

A performance measurement model incorporating 360-degree evaluation of corporate values

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Ours is a world of nuclear giants and ethical infants. We know more about war than we know about peace, more about killing than we know about living. We have grasped the mystery of the atom and rejected the Sermon on the Mount. - Omar N. Bradley

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ABSTRACT

A PERFORMANCE MEASUREMENT MODEL INCORPORATING 360-DEGREE EVALUATION OF CORPORATE VALUES

Corporate governance and management by values have become vital for organisations in South Africa. Recent allegations of corruption, corporate failures and the abuse of leadership power highlight the need for solid moral and ethical foundations. A set of shared values in an organisation may prove to be a significant competitive advantage. The competence of employees as reflected through the evaluation of their individual job goals has been widely measured for many years. Currently, limited information is available on the measurement and evaluation of the conformance of employees to corporate values. This study explores the conformance of individual members to core values as part of a regular, systematic performance measurement system. Introducing such a system may assist in enforcing accountability for individual ethical behaviour.

Literature on the topic advises that the core values of an organisation should be carefully and correctly identified before individual conformance to the values can be measured. Managing by values entails that preferred behaviours should be entrenched in all codes, policies, and procedures of an organisation, including the performance measurement system. A 360-degree evaluation is considered the most appropriate method to evaluate individual conformance to corporate values.

Information gathered from the model development part of this study indicates the following:

360-Degree evaluation of values conformance may be incorporated into any existing performance measurement system that conforms to the criteria established in this study.

A performance/values template used for the evaluation of job performance and values conformance results effectively differentiates employees into categories.

The model developed in this study was effectively implemented and tested in an organisation. It is expected that the implementation of the model will enhance the performance of individuals and ultimately facilitate the creation of a motivating climate within the organisation.

Key words: Values, ethics, ethical behaviour, performance management, performance measurement, 360-degree evaluation.

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LIST OF ABBREVIATIONS

CEO:	Chief executive officer
KPA:	Key performance area
KPI:	Key performance indicator
NPI:	National Productivity Institute
NCBI:	National Center for Biotechnology Information
QAO	Quality assurance official
USOPM:	United States office of personnel management

CHAPTER 1

INTRODUCTION

1.1 ORIENTATION TO THE STUDY

The last two decades saw a global move to considerable organisational transformation. To remain competitive and to conform to the increasing pressures of social responsibility, organisations have been forced to redefine their strategies, structures and processes. Managers have been encouraged to secure a competitive advantage through innovations in products, production and information technologies. In this environment, organisational leaders have to manage and monitor resources to achieve goals that underpin the corporate vision. The broad organisational mission and strategies should be translated into specific objectives and measures that can be communicated throughout the organisation. An ongoing concern in organisations is how to measure performance in a manner that supports the long-term strategies and overall vision of the organisation.

Kotelnikov (2004:1) is of the opinion that performance measurement systems are reflection instruments that are designed to provide feedback, relative to organisational goals, and increase the chances of effectively achieving the goals. The ultimate aim of implementing a performance measurement system is to improve the performance of the organisation. Scrutiny of a performance measurement system should question how the instrument affects the organisational reality in practice and, moreover, how positive outcomes may be secured from the system over a period of time.

It is not only important that corporate leaders measure the extent to which the established vision, strategies and goals have been realised, but attention should also be paid to the manner in which these were achieved. The views and conclusions of top management about the future focus and direction of an organisation constitute a strategic vision. It describes the “end-state” or “destination” of the organisation (Barrett, 2006:8). The corresponding mission statement typically provides a summary of the present business purpose of the organisation. In turn, the core organisational values are then the preferred behaviour intended to guide the pursuit of the vision and strategy (Thompson, Strickland III & Garble, 2007:20-27). It can then be summarised and simplified that the vision reveals “where” an organisation is headed, the mission statement describes the “means

to the end” or what the organisation needs to focus on to get to the destination, and the values depict the appropriate behaviour, the “how” or manner in which the destination will be reached.

A solid ethical framework is essential for social and economic development. It is common knowledge that corruption inhibits the advancement of a healthy marketplace and distorts economic and social development. Ethics and values have become particularly important in South Africa, since many of the moral convictions of preceding eras have been questioned or no longer exist. South Africa has advanced to now being a complex society with many contradicting or competing morals and values. Finding a set of common shared values in an organisation may prove to be the glue that bind people and provide organisations with a significant competitive advantage.

In the face of a global trend to institute corporate governance principles, ethics and values are increasingly being emphasised. Rossouw (2005:33) contends that corporate governance has a distinct ethical character, since companies are required to take responsibility for their impact on societies and on their stakeholders. The prominence of corporate governance coincided with an increase in the accentuation of business ethics. The King Reports I and II outline corporate governance principles designed specifically to address the South African environment. These reports advise an integrated management approach to align the interests of individuals, corporations and society at large. This implies a move toward the triple bottom line embracing economic, environmental and social aspects (including values and ethics) of a company’s activities. (King, 2002:6-10). A set of corporate values and an accompanying code of ethics currently exist in many companies in South Africa. A code of ethics contains the ethical norms to which a corporation commits itself in respect of individual conduct by members of the organisation.

It may be argued that the weakest point in management by values is the vulnerability of the concept due to toleration of deviations from agreed values (Jaakson, Reino & Vadi, 2004:33). The extent of the deviations from agreed values should be considered before counteractive actions can be instituted. Thus, adherence to corporate values should be measured. Currently, little information is available on the measurement and evaluation of the conformance of individual employees to corporate values.

This study embarks on the relatively unexplored field of studying the measurement of the conformance of an organisation’s members to corporate values as part of a regular, systematic performance management and measurement system.

1.2 PROBLEM STATEMENT

Work performance and living (working) in accordance with values are both key focuses of many organisations today. These concepts are however not often discussed in the same sentence. To be of any significance, values should be ingrained into the daily organisational performance.

The survey results of KPMG (2001:1) found that in many organisations, training on the code of ethics is too brief to be effective and that it is also not focused on important groups of employees, such as new entrants and managers. In most of the organisations surveyed, ethics criteria did not form part of performance, reward or promotion criteria. The general expectation of the survey was that the presence of ethics related evaluations would increase when the full implications of the King Report II, the Public Finance Management Act and the Civil Society codes of ethics become more apparent.

It may then be concluded that coordinated and continued effort is needed to integrate corporate governance, performance, ethics and values. The development of a model to measure adherence to corporate values in a specific organisation will partially address this integration. Results obtained from such measurements will assist leaders in assessing the influence of individual adherence to corporate values in the achievement of organisational goals.

1.3 STATEMENT OF OBJECTIVES

In light of the above-mentioned problem statement, the following objectives are formulated for this study:

- i. Identifying best practices in regard to performance measurement systems that are relevant to the South African context.
- ii. To develop a model to serve as a foundation for the measurement of individual adherence to corporate values.
- iii. Integration of the newly created values evaluation model with an existing performance measurement system in a specific organisation.
- iv. Testing of the values evaluation model within the chosen organisation.

The ultimate objective of the study is to create a model to evaluate the conformance of individual members of an organisation to corporate values as part of a regular, systematic performance measurement system.

1.4 RESEARCH METHODOLOGY

1.4.1 Literature review

A literature study will be conducted regarding the following:

- The concept of “values” and how it relates to organisational performance.
- The concept of “ethics”, and how it relates to values and how these contribute to organisational success.
- The concept of “performance measurement” and its importance in the organisational context.

1.4.2 Model development, implementation and evaluation

Based on the literature review:

- A specific organisation will be chosen for the development of the model.
- The current performance measurement system of the chosen organisation will be evaluated and improvements recommended.
- A model for the measurement of corporate values on an individual basis will be developed.
- The implementation and evaluation of the model in the chosen organisation will be facilitated.

1.5 LIMITATIONS AND OBSTACLES OF THIS STUDY

1.5.1 Limitations

Given the nature of the research, the validity and value of the results of the study are, or may be, limited by the following factors:

- The results of the study relate to a single organisation and should not be regarded as necessarily applicable to other organisations.

- A 360-degree evaluation is subjective in nature. This subjectivity may give rise to measurement bias.

1.5.2 Obstacles or factors to be considered during the interpretation of results

- Education and training of employees will be required to comprehend the necessity of the measurement of adherence to a value system and to understand the measurement instrument. Since all factors of a performance measurement system should be agreed to and understood by participants, some participants may require education and training with regard to the measurement of values conformance.
- The model may fail to adequately measure adherence to corporate values if the values have not been identified appropriately, are not clear and understood throughout the organisation, or do not portray a shared meaning.
- Resistance to change may initially be experienced when the measurement model is implemented in an organisation.

1.6 PREVIEW OF CHAPTERS

Chapter 1 contains an orientation to the study, the problem statement, objectives, research methodology, study limitations, obstacles and this chapter preview.

Chapter 2 is a concise literature study regarding the concepts of performance measurement, ethics and values. The three subjects are discussed separately, but their inter-dependability will be addressed where relevant.

Chapter 3 deals with the development of a model that will incorporate the measurement of individual conformance to corporate values. The specific organisation that will be targeted for the initial design and implementation will also be discussed in this chapter and the existing performance measurement system of the organisation will be evaluated.

Chapter 4 contains the outcomes and conclusions of the study. Recommendations regarding the development and implementation of the value conformance measurement model as part of a performance measurement system are outlined.

Chapter 5 concludes with a summary and evaluation of the study.

CHAPTER 2

LITERATURE OVERVIEW ON VALUES, ETHICS AND PERFORMANCE MEASUREMENT

2.1 VALUES

2.1.1 Defining the concept of values

The concept of value(s) continues to be an important theme of theoretical inquiry not only in philosophy, but also in management and other sciences. A vast array of theories and definitions regarding values has been documented over decades. According to Wikipedia (2006b:1) value theory in psychology refers to the study of the manner in which human beings develop, assert and believe in specific values, and act or fail to act on them. They attempt to explain why people prefer or choose some values over others, how personal behaviour may be guided (or fail to be guided) by certain judgements and values, and how values transpire at different stages of human development. Theories about values study how people positively and negatively value things and concepts, the motivations people use in making the evaluations, and the scope of applications of legitimate evaluations across the social world.

The feelings and attitudes that people have about the relative worth of things make up their values. Values are not cast in stone, but are formed as a result of learning and experience over time. Walker (2001:1) contends that a value in itself is neither good nor bad, but is influenced by many factors - including parents, siblings, friends, mentors, religions, institutions, organisations and the media. Things that are valued or held dear may be certain ideals, principles, beliefs, material possessions, activities that are enjoyed, work, and people that are cared about such as family or friends.

Fairleigh Dickinson University (2006:1) maintains that values are shaped by the frame of reference of an individual and may be applied consciously or unconsciously, without awareness of the standards implied by decisions. Values predispose people to favour a particular political or religious ideology and take position on social issues, guide the way people present themselves to

others and are the standards which ascertain whether one feels equally moral and competent when compared to others. Personal values are employed to ascertain which beliefs, attitudes, values and actions of others are worth challenging, protesting and arguing about, or worth trying to influence or change. When values are compromised, people feel unhappy and dissatisfied.

Walker (2001:1) advocates that a personal system of values is constituted of all the things that a person prizes, cherishes, holds dear, or considers important. The behaviour of a human being is influenced by his or her values on a daily basis. Values and goals are closely related. Values are the “why” underpinning the goals. The goals of a person who values freedom will be different from that of a person who values security more. Differences in value systems become important when establishing a shared value system in a group, team or organisation, since people may share goals without sharing values and vice versa.

Raths, Harmin and Simon . (1987:199) have identified seven criteria that together constitute a fully developed value. The value should be:

1. Chosen freely (without external pressure or coercion).
2. Chosen from among alternatives (all possible options).
3. Chosen after careful reflection (advantages, disadvantages, consequences).
4. Prized and cherished.
5. Publicly affirmed.
6. Acted upon (applied to specific situations).
7. Part of a repeated pattern of action in your life (commitment).

If a value meets these criteria, it can be considered to be part of the value system of a person and can only be changed by the person himself. Similar to the criteria above, Kreitner and Kinicki (2004:82) contend that values possess five key components. Values (1) are concepts or beliefs, (2) pertain to desirable end-states or behaviours, (3) transcend situations, (4) guide selection or evaluation of behaviour and events, and (5) are ordered by relative importance.

Value theories have resulted in an assortment of value definitions. According to the Encarta dictionary (2007:1), values may be defined as: Principles or Standards; the accepted principles or standards of a person or a group. The word “values” germinates from 14th century old French, *valoir* “be worth and Latin *valere* “be powerful”.

A fully developed value is defined by Raths *et al.* (1987:199) as follows: “A value must be chosen freely from alternatives after thoughtful consideration of the consequences of each alternative. One

should be happy with the choice and willing to affirm the choice publicly; doing something with the choice repeatedly, in some pattern of life.”

Walker (2001:1) contends that values are abstract concepts of worth based on what people consider to be good or important or what they hold dear. Values are principles which guide decisions and actions. People are committed to values and live their lives by them. This is confirmed by Fairleigh Dickinson University (2006:1) who states that values are standards and principles for judging worth. Values are then the criteria by which people and ideas are judged to be good or bad, right or wrong or somewhere in between these extremes. A publication by the University of California (2006:1) affirms that values are core beliefs regarding what is right and fair in terms of our actions and our interactions with others. Abbot, White and Charles. (2005:1) state that “values are desirable, trans-situational goals, varying in importance, that serve as guiding principles in people’s lives. They are drivers of behaviour, including workplace behaviour.”

An analysis of the above definitions and theories reveal some central themes regarding values and value systems that are of particular importance for the purpose of this study.

- Values are principles, beliefs or standards (for judging right from wrong).
- Values guide people in their preferences, decisions, actions and behaviour in every day life, including the workplace.
- People rank (order) values according to relative worth or importance.
- Values are held dear and are cherished.

Based on the above analysis and applicability to this study, the definition of Rokeach (2001:4) will be adopted as the broader concept of a value system: He defines a value system as an “*enduring organisation of beliefs concerning preferable modes of conduct or end-states of existence along a continuum of relative importance.*” Since this study specifically considers values and value systems pertaining to work situations, this definition will be expanded in subsequent sections of this study.

2.1.2 The need for shared values in organisations

The existence and importance of shared values is evident from the myriad of social, religious and organisational groups that naturally form when people recognise personal value systems in others that are similar to their own. In private and working relationships, it is important to be aware of personal as well as group values. People generally find it easier to get along with others who have similar views of the world, so they often seek them out and form lasting relationships with them.

The need for shared values is highlighted in literature regarding organisational development (OD). Cummings and Worley (2005:485) contend that widely shared and strategically appropriate values can contribute significantly to the performance of an organisation. According to Walker (2001:1), understanding different values in the workplace will bring employees closer to building common ground. It is easier to develop working relationships and a solid base for reaching mutual goals when people are tolerant of the beliefs of others. Manning and Curtis (2003:92) state that values bind people together and can be considered a social glue that creates community. Vogelsang (1998:1) points out that a global move toward decentralised structures promotes less control by a central office and relies more on a shared sense of belonging. These structures require a shared understanding of core purpose and core values in pursuit of a common vision.

When organisations unite around a shared set of values, they become more flexible, less hierarchical, less bureaucratic, and they develop an enhanced capacity for collective action (Barrett, 2005:1). Chenhall and Smit (2003:118) state that trust is apparent in organisations when employees and managers hold common values and principles. When employees not only share the same values, but also share the same goals, the performance of a company is significantly enhanced. Shared values build trust, and trust enhances performance (Barrett, 2005:1).

From the above it is evident that not all organisations have a shared system of values. Organisations may have values that have been chosen by management alone or that have not been adequately communicated throughout the organisation. The objective of this study is founded on the evaluation of the conformance of individual members of an organisation to corporate values. To evaluate members against the corporate values, the values must be understood, agreed upon and communicated (shared) and accepted. If a shared system of values does not exist, it will not be possible to successfully develop such a model. Merely identifying and stating (espousing) the values will not adequately support the model. It can be concluded that a shared value system is then a prerequisite for the development of the model.

2.1.3 Organisational or core values

2.1.3.1 Defining organisational (core) values

In the current business environment it is accepted that winning organisational strategies include the establishment and implementation of an organisational vision, mission and values (Thompson *et al.*, 2007:20). The views and conclusions of top management about the future focus and direction

of an organisation constitute a strategic vision. This vision outlines the hope and wishes of management for the organisation. It depicts where the organisation is headed and justifies its basic existence from a business point of view (Thompson *et al.*, 2007:22). It describes the “end-state” or “destination” of the organisation (Barrett, 2006:8). The corresponding mission statement typically provides a summary of the present business purpose of the organisation. In turn, the core organisational values are then the preferred behaviour intended to guide the pursuit of the vision and strategy. The core values are intended to steer the actions and decisions of every employee if neither the procedures nor immediate coaching are in place (Thompson *et al.*, 2007:20-27). Ultimately, the vision, mission and values are future-orientated guides acting as constant reminders to each individual employee of the outcomes the organisation wants to manifest. By keeping the vision, mission and values constantly in focus, the organisation creates a decision-making framework that is self-fulfilling (Jaakson *et al.*, 2004:9). It can then be summarised and simplified that the vision reveals “where” an organisation is headed, the mission statement describes the “means to the end” or what the organisation needs to focus on to get to the destination, and the values depict the appropriate behaviour, the “how” or manner in which the destination will be reached.

Modern approaches to defining an organisational vision do not completely separate the concepts of vision and values, but argue that values constitute an integral part of the vision. Cummings and Worley (2005:161-162; 484) argue that the fundamental basis of a vision is the organisation’s core ideology, which describes both the core values and purpose of the organisation. Although the vision ultimately describes a desired future, it must acknowledge historical roots – the inherently significant core values and principles that have guided and will guide the behaviour of the organisation’s members. Core values typically include three to five basic principles or beliefs that have stood the test of time and best represent what the organisation stands for.

Help 4 NonProfits (2002:1) describes organisational values as “moral boundaries - the lines the organisation will not cross”. They are the ethical standards by which organisations measure themselves, and by which they invite others to measure them. Vogelsang (1998:2) in turn describes core values as “principles, tenets, and standards that provide a basis for action and a foundation for decision making. Core values become mental habits that influence how people act toward each other, clients, the public and external stakeholders.” Core values rarely change; activities and services often change to be more in line with the core values.

Since the focus of this study is shared organisational values, the broader value system definition of Rokeach (2001:4) that was adopted in section 2.1.1 of this study will be expanded by combining it

with the core values definition of Vogelsang (1998:2). Core organisational values are then *an enduring system of beliefs, principles and standards concerning preferable modes of conduct or end-states of existence, along a continuum of relative importance, that provide a basis of action and a foundation for decision making within an organisation.*

2.1.3.2 The difference between core values and espoused values

Barrett (2006:1) believes that the private and societal context within which business operates are changing. The reputation of an organisation and what it stands for is becoming just as important as the line of business. Therefore, organisational values are more important today than at any other time in history. Abbott *et al.* (2005:533) observe that so much of our time is spent in a working environment that work values are particularly significant and salient to the lives of all employees.

The prevalence of recent corporate scandals is recognised globally and serves as a grim reminder that the existence of stated or published corporate values does not ensure their efficient implementation. Help 4 NonProfits.com (2002:1) reminds us that organisations are often confronted with the fact that they do NOT have a shared system of values when values-laden issues arise. When an organisation has codified its values, and has incorporated those values into every aspect of everything it does, it is evident in everything it does. It may seem illogical that corporate scandals exist and values-laden issues arise, even in organisations with the most sophisticated documented values system. The reason behind this paradox becomes apparent when considering the difference between values that are stated or documented in an organisation and the values that are actually lived within the organisation on a daily basis.

Values or standards that are explicitly stated to be the preferred organisational values are referred to as espoused values. These values are usually established by the founder of a new or small company or the top management in larger organisations (Kreitner & Kinicki, 2004:82). On the other hand, core values (Cummings & Worley, 2005: 161-162) or enacted values (, 82) are the values and norms that actually drive employee behaviour and decisions within organisations on a daily basis. Cummings and Worley also remind people that core values inform members about what is important in the organisation and what deserves their attention. These values are not determined or designed, but are discovered and described through a process of inquiry. An organisation's initial culture is an outgrowth of the founder's values and business philosophy. Kreitner and Kinicki (2004:94-97) note that embedding a culture involves a teaching process. Organisational members teach each other about preferred values, beliefs, expectations, and behaviours. Organisational values that have become taken for granted over time become assumptions that guide behaviour.

These basic underlying assumptions are unobservable, highly resistant to change and represent the core of the organisational culture (Kreitner & Kinicki, 2004:82).

When there is a lack of alignment between the core values that are acted on by employees and the espoused values of the organisation, value conflict will arise. It should be the aim of any organisation to reduce gaps between espoused and core (enacted) values because it can significantly influence employee attitudes and organisational performance (Kreitner & Kinicki, 2004:82). Managers must determine whether or not the organisation's values are consistent and supportive of its corporate goals. Organisations are less likely to accomplish these goals when employees perceive an inconsistency between espoused values and the behaviours needed to accomplish the goals .

