directly the departmental vision and its strategic focus as described in the strategic plan, to the strategic goals of the province on the one hand; on the other hand, it also links the foregoing to individual performance or achievement. This it does by clearly showing what information has to be collected, how to collect it and when it should be collected.

The Performance Model on the other hand is a tool that helps an organisation to identify key performance dimensions which it wants to measure. This helps to align the focus of a department towards its vision. The Balanced Scorecard (BSC) model provides for four perspectives with Key Results Areas (KRAs) within each perspective.

The use of the BSC approach in the development of performance instruments is currently restricted to levels 13 and above. However, some lower level managers heading institutions and districts / regions may consider using the BSC methodology to organise their KRAs (Simeka,

2004:21).

#### **4.2.5. The performance management cycle**

The performance management cycle describes the various phases that the system moves through over a period of one year that is from 1<sup>st</sup> April to 31<sup>st</sup> March of the following year. The system is structured in such a way that no phase will exceed others. There are three main phases of the performance management cycle:

- Planning and contracting.
- Monitoring process, and
- Evaluating performance.

In addition, the PM cycle incorporates system maintenance and development.

#### **4.2.6. The performance management measures**

A critical component of any performance management system is the measures that are used to describe satisfactory performance. Many different words are used to describe measures – indicators, targets, standards, results etc. It is important to clarify exactly what a performance measure refers to.

### **4.3. METHODOLOGY**

According to Struwig and Stead (2001:25) two basic research approaches, namely quantitative and qualitative, are used by researchers to collect, analyse and interpret information. This study is based on the qualitative approach, which is discussed in the next sections.

#### **4.3.1. Description of qualitative research**

According to Struwig and Stead (2001:11) the term 'qualitative research' does not describe a single research method. There are many research methods associated with qualitative research. It is found in many subject fields such as management science, sociology,

anthropology, archaeology, psychology, social work, education and history. According Denzin and Lincoln (In Struwig & Stead, 2001:11) qualitative research can be viewed as interdisciplinary, multi-paradigmatic and multi-method.

When using qualitative research methods, the emphasis is on the quality of the study and not so much on solving problems by means of statistical processes (Struwig & Stead, 2001:25).

#### **4.3.2. Characteristics of qualitative research**

Bryman (In Struwig & Stead, 2001:12) regards the following as some of characteristics of qualitative research:

- The participants' and researcher's perspectives – the perspective of participants forms an integral part of the research issues and it is the researcher's responsibility to analyse and interpret the research data in association with the participants.
- Contextualism – a comprehensive description and analysis of the environment or social context of research participants is essential as human behaviour does not occur in a vacuum. The various macro and micro contexts of the individual and the interaction with one another is an important aspect to provide holism, which examines social environments in their totality.
- Process research – interrelated events and the understanding of the influence of prior events on an individual's thoughts and behaviour are crucial in the research process and should be examined at an early stage of the research.
- Flexibility and the use of theories – qualitative researchers attempt to approach a research problem in an unstructured manner and with open-mindedness. It is argued that such an unstructured approach encourages you to be sensitive to unexpected events and that too much reliance on theory or prior research may influence the researcher's understanding and interpretation of events.

#### **4.4. RESEARCH DESIGN**

Welman *et al.* (2005:192) are of the opinion that emergent designs where researchers may adapt their data-collecting procedures during the study in order to benefit from additional information obtained, is of advantage. Research design is the process of focusing your perspective for the purposes of a particular study (Babbie, 2007:112). Babbie (2007:116) further indicates that research design starts with an initial interest, idea, or theoretical expectation and proceeds through a series of interrelated steps to narrow the focus of the study so that concepts, methods, and procedures are well defined.

This reflects an integration of a number of critical components, which will be briefly outlined in the following paragraphs to indicate how the theory and principles of research design will be applied in this research.

##### **4.4.1. Construction of questionnaire (Annexure A)**

The measurement tool used in this study was a questionnaire which was designed to obtain information pertaining to the implementation of the PMS in the Office of the Premier, Limpopo Provincial Government. The questionnaire was piloted with the small group of participants. For the purpose of confidentiality, the questionnaires were coded without indicating the names of the participants e.g. 7B, 8B, 10C, 12A etc.

The questionnaire was divided into the following sections:

- Section A, which was about the biographical information of the participants. This information is crucial to determine the level of experience in the Office of the Premier and in the Public Sector and the salary level of the participants and their directorate or division.
- Section B included the closed questions about the PMS. This information is necessary to determine the level of awareness pertaining to PMS, determine to what extent the Office of the Premier is complying with the statutory and regulatory obligations regarding PMS.
- Section C contained the open-ended questions whereby the participants provided their own views about the PMS. This information is necessary to determine the main perceptions of the participants regarding PMS in the Office of the Premier in order to

determine the main challenges experienced by the participants regarding the application of the PMS and suggestions to improve the system were captured.

#### **4.4.2. Study population, sample size and selection**

This study was conducted amongst forty eight (48) employees of the Office of the Premier, Limpopo Provincial Government. Respondents were selected amongst employees from salary level 1 to 12 on a random selection basis, i.e. four employees per salary level were selected. This was to ensure that all employees in the Office of the Premier are equally represented. A sample size of 48 was taken to represent the population of 436 employees from salary level 1 to 12 placed at the Head Office (Polokwane) excluding those who are at the Districts.

#### **4.4.3. Problems encountered**

As this study was conducted at middle management service and downward levels, some of the responses may not reflect the perception of the majority of employees at the Office of the Premier, especially the senior management service. Out of 48 employees 4 did not return their questionnaires, they indicated that they are busy and some were on study leave.