2.1.3.3 Value conflicts

Accompanying the predicament of the difference between espoused and core values are an equally common and persistent problem in the form of individual and organisation value conflict. This occurs when values espoused and/or enacted by the organisation collide with employees' personal values. Manning and Curtis (2003:92) warn that a lack of agreement on core values, i.e., which all members live by, will reduce the character and strength of the organisation. Barrett (2006:2-4) concludes that many organisations make the mistake of developing a set of values that are chosen solely by the leadership on the belief that their own values are appropriate for the organisation and will also resonate with employees. When values are not lived and not communicated it is unlikely that alignment between employees' personal values and organisational values will be reached.

Barrett (2006:2-4) is of the opinion that creating a corporate culture that aligns with the values of all stakeholders, employees, customers, shareholders and society is *the* critical issue for business in the 21st century. These stakeholders include existing employees, potential employees, society, and company shareholders. He further states that all organisations are values-driven, whether they recognise it or not. Cummings and Worley (2005:57-58) agree that in addition to internal value issues, organisations also run the risk of value conflicts with powerful external stakeholders. Organisations are open systems and the proliferation of external stakeholders with interests in the organisation often results in many stakeholders that have different and competing values for judging the organisation's effectiveness. Because organisations must rely on these external groups for resources and legitimacy, they must attempt to reconcile the different interests.

The particular and significant challenge is then for organisations to reduce the gaps between espoused and core values to the extent that the values are aligned with that of employees, whilst simultaneously considering the values of all other stakeholders (Barrett, 2006:2-4).

2.1.3.4 Value dilemmas

The Ethics Resource Centre (2007:1) claims that ethical dilemmas originate with situations that require ethical judgment calls. Often, there is more than one right answer and no win-win solution for all involved. Walker (2001:2) concurs that these dilemmas involve a conflict between core ethical values – where both views may be right (between “right and right”) or both views may be wrong (between “wrong and wrong”). According to Wikipedia (2006a:1) an ethical dilemma is a situation that will often involve an apparent conflict between core values, in which to obey one would result in transgressing another.

Organisational leaders are consistently confronted with these workplace or value dilemmas and are expected to solve them through rational decision-making. Leaders and team members become discouraged when such decisions lead to equally undesirable problems. This phenomenon arises from approaching ethical dilemmas with “either/or” problem solving, which implies that the dilemma is an organisational ethical problem that has a solution.

In order to better understand these ethical dilemmas, it is necessary to distinguish between the concepts of problems and dilemmas. According to Johnson (1996:82), problems to solve can be A) “Either/or” Decisions B) Mystery Problems C) Continuum Problems. Harris (1998:1) provides one definition of a problem: *“A problem is the difference between your current state and your goal state”*. Here, the current state is unacceptable and there is an alternative better state or goal (‘either’ current state, ‘or’ goal state), suggesting that one is ‘right’ and the other ‘wrong’. If a solution can be found for a specific problem, it would be solved. Traditional problem solving techniques can be used to find solutions to these problems.

Johnson (1996:82) advocates that some value dilemmas are not problems to solve, but polarities to manage. He defines polarities as sets of opposites, which can’t function well independently. An example of such a dilemma is the polarity of people (employee care) and productivity. The two poles of this polarity represent a paradoxical relationship. Although they are opposites, they are also interdependent. One cannot exist in an organisation without the other. Benefits of one pole can only be gained and maintained when also pursuing benefits of the other pole. With the example of the two poles of people and productivity, the benefits of both these poles must then be

pursued. When traditional problem solving techniques such as “either/or” thinking is applied to polarities, one pole is overemphasised as a solution, while the opposing pole is neglected as it is viewed as the problem. Polarities cannot be solved, irrespective of the resources available (e.g. time or money). If polarities were problems to solve, there would be one “right” answer. Finding this answer would mean that the problem is null and void, and has in effect been destroyed. With a polarity there is not one “right” answer, since we are dealing with two poles. As one pole is not ‘right’ and the other ‘wrong’, the polarity cannot be destroyed by finding that “right” answer and is thus indestructible. As the opposite poles don’t function well independently, neglect of one pole results in another set of problems. The benefits of both poles will not be experienced and a power struggle may evolve. A paradigm shift should be made from “either/or” thinking to “both/and” thinking in which both opposing poles require consideration. One may attempt to ignore a polarity for a period of time, but persons or groups facing the polarity will inevitably experience the consequences of the effective (upsides) or ineffective (downsides) management of the polarity. Polarities are therefore unavoidable.

Polarity management is an excellent managerial technique that can be used for unsolvable ethical problems or ethical dilemmas, which have now been defined as ethical polarities. Traditional problem solving methods are still used to solve problems. Polarity management cannot be used to solve all kinds of problems. Traditional problem solving must still be used to find solutions to these problems. Polarity management can therefore not replace problem solving, but is an important addition when dealing with unsolvable problems or ethical polarities.

2.1.3.5 Classification of values

In the previous section it was illustrated that organisations often face “value dilemmas” when trying to optimise both human benefits and organisational benefits. Cummings and Worley (2005:57-58) state that Organisational Development professionals typically promote a set of values under a humanistic framework. Since there are many different types of values, the classification of values depends on the matter under discussion. The classification that follows is aimed to underpin the purpose of this study.

Rokeach (2001:551) claims that one can classify values into two distinct groups: terminal values and instrumental values. Terminal values refer to the end-states of existence or life goals. Examples of terminal values are beliefs in salvation, a world at peace, equality, and inner harmony as desirable end-states of existence. Instrumental values, on the other hand, refer to modes of behaviour by which the desired ends are achieved. Examples of instrumental values include

ambition, honesty, independence, love, and obedience. Rokeach (2001:551) further contends that a value system signifies nothing more than a hierarchical arrangement of values, a rank-ordering of values along a continuum of importance. Given the distinction between terminal and instrumental values, then all people can be said to have two kinds of value systems – an instrumental value system and a terminal value system. When organisations define their core values, they describe the desired behaviour of all members of the organisation. It then follows that the shared, core values of the organisation cannot be terminal values describing end-states of existence, but must be instrumental or “do” values describing desired behaviour.

Schwartz and Bardi (2001:272) found that some ‘pan-cultural’ motivational values, including: benevolence, self-direction, and universalism were consistently rated across cultures as being more powerful than other types of values. Universalism can be explained as the understanding, appreciation, tolerance and protection for the welfare of all people. Walker (2001:1) agrees that these kinds of values are generally accepted as fundamental, regardless of time, culture or religion. Schwartz and Bardi (2001:272), consistent with Maslow’s hierarchy of needs (Wikipedia, 2006b:1), argue that benevolence, self-direction, and universal types of values are those that meet fundamental human needs. This view is confirmed by Abbott *et al.* (2005:534) who contends that affective and normative organisational commitment is higher when employees perceived the organisation to have values of humanity (e.g. courtesy and cooperation, honesty and openness). In contrast, organisations that emphasised bottom-line values, e.g. profit and growth are less successful in generating positive workplace behaviours.

Since organisations strive to promote shared values, it then follows that those organisations with core values that fall within the group of fundamental, humane or ‘pan-cultural’ motivational values will find it much easier to attain the often elusive alignment between organisational values and that of all stakeholders.

One can now conclude that in the development of a system that measures employee behaviour against organisational values it is not only important that the values are shared, but also that the gap between espoused and core values be reduced to a minimum. Furthermore, alignment must be sought between the personal values of employees and the core values of the organisation. The values of external stakeholders must also be kept in mind. Lastly, it should be remembered that the core values of organisations must be instrumental values and preferably include fundamental or humane values. These factors will be considered in the design of the values performance measurement system.

2.1.4 Management by values

Core organisational values can be used extensively to enhance existing management techniques. This concept is generally known as managing by values. Barrett (2005:1) claims that the most successful organisations are without a doubt, values-driven companies. Price (2002:1-2) agrees that the core values that drive business decisions are fundamental to the credibility of an organisation with its employees, customers, shareholders and other stakeholders. In reality, all organisations are guided by core values, even if not formally documented or espoused. Price also declares that core values produce outcomes in the form of codes, policies, procedures, and standard practices. A managerial decision to identify and document core values articulates a commitment to certain preferred behaviours, which in turn sensitizes employees to expected behaviours. Manning and Curtis (2003:92) argue that values must enter into the daily practices of an organisation in order to have any meaning. A code of values must be clear, concise and reflect enduring commitments. Values can be elaborately espoused, but may lack clarity and reinforcement. Jaakson *et al.* (2004:2), state that management by values in essence means defining the values, communicating them to all stakeholders, and incorporating them into all organisational activities. It is within this concept of incorporation that the real challenge of managing by values is entrenched.

Barrett (2005:1) reasons that decisions based on values is a conscious effort to create a desired future. Repeated behaviours, actions and decisions based on core values result in the culmination of the organisational culture. This process is also called “incidental learning”. Situations involving value dilemmas are referred to as “critical events”, which test the espoused values against the actual behaviour of the person(s) involved. When faced with critical events in the workplace, people will resort to everyday practices and behaviours rather than official documents (Jaakson *et al.*, 2004:2). Where there is significant focus on values in the workplace, employees, leaders and managers will be guided by a strong moral compass to determine acceptable and unacceptable decisions and actions when faced with critical events (Price, 2002:2). When there is agreement between the espoused values of an organisation and the actions and behaviours of individuals or groups within the organisation, the organisation exhibits authenticity and integrity, which is a solid foundation for trust (Barrett, 2006:4). Organisational values will lose impact and significance should the degree to which the values are acted upon, vary for different situations or persons involved. The weakest point in management by values is the vulnerability of the concept due to toleration of deviations (Jaakson *et al.*, 2004:2).

From the above one may then conclude that managing by values entails management commitment to organisational values by ensuring that these preferred behaviours are entrenched in all codes, policies, procedures, and standard practices. Values must be reinforced into all the daily practices of an organisation. This requires inclusion of values in the performance measurement system of an organisation, which will enable measurement of the deviation or conformance of individual members to the values.

Although all organisational members are (or should be) responsible for their own actions and decisions, the role of leaders and managers are crucial. The actions and behaviours of leaders are scrutinised as examples that steer the behaviour of other employees. Jaakson *et al.* (2004:2) claim that values-based solutions to critical events are more often associated with managers, as they may be personally committed to the espoused values. Employees define the characters of managers and leaders based on behaviour. Manning and Curtis (2003:93) assert that people define character based on what a leader says, does and most importantly what he/she sacrifices for. They further state that “*character in its highest form is based on a value system that is known, cherished, stated, lived and lived habitually*”. When leaders care so much that they are willing to sacrifice personally, it may be considered the highest form of living by his/her values.

Barrett (2006:5) contends that it is not enough just to incorporate values into daily activities. Holistic values management should include measuring, monitoring and responding to internal indicators of performance such as values and behaviours. Jaakson *et al.* (2004:2) agree that consistent enforcement of values is necessary. Values based management should not be applied occasionally, but must be enforced systematically, even in relatively averse situations. Organisational values should be integrated into every employee-related process, system and practice.

The design of the values performance measurement system cannot be treated as an isolated process, but will rather be done throughout this study with the background of this holistic concept of management by values.

2.1.5 Identification and clarification of values

Although there are numerous programmes and theories available in literature to identify and implement organisational values, some central themes prevail. Values identification and implementation can be treated as a sole concept or as part of a larger transformational process within the organisation, such as strategic management. The steps described in this section of the study are basic guidelines that can be expanded depending on the purpose of the process. The steps are not all described in great detail and serve only as contextual guidelines for the process needed before values can be measured as part of an overall performance management system. It is not advisable to exclude any of these basic steps. The steps to identify and clarify core organisational values that are described below are a compilation from various literature sources (Manning & Curtis, 2003:96; Barrett, 2006:6-23; Price, 2002:4; Cummings & Worley, 2005:195).

Step 1: Vision and mission

A vision and mission should be developed for the organisation, or the existing ones should be revisited. The purpose of revisiting the vision and mission is to make sure that it is still relevant and inspiring. The mission, vision and values should be aligned.

Step 2: Values identification

Price (2002:4) advises that when identifying the core values of an organisation, it is important to involve as many stakeholders as possible. The necessity for shared values was emphasised in section 2.1.2 of this study. Adequate representation of all stakeholders will support the concept of shared organisational values. Involving many stakeholders may be difficult for larger organisations. Vogelsang (1998:3) suggests that a steering group can also be used to coordinate this process. A steering group could be 8 – 20 people who represent the various staff levels, organisational departments, unions, representative board members and the management team. When identifying core organisational values it may be helpful to begin with the values that individuals bring to the organisation. Barrett (2006:6) agrees that the identification of the core values can be accompanied by a “baseline assessment” that constitutes a company wide measuring and mapping of the personal values of employees, their perception of current organisational values, their desired values and the degree of alignment between the personal and organisational values.

Actual identification of core values is usually performed through a series of questions in the form of a survey or through the process of appreciative enquiry. Vogelsang (1998:4) suggests the use of questions like; “What are the values that motivate me as an individual to work for this agency? If we could start a new agency, what core values would we like that agency to espouse and act on

regardless of its purpose? What are the core values we believe this agency should espouse and act on?" Through this process a list of values is formulated. Through a further brainstorming session, the list is shortened to no more than four or five values by using questions such as, "Which of these values are clearly connected and belong together? What is the behaviour of people with these values? What are the key values we would be most reluctant to compromise? What are our most important core values? Which of these values are in tension with each other?" If there is a clear tension, even verging on contradiction, the two are most likely separate core values. It should at all times be kept in mind that the core values must be instrumental values and preferably include humane values as explained in section 2.1.3.5 of this study. Resources that may be used in this process include questions, flip charts, note cards and role play. The process may be concluded with a discussion on how to strengthen connections and commonalities between values and how to minimise possible value conflicts.

Step 3: Leadership commitment

The leadership or management team of the organisation must embrace the core values and act upon them. Manning and Curtis (2003:96) state that the value system of a leader will be known as it is lived out in the policies and decisions of the leader, what he/she chooses to spend time on and what he/she is willing to sacrifice for. They have identified six values of caring leaders in every field and every level of responsibility:

- *Honesty* – knowing oneself and being honest with others at all times
- *Consideration* – treating others as you would like to be treated
- *Responsibility* – choosing to make a difference in your own life and that of others
- *Persistence* – being determined, never giving up
- *Excellence* – putting the best of yourself into everything you do
- *Commitment* – devoting yourself to that which you care about most.

Step 4: Defining of key performance areas and values clarification

Once the core values have been identified, it will be necessary to describe the values in behavioural terms to ensure that people understand the values with concrete examples of the behaviours that support each value (Barrett, 2006:9). Complete clarity and understanding is very important since the values and behaviours need to be integrated into employee performance measurement. A prerequisite to describe the values in behavioural terms is that the key performance areas of each individual must be identified. The values will then be defined and clarified for each individual as actions in relation to the key performance areas (KPA). This identification is also necessary for the performance measurement of individuals in relation to KPA requirements.

Key performance areas are identified by using a “top-down” process. The organisational vision and mission are identified as stated in step 1 of this section. Strategic objectives and goals that align with the mission and vision are then identified for the whole organisation. Working “downward”, goals and objectives are now defined for each department that aligns with that of the organisation. Similarly, goals and objectives are defined for each section/team that aligns with that of the department. Lastly, the strategic goals and objectives for individual members are defined in such a manner, that it aligns with that of the section/team. The end result of this process is the alignment of the key performance areas of every individual with the vision and mission of the organisation.

The core organisational values are identified as stated in step 2 of this section. Once the objectives and goals have been identified as outlined above, the desired behaviour of the organisation, department, section/team and individual can be described in respective codes of conduct. In contrast to the process for the identification of the key performance areas, values clarification is a “bottom-up” process. The behaviour associated with each value is firstly described by every individual employee in respect of his/her own understanding of the value and the key performance areas of that individual. When this is completed for all individuals in a team, the supervisor/manager of the team facilitates a session in which the desired behaviour of the team is compiled from the preferred behaviours of the individual members. Similarly, the preferred behaviour for a department is compiled from the preferred behaviours of the teams in that department. Lastly, the preferred behaviours are combined for the organisation as a whole. These preferred behaviours are then documented in codes of conduct. It is very important that the values clarification process commences on an individual level to ensure “ownership” of the values by all employees. When the “bottom-up” process is followed, the organisation will ensure that it not only has a shared set of values, but also has code of conducts that contain behaviours that are generally accepted by all as preferred behaviours in the organisation.

Actual identification of preferred behaviour can be achieved by the individual or team completing the specific question for each value: “We/I conform to this value when we/I do _____.” The use of the word “do” is important since it signifies action. An example of the preferred behaviour associated with the value “relationships” is; I value relationships when I consider the needs of my colleagues in all I do. This description will differ between individuals and between teams, depending on their strategic objectives and their personal value convictions. The code of conduct for the organisation, department, section/team and each individual will thus outline the manner in which (desired behaviour) the strategic objectives and goals will be reached for each respectively. It is very important that the codes remain as simple as possible and do not become lofty documents with lengthy descriptions of behaviour. The codes should merely describe the

values themselves in behavioural terms. The core values remain the same throughout the process and are always the driving forces of behaviour, but the desired behaviours differ in relation to the specific strategic objectives and goals. Successful completion of these processes described above will ensure that all members of the organisation are not only working toward the same destination (“where”), but are bound by similar behaviour (“how”) through a shared value system. The process for the establishment of the key performance areas for individual positions in the organisation as well as the values clarification process is outlined in **figure 2.1**.

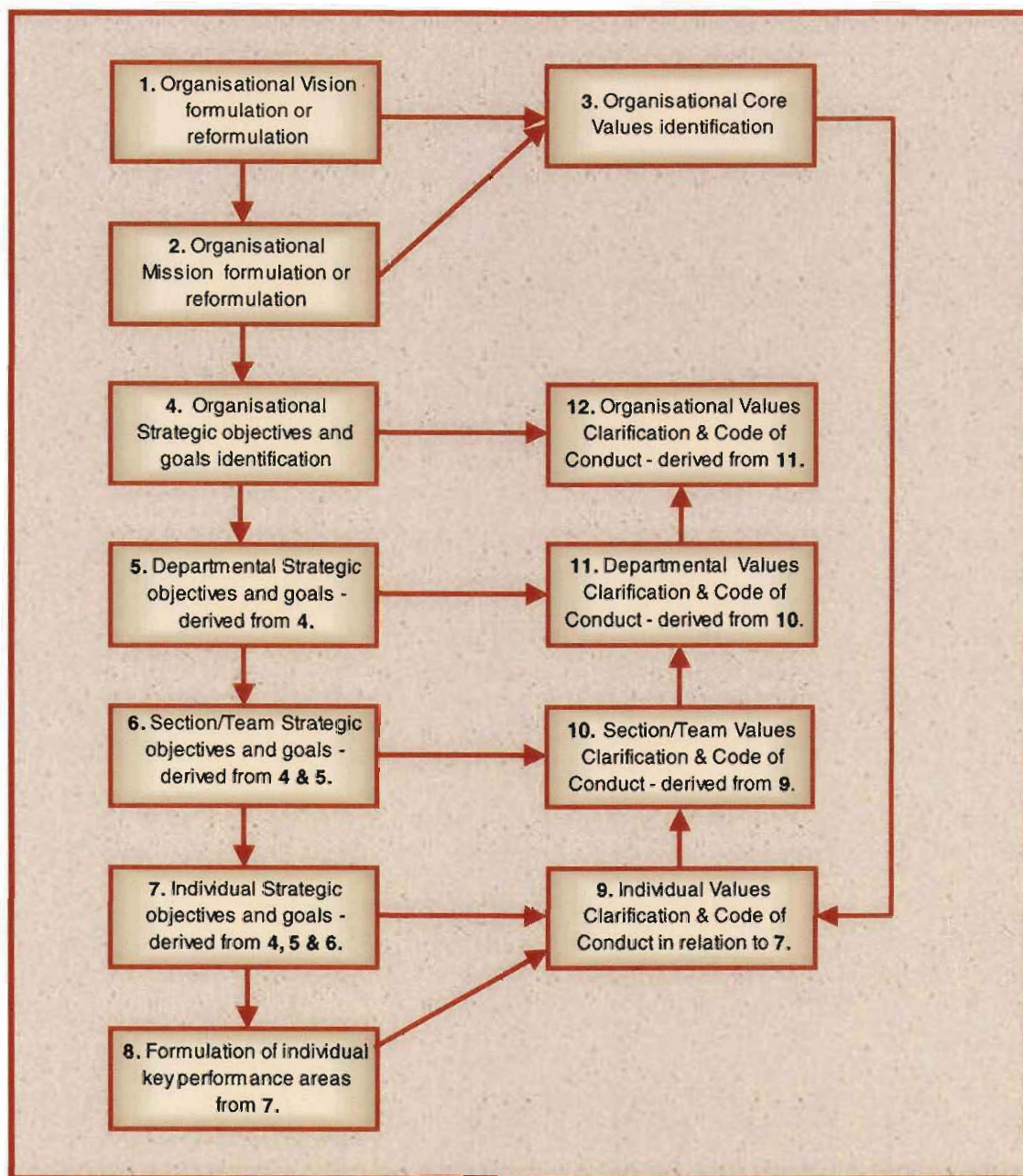


Figure 2.1: An illustration of the identification of individual key performance areas and the values clarification process

Step 5: Structural alignment programme

Vogelsang (1998:4) is of the opinion that once the core values are identified, accepted and described in behavioural terms, they can then become the basis for developing structures that enable the organisation to more successfully achieve the organisational mission and act on the core values. The purpose of this step is to reconstitute all policies, systems and procedures of the organisation so that they align with the vision, mission, values and behaviours of the organisation. This should include the documentation of an official code of conduct that outlines preferred behaviours in certain situations. This reconstitution implies a long-term impact on the organisation, because of the manifesting behaviours that accompanies such a change. It assists in the inculcation or institutionalisation of the mission, values and behaviours among all employees. Cummings and Worley (2005:195) are of the opinion that institutionalisation reflects the degrees of persistence of any intervention. Barrett (2006:23) advises that the reconstitution of processes should at least include the following:

- Employee recruitment, selection and orientation
- Employee/executive performance evaluation
- Leadership development programmes
- Management training programmes
- Values awareness programmes
- The values clarification process as described in step 4.

Apart from the informational content of a values awareness programme, such a programme should also give the participants the opportunity to explore their own values and understand the concept of values-based decision-making.

Step 6: Regular and systematic performance measurement

Measurement of individual members' conformance to these values should become part of the normal performance measurement of employees to ensure entrenchment of the values. Feedback from these assessments provides a measure of the compliance of individual members to espoused values and associated behaviours. The results can also measure the progress made by individuals and teams in terms of adherence to espoused corporate values. The development of such a system is the basis of this study.

Although this study centres primarily round the steps of values identification (2), defining of key performance indicators and values clarification (4) and performance measurement (6), the other steps will also be addressed in chapter 3 and chapter 4, although not in such great detail.

2.2 ETHICS

2.2.1 Defining the concept of ethics

From the earliest civilisations, man has sought to govern individual and group behaviour through behavioural standards, codes, principles and rules. Examples of such codes include the “Analects of Confucius” (500 B.C.), the “Ten Commandments” of the Bible, and the *Koran* (Sullivan & Shkolnikov, 2006:7). The basic objectives of these codes were founded in the ultimate survival of the civilisation or group. It served both to strengthen security and protection, while enhancing mutual existence and peace within the group (Maheshwari & Ganesh, 2006:76). These standards gave rise to the concept of ‘ethics.’

Literature provides two broad meanings for the concept of ethics. Firstly ethics is defined as the quality which constitutes good and bad human conduct. It is associated with principles that concerns right and wrong and the significance of the impact of these choices on others (Huberts, Van den Heuvel & Punch, 2000:4; Maheshwari & Ganesh, 2006:76; Sullivan and Shkolnikov, 2006:6). Secondly, ethics is seen to be underpinned by a set of social values by means of which the actions of individuals can be tested. In a social group, such as an organisation, the ethical standards are often defined using social values as base. Ethical values are those values which are in agreement with these social values.

The core values of a group or organisation should lead to specific habitual behaviours and become the standards for future behaviour (Maheshwari & Ganesh, 2006:76). Ethics is the collection of values and principles that govern the conduct in an individual or group. These principles form the basis of integrity and provide guidelines for conflict resolution and optimising mutual benefits of people existing in groups (Sullivan & Shkolnikov, 2006:6). Ethics as a set of principles are often defined in a code such as societal laws or a code of conduct in organisations. These codes provide a framework for individual actions (Huberts *et al.*, 2000:4).

Wikipedia (2006a:1) provides a definition for ethics that encompasses all these ideas: Ethics (from the Ancient Greek *ēthikos*, and the adjective of *ēthos* meaning custom or habit), “*is the study of values and customs of a person or group and covers the analysis and employment of concepts such as right and wrong, good and evil, and responsibility.*”

2.2.2 The relationship between values and ethics

Although the two terms are often used in conjunction, one should be careful to distinguish between values and ethics. Walker (2001:7) contends that ethics is concerned with how a person should behave, while values concern the beliefs which determine how a person actually behaves. What is considered to be ethical is determined by the specific group or society. People can hold both ethical and non-ethical values, where ethical values relate directly to what is right or good. Confusion arises over ethics because debates circle on what people actually do in contrast to the more important consideration of what people should do. As stated in the previous section, Sullivan and Shkolnikov (2006:6) contend that ethics is the collection of values and principles that govern the conduct of an individual or group. This point of view is supported by the Parr Center for Ethics (2007:1) who states that one's ethics is the systematisation and application of one's values. Usually people's ethics will differ when their values differ, but people with similar values may order or structure them differently in order of importance. People with similar values may then have different ethics (conduct). For instance, two people may both value courtesy, but while one may view getting straight to the point in a conversation as courteous behaviour, this conduct may be viewed as rude by another person with a background and culture that considers unhurried conversation courteous.

Angelo (2007:1) agrees that values and ethics are different concepts. Human behaviour expresses both values and ethics. The fundamental values of individuals may compete with each other, giving rise to ethical dilemmas. People justify their ethical decisions, or the means that they have selected to accomplish an end. Behaviour may be either ethical or unethical and it is important to understand that people never have the option of setting ethics to one side. Ethics must be the result of reflection in the form of critical evaluation - i.e., acceptance only *after* reflection - of one's values.

From the above theories regarding the relationship between values and ethics, one may then conclude that people choose their actions based on a set of values or a value system. These actions are then judged to be ethical or unethical through critical evaluation against ethical standards or criteria (values or principles) that are determined by a societal group such as an organisation. In the context of the system that will be designed in this study, one can then state that the behaviour of individual employees will be critically judged against ethical standards (such as a code of conduct) after reflection of organisational values.

2.2.3 Organisational ethics

Wikipedia (2006a:1) argues that the increasingly conscience-focused marketplace of the 21st century demands more ethical business processes and actions. Maheshwari and Ganesh (2006:76) concur that organisations are monitored by a set of ethical standards as determined by professional and legal bodies, governments and other public interest groups. Wikipedia (2006a:1) argues that the range and quantity of business ethics issues reflect the degree to which business is perceived to be at odds with non-economic social values. At present most major corporate documentation emphasise commitment to promoting non-economic social values under a variety of headings (e.g. ethics codes, social responsibility charters).

Richtermeyer, Greller and Valentine (2006:23) explain that the concern for ethical decision-making and ethics programmes increased significantly following fraudulent scandals, the abuse of managerial power by some prominent organisations and the strong social condemnation of their business practices. Maheshwari and Ganesh (2006:75) agree that, due to conflicting interests of different organisational stakeholders, managers and employees face the dilemma of identifying ethically appropriate decisions and behaviour. It has become imperative to have an ethical orientation among the people who manage, and work in an organisation. Berenbeim (2006:504) is of the opinion that ethics programmes may be considered as more than an exercise in minimising the risk of potentially harmful employee conduct, but is rather a modern hallmark of business excellence. The Ethics Resource Centre (2007:1) explains that ethical congruence is a situation where an individual's decision is consistent with and aligns with the organisational set of values. It is the organisational state where values, behaviours and perceptions are aligned.

2.2.3.1 Ethics and corporate governance

According to Rossouw (2005:32), corporate governance gained unprecedented prominence not only due to the failures, but also the successes of modern organisations. The very circumstances that made corporate governance imperative were thus created by modern organisations themselves.

Moreover, according to Rossouw (2005:32-33), corporate governance is geared toward ensuring that companies take responsibility for directing and controlling their affairs in a manner that is fair to their stakeholders. It has a distinct ethical character, since corporate governance requires companies to take responsibility for their impact on societies and on their stakeholders. The typical

arrangements and processes that constitute a corporate governance system are all merely means to ensure that the corporation will act in a manner that is fair, accountable, responsible, and transparent. Sullivan and Shkolnikov (2006:2) explicate that since these values are also key concerns for business ethics, the two can be seen as being directly related. However, the corporate governance aspect deals with setting up the structures through which these values are attained, while ethics is considered a behavioural guide. Berenbeim (2006:504) argues that the implementation of corporate governance programmes that are consistent with the core values of an organisation will enhance the social capital of the company by increasing the goodwill received from stakeholders. Because of the above-mentioned considerations, most corporate governance documents, such as the King Report (2002:36), propose the implementation of a code of ethics (code of conduct).

2.2.3.2 Code of conduct/Code of ethics

The Ethics Resource Centre (2007:1) defines a code of ethics as a central guide and reference for users in support of day-to-day decision making. It is meant to clarify an organisation's mission, vision and values, linking them with standards of professional conduct. A code of conduct refers to a listing of required behaviours, the violation of which could result in disciplinary action. In practice, the terms 'code of ethics' and 'code of conduct' may be used interchangeably. A values-centred code of ethics is then a guide for decisions and behaviour that is founded on the core values of an organisation. Sullivan and Shkolnikov (2006:1) is of the opinion that with such a guide, employees, managers, board members and other stakeholders are encouraged to deliberate, make decisions and behave through the prism of a shared set of values.

Corporate governance principles for South African organisations are outlined in the King Report II (2002:36). This report incorporates a section dealing with organisational integrity and the Code of Ethics. Section 5.2.1 specifically requires that *"Every company should engage its stakeholders in determining the company's standards of ethical behaviour. It should demonstrate its commitment to organisational integrity by codifying its standards in a code of ethics"*. It is important to note that in order to be effective a code of ethics should be a living document. Sullivan and Shkolnikov (2006:11) agree that a code of ethics should be created in such a way that ethical behaviour is encouraged. Employees at any level should strive to uphold the standards put forth by the code of ethics and top management should exemplify those standards in all actions.

2.2.3.3 Accountability

Beu and Buckley (2001:59) contend that accountability refers to defending or justifying one's conduct to an audience that has rewarded or sanctioned authority and where rewards and sanctions are perceived to be dependent upon audience evaluation of the conduct. They advise that employees should be held accountable for their actions. In an accountability situation, an employee is in a social context and his/her behaviour is observed and evaluated by an audience and compared to some standard of expectation.

Richtermeyer *et al.* (2006:25-26) explains that it is important for business professionals to periodically assess perceptions of organisational ethical values because such beliefs can potentially influence employees' attitudes and ethical decision making. Such assessment with a valid and reliable scale can serve as a managerial tool to provide information regarding the effectiveness of ethics programmes. Individual and consolidated organisational scores could be discussed in ethics training, and consensus could be achieved regarding how to increase these scores in the future.

One may now conclude that before individual behaviour can be measured against organisational values, certain prerequisites should first be met. As described in section 2.1.5 of this study, certain steps are required to identify and clarify core organisational values. The core values should be identified correctly, should be aligned with the vision and mission of the organisation, should be as closely aligned to individual employee values as possible and should be codified clearly in a code of conduct describing desired behaviour for each value. This will set the stage for the alignment of core values, behaviours and perceptions. Employees can then be held accountable by measuring their actions against the code of conduct and ultimately the organisational values.

2.2.3.4 Values and ethics as part of a motivating climate

An open system model, according to Cummings and Worley (2005:86), consists of:

- **Inputs:** Inputs consist of human or other resources coming into the system as a result of the organisation's strategic plan, which aligns with the organisation's mission and vision.
- **Target elements of change:** These elements represent components of the organisation at which a change effort may be directed:
 - organising arrangements (policies, procedures and structures)
 - social factors (group processes)

- people (knowledge, potential and attitude)
- goals;
- methods (job design).
- **Outputs:** Outputs represent desired end-results of change.

Cummings and Worley (2005:86) confirm that transformations convert inputs into outputs. Coetsee (2002:25) introduces the open system model of a motivating climate. He defines this climate as “an inspirational environment in which people align themselves with and make a commitment to achieve the vision of the company.” **Figure 2.2** illustrates the inputs (prerequisites) of this model as manager-leadership, a shared value system and work ethics. The outputs (results) are aligned commitment, efficiency and effectiveness, and job satisfaction.

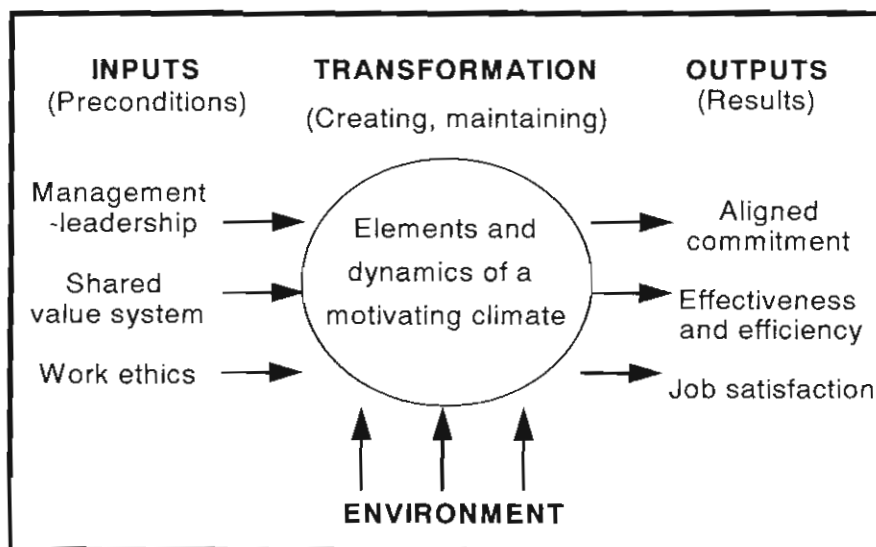


Figure 2.2: Open systems model of a motivating climate: Coetsee (2002:25)

Coetsee (2002:54) advocates a combination of management and leadership and states that the creation of a motivating climate is impossible without effective manager-leadership. Management-leadership strongly focuses on both concern for people and concern for production. Management-leadership is focused on enhancement of all three outputs of a motivating climate and is associated with high levels of job satisfaction and aligned commitment. The relationships between the elements of a motivating climate are primarily explained in terms of the expectancy-valence theory of motivation (Porter, Lawler III & Hackman, 1975). Effort leads to performance, which in turn leads to results/outcomes. When the outcomes (recognition and rewards) are perceived as equitable and significant, it in turn leads to an increase in the outputs of a motivating climate (aligned commitment, job satisfaction and effectiveness/efficiency). When these outputs are present, they

lead to increased effort and then again increased performance. Without the outputs, high personnel turnover and absenteeism will be experienced.

Coetsee (2002:27) contends that the meaning of the concept commitment is not only supporting something in which one believes or even acting on it, but being “part of it.” This implies passion, ownership and long-term enthusiasm. Aligned commitment means that all organisational members are committed passionately to the same goal. Commitment differs from involvement. Employees can be involved in something, but not committed to it. Aligned commitment can be explained in the form of an equation. Coetsee (2002:30) states that the five sub-elements of the equation are all either inputs to the motivating climate model or elements of the transformational process:

$$\text{Aligned Commitment} = \text{Knowledge} \times \text{Information} \times \text{Empowerment} \times \text{Rewards \& Recognition} \times \text{Shared Goals \& Values}$$

The multiplying equation illustrates that if one of the elements for aligned commitment, such as shared values, is absent, aligned commitment will not be achieved even if all the other elements are present. At the core of a motivating climate is the development and empowerment of a committed and aligned workforce that can become change adept to motivate, facilitate and lead change in the fulfilment of a collective vision.

The creation of a motivating climate will increase aligned commitment, efficiency and effectiveness, and job satisfaction. These outputs should naturally increase productivity and profitability of the company. Since a shared value system and work ethics are both inputs into a motivating climate, such a climate may be enhanced if these inputs could be increased. One of the first steps needed to increase something is to measure it. Since it is the ultimate aim of any performance measurement system to improve performance, adherence of individuals to corporate values may be improved if it is included in a performance management system. This, in turn, should facilitate the creation of a motivating climate.

2.2.4 Ethics and values in the South African context

South Africa is undergoing transformation into a non-racial, non-sexist, democratic state in which human dignity, equality and the advancement of human rights are respected. Ethical dilemmas and problems are an inherent part of such a transformation process. The Institute for Security Studies

(2004:1-2) asserts that the detrimental effect corruption has on human development and the poor in particular is largely uncontested.

Cummings and Worley (2005:416) remind us that the cultural diversity of Southern Africa will further exasperate organisational implications of values. Different cultures represent a variety of values, work ethics and norms of correct behaviour. The prevalence of corruption and the abuse of entrusted power for private benefit continue to be hotly debated and are contentious issues in South Africa. Newspaper headlines and cartoons such as those depicted below in **figure 2.3** and **figure 2.4** are at the order of the day.



Figure 2.3: Corruption illustration 1. Source: Sunday Times 18 January 2002. [Web] www.geocities.com/.../mokoena_cartoon.jpg [Date of access: 02 June 2007]. p1



Figure 2.4: Corruption illustration 2. Source: Sowetan newspaper. Nov 2002. [Web] privacy.4mg.com/img/ZapiroTelkom.gif [Date of access: 02 June 2007]. p1

NCBI (2007:1) claims that ethical dilemmas arise in South Africa because ethical certainties of the past no longer exist. Formerly, confidence was held in ethical consensus that was shared by families, religious organisations, educational institutions and professional associations. In traditional societies, there is considerable agreement on values. In pluralistic societies, such as modern South Africa, many competing ethical standards exist and individuals are subject to a clash of values. Landman (2006:8) reports that the creation of organisations such as EthicSA can be viewed as an institutional response to the current value and morality crisis in South African society, which threatens the very foundations upon which civil and political society are based. An ethics survey by KPMG (2001:4) measured the success of South African organisations in establishing basic ethics management practices. Some findings of importance to this study are highlighted:

- Basic ethics infrastructure (codes of conduct) seems to be in place.
- More broad-ranging ethics management strategies and procedures are lacking.
- In most cases, ethics criteria do not form part of performance criteria.

These findings indicate that although most organisations have identified core values and documented a code of ethics, a lot of work remains to be done with the integrating of ethics and values management practices into all organisational processes. This study attempts to address the integration of ethics and values criteria into the performance measurement system of an organisation.

2.3. EMPLOYEE PERFORMANCE MEASUREMENT

2.3.1 Why measure employee performance?

All organisations exist to fulfil a certain goal, whether to provide a service/product for financial gain or ensuring the sustainability of an organisation (e.g. non-profit organisation). For effective management, measurements should be made to evaluate the successful realisation of these goals. According to Brown and Stilwell (2005:22) employee performance management is monitoring, analysing, using and communicating information on the performance of individuals. It is the systematic process of monitoring the results of activities as well as collecting and analysing performance information to track individual progress toward goals. Kotelnikov (2004:1) is of the opinion that the basic purpose of any measurement system is to provide feedback, relative to organisational goals, that increases the chances of effectively achieving the goals. The ultimate aim of implementing an employee performance measurement system is to improve the performance of every employee and therefore the whole organisation.

In section 2.2.3.4 the relationships between elements of a motivating climate are primarily explained in terms of the expectancy-valence theory of motivation (Porter *et al.*, 1975). Cummings and Worley (2005:381-382) explain that according to the valence expectancy model employees will expend effort to achieve performance goals if they believe that it will lead to outcomes that they value. This effort will result in the desired performance goals if the goals are realistic, if employees fully understand what is expected of them and if they have the necessary skills and resources to perform. Ongoing motivation depends on the extent to which attaining the desired performance goals actually results in valued outcomes. Kreitner and Kinicki (2004:210-211) agree that the idea underlying values attainment is that satisfaction results from the perception that a job allows for fulfilment of an individual's important work values.