#### **4.4.4. Processing of data**

The results obtained in the structured questionnaire were processed by the researcher on Microsoft Excel spreadsheet software program, after which they were analysed and interpreted. It is assumed that the percentage as calculated from the questionnaires and suggestions made are representative of the views of the respondents. Computer-generated graphs and tables were used to reflect the values/perceptions and technical input of the participants towards the best practices in the implementation of the PMS in the Office of the Premier.

## 4.5. ANALYSIS AND INTERPRETATION OF EMPIRICAL DATA

In this section the responses of the employees of the Office of the Premier are reflected.

### 4.5.1. Section A: Biographical information

#### A1. Number of years employed in the Office of the Premier

The following table reflects participants' years of experience in the Office of the Premier:

**Table 4.1: Years employed in the Office of the Premier**

| 1-3 years | 4-6 years | 7-9 years | 10+ years |
|-----------|-----------|-----------|-----------|
| 16        | 13        | 1         | 14        |
| 36.36%    | 29.55%    | 2.27%     | 31.82%    |

It is clear from the above table that almost 65.91% of the participants have between 1 and 6 years of experience in the Office of the Premier, 2.27% has between 7 and 9 years, while 31.82 % has 10 plus more years experience in the Office of the Premier. Though a high percentage of participants have less than 7 years of experience in the Office of the Premier, but they have past experience acquired at their previous employers and they are familiar with the PMS since it is required by the DPSA that all departments must develop a PMS.

#### A2. Number of years working in the public sector

The following table reflects participants' years of experience in the public sector:

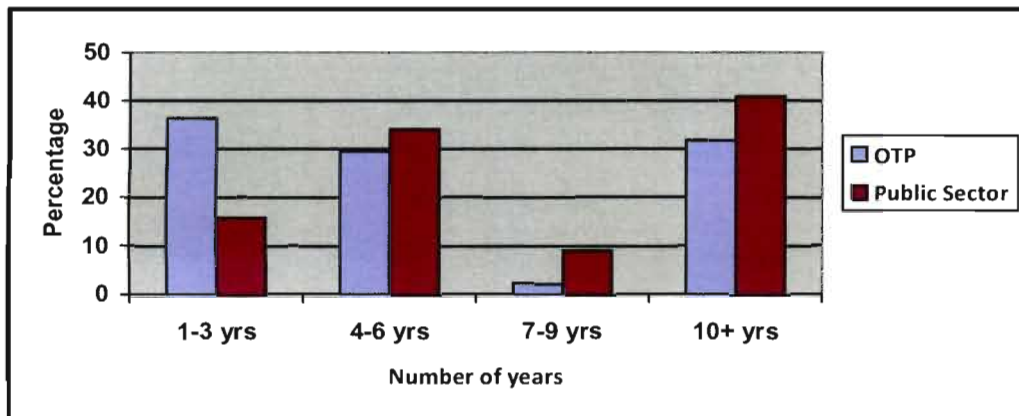
**Table 4.2: Years working in the public sector**

| 1-3 years | 4-6 years | 7-9 years | 10+ years |
|-----------|-----------|-----------|-----------|
| 7         | 15        | 4         | 18        |
| 15.90%    | 34.09%    | 9.09%     | 40.90%    |

It is clear from the above that almost 84.10% of the participants have more than 4 years of experience in the public sector, while 15.90 % has less than 3 years experience.

Years of experience in the Office of the Premier as well as in the public sector can be graphically presented as follows:

**Figure 4.1: Years of experience**

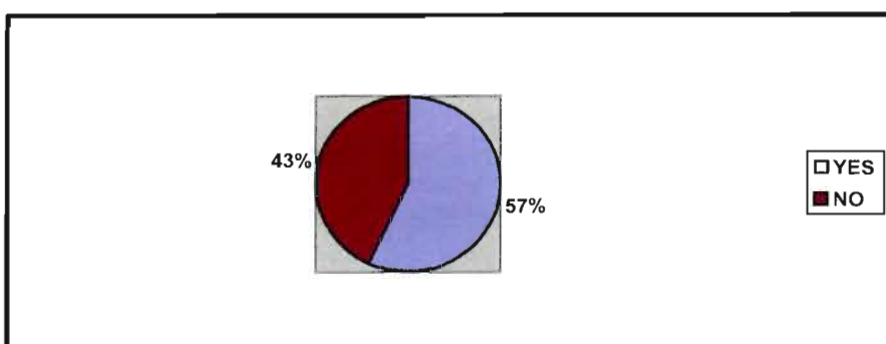


The above graph indicates that the majority of participants have been employed in the public sector for more than 4-6 years and 10 plus more years. This will assist in obtaining the correct information because most of the participants have been employed in the public sector for quite a significant number of years.

### **A3. Past experience about PMS at previous employer**

The following graph reflects percentage of participants who have past experience about PMS at their previous employer:

**Figure 4.2: Past experience**



It is clear from the above pie chart that the percentage of participants with past experience is

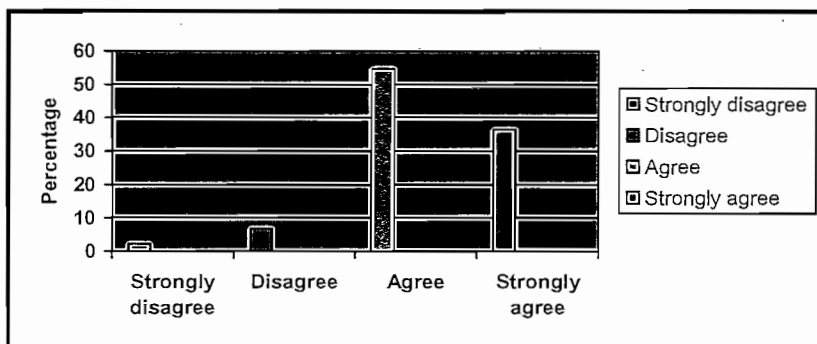
57% which is higher than those who do not have past experience which is 43%. Their prior experience could contribute to the value of the information provided by them about the PMS.