Mitchell and Company (1996:1) believe that measuring something is the best way to make it improve. Psychologically, most people believe they're performing in the upper 25% of performers until measurement proves them wrong. Measurements provide credible reasons to make necessary changes. According to Kotelnikov (2004:1) successful measurement of performance provides feedback to employees informing them whether they are - or aren't - doing the right things, and doing them well. In Coetsee's model of a motivating climate, measurement, evaluation and management of performance are integral elements of the model. It forms part of a holistic

approach to management. Coetsee (2002:138-140) describes performance and peak performance in the form of equations:

$$\text{Performance} = \text{Skills} \times \text{Abilities} \times \text{Motivation and Resources.}$$

$$\text{Peak performance} = \text{Potential} \times \text{Commitment to perform} \times \text{a Motivating Climate.}$$

Mitchell and Company (1996:1) has introduced some simple action steps to explain how the measurement of performance can lead to improved performance. These action steps are outlined in **figure 2.5**:

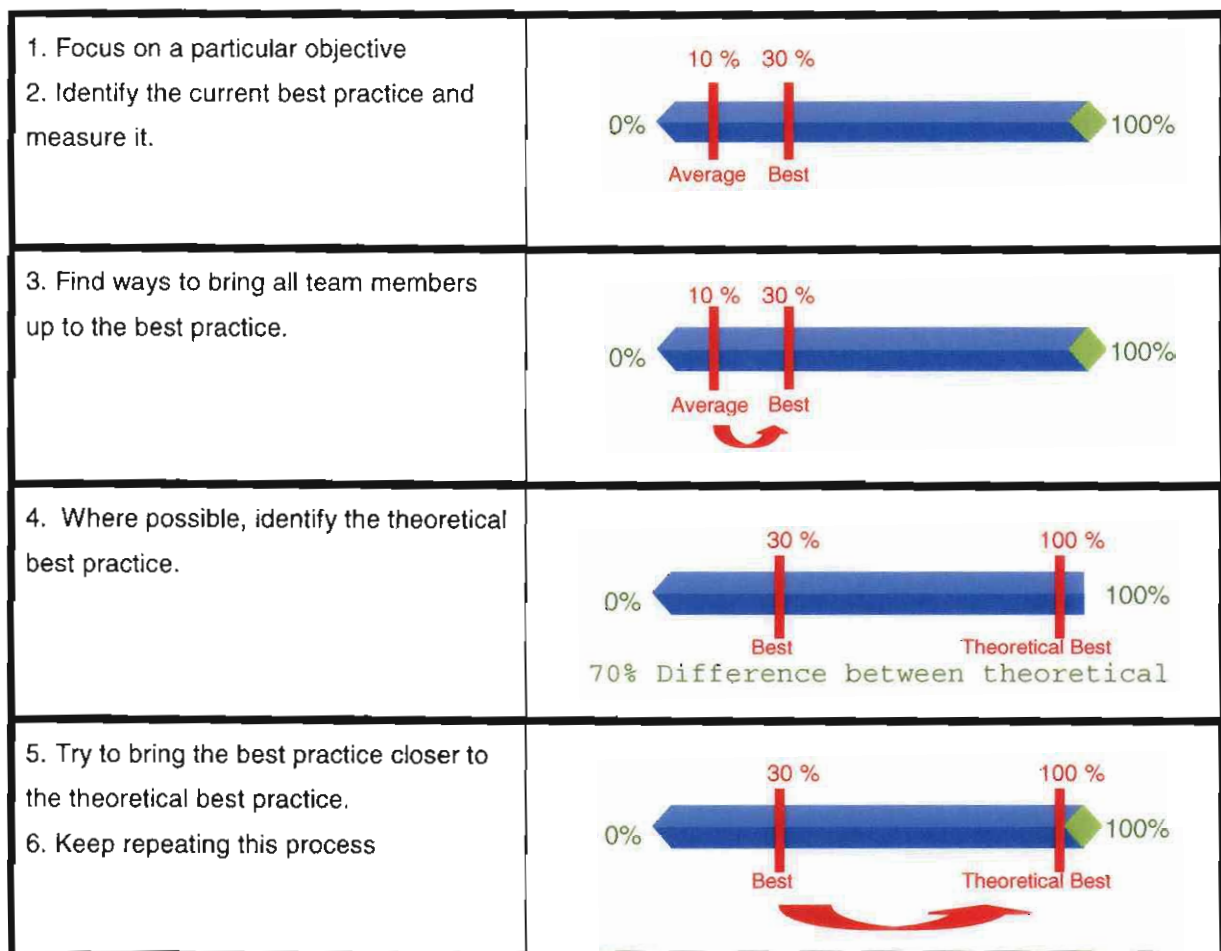


Figure 2.5: Action steps to improved performance. Source: MITCHELL AND COMPANY. 1996. Management Consultants, 20 Times Faster. [Web] http://www.fastforward400.com/faster_rabbit.html. [Date of access: 14 Mar 2005].

2.3.2 How should performance be measured?

Kotelnikov (2004:1) explains that measurement of performance will not be effective if the measurement is not performed correctly. This means ensuring measurement of the right things, at the right time and in the right place. This opinion is supported by Coetsee (2002:10) who states that many of the systems employed by organisations are outdated, badly designed, badly managed and contribute very little to the equitable reward and recognition of employee performance. These kinds of systems may even contribute to a de-motivating climate within the organisation.

According to Kotelnikov (2004:1), key features of an effective performance measurement system are:

- Strategic alignment: a unique set of measures which communicate the strategic direction, goals, and objectives (align activities of employees with strategic goals).
- Effectiveness: doing the right things right.
- Learning orientated (reviewing and learning from the information).
- Action orientated (mechanism to stimulate action from the measured results).

In support of the key features mentioned above, some criteria for measuring performance are outlined by Cutts (1999:1):

- Relevance: Each criterion should be measurable and specifically related to the individual's job being assessed.
- Free from bias.
- Reliability (consistency): The same person should receive the same assessments at different times, all other things being equal.
- Availability. The chosen system will have to be relatively quick to implement, cost effective and reproducible from year-to-year and job-to-job.

As already stated in section 2.1.5 of this study, it is important to note that all organisational goals, including individual performance goals, should be aligned with the corporate vision. The broad mission and strategies should be translated into specific business unit, departmental, team and individual objectives and goals and should be communicated to employees. Thus individual and departmental performance criteria of the organisation should be linked to the organisational vision and mission. This process was outlined in **figure 2.1**.

2.3.3 360-Degree performance evaluation

According to USOPM (1997:1), more traditional methods of performance measurement have been limited to a feedback process where a single manager or supervisor evaluates an individual based on their overall perception of his/her performance. Increased focus on teamwork, employee development and customer service however called for a more elaborate approach to performance measurement. Such a process would seek input on specific competencies from several people who have a working relationship with the individual being assessed. This culminated in a multiple-input approach called “360-degree evaluation” to signify the full circle of feedback measurement. Sparks (2002:3) explains that 360-degree evaluation is a mechanism for evaluating someone’s performance based on feedback from everyone with whom the individual comes into contact with in the work environment. This “circle” or “evaluator group”, as illustrated in **figure 2.6**, typically consists of managers, supervisors, colleagues, direct reports (subordinates), the employee him/herself, customers and other stakeholder contacts. 360-Degree evaluation is a method of collecting input from many sources in the environment of an employee.

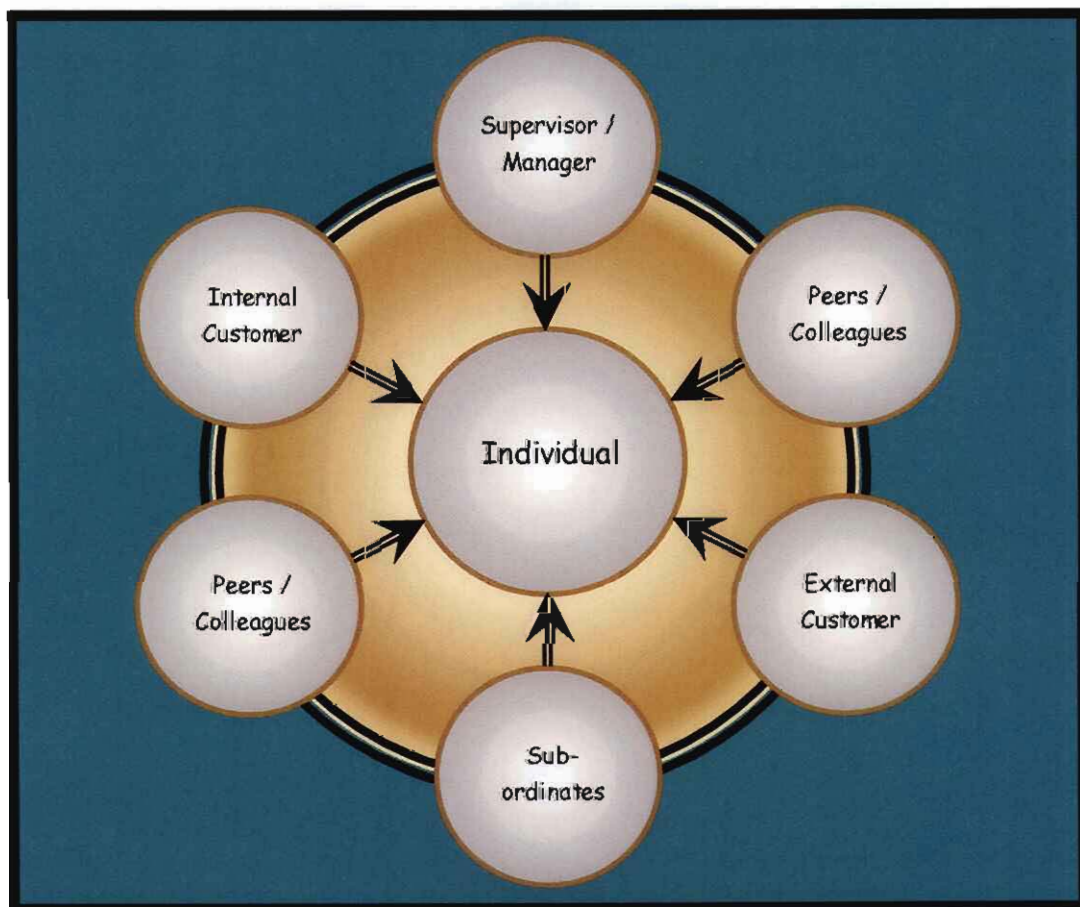


Figure 2.6: An illustration of a 360-degree evaluator group

2.3.3.1 Advantages of 360-degree evaluation

Sparks (2002:3) contends that most people are not able to see clearly how their performance is either enhancing the work situation or detracting from it. The 360-degree evaluation method can help clarify areas of enhancement or detraction and allows for individual improvement. It is a process that leads to continuous learning, team building, enhanced harmony, growing self-confidence and improved productivity.

According to USOPM (1997:4), research has shown that assessment approaches with multiple rating sources provide more reliable and credible information. Sparks (2002:3) argues that the 360-degree evaluation method uses input from many people who can truly respond to how an employee performs or behaves. It provides an honest assessment of the perceived performance or behaviour of the employee by a variety of constituents. Kotelnikov (2006:1) agrees that this method provides an individual with the opportunity to compare self-perceptions with feedback on the perceptions of others. With such introspection the individual can seriously examine his/her behaviour and adjust performance. According to Sparks (2002:3), employees will typically find this methodology to be more impartial than to being evaluated by an individual supervisor. The 360-degree feedback is more accurate and equitable than other traditional approaches and puts all employees on a level playing field. This review process is also advantageous to the supervisor, since it assists in minimising accusations of favouritism and subjectivity in performance measurement. The 360-degree process provides greater objectivity and because the feedback is submitted anonymously, it provides a supervisor with the most unbiased and accurate information from which to draw performance conclusions.

USOPM (1997:9) argues that the combined ratings of a 360-degree process provide the advantage of a composite appraisal from the averaged ratings of evaluators. This averaging adds validity and reliability to the feedback because the aberrant ratings get averaged out and/or the high and low ratings are dropped from the summary calculations. Sparks (2002:3) remarks that the most challenging aspect of the 360-degree evaluation is the evaluators' concern about confidentiality. When implementing this type of evaluation, confidentiality to the evaluator must be guaranteed.

2.3.3.2 360-Degree evaluator sources

USOPM (1997:4) remarks that it is not always appropriate to include all feedback sources in a particular evaluation. The objectives of the measurement and the particular aspects of

performance that are to be assessed should be established before determining appropriate sources. The importance of three evaluator sources is highlighted:

- **Supervisor/Manager:** Evaluations by superiors are the most traditional source of employee feedback. The first-line supervisor often carries out the full cycle of performance management: planning, monitoring, developing, appraising, and rewarding. The supervisor may also have the broadest perspective on the work requirements and has the authority to redesign and reassign work (USOPM, 1997:5).
- **Peers/Colleagues:** The increased use of self-directed teams makes the contribution of peer evaluations a vital input to the formal appraisal because the supervisor may not be directly involved in the day-to-day activities of the team. Peer evaluations may be appropriate for developmental purposes and recognition programmes, but attempting to emphasize them for pay, promotion, or job retention purposes, may not be prudent. Generally, it is advised that the identities of the evaluators be kept confidential to assure honest feedback. However, in close-knit, mature teams with open communication, the developmental potential of feedback is enhanced when the evaluator personally provides feedback. Peers can make great contributions through input that pertains to the behaviours and efforts of the team member, such as ethical behaviour (USOPM, 1997:8).
- **Direct Reports (Subordinates):** An upward-appraisal process or feedback survey is among the most significant and yet controversial features of 360-degree performance evaluation. Direct reports have a unique perspective and their ratings provide particularly valuable data on performance elements concerning managerial and supervisory behaviours. A formalised direct report feedback programme will give supervisors a more comprehensive picture of employee issues and needs. The feedback from direct reports may not be appropriate or valid for evaluating task-orientated skills, but is particularly effective in evaluating the supervisor's interpersonal skills and ethical behaviour. The need for anonymity is essential when using direct report ratings as a source of performance feedback data. Direct reports simply will not participate, or they will give gratuitous, dishonest feedback, if they fear reprisal from their supervisors (USOPM, 1997:9).

From the theories above it may be concluded that more traditional methods of performance measurement have provided inadequate feedback to participants, since the feedback only contained inputs from a manager or supervisor. 360-Degree evaluation offers a more structured approach to performance measurement and offers a participant feedback from several people who have a working relationship with the participant. The 360-degree evaluation method would then be

particularly appropriate for the evaluation of individual conformance to corporate values, since it can provide an honest assessment of the perceived ethical behaviour of an individual. This in turn will provide the individual the opportunity for introspection and the chance to alter behaviour.

2.3.4 Evaluation of values (ethical behaviour)

Brown and Stilwell (2005:25) contend that performance management is in fact also ethical management. Performance management demonstrates competence and thereby the underlying ethical values of individuals. Performance management and the use of performance measures enable individuals to understand the results of actions and behaviours. Maheshwari and Ganesh (2006:82) argue that a performance management system should maintain a balance between financial or operational performance and ethical concerns.

Barrett (2006:16) states that key performance indicators (KPI) can be categorised into three types: “causal” indicators that relate to values and behaviours; “output” indicators that relate directly to performance such as efficiency and productivity; and “outcome” indicators that relate to the end results such as profitability and shareholder value. He argues that organisations have been measuring output and outcome KPI for decades, but the ability to accurately measure “causal” KPI at group and individual levels is a significant and new development. Values and ethical behaviour assessment instruments should be specifically designed for this purpose.

Welch (2001:157) supports a performance evaluation system founded on meaningful differentiation of employees. This system was employed in the General Electric organisation with Welch as CEO for many years. The system proposes the 360-degree evaluation of the performance of managers based on a combination of the core values of the organisation (customer focus, energy, energise, edge, execution) and organisation initiatives (e-business and six sigma). The 360-degree evaluation results constitute the employee’s potential. The potential of participants is plotted against their performance. On this graph, called the “Business leadership dashboard”, potential is divided into high, medium and limited, while performance is divided into the top 20%, the middle 70% and the bottom 10%. This graph is presented in **figure 2.7**.

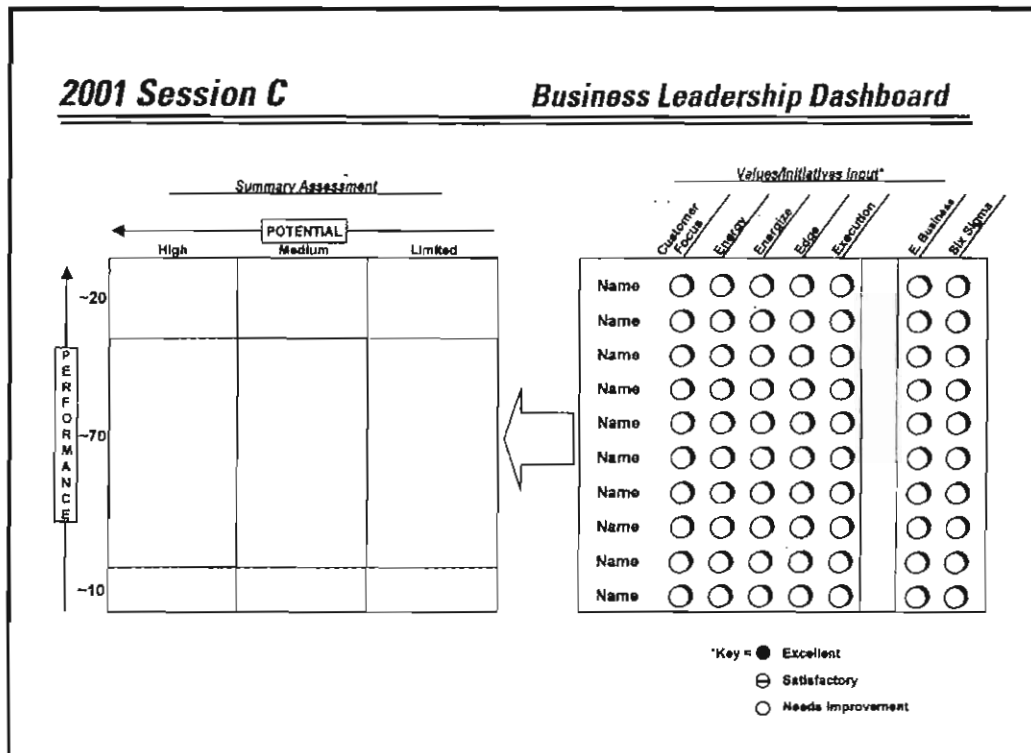


Figure 2.7: The Business Leadership Dashboard (Welch, 2001:454).

According to Welch (2001:158), employees can be placed into four basic groups through the differentiation of their performance results. Employees that perform well in both performance and potential (values) are considered to be clear candidates for promotion. In this system employees that performed poorly in both performance and potential (values) should be worked out of the organisation. Employees that perform well, but score low on potential are considered a danger to the organisation because of their lack of conformance to corporate values and should, like the poor performers, be worked out of the organisation. Employees that score high on potential, but low on performance should be given the opportunity to improve their performance.

Welch (2001:158) further reflects the division of performance on a curve composed of a normal distribution of the performance ratings. He named this curve a "vitality curve." On this curve employees are differentiated according to their performance into the top 20%, the vital middle 70% and the bottom 10%. The top 20% are rewarded with bonuses and promotions and the bottom 10% are methodically "worked out". According to Welch, this differentiation system will boost performance and increase the overall calibre of the organisation. The vitality curve is presented in figure 2.8.

Performance/Promotability (Denote: *Female, ♦Minority, α MBB/BB Experience)

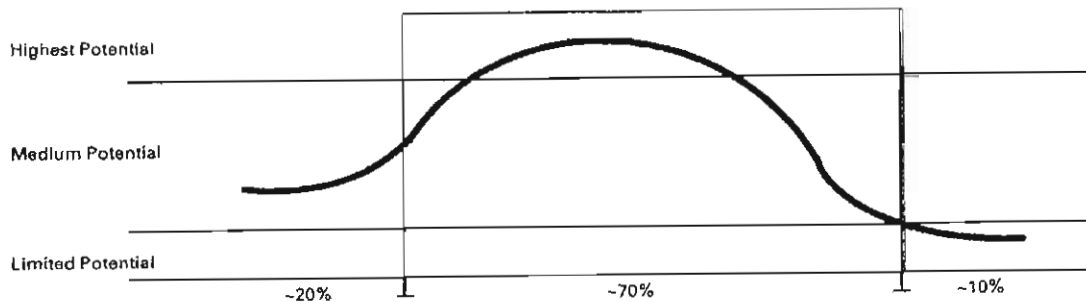


Figure 2.8: EB Vitality curve (Welch, 2001:454).

From the above, one may conclude that performance can and should be measured. It is cardinal for an organisation to establish whether it has fulfilled the goals and objectives necessary for its growth and survival. The correct measurement of performance provides valuable information to organisational leaders to determine the manner in which it should be managed and operate. For "causal" indicators, the 360-degree evaluation method may be the most appropriate, since employees are provided with feedback on individual performance and behaviour from a variety of sources.

For the purpose of this study, the concept of the business leadership dashboard may be adopted for evaluation of performance measurement results in future chapters. It should be clearly noted that the practice of "working out" the bottom 10% of performance will be contrary to current labour legislation in South Africa. An organisation that adopts such a practice would leave itself wide open to legal action from employees.

This study will endeavour to create a performance measurement system that will incorporate the causal indicators of values into an existing performance measurement system that is based on traditional output and outcome indicators. The business leadership dashboard will be adopted for the evaluation of the performance results of KPA performance against values conformance.

2.4 SUMMARY OF THE LITERATURE REVIEW AND FINDINGS

The basic findings of the literature study that are applicable to the empirical study are summarised in this section. At the end of the discussion of each finding, reference is made to the specific section of this study on which the finding is based:

- A shared value system in which the core corporate values are understood, agreed and communicated is a prerequisite for the development of a performance measurement model as endeavoured by this study (section 2.1.2).
- Core organisational values were defined as *an enduring system of beliefs, principles and standards concerning preferable modes of conduct or end-states of existence, along a continuum of relative importance, that provide a basis of action and a foundation for decision making within an organisation* (section 2.1.3.1).
- Organisations should aspire to reduce the gaps between espoused and core (enacted) values because it can significantly influence employee attitudes and organisational performance (section 2.1.3.2).
- Polarity management is an excellent managerial technique that can be used to understand and manage unsolvable ethical problems or ethical dilemmas also known as polarities (section 2.1.3.4).
- The core values of an organisation cannot be terminal values describing end-states of existence, but must be instrumental or “do” values describing desired behaviour. Those organisations with core values that fall within the group of fundamental, humane or ‘pan-cultural’ motivational values will find it much easier to attain the often elusive alignment between organisational values and that of all stakeholders (section 2.1.3.5).
- Managing by values entails ensuring that values are reinforced into all the daily practices of an organisation. The preferred behaviours should be entrenched in all codes, policies, procedures, and standard practices of the organisation (section 2.1.4).
- Holistic values management also includes measuring, monitoring and responding to internal indicators of performance such as values and behaviours. Organisational values should be integrated into every employee-related process, system and practice, including performance measurement (section 2.1.4.1).
- Basic steps were outlined for the defining and clarification of values. Values identification and clarification can be treated as a sole concept or as part of a larger intervention within the organisation, e.g. strategic management (section 2.1.5).
- Ethics is defined as *“the study of values and customs of a person or group and covers the analysis and employment of concepts such as right and wrong, good and evil, and responsibility”* (section 2.2.1).

- In the context of the performance measurement system that will be developed in this study, one can then state that the behaviour of individual employees will be critically judged against a code of conduct, after reflection of core organisational values (section 2.2.2).
- Certain pre-requisites should be met before individual behaviour can be measured against organisational values. The core organisational values should be identified correctly, should be aligned with the organisational vision and mission and should be as closely aligned to individual employee values as possible. The values should be defined and clarified for every individual and should be codified clearly in a code of conduct describing desired behaviour for each value. Employees can then be held accountable by measuring their actions against the code of conduct and ultimately the organisational values (section 2.2.3.2).
- Since a shared value system and work ethics are both inputs into a motivating climate, such a climate may be enhanced if these inputs could be increased. Since it is the ultimate aim of any performance measurement system to improve performance, adherence of individuals to corporate values may be improved if it is included in a performance management system. This in turn should facilitate the creation of a motivating climate (section 2.2.3.4).
- Findings of ethics surveys indicate that although most organisations have identified core values and documented a code of ethics, integrating ethics and values management practices into all organisational processes are not adequately managed. This study will partially address this integration (section 2.2. 4).
- All organisational goals, including individual performance goals should be aligned with the corporate vision (section 2.3.2).
- 360-Degree evaluation is a method of collecting input from many sources in the environment of an employee. Assessment approaches with multiple rating sources provide more reliable and credible information. The combined ratings of a 360-degree process provide the advantage of a composite appraisal based on the averaged ratings of evaluators. This averaging adds validity and reliability to the feedback (section 2.3.3.1).
- The correct measurement of performance provides valuable information to determine the manner in which an organisation should be managed and operate. For “causal” indicators, 360-degree evaluation may be the most appropriate evaluation method, since employees receive feedback on individual performance and behaviour from a variety of sources (section 2.3.4).

- The principles employed by Welch (2001:454) in his “Business leadership dashboard” may be adopted for the purpose of this study to evaluate the results of the integrated KPA performance and values conformance results (section 2.3.4).
- This study will endeavour to create a performance measurement system that will incorporate the causal indicators of values into an existing performance measurement system that is based on traditional output and outcome indicators. The development of such a model will address the objectives as outlined in section 1.1.2 of this study (section 2.3.4).

CHAPTER 3

THE DEVELOPMENT OF A MODEL TO EVALUATE EMPLOYEE CONFORMANCE TO CORPORATE VALUES

3.1 OUTLINE OF THE MODEL DEVELOPMENT PROCESS

According to the problem statement of this study, a coordinated effort is needed to integrate corporate governance, performance, ethics and values. The development of a model to measure adherence to corporate values in a specific organisation will partially address this integration. The model development will be structured in such a manner that the problem will be addressed and the objectives of this study fulfilled. A model will be created to serve as a basis for the evaluation of the conformance of individual members of an organisation to corporate values as part of a regular, systematic performance measurement system. This model will also be integrated with an existing performance measurement system. Finally, the model will be tested in the chosen organisation.

The outline of this chapter is based on the process that is needed to accomplish the above:

1. Select an appropriate organisation to serve as a case study.
2. Identify and clarify values within the chosen organisation.
3. Evaluate any existing performance measurement systems for incorporation of values conformance evaluations.
4. Determine the requirements and specifications of the 360-degree evaluation model.
5. Develop the actual model incorporating 360-degree values evaluation.
6. Implement and test the model incorporating 360-degree values evaluation.

In this chapter a practical example of an employee (Quality Assurance Official) will be used as illustration for the evaluation of the existing performance system. This example will be expanded in chapter 4 where the outcomes of the development and implementation of the model are discussed. It should be noted again that the formulation of the mission and vision and the identification of the values of the chosen organisation was done as part of larger intervention programmes. The author of this study was a participant in these larger programmes, but played a leading role in the other processes; the defining and clarification of the values (preferred behaviour), the development of 360-degree values conformance evaluation model and the creation of a computerised system for the performance measurement. The author is also then the administrator of the electronic system.

3.2 CHOSEN ORGANISATION

Midvaal Water Company was chosen as the organisation for the development of the performance measurement model. The company is situated in the North West Province of Southern Africa. Midvaal Water Company is a bulk water purifier and distributor of potable (drinkable) water. The company was established in 1954 and serves an area of some 900km². The company supplies potable water to the greater municipalities of Matlosana (Klerksdorp, Orkney, and Stilfontein) as well as the mining and industrial undertakings in the area. Midvaal Water Company is a non-profit making organisation, registered under Section 21 of the Companies Act. In addition to bulk water supply, the company also renders analytical, operational, maintenance and consultancy services for water treatment plants and sewage works.

Midvaal Water was considered an ideal candidate for the development and implementation of a performance measurement model incorporating 360-degree evaluation for the following reasons:

- The company operates in a unionised environment and can be considered representative of most South African organisations.
- The company already has an existing KPA performance measurement programme, which can be evaluated for suitability to include the 360-degree evaluation of individuals' conformance to corporate values.
- The existing performance evaluation system employed by Midvaal Water Company is time-consuming and limited in application, since the evaluation is performed manually.
- The implementation of the model is considered an integral part of larger intervention programmes, specifically, a strategic management programme and a change intervention programme to create a motivating climate within the organisation.
- The size of the company is ideal for the development of such a model. With approximately 120 employees, the number is large enough to ensure sufficient evaluator sources for every employee, yet small enough to develop and implement a model that would not create logistical arrangement problems for the evaluations and do not necessitate cumbersome statistical evaluations.
- The top management of the company is fully committed to ensure that 360-degree evaluation be implemented as a vital component of the performance management system. Initially only the values conformance will be evaluated according to the 360-degree evaluation method. Should this prove successful, the KPA performance measurement may also be converted to 360-degree evaluation. This concept was unanimously supported and accepted by the entire extended management team.

Table 3.1 provides a summary of the company profile

Table 3.1: Midvaal Water Company summary profile

	
Vision	Your preferred bulk water partner.
Mission	To Provide Bulk Water and Scientific Services in Support of Clients' requirements
Core Values	• Quality • Relationships • Service • Trust
Strategic Goals for Organisation	• To ensure quality bulk water • To ensure effective and optimal distribution of bulk water • To ensure professional scientific service • To ensure business excellence within the Organisation
Strategic Goals for the Operations Department	• To ensure quality bulk water ◦ To ensure compliance with standards and procedures ◦ To ensure optimal utilisation of plant and resources ◦ To ensure customer satisfaction • To ensure effective and optimal distribution of bulk water ◦ To ensure uninterrupted availability of water • To ensure professional scientific service ◦ To ensure accuracy and precision of analysis ◦ To increase the percentage growth in external samples ◦ To ensure timeous reporting of results ◦ To improve client satisfaction ◦ To improve results of internal and external audits ◦ To ensure cost efficient operation of laboratory • To ensure business excellence within the Department ◦ To ensure effective business management/leadership ◦ To ensure effective corporate governance in the department ◦ To ensure effective resource management ◦ To ensure effective stakeholder relations management

3.3 IDENTIFICATION AND CLARIFICATION OF VALUES

As already stated in section 2.1.4 of the literature study, the design of a values performance measurement system cannot be treated as an isolated process. Values must be incorporated into daily activities to ensure consistent enforcement of values. Once this has been done, values management can be executed which holistically includes measuring, monitoring and responding to causal indicators such as values and behaviours. Organisational values should be integrated into every employee related process, system and practice. The basic steps to identify and clarify values as outlined in section 2.1.5 of this study were followed by Midvaal Water Company.

Step 1: Vision and mission

The mission and vision of Midvaal Water were established through a brainstorming workshop as part of a larger strategic management programme facilitated by the Madyatshamile Group in February 2005. This workshop included stakeholders from all departments of the company, the executive management of the company as well as representatives from the board of directors. Strategic goals and objectives were also identified at this workshop.

Step 2: Values identification

As stated in section 2.2.3.4, core values and work ethics are both inputs into the creation of a motivating climate within an organisation. The core values of Midvaal Water Company were identified through an exercise that formed part of the larger change intervention programme to create a motivating climate within the organisation. This programme commenced in 2003 and was facilitated by a change management consultant from Potchefstroom Business School. The values were identified whilst keeping the vision and mission in mind. These values would then represent the manner in which the vision and mission would be pursued. The steering group conducting this exercise was representative of all stakeholders and included the following participants:

- An external change management consultant
- Executive Management
- Middle Management, including the author of this study
- Union Representatives
- Supervisors from each department

The core values were identified through a process based on the principles of appreciative enquiry (focus on positives). Each participant was requested to list workplace values that were important to him/her. The process was supported with questions such as; "Which value do you consider to be important in the workplace?" Flip charts and note cards were used to formulate a list of values from

this process. Values that were connected and belonged together were grouped and the key value that connected them was identified. The values were then collectively ranked and subjected to a process of elimination of values perceived as of lesser importance, i.e. not directly related to the vision, mission and strategic goals. The process was supported with questions such as, "From the list, what are the key values we would be most reluctant to compromise?" Care was taken that only instrumental values were identified as recommended in section 2.1.3.5 of this study. The manner in which the values are identified is crucial, since it can affect the success of the development of the performance measurement model. The core organisational values for Midvaal Water Company were identified as:

- Quality
- Relationships
- Service
- Trust

From the literature review in chapter 2, specific criteria can be established for the identification of the values. These criteria are summarised as follows:

- A.** The values can be assessed against criteria such as that of Rath *et al.* (1987:199) that are described in section 2.1.1 of this study: The value should be:
 1. Chosen freely.
 2. Chosen from among alternatives.
 3. Chosen after careful reflection.
 4. Prized and cherished.
 5. Publicly affirmed.
 6. Acted upon.
 7. Part of a repeated pattern of action in life.
- B.** Core organisational values can be assessed on the degree of alignment between the core values and individual employee values as described in section 2.1.3.3 of this study.
- C.** The gap between the core values that are acted on by employees and the espoused values of Midvaal Water Company should be reduced as far as possible as described in section 2.1.3.2 of this study.
- D.** The values should be shared as described in section 2.1.2 of this study.

The values of Midvaal Water Company can now be evaluated against the criteria outlined above:

- A.** The criteria of Rath *et al.* (1987:199) can be divided into current and future criteria. The following are evaluations against current criteria:

1. Chosen freely – No pressure or coercion was present during the values identification exercise. Each participant could freely choose values that were important to him/her.
2. Chosen from among alternatives – The values were collectively ranked through a process of elimination.
3. Chosen after careful reflection – Each participant was given enough time to identify values and to carefully reflect on their order of importance.
4. Prized and cherished – Participants specifically identified values dear to them.
5. Publicly affirmed – Participants openly ranked the values most important to them. The values would be affirmed in a code of conduct.

The following are evaluations that can only be performed against future criteria:

6. Acted upon – Whether the core values were acted upon could only be determined with an assessment instrument such as the performance measurement model.
 7. Part of a repeated pattern of action in life - Whether the core values were a pattern of action could also only be determined with an assessment instrument such as the performance measurement model.
- B.** The fact that participants in the core value identification process were requested to firstly identify work values that were important to them will support alignment between the core values and individual employee values. All four the values are instrumental or “do” values. Two of the values of Midvaal Water Company, trust and relationships, fall within the humane group of values.
- C.** Since the values identified for Midvaal Water Company were representative of the values of a large group of stakeholders, the gap between core values and espoused values should not be significantly large.
- D.** A shared value system was obtained because the company had representation from all stakeholders in identifying the company vision and mission. The company then does not only share the same values, but also the same goals, which are supported by its stakeholders.
- E.** To the evaluation above can be added that the values (quality, relationships, service and trust) were abbreviated to a list that follows in an alphabetical order as “Q, R, S, T”. This abbreviation assists with easy recollection of the values.
- F.** At the values identification workshop, the stakeholders of the organisation, i.e. the people at whom the preferred behaviour is directed was identified as: environment, employees, customers and community.

The values of Midvaal Water Company conform to criteria provided by literature. The end-product may then be considered to be a shared value system with core organisational values that can be integrated effectively into a performance measurement system.

Step 3: Leadership commitment

The core organisational values were verbally accepted by the entire Extended Management team of the company. Each member of this team expressed his/her commitment to the values. Leadership commitment was further expressed through the documentation of desired behaviour in codes of conduct as described in step four. The real measure of leadership commitment is found in the extent to which they act out the values on a daily basis. The degree of leadership commitment will effectively be measured by the model created in this study, since the values conformance of each leader will be evaluated individually.

Step 4: Defining of key performance areas and values clarification

As described in step one of this section, the strategic objectives and goals of the organisation were established. The “top-down” process described in section 2.1.5 was used to identify the individual key performance areas. This process is illustrated in **figure 3.1**.

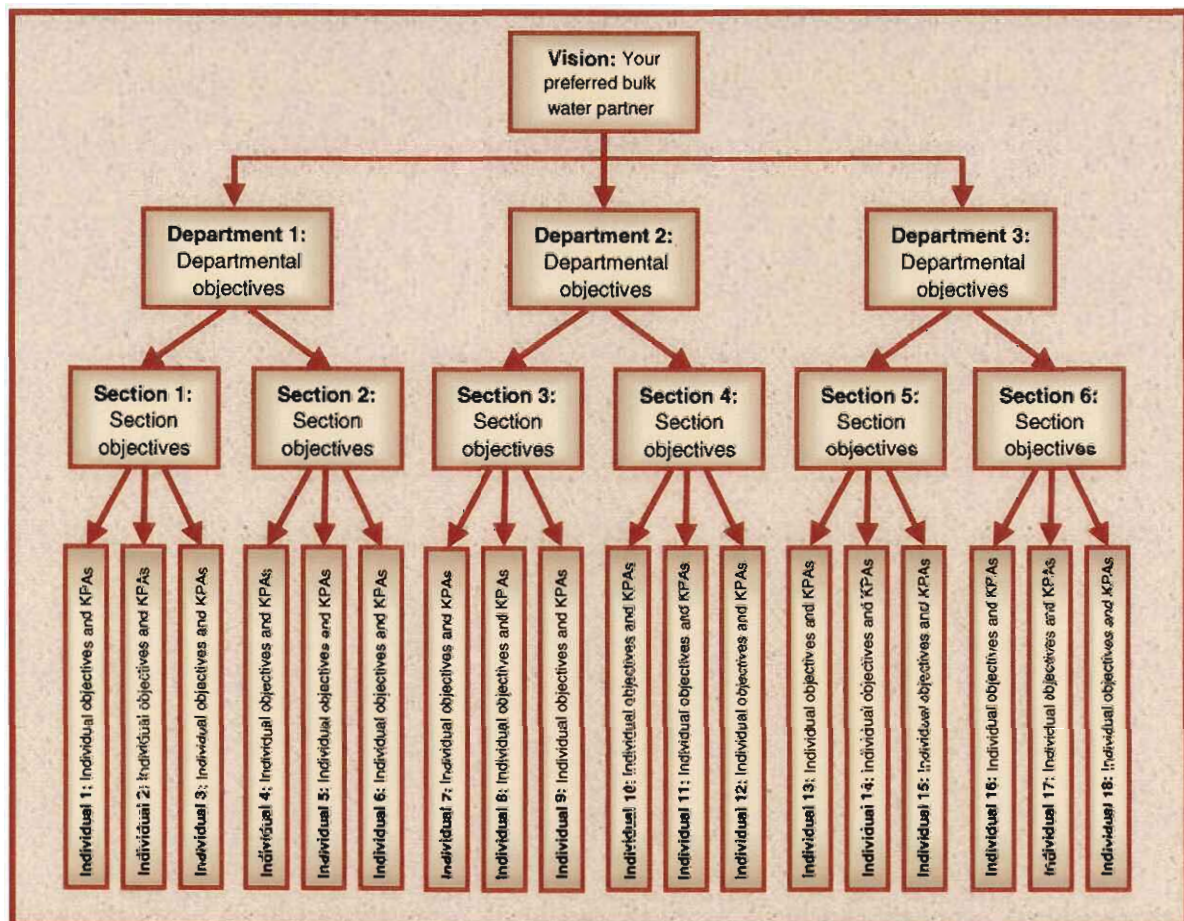


Figure 3.1: An illustration of the “top-down” process to obtain strategic alliance and identify individual key performance areas

The organisational strategic objectives were derived from the vision and mission of the organisation. The departmental objectives were derived from the organisational strategic objectives and the section/team objectives were derived from the departmental objectives and lastly, the individual objectives were derived from the team strategic objectives. Each manager or team leader was tasked with the identification or review of key performance areas and key performance indicators of direct reports based on their respective individual strategic goals. In this manner the key performance areas would be updated or established for every employee. Managers and team leaders were instructed to ensure that the individual key performance areas of each employee are aligned with the strategic goals and therefore also aligned with the mission and vision of the company.

Once the core values were identified, they were described in behavioural terms to ensure that people understand the values with concrete examples of the behaviours that support each value. As stated in section 2.1.5 of this study, in contrast to the process for the identification of the key performance areas, the values clarification is a “bottom-up” process. The behaviour associated with each value should firstly be identified and described by every individual employee. During the process at Midvaal Water, the management team (consisting of the top four managers) defined and described these values for themselves individually. These definitions and outlines of descriptions were then used by the departmental managers as descriptive guidelines for the values definition and clarification process in each department. Within the departments the values definitions and clarification process was then completed for each section/team and then for each individual. It should be very clearly noted that the process actually employed by the company, *does not* conform to the “bottom-up” process described in section 2.1.5 of this study. The values definition and clarification process should have commenced at the “bottom” with every individual, not from the “top” with guidelines supplied by management. A very real danger now exists that some individual employees may not take “ownership” of the values, which in turn may complicate the practice of holding employees accountable for their individual behaviour.

Even though the preferred “bottom-up” process was not followed, the values were still defined and clarified for each individual, section, department and the organisation as a whole by answering the questions below while keeping strategic objectives and goals in mind.

We/I am **trustworthy** when we/I do _____?

We/I deliver **quality** work when we/I do _____?

We/I build and foster **relationships** when we/I do _____?

We/I **serve** (internal and external customers) in the workplace when we/I do _____?

These questions were answered by each department, section and individual, since different teams will associate different definitions and preferred behaviour with a value such as “quality.” For instance, for the administrative department, “quality” may refer to the minimisation or errors in financial reports, while “quality” in the production department may refer to the acceptability of drinking water when measured against national standards.

The emphasis of the values clarification process is to develop instrumental value definitions, i.e. with the focus on “doing”. This process is essential since complete clarity and understanding is necessary before values and behaviours can be integrated into employee performance measurement. While the values always remain the same, the definitions of the desired behaviour differ depending on the strategic objectives and goals under consideration. The preferred “bottom-up” process is illustrated in **figure 3.2**. The outcome of both the above-mentioned processes is illustrated in **figure 4.1** of chapter 4 of this study where the outcomes of the model development process are presented.