#### 4.5.2. Section B: Closed questions

##### B1. The extent to which the participants are familiar with PMS

The following graph reflects the extent to which participants agree about their familiarity with PMS:

Figure 4.3: Familiarity of participants

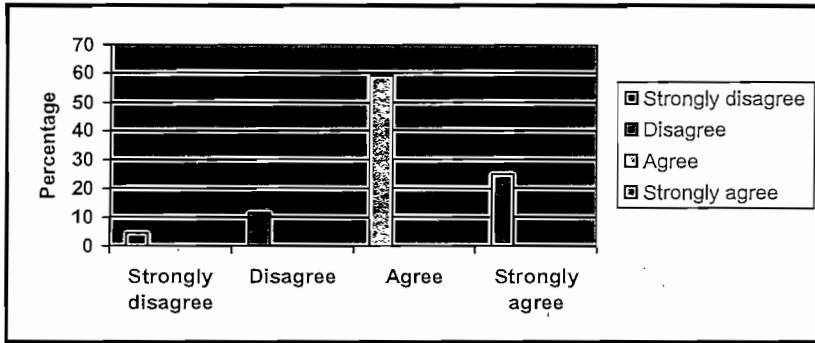


It is clear from the above graph that almost 90.91% of the participants agree that they are familiar with the PMS (54.55% strongly agree and the other 36.36% agree), while 9.9 % disagree. Based on this finding it is evident that a high percentage of participants are familiar with the PMS and this also answers the research question that says: "To what extent are employees aware of performance management system and its implementation?"

##### B2. The extent to which employees in the Office of the Premier are aware of PMS

The following graph reflects the extent to which employees in the Office of the Premier are aware of the PMS:

**Figure 4.4: Level of awareness**



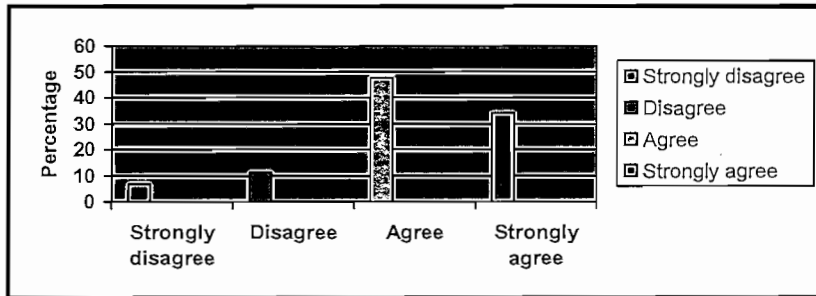
It is clear from the above that almost 84.09% of the participants agree that employees are familiar with the PMS (25% strongly agree and the other 59.09% agree), while 15.91% disagree.

Based on this finding it is apparent that 84.09% of the participants indicates that employees are aware of the PMS and this answers the research question which says: "To what extent are employees aware of performance management and its implementation?"; as well as the research problem statement which is to analyse the level of awareness of employees about the implementation of the PMS.

### **B3. The extent to which the participants are informed about the results they are expected to achieve in their jobs**

The following graph reflects the extent to which participants are informed about the results they are expected to achieve in their jobs:

**Figure 4.5: Information about the results**



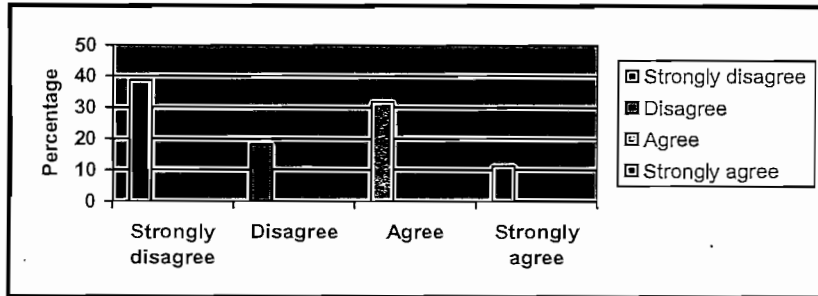
It is clear from the above graph that almost 34.09% of the participants strongly agree and 47.73% agree that they are informed about the results they are expected to achieve in their jobs, while 11.36% disagree and the other 6.82% strongly disagree. Based on this 81.82% of the participants are informed about the results they are expected to achieve in their jobs, whilst 18.18% indicated that they are not informed. This implies that 18.18 % are not adequately trained; they are potentially just completing the evaluation forms for compliance's sake.

According to the PSR VIII. B.3 the supervisor must explain the performance assessment procedure to the employee before the assessment cycle starts. The supervisor also needs to inform the employee of the criteria that is going to be used for the performance assessment. The supervisor should meet with the employees regularly to discuss their basic objectives and what successes or failures they have experienced. Together the supervisor and employees should agree on performance objectives and targets. These objectives should directly link to the overall objectives of the section or department.

#### **B4. The extent to which participants have attended the workshop(s) about PMS**

The following graph reflects the extent to which participants have attended workshop(s) about PMS:

**Figure 4.6: Workshop(s) about PMS**



It is clear from the above graph that almost 38.63% of the participants strongly disagree and 18.18% disagree that they have not attended workshop(s) about the PMS, while 31.81% agree and the other 11.36% strongly agree. Based on this finding 56.81% of participants have never attended any workshop about the PMS. This indicates that they are not adequately trained in performance management and its implementation, which may compromise the system. This answer also operationalise the research question that says: "To what extent are employees trained in performance management and its implementation?"