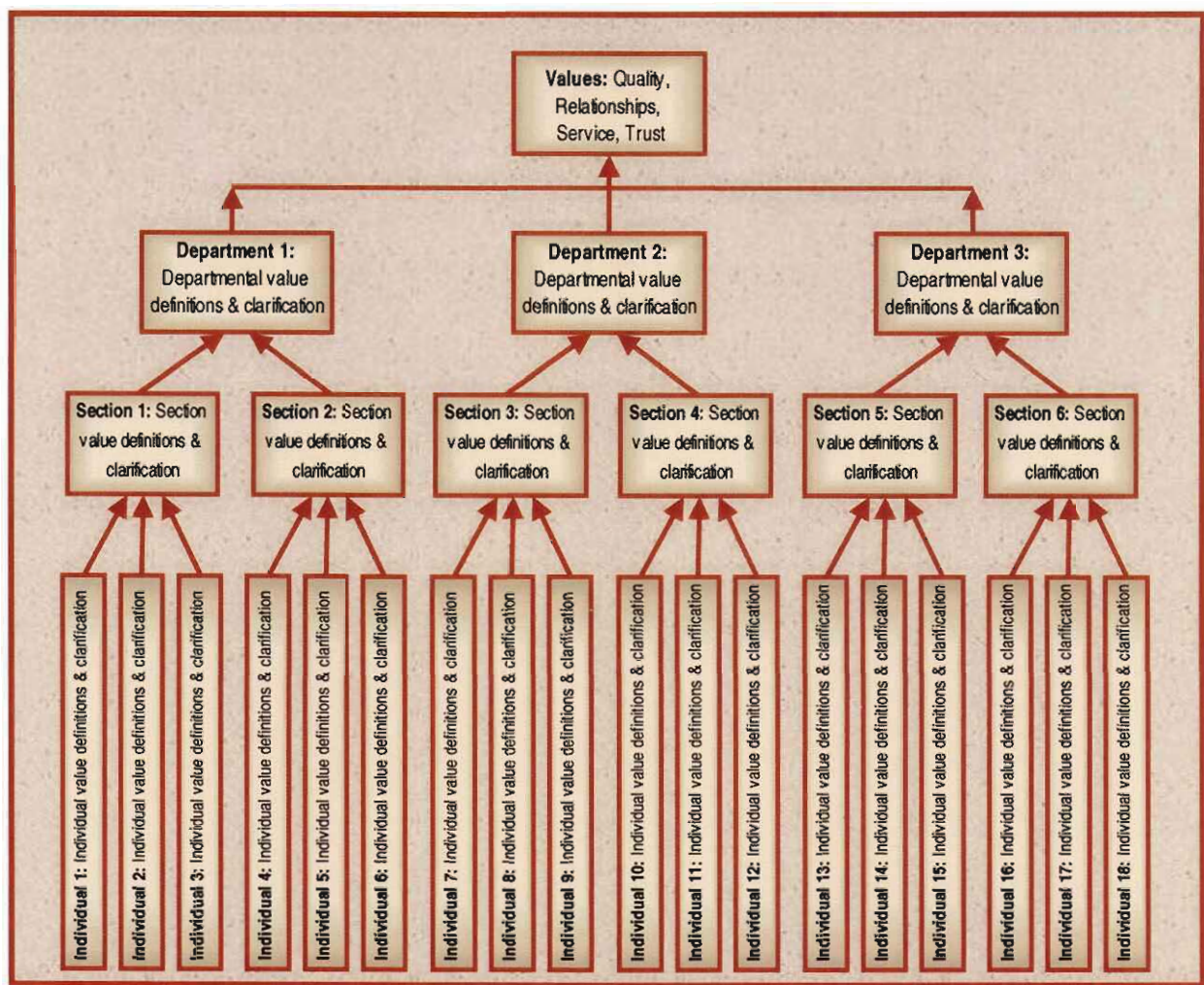


Figure 3.2: An illustration of the preferred “bottom-up” process to define and clarify values

Upon completion of the process, each department and section had their own unique code of conduct. Successful completion of this process will ensure that all members of the organisation are not only working toward the same destination ("Your preferred bulk water provider"), but are bound by similar behaviour ("quality, relationships, service, trust") through a shared value system.

Step 5: Structural alignment programme

Policies, systems and procedures of the organisation were scrutinised by departmental managers and supervisors to ensure that they align with the vision, mission, values and preferred behaviours of the organisation.

Step 6: Regular and systematic performance measurement

As part of a performance measurement system, value assessments would be performed periodically (quarterly) to measure progress made by managers, individuals and teams in terms of adherence to espoused corporate values.

3.4 CURRENT PERFORMANCE MEASUREMENT AT MIDVAAL WATER

3.4.1 Background and description

The performance measurement system currently employed by Midvaal Water Company is designed to measure individual performance against key performance areas only. This system is not designed according to 360-degree evaluation principles, but entails the more traditional evaluation approach of one supervisor evaluating one participant. The system does not make provision for measuring the ethical behaviour of employees. From this point forward in this study, the current system of Midvaal Water Company will be referred to as the KPA performance measurement system to distinguish it from the introduction of the measurement of individual conformance to core values.

Evaluation of the KPA performance measurement of Midvaal Water Company is performed in this study solely to established suitability of use for the incorporation of the values evaluation. This system will be evaluated against the criteria established in section 2.3.2 of the literature study as best practice for the evaluation of key performance areas.

The KPA performance measurement system employed by Midvaal Water Company was the result of consultation with the National Productivity Institute (NPI) in 1996. Consultants of the NPI

conducted interviews with representatives of each job category to determine the skills and knowledge requirements for each individual job position. The findings were summarised in Outputs/Key performance areas, Performance Criteria, Learning Unit Standards and also in Learning Needs Analysis format. An output model is a way of clearly specifying the results that are expected of the employees working for an organisation.

Terminology used by the NPI is defined as follows:

- **KEY PERFORMANCE AREAS (KPA)** are descriptions of the results expected of a position, or rather of the person in the position. Each output is given a short **LABEL**, describing a product, service or documents to be delivered. The output **DEFINITIONS** briefly summarise the activities and tasks involved in the delivery of the output. Outputs are not produced to Midvaal Water Company as such, but in the first place to the customers of the participant.
- Each output is accompanied by **KEY PERFORMANCE INDICATORS (KPI)**. These indicators define the customers' ways of measuring tangible results delivered to them.
- **LEARNING UNITS/COMPETENCIES** are the skills, knowledge and human qualities/characteristics utilised by the job participant to deliver their expected outputs.

Midvaal Water Company still utilises the basic terminology and foundation for the identification of key performance areas as supplied by NPI, but the key performance areas were reviewed for each individual employee in 2006 in preparation for the inclusion of the measurement of individual value conformance in the measurement system. Each individual KPA is linked to the departmental strategic goals, thereby also linking it to the organisational strategic goals and effectively linking each individual KPA to the company's vision and mission. An example of the output model with KPA of an individual employee and the KPA definitions is given in **table 3.2**.

Table 3.2: Example of an Output Model with Key Performance Areas and Key Performance Area Definitions

		
KEY PERFORMANCE AREAS		
OPERATIONS DEPARTMENT		
JOB TITLE: QUALITY ASSURANCE OFFICIAL		
NAME: J ERASMUS		
JOB GRADING: C 3 (Patterson)		
No.	KEY PERFORMANCE AREAS (KPA)	KPA DEFINITIONS
1	Supervises ISO 17025 General Requirements.	- Defines, writes, reviews and updates internal laboratory policies and standard operating procedures for all aspects of ISO 17025 general requirements when required. - Ensures daily implementation of policies and procedures by personnel. - Reviews quality system and documentation annually for continued suitability and improvements. - Ensures suitability, availability and good condition of equipment. - Approves suppliers of equipment, chemicals and services in terms of ISO 17025 requirements - Monitors and evaluates internal quality checks continuously, investigates root causes of non-conforming testing work and initiates corrective or preventative action when required. - Acts on findings from management review meetings, proficiency testing scheme results as well as from internal and external audits when required. - Evaluates validation data and declares analysts competent. - Ensures own compliance with the requirements to maintain status of appointed KPA signatory in terms of SANAS.
2	Compiles yearly Laboratory budget.	- Compiles laboratory budget for capital projects, instrumentation spares, consumables, maintenance, contracts and control analysis annually. - Evaluates tenders received for purchasing of instrumentation and makes suitable recommendations subject to approval by departmental manager when required. - Follows up on commitments, invoices and other administrative issues.
3	Preparation of management information	Prepares and communicates appropriate reports related to the quality system, including management review minutes and results from internal and external audits.
4	Oversee laboratory safety	Oversees daily safety in the laboratory.

The KPA of an individual are then further refined by identifying the clients to whom the output service is being delivered, the criteria against which performance will be measured and the learning unit standards (competencies) that are required by the individual to effectively meet the key

performance area. A practical example of an output model where individual KPA are linked with clients, performance criteria and learning unit standards is given in **table 3.3**.

Table 3.3: Example of an output model with KPA performance criteria and learning unit standards

 PERFORMANCE CRITERIA AND LEARNING UNIT STANDARDS			
OPERATIONS DEPARTMENT			
JOB TITLE: QUALITY ASSURANCE OFFICIAL			
NAME: J ERASMUS			
JOB GRADING: C 3 (PATTERSON)			
QUALIFICATION NEEDED: B.Sc Degree			
INDIVIDUAL STRATEGIC OBJECTIVE: Control and maintenance of the Laboratory quality assurance system according to ISO 17025 requirements and compilation of the laboratory budget.			
KEY PERFORMANCE AREA	CLIENT/S	KEY PERFORMANCE INDICATOR/ CRITERIA	LEARNING UNIT STANDARDS (COMPETENCIES)
Supervises ISO 17025 General Requirements.	• South African National Accreditation System • Operations Manager • Head: Scientific Services • Laboratory Personnel • Supervisor	• Internal Quality Assurance as measured by Control charts (CV %) • Ensured laboratory performance ◦ Average accuracy of analysts - z-score ◦ Average precision of analysts - Quotient score ◦ Average consistency of analysts - Coefficient of variation • Actual availability of laboratory instrumentation vs. planned availability	• Knowledge of ISO 17025 general requirements • Sound chemical background • Understanding chemical processes and equipment • Evaluation skills • Computer literacy • Understanding Quality Control methodology in laboratory environment • People management skills • Problem solving and decision making skills • Record keeping ability
Compiles yearly Laboratory budget.	• Operations Manager • Financial Manager	• Actual vs. budgeted expenditure per quarter	• Understand budgeting process • Sound understanding of purchasing procedures
Preparation of management information.	• Operations Manager • Head: Scientific Services	• Reports prepared to the satisfaction of the supervisor	• Computer literacy • Writing skills • Understanding of statistical evaluation
Oversees laboratory safety	• Head: Scientific Services	• Number of safety related Incidents per quarter	• Knowledge of laboratory safety procedures

As advised by the NPI, the performance criteria identified for each key performance area should be measured by indicators of quality, quantity and time. These criteria should also conform to the "SMART" principle: S – Specific, M – Measurable, A – Attainable, R – Realistic, T – Tangible.

An employee's performance is assessed every quarter by his/her direct supervisor against the performance criteria as provided in the output models. The performance measurement is done on a 10-point scale on which the number 3 is the minimum required for the fulfilment of the strategic objectives of the position, 6 is what is expected on average and 10 is exceptional performance. The importance of each KPA is determined in relation to its contribution to the job purpose and goals of the specific position. This relative importance is reflected by weights that are allocated to each performance criteria. A performance score for each output is indicated in the "Score" columns whereas overall performance is indicated in the "Total of weighted scores" column. The performance score is as far as possible obtained from performance data that conforms to the "SMART" principle as explained above. Only in cases that such data is not available, will the score reflect the perceived satisfaction of the supervisor. The KPA performance evaluation is illustrated in **table 3.4**. Chapter 4 contains a practical example of such a KPA assessment as an outcome in **table 4.1**.

Table 3.4: Illustration of the KPA assessment at Midvaal Water Company

JOB TITLE:													
NAME:													
GRADE:													
DEPARTMENT:													
KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Performance level										Value	Score
		Ver unhappy	1	2	Somewhat unhappy	4	5	Generally happy	7	8	9	Very happy	
		0	1	2	3	4	5	6	7	8	9	10	Weighted score
1. Key Performance Area 1	Key Performance Indicator 1												20
	Key Performance Indicator 2												10
	Key Performance Indicator 3												5
2. Key Performance Area 2	Key Performance Indicator 4												15
3. Key Performance Area 3	Key Performance Indicator 5												15
4. Key Performance Area 4	Key Performance Indicator 6												5
5. Key Performance Area 5	Key Performance Indicator 7												20
	Key Performance Indicator 8												10
Average Value for KPA Performance												%	

A 10-point evaluation scale is used for the KPA performance assessment. Depending on the key performance indicator, values may be allocated according to this scale. The key performance indicator score allocation is illustrated in **table 3.5**.

Table 3.5: Illustration of the key performance indicator score allocation at Midvaal Water Company

	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	0	1	2	3	4	5	6	7	8	9	10	Value	Score	Weight	Weighted score
1.	Compiled budget	Actual vs budget expenditure % per quarter	-20	-18	-17	-15	-14	-14	-13	-12	-11	-11	-10				
			10	8	7	5	4	4	3	2	1	1	0	0.7	9.0	10	90

The total weighted score of each individual may now be used for management information, such as performance trends over time. Performance bonuses (2% of basic salary) are allocated to individuals with excellent performance for each quarter.

The learning unit standards identified for each KPA are used to perform a learning needs assessment for each employee. The participant rates him/herself on each learning unit. The supervisor of the participants also rates the individual regarding learning needs. If the competency of an individual is assessed as below standard or in need of development (i.e. 1, 2 on the competency rating), the competency is added to a list of development needs. If there is also a gap between the ratings of the supervisor and the participant of two or more units (i.e. one rates 2 and the other 4), the learning competencies should be reviewed and clarified in terms of specific needs. The list of development needs is used by the human resources section to compile a training schedule for the current year. An example of a learning needs assessment is given in **table 3.6** where a four point scale is used as follows:

- 1 = Far below standard
- 2 = In need of development
- 3 = On standard - may need updating
- 4 = Excellent

Table 3.6: Example of learning needs analysis of Midvaal Water Company

									
PERFORMANCE CRITERIA AND LEARNING UNIT STANDARDS									
OPERATIONS DEPARTMENT									
JOB TITLE: QUALITY ASSURANCE OFFICIAL									
NAME: J ERASMUS									
JOB GRADING: C 3 (PATTERSON)									
QUALIFICATION NEEDED: B.Sc Degree									
INDIVIDUAL STRATEGIC OBJECTIVE: Control and maintenance of the Laboratory quality assurance system according to ISO 17025 requirements and compilation of the laboratory budget.									
No.	LEARNING UNIT STANDARDS (COMPETENCIES)	ASSESSMENT BY SENIOR				SELF-ASSESSMENT			
1.	Knowledge of ISO 17025 general requirements	1	2	3	4	1	2	3	4
2.	Sound chemical background	1	2	3	4	1	2	3	4
3.	Understanding chemical processes and equipment	1	2	3	4	1	2	3	4
4.	Evaluation skills	1	2	3	4	1	2	3	4
5.	Computer literacy	1	2	3	4	1	2	3	4
6.	Understanding Quality Control methodology in laboratory environment	1	2	3	4	1	2	3	4
7.	People management skills	1	2	3	4	1	2	3	4
8.	Problem solving and decision making skills	1	2	3	4	1	2	3	4
9.	Record keeping ability	1	2	3	4	1	2	3	4
10.	Understand budgeting process	1	2	3	4	1	2	3	4
11.	Sound understanding of purchasing procedures	1	2	3	4	1	2	3	4
12.	Computer literacy	1	2	3	4	1	2	3	4
13.	Writing skills	1	2	3	4	1	2	3	4
14.	Understanding of statistical evaluation	1	2	3	4	1	2	3	4
15.	Knowledge of laboratory safety procedures	1	2	3	4	1	2	3	4

3.4.2 Evaluation of the KPA performance measurement system

The KPA performance measurement system of Midvaal Water Company can now be evaluated against the criteria identified in section 2.3.2 of the literature study.

The key features of Kotelnikov (2004:1) for an effective performance measurement system are:

- **Strategic alignment:** The activities (key performance areas) of the Chief Executive Officer (CEO) of Midvaal Water were specifically identified to align with the vision and mission of the organisation. The activities of the three departmental managers in turn were identified to support that of the CEO with the vision, mission and strategic goals as background. In this manner strategic goals were established for each department, section and individual post. The key performance areas for each employee were identified in pursuit of these goals and ultimately the fulfilment of the vision of the organisation.
- **Effectiveness:** With this specific performance measurement system, the correct identification of the outputs will ensure that the “right things” are being done. Appropriate performance criteria that measure the successful accomplishment of an output will ensure that the right things are being “done right”.
- **Learning orientated:** The learning needs analysis sheet that is completed for every employee annually ensures that learning needs are addressed and employee potential developed through competency improvement.
- **Action orientated:** The system makes provision for the reward of excellent results in the form of a performance bonus. This bonus is not awarded for poor performance. Sub-standard performance is addressed through a corrective process with training and counselling. Disciplinary action is only sought in extreme cases where justified.

The key features of Cutts (1999:1) for an effective performance measurement system are:

- **Relevance:** Each performance criterion is directly related to a KPA, which in turn is related to the strategic goals that were identified for each individual.
- **Free from bias.** By using criteria that are measured through quantity, quality and time effects from bias are reduced.
- **Reliability (Consistency):** An individual will be assessed in the same manner every quarter. This assessment will only change if the inherent requirements of the position and therefore the key performance areas change. Such changes must be mutually agreed and understood.

- **Availability:** The system was quick to implement because spreadsheet applications on the computers of supervisors could be used for this purpose. Templates of the assessment spreadsheets ensure reproducibility from year-to-year and job-to-job.

3.4.3 Recommendations for improvement

1. Although the bias has been reduced as stated in section 3.4.2, the performance measuring system is still open to some bias, since current best practices are translated into a ten point scale by supervisors. The supervisor's perception of current best practice may not always be accurate. A standard template, which can be adjusted for individual KPAs, should be developed for all supervisors.
2. The current system does not provide for measurement of the ethical behaviour of employees. It is recommended that the measurement of conformance to corporate values be included (as will be done by the model developed in this study).
3. The current system does not allow for feedback on performance or ethical behaviour from direct reports, peers and other contacts of an employee. It is advised that 360-degree evaluation be employed, not only for the evaluation of value conformance, but eventually also for KPA performance. The 10-point scale should also then be reviewed.
4. The degree to which the 2% of basic salary performance bonus is considered a valued outcome by employees should be investigated in a separate study. This performance bonus should then be adjusted if necessary.

In conclusion of the above evaluation, the KPA performance measurement system of Midvaal Water Company can be considered as suitable for the inclusion of individual values conformance evaluation. It is expected that the development of the performance measurement model in this study will address recommendations 1, 2 and 3. It should be noted that a KPA performance measurement system does not have to be exactly the same as the example above, as long as the criteria as set above, are met. The KPA performance measurement system of Midvaal Water Company is not a 360-degree evaluation system, since evaluations are performed solely by the supervisor of an employee on a ten-point scale. It is not the purpose of this study to change the current KPA performance measurement system to a 360-degree evaluation system, although this would be ideal. This study aims to develop a model by which the 360-degree measurement of individual conformance to core values can be included in any existing performance measurement system that meets the criteria as set out below. The management of Midvaal Water will consider the eventual change of the current KPA performance measurement system to a 360-degree system

once the 360-degree value conformance measurement as developed in this study proves effective. The use of a ten point scale should then also be reviewed.

3.5 OBJECTIVES AND SPECIFICATIONS OF THE 360-DEGREE MODEL

3.5.1 Requirements according to literature

From section 2.3.3 of this study, several requirements for a 360-degree evaluation are summarised:

- The process must seek input on specific competencies (values) of an individual from several different sources.
- Evaluators should have a close working relationship with the individual being assessed.
- The 360-degree evaluator group should typically consist of managers, supervisors, colleagues, subordinates or indirect reports, the employee him/herself and other stakeholder contacts.
- Evaluator ratings must be averaged to add validity and reliability to the feedback results.
- Evaluator confidentiality must be guaranteed. Ratings must be anonymous.

It should be noted that the part of the study that deals with 360-degree evaluation pertains to the evaluation of individual conformance to core values only. KPA performance measurement has already been covered in preceding sections for the chosen organisation. In order to determine appropriate requirements specific to Midvaal Water Company for the 360-degree performance measurement model, a task team was appointed consisting of representatives from each department of the Company. The task team was lead by the author of this study. This team determined objectives and specifications for the model that would simultaneously conform to the literature criteria above, while also meeting the specific needs of the organisation.

3.5.2 Objectives of the model

The primary objectives of the creation of this model are:

1. To develop a model to serve as a foundation for the measurement of individual adherence to corporate values.
2. Integration of the newly created values evaluation model with the existing KPA performance measurement system of Midvaal Water Company.
3. Testing of the values evaluation model within Midvaal Water Company.