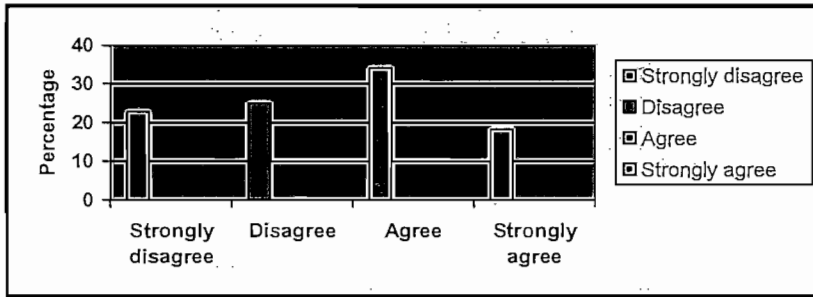
#### **B5. The extent to which the Office of the Premier is complying with the requirements regarding PMS**

The following table and graph reflect the extent to which the Office of the Premier is complying with the requirements regarding PMS:

**Table 4.3: Level of compliance**

| Strongly disagree | Disagree | Agree  | Strongly agree |
|-------------------|----------|--------|----------------|
| 10                | 11       | 15     | 8              |
| 22.73%            | 25%      | 34.09% | 18.18%         |

**Figure 4.7: Level of compliance**



It is clear from the above information that almost 34.09% of the participants agree and 18.18% strongly agree that the Office of the Premier is complying with the requirements regarding PMS, while 25% disagree and the other 22.73% strongly disagree. Based on this 52.27% of the participants agree that compliance is adhered to, while 47.73% oppose this view.

#### **4.5.3. Section C: Open-ended questions**

The following sections will present responses from the participants, in different themes or topics as per questions asked:

#### **C1. The main purpose of the Performance Management System in one's opinion**

The following purposes were mentioned:

- To provide a systematic framework for performance planning, monitoring and review, and performance assessment.
- To serve as a communication tool between the employee and the employer.
- To provide a clear understanding of job expectations; to assist management to give proper feedback about performance of the subordinate; it gives clear corrective measures on the steps to be taken to improve the performance; and it helps to boost employees' performance to be productive and get rewards for good performance.
- To measure whether the Office of the Premier is achieving the measurable target as set or not. As well as assisting the office on any deviations that may arise.

This is supported by Costello (1994:27) highlighting the purpose as making performance expectations explicit, identify measurement or evaluation criteria for performance, identify skills gaps, describe specific development activities and foster communication between manager and employee. DPSA (2007:10) add that performance management is aimed at planning, managing & improving employee performance. The above finding answers the research question that says: "what are the principles and theories of performance management?"

## **C2. The main causes of underperformance in your opinion. List in order of priority or importance**

The following causes of underperformance were mentioned:

- Lack of skills, lack of commitment, lack of interest, personal problems, stress, workload, lack of motivation, lack of passion, lack of understanding of the roles, poor supervision, shortage of resources, lack of training and support, and laziness.
- Low salary levels, unrealistic target(s), poor relationship between the supervisors and subordinates.
- Political appointments which undermine academic achievements or skills.
- Misplacement of employees within the institution.
- Inappropriate job design.

Beardwell *et al.* (2004:529) highlight that the lack of time and resources may hinder line managers in providing comprehensive and effective performance reviews and objective setting. Curtis (1999:264) indicated that poor performance is assumed to be the result of prevalent "non-performance culture". Figure 2.2 in chapter 2 also highlighted factors to be considered in determining the causes of performance problems.

## **C3. Suggestions that can be done about poor performance**

The following suggestions were mentioned to prevent poor performance:

- To establish the real cause of poor performance and come up with appropriate intervention strategies to address the problem. Interview the employee to find the main root cause of their under achievement.

- New employees need to be given a current job description and clear understanding of objectives and standard performance expected. Employees should have discussion with the managers each year regarding objectives and tasks for the year. Goals of the organisation as well of the unit should be clearly stated. If gaps are identified during the discussion and review process, corrective measures should be implemented, for example relevant training or workshop should be provided immediately in order to close the gap. The supervisor must ensure that the employees are correctly placed. Supervisor should give constructive feedback and be supportive.
- Information sharing among the employees.
- Reward good performance with promotions instead of bringing a new person who only has political connections, instead of appointing on merit.
- Employees with personal problems need not to be neglected; instead they must be referred to the Employee Wellness Programme (EWP).

According to Simeka (2004:93) the Public Service Regulations indicate that in the case of unacceptable performance, an executing authority shall require the designated supervisor to inform the employee of the reasons for the poor performance assessment in writing. This will be done after necessary discussion with the employee in question. Remedial and systematic support should be provided to assist the employee to improve his/her performance or consider steps to discharge the individual for unfitness or incapacity to carry out duties, if the desired improvement or re-deployment cannot be effected.

#### **C4. Perceptions regarding the performance management system in the Office of the Premier (How do you perceive the PMS in the Office of the Premier?)**

The following were the indication of how the participants perceive the system:

- The system is perceived as an HR or government process that the department has to adhere to. It is about filling out forms, employees copy and paste information regardless of the job description amendments, documents are submitted very late, managers sign the documents without reading, no discussions are held with the employees. As a result a bulk of performance documents are returned to employees for corrections, this causes delay for payments. Managers do not really support the system – no coaching, training and performance feedback.

- It is just done for compliance sake e.g. the list of generic competences levels and the interventions that are provided on the workplans, there is nothing done regarding those interventions.
- Most of the employees are concentrating much on receiving cash bonuses than service delivery.
- The system is not implemented adequately, there is no justice or fairness, and it is applied inconsistently.
- The system is not aligned to the succession plan.