4. Ultimate enhancement of stronger relationships, a stronger shared value system and improved ethical conduct within the Company.
5. Identification and minimisation of areas where ethical conduct may impede productivity and create ethical dilemmas.

3.5.3 Specifications for the model

- To incorporate 360-degree values evaluation and encourage uniformity of measurement throughout the company, an electronic performance evaluation system is required.
- The system should cover the entire performance evaluation per employee:
 - This consists of 60% KPA performance and 40% values conformance evaluation.
 - Adequate space (length) should be allowed for key performance areas (KPA) evaluation per individual.
 - The template for KPA evaluation should be dynamic and should allow for adjustment by supervisors for individual needs.
- Management information that should be extracted from the system includes:
 - Individual performance (KPA and values).
 - Departmental performance.
 - Section performance.
 - Band performance (Patterson grading).
 - Trends over time (thus requiring a database).
- Multiple reports must be generated from these evaluations. This includes a selection of specific attributes for each report, e.g. for a department or section. The reports consist of graphs and information. The type of graphs, e.g. line or bar, should be selectable.
- Further requirements
 - Programme should be stored on the central server of the company.
 - Programme should remain secure and protected with passwords and restricted access to ensure privacy and confidentiality of evaluations and reports at all times.
 - Programme should be active on the company network.
 - A database of current and historical information should be available.
 - Programme should be systematic (Departmental, Alphabetic, Organograms – Company structure).
- Programme should be dynamic and suitable for changes, i.e. personnel replacement, personnel additions and changes in company structure.
- Three types of evaluations must be performed:

- KPA evaluation, where each member under the supervisor is evaluated according to KPA performance.
- 360-Degree values evaluation of each staff member, where each person must evaluate a selection of employees and each member of this selection may evaluate the first person. Only linked members may evaluate each other.
- Training evaluation by supervisor and staff member, where each employee's training needs will be identified.
- The values evaluation must be founded on the core values of the company.
- Evaluations should be completely confidential, i.e. the evaluator must remain anonymous. No person (not even the CEO) will have access to individual evaluations, since this will be calculated and stored electronically. Only final averaged results and reports will be available to designated supervisors and managers.

3.6 DEVELOPMENT OF THE 360-DEGREE MODEL

3.6.1 Organogram of organisation

An organogram representative of the entire organisational structure of Midvaal Water Company was compiled by the author of this study to serve as platform to construct a 360-degree matrix, as well as to identify individual evaluator groups. See Annexure 1 for a detailed organogram of the organisation that constitutes the structuring of the 3 departments, 6 sections and each individual position. The basic organogram of the Company that includes the illustrative example that will be used throughout this study (Quality Assurance Official) is displayed in **figure 3.3**:

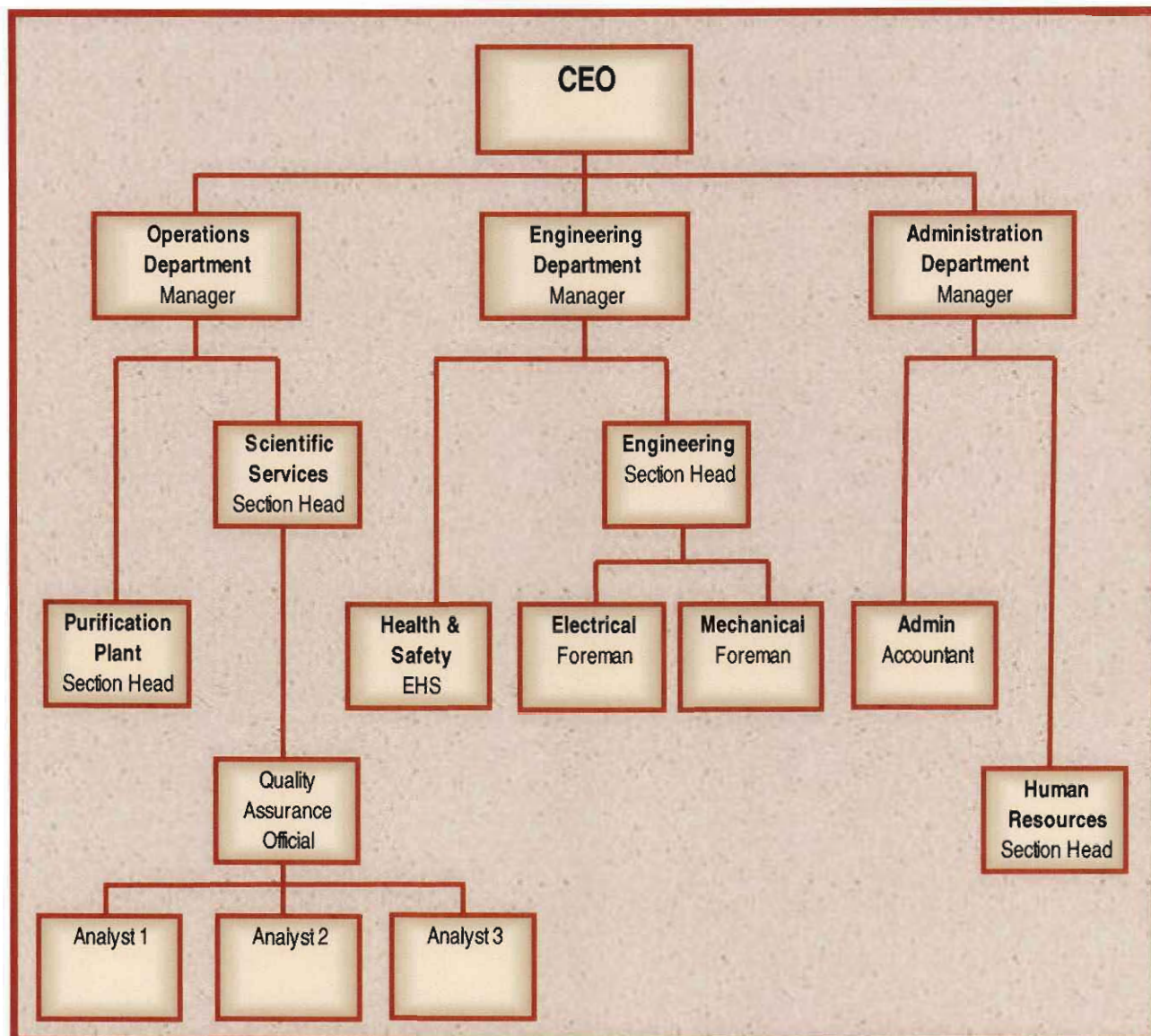


Figure 3.3: Basic departmental and sectional organogram of Midvaal Water Company

3.6.2 360-Degree organisational matrix

The author of this study led the values task team in a workshop to construct a matrix for the 360-degree evaluations. This matrix is a combination of all the individual evaluator groups. See Annexure 2 for an illustration of the more detailed matrix. An example of a specific job position (Quality Assurance Official) as it is found within the matrix is illustrated below in **figure 3.4**:

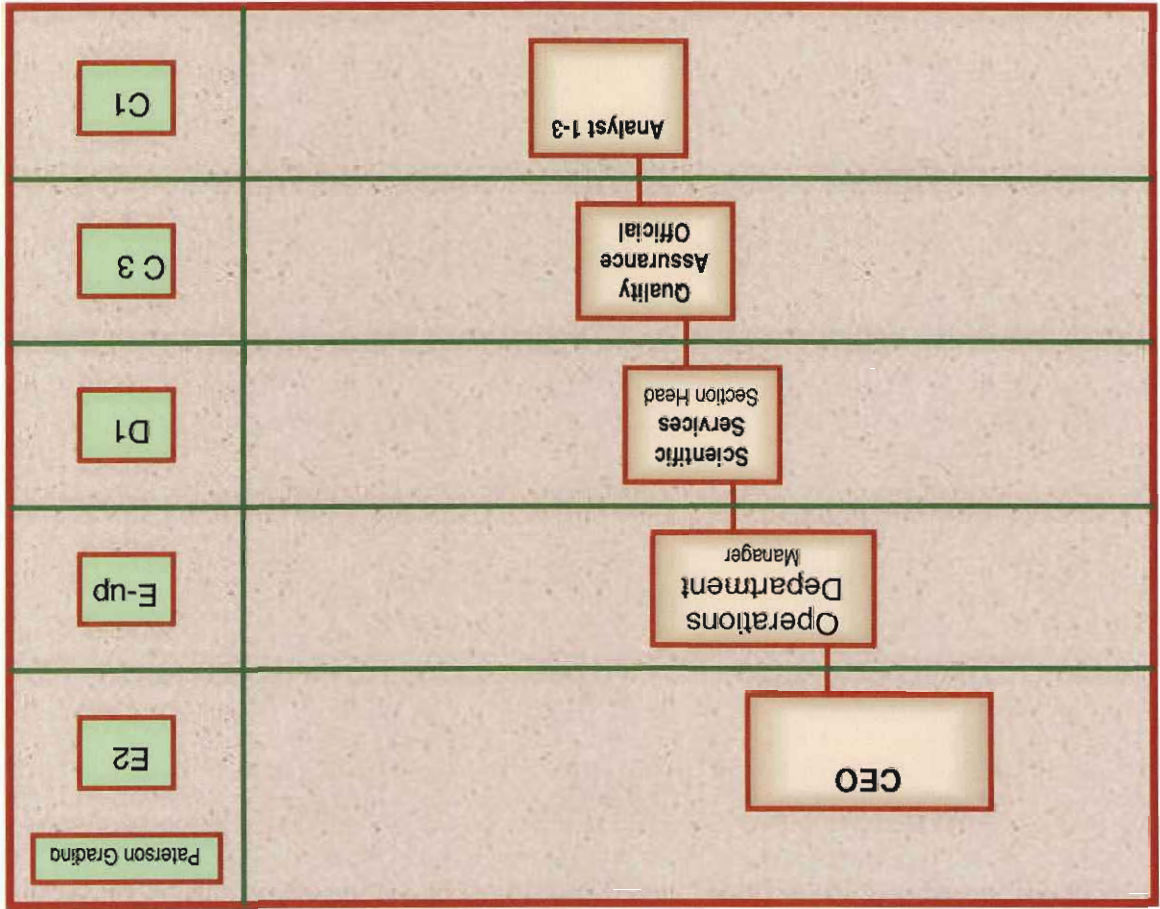


Figure 3.4: Illustration of the Patterson grading bands for different job gradings of employees at Midvaal Water Company

From figure 3.4 it is apparent that every employee can be classified according to the department and section in which he/she operates as well as according to the specific job grading allocated to the post. The matrix is completed by adding the evaluators for every individual person to the name of each employee. The matrix then consists of all the employees and the people who are their respective evaluators. The matrix is then converted to an electronic computer programme. From this programme, it may be easily ascertained not only who the evaluators are for each individual, but also the list of employees that are evaluated by a specific evaluator.

3.6.3 Individual evaluator groups

As stated in section 2.3.3 of this study, the evaluator group for every employee includes:

- Direct supervisor/manager.
- Direct reports (subordinates).
- Team members of close functioning groups

- Colleagues that are regular work-place contacts of the participant or the specific receivers of services delivered by the employee.
- Peers (colleagues) in the same Patterson band grading as the employee.

From the organogram of the company, evaluators for an individual can be easily identified as the structure of the organisation shows supervisors, direct reports and peers. Close functioning groups and colleagues that are regular workplace contacts of the participants were identified through consultation with the supervisor of each section. The author of this study led the values task team to identify evaluator groups for each individual. An illustration of an individual evaluator groups and how they may be interlinked is given in **figure 3.5**.

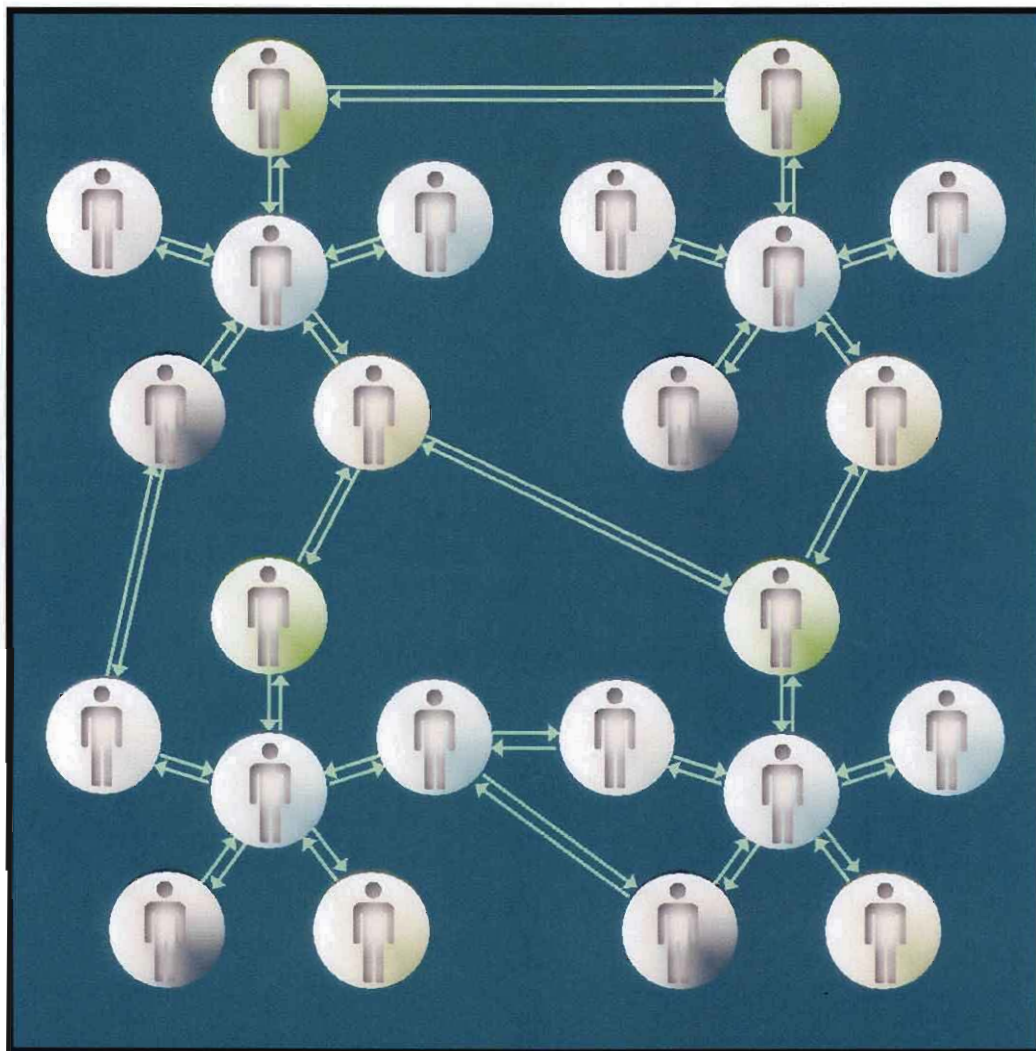


Figure 3.5: Illustration of individual evaluator groups and their respective links

3.6.4 Design of basic questionnaire

The basis of a 360-degree evaluation system is that evaluators from a variety of sources assess an individual against a standard or criterion. In the case of the values assessment of Midvaal Water Company evaluators will be expected to assess the perceived ethical conduct of an individual based on the core values of the organisation. This is done by presenting each evaluator with a standard questionnaire containing questions that requests a judgement on the ethical behaviour of a participant with regard to a specific organisational value, i.e. quality, relationships, service and trust. An evaluator will typically evaluate more than one employee during an evaluation session, depending on the structure of the organisational evaluation matrix. The evaluator will thus be faced with a list of employees that are to be evaluated by him/her according to the question representative of each value. Evaluators use the ethical codes that were established for each individual and team as reflective standards when answering the questions.

The basic questionnaire used for the 360-degree evaluation must be so designed that the questions are simple, universally understandable and unbiased with regard to the questions. The same questionnaire is presented to all the evaluators of a participant. Under the guidance of the author of this study, the questions were established by the values task team. The questions were specifically chosen to reflect the action or “do” part of the instrumental values. It was also decided that one question per value would be sufficient to measure the perceived ethical conduct of a participant. As stated in the questionnaire, the questions pertain to the work behaviour of a person and not to the person per se.

The task team unanimously agreed on the following questions for the 360-degree evaluation:

1. Does the person deliver quality work by doing the right things right the first time?
2. Does the person contribute to the building and fostering of relationships?
3. Does the person serve team members and clients by having the interests of the organisation above his/her personal interest?
4. Is the person trustworthy?

Based on the recommendations of the external change management consultant mentioned in section 3.3 of this study, a three point evaluation scale was chosen. The basic rationale behind a three point scale is that all scales (5; 7; or even 10 point scales) are subconsciously reduced to a three point scale in the mind of the evaluator. Neutral terms for the three-point scale were chosen as “not acceptable”, “acceptable” and “outstanding”.

The basic template used for the questionnaire is illustrated in **table 3.7**.

Table 3.7: Questionnaire approved for work values conformance evaluation of Midvaal Water Company

				
Please rate the work behaviour of the following team members in relation to the core values of Midvaal Water Company by completing the following questionnaire.				
Quality	Does the person deliver quality work by doing the right things right the first time?			
		Not Acceptable	Acceptable	Outstanding
	Quality Assurance Official			
	Employee 2			
	Employee 3			
Relationships	Does the person contribute to the building and fostering of relationships?			
		Not Acceptable	Acceptable	Outstanding
	Quality Assurance Official			
	Employee 2			
	Employee 3			
Service	Does the person serve team members and clients by having the interests of the organisation above his/her personal interest?			
		Not Acceptable	Acceptable	Outstanding
	Quality Assurance Official			
	Employee 2			
	Employee 3			
Trust	Is the person trustworthy?			
		Not Acceptable	Acceptable	Outstanding
	Quality Assurance Official			
	Employee 2			
	Employee 3			

3.6.5 Performing a 360-degree evaluation

Evaluators complete the questionnaire described in section 3.6.4 of this study. An evaluator will be included in multiple evaluator groups. The evaluator will complete a questionnaire for each participant to whom he/she is linked. Inputs are obtained from all evaluators in the evaluator group

of a participant. In this manner feedback is obtained from everyone with whom the participant is in contact in the work environment. The ratings of all the evaluators are combined in a composite appraisal, where the averaged rating for each value represents the performance score allocated to the participant. See **table 3.7** for an explanation of the calculation of the composite score.

A score is attributed to each rating as follows:

Not Acceptable = 1, Acceptable = 2, Outstanding = 3

A weight may be assigned to each evaluator depending on the working relationship with the participant. Closer working relationships and better knowledge of the job content of a participant may warrant a larger weight attributed to the evaluator. The mode is determined as measure of central tendency as the most frequently recurring or repetitive value in the array or evaluator score data. An averaged percentage is then calculated for each value relative to the weights attributed to each evaluator. This score is specifically expressed in percentage since the score will be used in the integrated performance measurement of KPA performance and values conformance. The final KPA performance score of the current system is expressed in percentage.

Should the KPA performance system also become a 360-degree evaluation system and the scale used for KPA evaluation change, the calculations may be altered accordingly. The actual calculations are performed automatically via a computer programme. The information will remain confidential and cannot be viewed by participants or evaluators.

An illustration of the calculations is presented in **table 3.8**. The outcome of this composite evaluation of value ratings is given in an actual example and discussed in the next chapter in **table 4.2**.

Table 3.8: Calculation of composite evaluations of value ratings

Evaluators	Value 1		
	Weight	Score	Weighted Score
Evaluator 1	20	3	0.20
Evaluator 2	10	2	0.07
Evaluator 3	10	2	0.07
Evaluator 4	10	3	0.10
Evaluator 5	10	3	0.10
Evaluator 6	10	2	0.07
Evaluator 7	10	3	0.10
Evaluator 8	5	3	0.05
Evaluator 9	5	3	0.05
Evaluator 10	5	3	0.05
Evaluator 11	5	3	0.05
Mode		3	
Total	100		90%
Average score for Conformance to Core Values			90%

Step 1

Step 2

Step 3

Step 4

Step 5

Step 6

Outline of basic calculation steps:

1. Assign weight to evaluator – total weights should add up to 100.
2. Calculate the weighted score for each evaluator as follows:

$$\text{Weighted score} = (\text{weight} \times \text{score}) / 300$$

where 300 represents the score out of 3 expressed as percentage

3 = maximum score attributable for a rating

3. Assign the evaluator scores according to completion of the questionnaires.
4. Determine the mode.
5. Add all the weighted scores together and express as percentage for the specific value.
6. Calculate the average percentage of all the values.

Evaluations are kept completely confidential. Only the evaluators themselves will know the exact ratings of a participant. Supervisors and participants receive the averaged final scores from a performance assessment, but do not obtain information in the ratings of individual evaluators.