Based on this findings it is evident that what the researcher indicated to support the problem statement that the majority of employees lack understanding of the PMS and they become ignorant, regard the system as a money making tool and not as a developmental tool, is true. It furthermore answers the problem statement which is to analyse the perceptions of employees about the implementation of the PMS. It further answers the research question that says: "what are the main perceptions of employees in the Office of the Premier regarding the PMS?"

#### **C5. The main challenges you experience regarding the application of the performance management system**

The following challenges were mentioned regarding the application of the PMS:

- Some employees at the PMS unit do not understand the system; when employees call for enquiries they are sent from "pillar to post". Some managers are bias or have poor evaluation skills – managers and employees need training on how to communicate and conduct a fair, non judgmental and consistent performance appraisal. Most employees just "copy and paste" previous performance plans and reviews because they know that some managers do not read the documents.
- The system relies on a single evaluation tool which is the performance plan.
- Lack of clarity regarding the formulation of performance measurement information.
- The system is viewed by employees as an option for additional revenue.
- Employees sometimes under rate themselves for fear of motivating their ratings and this is caused by bad relationship between employees and supervisors.
- The office does not provide workshops to new employees regarding the PMS, and this causes confusion.

- The format is complicated and not user friendly.
- Misplacement of performance instruments after submission.

The above findings answer the research question that says: “what are the typical challenges that responsible managers in the Office of the Premier experience in the implementation of the PMS. Price (1997:304) highlights the following challenges which support the above mentioned findings: lack of an effective way to measure desired performance, lack of a communication programme to gain understanding, acceptance and commitment to the system.

#### **C6. Indicate the main weaknesses and strengths of the new performance management system.**

##### **Weaknesses:**

The following weaknesses were mentioned:

- Lack of feedback from managers. The template seems to be complicated. Corrective measures not implemented, e.g. skills development.
- Employees are not well informed about the system.
- Inconsistency in respect of implementation; supervisors can manipulate the system.
- No 360 degree system, therefore employees are not assessed by customers.
- The moderation committee delay to assess.
- It is related to bonus and payments, and is a money making tool.
- Lack of simplicity – too much paper work is involved.
- The system is not linked with other policies in the institution.

The issue of a money making tool which supports the problem statement is still highlighted that means it is of essence a challenge. The above mentioned weaknesses can also be viewed as challenges which responsible managers experience in the implementation of the PMS.

##### **Strengths:**

The following strengths were mentioned:

- Managers are able to identify gaps. They may advice and proper steps can be taken to address performance problems.
- It enables the institution to design a programme for training (departmental training plan).
- It identifies good performers and rewards them accordingly, which encourages them to put more effort in their work.
- It is transparent.

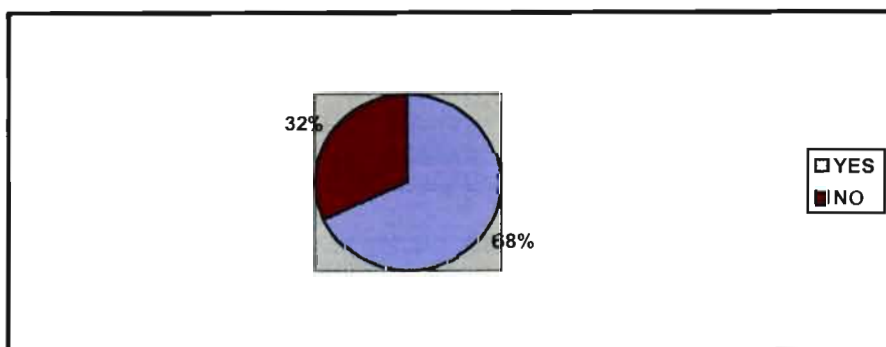
This is in line with Armstrong and Baron (2006:80) who highlighted amongst others the following as the principle of performance management: it helps to clarify corporate goals, it requires a management style that is open and honest and encourages a two-way communication between superiors and subordinates, and it measures and assesses all performance against jointly agreed goals.

**C7. Based on the current system the reward/incentive for good performance is a cash bonus. Do you think this is a good way of motivation? Yes or No**

**Add something else you think can be used as a reward to motivate employees**

The following graph indicates the percentage of participants who said yes or no based on reward of good performance as cash bonus:

**Figure 4.8: Reward of performance as cash bonus**



The following suggestions were recorded as other reward means to motivate employees:

- Certificates, trophies.

- Gift vouchers.
- Bursary and special training courses.
- Promotion.
- Nominations for employee of the month, quarter or year.
- Team building, year-end function, social clubs and sporting events.
- Going out for lunch with the DG and the Premier.

Based on the above pie chart, it is evident that most (68%) of the participants think that the current system of the reward/incentive for good performance as a cash bonus is a good way of motivation. This however goes back to the concern of money making tool.

#### **C8. The Office of the Premier has a good system. Yes or No**

**Substantiate your answer**

The following table indicates the percentage of participants who said yes or no based on whether the Office of the Premier has a good system or not:

**Table 4.4: Office of the Premier has a good system**

| YES    | NO     |
|--------|--------|
| 23     | 21     |
| 52.27% | 47.73% |

The following motivation was mentioned as support for the above question whose response was NO:

- Both managers and employees need to find ways which will make the system produce the expected results. The intention of implementing the system was good, but it is poorly administered. The system has lost its direction.
- The system is not accurate because even if some of the employees are under performing there are no corrective measures that are conducted in order to close the gaps.
- Poor filling of the performance instruments.
- Sometimes the system works for other people.

The following motivation was mentioned as a support from the above question whose response was YES:

- The system is always good, but the problem is the management and adherence to the system.
- Progress is tracked on a quarterly basis with the time frames. The system can be made more user-friendly with some little improvements.

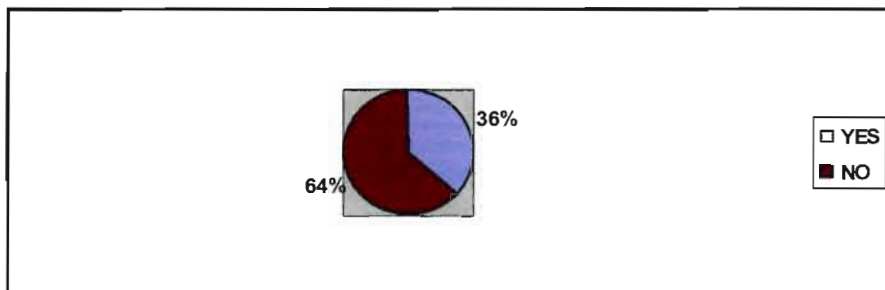
Based on the above table 52.27% of participants indicated that the Office of the Premier has a good system, but it requires improvements and proper management and adherence; while 47.73% indicated that the system is not good, and that it has lost its direction.

**C9. The system is achieving the actual objectives it is intended to achieve. Yes or No.**

**Motivate your answer**

The following graph indicates the percentage of participants who said yes or no based on whether the system is achieving its intended objectives or not:

**Figure 4.9: The system achieving its intended objectives**



The following motivation was mentioned as a support from the above question which responded NO

- The system is not achieving the actual objectives it was intended to achieve because everyone is interested in getting the money.
- Employees tend to lie about their performance, and they rate themselves very high whereas their performance is poor.
- Training needs are not met; gaps are not closed.

- Feedback or the results of the process are not implemented accordingly.
- It is sometimes used subjectively to pursue personal issues, e.g. some supervisors use it to discipline those who are not in their “good books”.
- There is no proper alignment of the employee’s performance, strategic plan and the business plan of the institution.

The following motivations were mentioned as support from the above question whose response was YES:

- The challenge is that the PMS is not evaluated against the performance but against the employees.
- It encourages employees to submit their performance instruments by so doing employees will perform so that they will have something to write. The system seeks to achieve its intended purpose.

Based on the above pie chart, 36% of the participants indicated that the system is achieving its intended objectives. While 64% of the participants indicated that the system is not achieving its intended objective, because everyone is interested in getting the money; employees tend to lie about their performance, and they rate themselves very high whereas their performance is poor.

#### **C10. State inputs or suggestions would you like to make regarding the Performance Management System in the Office of the Premier**

The following suggestions were mentioned regarding the PMS in the Office of the Premier:

- Managers must hold on-going consultations with employees.
- Goals of the office should be clearly stated and discussed with each employee and that they should attend strategic meetings within their units.
- New employees should attend workshops; each employee must have a clear understanding of the system.
- Monitoring and evaluation should be considered, and corrective actions should be taken e.g. training.
- Annual performance should link to training needs to afford employees the opportunity to develop and progress and thus improve their performance.

- Decentralisation of budget for performance awards.
- Moderation of assessment reports by line functions in line with the allocated budget.
- The PMS Unit should have a clear schedule of submissions and processing of the PMS and should be observed at all times.
- Improve the recording and filing system (administrative procedures).
- Those who performed well should receive payment on time.
- 360-degree evaluations should be introduced because the employees who are scored high are not always client-focused.

Emphasis should be placed on employee development. The key feature of performance management is that it is developmentally orientated and hence provision is made for employees to have Personal Development Plans to help them improve current skills levels or acquire new skills in order to be competitively sustainable. Chapter 7 of the Skills Development Act states that each public service employer in the national and provincial spheres of government – must budget for at least one per cent of its payroll for the training and education of their employees. Van der Walddt, (2008b:17) underscores that the Public Service Act stipulates that performance management process should link to broad and consistent plans for staff development and align with the developmental strategic goals.

**C11. If you were to improve the system, indicate what you would do.**

The following suggestions were recommended to improve the PM system:

- In order to improve the system workshops should be conducted.
- The template should be revised and the gaps should be closed by providing training - employees should be capacitated.
- An employee's performance should be rated - not the employee himself/herself.
- Consult all employees to check their views with regard to the current system.
- Provide regular feedback on how the system is performing.
- Communicate the results to all employees and acknowledge to those who "walked an extra mile".
- Develop an integrated strategy to succession and HR plans and the retention strategies.

- Acquire a system that will assist in moderating the actual assessment performance of employees rather than been done by certain individuals. The current moderating committee is not effective.
- Amend the policy in such a way that it leads to productivity and limit the power of the political policy.
- The buy-in of executive management will enable the system to be applied successfully.

Effective performance management is able to identify individual strengths and weaknesses which provide the basis for assessing individual development needs (Hartle & Weiss, 1998:189). Mlaba (2005) underlines some of the core requirements for the successful implementation of the PMS in an institution which support the above information as follows: management's buy-in, proper communication channels, and adequate and timely information.

#### **4.6. CONCLUSION**

In this chapter an explanation of the PMS at the Limpopo Office of the Premier was provided. Indication of when it was implemented, how it was structured, who was involved; who were the role players were highlighted. Emphasis was placed on the main challenges associated with the development and implementation of the PMS. Data was obtained from interviews and questionnaires. The study wanted to discover the level of awareness and how the employees perceived the PMS, its weaknesses and strengths.

The information gathered through a structured questionnaire was reported and interpreted in this chapter; and compared with the literature study conducted in the previous chapters. The emphasis was placed on the level of awareness and the main perceptions of employees regarding the PMS; and the challenges that responsible managers experience in the implementation of the PMS.

The views and suggestions of the participants contributed to address the research questions.

The participants confirmed through their perceptions and views that what the researcher indicated to support the problem statement, that is, that the majority of employees lack appropriate levels of understanding of the PMS and are ignorant. They regard the system as a

“money-making tool” and not a developmental tool.

In the next chapter the research will be concluded with a summary based on the findings observed in the field. Recommendations will also be provided based on the findings on the level of awareness and the perception about the PMS in the Office of the Premier.

## **CHAPTER 5**

### **SUMMARY AND RECOMMENDATIONS**

#### **5.1. INTRODUCTION**

The previous chapter provided an explanation of the methodology followed to obtain data from the PMS at the Limpopo Office of the Premier. In this chapter, the summary of the specific findings observed in the field will be provided, followed by the recommendations based on these findings on the level of awareness and the perception of employees about the PMS.

#### **5.2. SUMMARY**

The objectives of this study were to explore the principles, theories and models of the Performance Management; to identify the typical elements that should be included in a comprehensive Performance Management System; to analyse the statutory and regulatory guidelines pertaining to the development and implementation of a PMS in the South African Public Service; to determine to what extent employees in the Office of the Premier, Limpopo Province are aware of and trained in Performance Management and its implementation; to analyse the main perceptions of employees in the Office of the Premier regarding the PMS; to identify the typical challenges that responsible managers in the Office of the Premier experience in the implementation of the PMS; and to develop guidelines and recommendations for a more effective implementation of the PMS to enhance best practice and statutory compliance and to overcome typical challenges currently experienced with its implementation, taking theory and legislation as points of departure.

In chapter 1, an orientation and problem statement, the questions and the objectives of the study, the leading theoretical arguments, the method of investigation and procedures as well as provisional chapter layout were highlighted.

To operationalise the objectives, chapter 2 dealt with describing and defining Performance Management within its theoretical and statutory framework. It was established that the primary aim of performance is supposed to be, how to acquire enhanced individual and organisational performance, and not simply to assess individual performance. A successful performance

management system ought to comprise of, among others; performance targeting, the setting of performance standards and a performance evaluation system. It is also apprehensive with inputs – the knowledge, skills and capability essential to fabricate the anticipated outcome. Consequently, the developmental requirements are recognised.

Chapter 3 paid primary attention to the basic statutory and regulatory requirements that an institution can make use of, for regulation in order to achieve its goals and objectives in the course to better performance. It provides a framework in which managers can sustain their team members to a certain extent than dictate to them, and its impact on outcomes will be much more considerable if it is regarded as a transformational rather than an assessment process.

In chapter 4 explanation of the PMS at the Limpopo Office of the Premier were provided. An indication of when it was implemented, how it was structured, who was involved; who were the role players was highlighted and what were the main challenges in the area? The information gathered in chapter 4 through a structured questionnaire was reported, interpreted and was compared with the literature study conducted in the previous chapters. The views and suggestions of the participants contributed to tackle the research questions.

In chapter 5, the summary of the study was provided, followed by the recommendations based on these findings on the level of awareness and perceptions about the PMS.

#### **5.2.1. Objectives of the study**

The following research questions were asked in chapter one:

- a) What are the principles, theories and models of Performance Management?
- b) Which elements should be included in a comprehensive Performance Management System?
- c) What are the statutory and regulatory guidelines pertaining to the development and implementation of a PMS in the South African Public Service?
- d) To what extent are employees aware of and trained in Performance Management and its implementation?
- e) What are the main perceptions of employees in the Office of the Premier regarding the PMS?

- f) What are the typical challenges that responsible managers in the Office of the Premier experience in the implementation of the PMS?
- g) What can be done to enhance best practice and statutory compliance with the implementation of the PMS?

From these questions the following objectives were formulated:

- a) To explore the principles, theories and models of Performance Management
- b) To identify typical elements that should be included in a comprehensive Performance Management System
- c) To analyse the statutory and regulatory guidelines pertaining to the development and implementation of the PMS in the South African Public Service
- d) To determine to what extent employees in the Office of the Premier, Limpopo Province, are aware of and trained in Performance Management and its implementation
- e) To analyse the main perceptions of employees in the Office of the Premier regarding the PMS
- f) To identify typical challenges that responsible managers in the Office of the Premier experience in the implementation of the PMS
- g) To develop guidelines and recommendations for a more effective implementation of the PMS to enhance best practice and statutory compliance and to overcome typical challenges currently experienced with its implementation.

The objectives of this study have been reached in that the principles, theories and models of Performance Management have been explored. The elements that should be included in a comprehensive Performance Management System have been identified. The point of departure was a theoretical study within the limits of a mini-dissertation. The statutory and regulatory requirements of Performance Management were clearly indicated. The extent to which employees are aware of and trained in Performance Management and its implementation has been determined. The main perceptions of employees in the Office of the Premier regarding the PMS have been analysed. The typical challenges that responsible managers experience in the implementation of the PMS have been identified. The guidelines and recommendations for a more effective implementation of the PMS to enhance best practice and statutory compliance and to overcome typical challenges currently experienced with its implementation.

### **5.2.2. Leading theoretical argument**

The leading theoretical argument was as follows, as indicated in chapter 1:

- In terms of the PSR, 2001 Chapter 1 Part VIII B.4(b) an employee's supervisor shall monitor the employee's performance on a continuous basis and give him/her feedback on his/her performance at least four times a year.
- PMS needs to be linked with human resource development (HRD) and training in order to identify the need for training. According to Minnaar (2006:182) performance management processes shall link to broad and consistent plans for staff development and align with the department's strategic goals. Van der Waladt (2004:245) indicates that carrying out the processes of performance management provides an opportunity to identify developmental needs. Performance evaluations may be used as a starting point for discussions of training, development, and improvement (Moorhead & Griffin, 2001:198).

The leading theoretical argument that was prepared seems to be proper in that:

- Legislation state evidently that an institution must ascertain a performance management system that is in line with its resources, exceptional state of affairs, priorities, objectives, indicators and targets; and
- Performance Management is a new prerequisite for institutions and managers must develop and implement a performance management system in terms of the requirements of legislation.

In the midst of this in mind, it can be confirmed that this study reached its objectives.

### **5.3. RECOMMENDATIONS**

To improve the level of awareness, it is recommended that the briefing sessions of the PMS be conducted within the first quarter of the financial year. It is further recommended that the performance enquiries should be responded to within the maximum of two working days. The PM Committee meeting must be convened within a week after identifying a need. It is further recommended that employees should be provided with a written job descriptions and performance criteria (Plachy & Plachy, 1998:265).

It is suggested that a performance management form (template) should be designed that includes instructions on how to use the form; a space for the employee to comment on the appraisal or plan; and a signature space for the employee to acknowledge receiving a copy of the form. Employees should be encouraged to write remarks in disagreement with any of their manager's observations. This not only will protect their rights, but will also give the manager and the Office a chance to take another thoughtful look at any disagreement (see Plachy & Plachy, 1998:270).

In chapter 4 item 4.2.1 of this study, Simeka (2004:17) indicated what a performance management system allows for at an individual staff member level, but improvement for poor performance is not included, therefore it is recommended that the improvement should be added. Processes for awarding of pay progression and bonuses should be managed fairly to avoid unhappiness and grievances. Management capacity to deal with poor performers and staff development should also be improved. According to Plachy and Plachy (1998:265) managers should be trained to observe and appraise performance. Confidentiality of performance management instruments must be ensured.

The following, though, are a few guidelines based on what an institution that has successfully introduced performance management system, ought to do:

- They should base performance management on a detailed scrutiny of the needs of the organisation in the light of the environment in which it operates.
- They should take steps to be aware of what the organisation is and needs to be in its performance background.
- They should base the performance management process on principles that are significant to the identified needs and acknowledged by all concerned. A key principle is that performance management should always function reasonably, ensuring that top management 'drives' performance management but line managers and employees 'own' it, remembering that it is the process that is important, not the system, focusing on development, not on pay, monitoring, evaluating and providing support and, above all, always recall that the eventual key to success is thorough an effective communication, participation and training for all.

From the above views which are also supported by the significance of this study, managers will achieve a complete, thoughtful of the institution's mission, i.e. to set targets and standards for their team and to entrust work, release themselves to give attention to and on strategic planning and uninterrupted enhancement and development of their operations and work teams.

## ANNEXURE A: QUESTIONNAIRE

The purpose of this questionnaire is to analyse the implementation of the Performance Management System in the Office of the Premier, Limpopo Province. Focus is placed on employee awareness and general perceptions regarding performance management applications.

This questionnaire seeks to attain your view and opinion with regard to performance management system in the Office of the Premier.

Kindly complete all questions below, if the space provided is not enough you are welcome to write on a separate paper. All information will be treated as confidential. Please do not write your name or other detail on this questionnaire.

### SECTION A: BIOGRAPHICAL INFORMATION

Mark with an **X** next to the relevant box

1. How long have you been employed in the Office of the Premier?  
 1-3 years ☐      4-6 years ☐      7-9 years ☐      10+ years ☐
2. How long have you been working in the public sector?  
 1-3 years ☐      4-6 years ☐      7-9 years ☐      10+ years ☐
3. Do you have past experience about Performance Management at previous employer?  
 Yes ☐      No ☐
4. What is the name of your directorate or division?  
 .....
5. What is your current salary level?  
 1-5 ☐      6-8 ☐      9-10 ☐      11-12 ☐

### SECTION B: CLOSED QUESTIONS

#### Scale

- 1 = strongly disagree
- 2 = disagree
- 3 = agree
- 4 = strongly agree

Make a circle to the relevant rating

1. I am familiar with the Performance Management System  
 1      2      3      4

2. Employees in the Office of the Premier are aware of the performance management system  
1      2      3      4
3. I am informed about the results I am expected to achieve in my job  
1      2      3      4
4. I have attended workshop(s) about performance management system  
1      2      3      4
5. The Office of the Premier is complying with the requirements regarding performance management  
1      2      3      4

### SECTION C: OPEN-ENDED QUESTIONS

1. In your opinion, what is the main purpose of the Performance Management System?  
.....  
.....  
.....  
.....  
.....
2. In your opinion, what are the main causes of underperformance? Please list in order of priority or importance  
a).....  
b).....  
c).....  
d).....  
e).....
3. What do you think can be done about poor performance?  
.....  
.....  
.....  
.....  
.....
4. What is your perception regarding the performance management system in the Office of the Premier? (How do you perceive the PMS in the Office of the Premier?)

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5. What are the main challenges you experience regarding the application of the performance management system?

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6. Indicate the main weaknesses and strengths of the new performance management system.

Weaknesses:

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Strengths:

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7. Based on the current system the reward/incentive for good performance is a cash bonus. Do you think this is a good way of motivation? Yes or No  
What else do you think can be used as a reward to motivate employees?

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8. Do you think the Office of the Premier has a good system? Yes or No  
Substantiate your answer.

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9. Do you think the system is achieving the actual objectives it is intended to achieve? Yes or No.  
Motive your answer.

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10. What inputs or suggestions would you like to make regarding the Performance Management System in the Office of the Premier?

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11. If you were to improve the system, what would you do?

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Thank you for your time and contribution

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