3.6.6 Combining KPA performance measurement and value conformance scores

When combining the KPA performance measurement and the value conformance scores, the evaluation differences for this particular case study should be kept in mind. The KPA performance measurement score is a more traditional performance measurement where evaluations are performed by the direct supervisor only. This evaluation is also performed on a 10-point scale. It is not a 360-degree evaluation. The values conformance evaluation on the other hand is a 360-degree evaluation and is performed on a 3-point scale as explained in the previous section.

Once the 360-degree values assessment is completed for a specific quarter, the results can be incorporated with the KPA performance assessment for the same period. In this manner, the KPA performance as well as the core values conformance of a participant is reflected simultaneously. The KPA performance and values conformance results can be expressed separately or simultaneously, depending on the required purpose.

In the case of Midvaal Water, it was decided by the extended management team that the KPA performance evaluation should constitute 60% and the values conformance evaluation should constitute 40% of the final performance score for a participant. The integration of the KPA and values assessment at Midvaal Water Company is illustrated in **table 3.9**.

The outcome of the integration of KPA and value assessments is given in an actual example and discussed in the next chapter in **table 4.3**. The exact manner in which the 360-degree assessment is incorporated with the KPA assessment will depend to a large extent on the existing KPA performance measurement system of an organisation.

Table 3.9: An illustration of the integration of the KPA and values assessments at Midvaal Water

JOB TITLE:																	
NAME:																	
GRADE:																	
DEPARTMENT:																	
	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Performance level										Value	Score	Weight	Weighted score	
			Ver unhappy	1	2	3	4	5	6	7	8	9					10
			0	1	2	3	4	5	6	7	8	9	10				
1.	Key Performance Area 1	Key Performance Indicator 1														10	
		Key Performance Indicator 2														5	
		Key Performance Indicator 3														5	
2.	Key Performance Area 2	Key Performance Indicator 4														10	
3.	Key Performance Area 3	Key Performance Indicator 5														10	
4.	Key Performance Area 4	Key Performance Indicator 6														5	
5.	Key Performance Area 5	Key Performance Indicator 7														10	
		Key Performance Indicator 8														5	
6.	Values conformance and alignment	Value 1: 360 Degree evaluation average (%)														10	
		Value 2: 360 Degree evaluation average (%)														10	
		Value 3: 360 Degree evaluation average (%)														10	
		Value 4: 360 Degree evaluation average (%)														10	
Average Value for KPA Performance															%		
Average Value for Values Conformance															%		
Total Performance Score of participant															%		

60%

40%

If the KPA and values scores are combined for an overall performance figure, the ratio between the two evaluations should be established. The extended management team of Midvaal Water Company chose a ratio of KPA 60% and values 40%. This ratio may differ from one organisation to another or even from one period to another, depending on the required purpose.

The weights attributed to each KPA and each value respectively should still add up to 100. This effectively means that the weights attributed to KPA's should be slightly less than when the values were not included in the assessment. Where the KPA weights previously added up to 100, they now add up only to 60. Although the weight for each value in the illustration above is 10, this weight may be changed should the management of an organisation wish to place more emphasis on a specific value in a given assessment period.

3.6.7 Electronic programme for evaluation

An electronic programme is preferred for the incorporation of the 360-degree values assessment into the KPA performance measurement for several reasons:

- Increased simplicity and understanding for evaluators.
- Automatic composition of evaluator groups and links.
- Automatic calculation of results.
- Compilation of management information and reports.
- Ensured confidentiality through password protection.
- Control against tampering through password protection and the appointment of one administrator to plan the evaluation sessions.
- Saving of time and other resources.
- Facilitates the combining of the KPA and values assessments.

The author of this study contracted an external IT expert to design the computerised system for Midvaal Water Company. The author remained the main advisor to the expert throughout the programme development process.

The programme was designed to be operated only by one administrator (author), who is responsible for updating all relevant information for a performance evaluation participant, including job grading, department, supervisor and section.

The electronic screen used by the administrator to capture participant information is presented in **figure 3.6**.

Figure 3.6: Illustration of electronic capturing of personal information and details of every participant

The administrator is further responsible for the planning of evaluation sessions. The planning for a session includes establishing the exact period of the evaluation and ensuring that the evaluators for each participant is linked correctly according to the organisational matrix. The key performance indicators are also linked to each participant.

The electronic screen used by the administrator to plan and enable evaluation sessions is illustrated in **figure 3.7**.

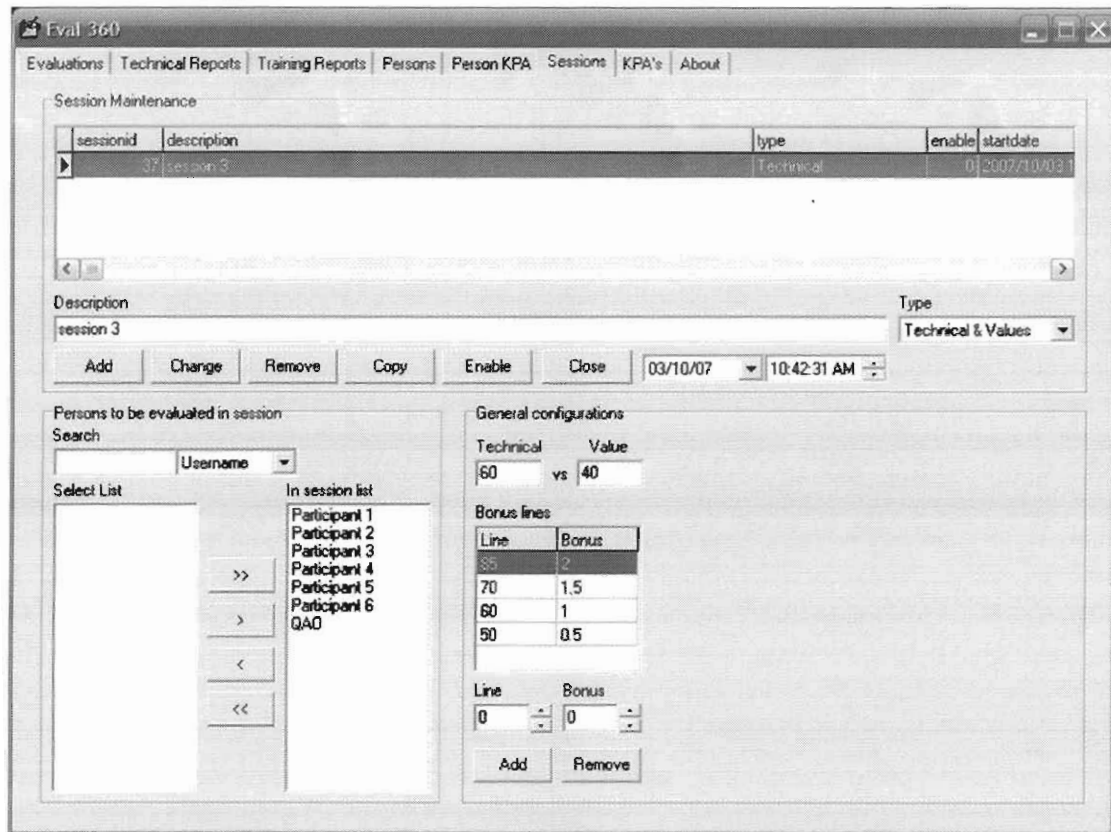


Figure 3.7: Illustration of electronic planning and enabling of evaluation sessions by the administrator

Evaluation sessions are planned by the administrator with a start date and an end date. The progress of the evaluations can be followed by the administrator, although the administrator can never view actual ratings. The progression of evaluations as it is followed by the administrator is illustrated in **figure 3.8**.

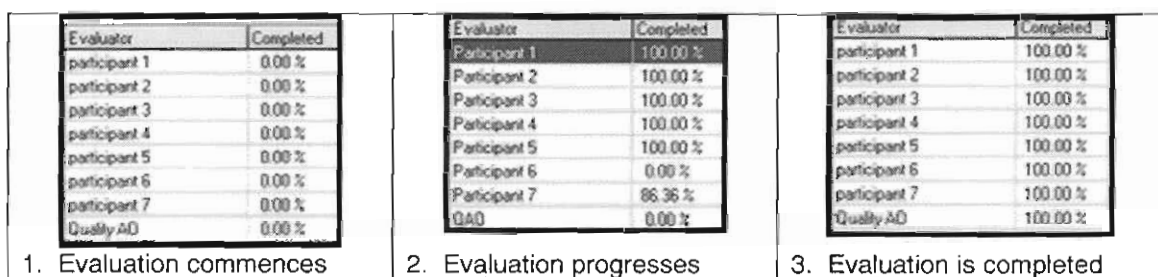


Figure 3.8: The progression of evaluations as followed by the administrator

Once an evaluation session is started, only the evaluator has access to his/her specific evaluations. Each evaluator can gain access to his/her evaluation sheet through a password. This password can be changed only by the evaluator him/herself.

On commencement of an evaluation, the evaluator encounters an active window that contains all the names of participants to be evaluated during that particular session. The evaluator starts the evaluation, completes the assessment for each participant by answering the questions and ticking the appropriate choice and finally ending the evaluation. An example of the evaluation sheet encountered by the evaluator for values evaluation is presented in **figure 3.9**.

Eval 360

Evaluations | Technical Reports | Training Reports | Persons | Person KPA | Sessions | KPA's | About

Stop Evaluation

Choose Evaluation Type

☐ Technical
☒ Values
☐ Training

Completeness of Evaluation: 0.00%

Session's Available: 31 - Technical, session 1 (Enddate: None)

Description of KPA: Does the person deliver quality work by doing the right things right the first time?

Persons to evaluate:
 Infersia
 prober
 mkruger

Evaluation Matrix:

	Not Acceptable	Acceptable	Outstanding
Value			
Quality			
Relationships		X	
Service			X
Trust			X

Figure 3.9: An example of a values evaluation session on the electronic performance measurement system

If the evaluator is also a supervisor, he/she will evaluate a participant on KPA performance, and also contribute to the 360-degree evaluation of all participants (including the direct reports) that are linked to the supervisor. An example of the evaluation sheet encountered by the evaluator (supervisor) for KPA performance evaluation is presented in **figure 3.10**.

Eval 360

Menu: Evaluations | Technical Reports | Training Reports | Persons | Person KPA | Sessions | KPA's | About

Start Evaluation

Choose Evaluation Type

- ☒ Technical
- ☐ Values
- ☐ Training

Completeness of Evaluation: 100.00%

Session's Available

36 - Technical, Performance Evaluation, 2nd quarter 2007 (Enddate: 2007/10/04 09:39:36)

Description of KPA

Persons to evaluate

Quality AD

Evaluation Matrix

KPA Name	0	1	2	3	4	5	6	7	8	9	10
Complies yearly Laboratory budget									X		
Oversee laboratory safety								X			
Preparation of management information										X	
Supervises ISO 17025 General Requirements									X		

Technical Scale: 0 = Very Unhappy, 3 = Somewhat unhappy, 6 = Generally happy, 10 = Very happy

Figure 3.10: An example of a KPA evaluation session on the electronic performance measurement system

3.6.8 Results and reports

Once an evaluation session is completed, management information can be obtained from the performance measurement system. This can be done in the form of graphs and reports. Performance measurement results can be obtained for an individual participant or alternatively for individuals in a grading band, a section or a department. The final results are available as a total final score or separate final scores for KPA performance and value conformance. Averages per key performance indicator and per value may also be displayed. The actual value ratings of evaluators are never displayed and confidentiality of individual ratings remains in tact. Only the manager or supervisor of a person, section or department can obtain information about that specific evaluation and the information only becomes available once a session is completed. When several sessions are completed over time, trend analyses are possible.

The business leadership dashboard (Welch, 2001:454) introduced in section 2.3.4 of this study can be modified for the purpose of this study to serve as foundation for the evaluation of the performance results of the integrated model. Since the "potential" as measured by the system of

Welch (2001:158) includes the 360-degree evaluation of values, the concepts can be considered interchangeable for the purpose of this study. The graph can be adjusted by replacing “potential” with “values”. The new performance/values evaluation template is presented in **figure 3.11**.

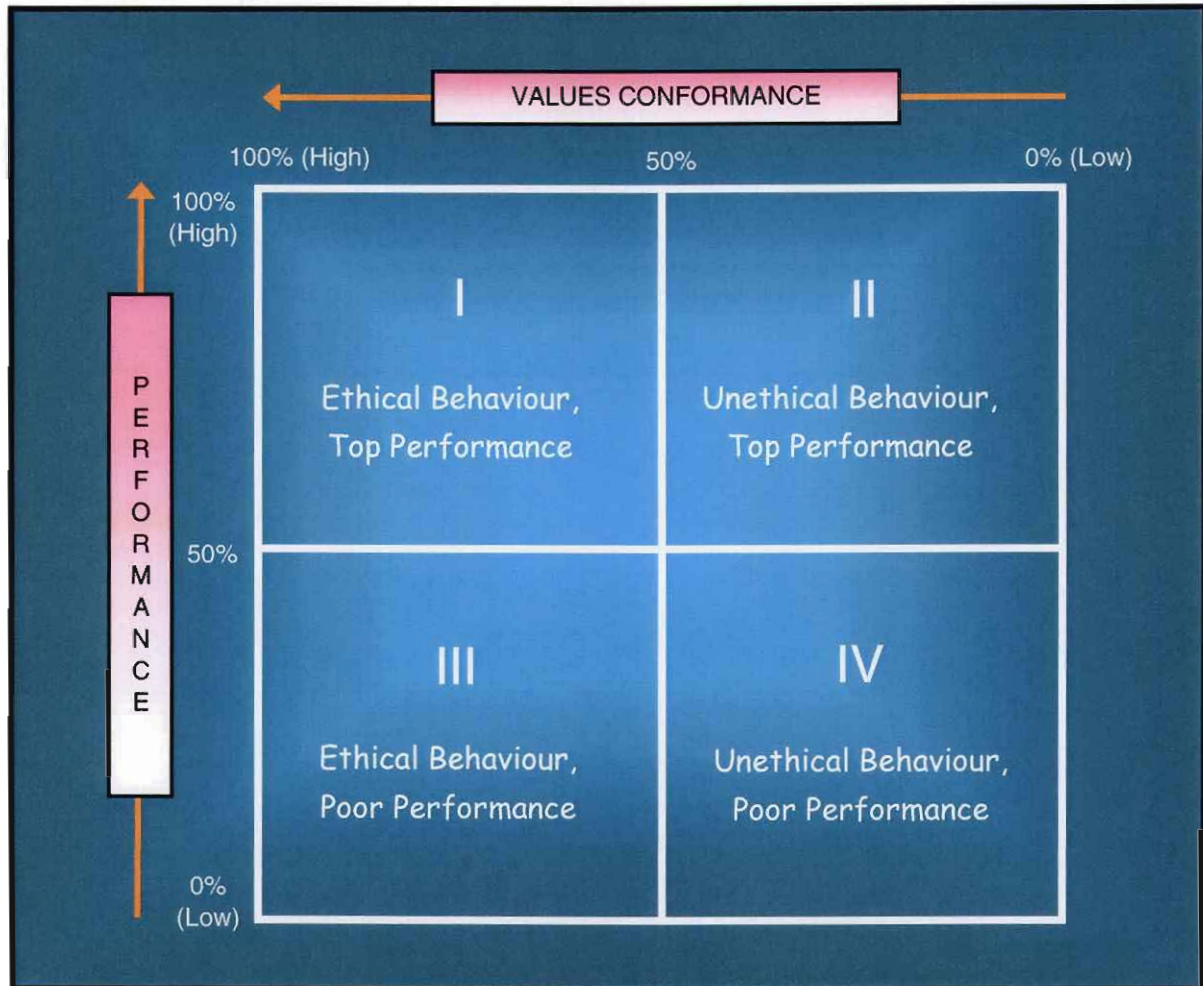


Figure 3.11: A performance/values evaluation template for the evaluation of integrated measurement results

With this template the differentiation occurs by dividing employees into four distinct groups based on their performance and ethical behaviour evaluation results. This is similar to the four differentiated groups proposed by Welch (2001:157) and described in section 2.3.4. Employees with evaluation results that fall into quadrant one (I), i.e. with results above 50% for both KPA performance and values conformance are considered to be top performers with ethical behaviour. An organisation may consider appropriately rewarding such employees (e.g. quarterly bonuses). Employees with evaluation results that fall into the second quadrant (II), i.e. with results above 50% for KPA performance, but results below 50% for values conformance, are employees that exhibit unacceptable ethical behaviour, even though they fulfil the strategic individual objectives of the

position in which they have been appointed. These employees may contribute to ethical dilemmas, a de-motivating climate in the workplace and team conflicts, thereby actually impeding overall performance and productivity. Employees with evaluation results that fall into the third quadrant exhibit acceptable ethical behaviour, even though their KPA performance is not up to standard. This template supports the view of Welch (2001:157) that these employees should be given the opportunity to improve performance, since it is often easier to improve KPA performance through skills development than it is to change ethical behaviour. An organisation should invest in the training and skills development of these employees to improve their performance. Employees with evaluation results that fall into the fourth quarter do not exhibit acceptable ethical behaviour and also do not perform to acceptable standards with regard to their key performance areas and individual strategic goals. For the individuals with unethical behaviour in quadrant II and IV change interventions such as cultural diversity, conflict management and emotional intelligence workshops may be considered. Since employees that fall into these two quadrants exhibit behaviour that is not in conformance with core organisational values, they may experience conflict with other individuals who do not approve of their behaviour, or they may experience conflict between their own values and the core values of the organisation. As already stated in section 2.3.4 of this study, it would not be appropriate in the current South African labour environment to “work the bottom performers out”. These situations should be approached with great care in regard to legislation and much sensitivity toward possible causes of the unethical behaviour.

3.7 IMPLEMENTATION AND TESTING OF THE 360-DEGREE MODEL

The outcomes of the implementation and testing are presented in chapter 4 of this study. The performance measurement model was implemented and tested at Midvaal Water Company in several phases.

1st Phase

An informal version of the 360-degree evaluation of values conformance was first tested with the laboratory team of Midvaal Water Company by the author of this study. The calculations of the 360-degree evaluation results for this run were performed on Excel spreadsheets. The major drawback from this trial run was the fact that the results were known to the person performing the calculations. All participants agreed that for testing purposes, this would be acceptable. The values assessment was not yet combined with the KPA performance measurement. The author of this study held an informal meeting to obtain feedback on the initial test. Participants were given the opportunity to freely express their opinions about the system. Participants were generally positive about the system. Positive feedback about the

questions and evaluation itself was given and the only concern was that of confidentiality when the actual computerised system is implemented. The outcomes of these evaluations are presented in section 4.2.5.1 of this study.

2nd Phase

Once a pilot computer programme was ready, a values assessment was performed with the extended management team, consisting of 14 members, rating each other on values conformance. On an extended management meeting the author of this study again asked participants to freely express their opinions about the system. Feedback was again positive. Minor improvement suggestions were communicated with the designer of the computer programme and implemented accordingly. At this stage, the values assessment was not yet combined with the KPA performance measurement. The outcomes of these evaluations are presented in section 4.2.5.2 of this study.

3rd Phase

Actual performance evaluations were then performed incorporating not only the normal KPA performance evaluation, but also the values conformance evaluation. The outcomes of these evaluations are presented in section 4.2.5.3 of this study.

3.8 SUMMARY OF THE MODEL DEVELOPMENT PROCESS WITH REGARD TO THE CHOSEN ORGANISATION

In developing a model to evaluate employee conformance to corporate values as described in this chapter, it was crucial that the model is not only founded on theoretic principles from literature as outlined in chapter 2 of this study, but also that the model is developed in a logical, systematic and practical manner. This is necessary for the model to be used as an instrument for regular and systematic performance measurement.

The model development process is summarised below in terms of the chosen organisation. Reference is made at the end of each finding to the specific section of this study.

- Midvaal Water Company is considered ideal for the implementation of the model (section 3.2).
- The vision, mission and strategic objectives of the organisation were reviewed as required (section 3.3).

- Instrumental values (Quality, Relationships, Service and Trust) were identified for Midvaal Water Company. These values conform to the criteria established in the literature study (section 3.3, step 2).
- The “top-down” process described in section 2.1.5 was used to identify the individual key performance areas at Midvaal Water Company (section 3.3, step 4).
- The “bottom-up” process described in section 2.1.5 was not employed correctly by Midvaal Water Company, since the management team provided their own definitions and clarifications as prescriptive guidelines to each department. In this respect the management team employed a process that more resembled a “top-down” process. The values definition and clarification process should have commenced at the “bottom” with every individual. As a result, some individual employees may not take “ownership” of the core values, which in turn may complicate the practice of holding employees accountable for their individual ethical behaviour (section 3.3, step 4).
- Even though the preferred “bottom-up” process was not followed, the values were still defined and clarified by each individual, section, department and the organisation as a whole and may still be employed for the purpose of this study (section 3.3, step 4).
- Successful completion of the value definition and clarification process at Midvaal Water Company ensures that all members of the organisation are not only working toward the same destination (“Your preferred bulk water provider”), but are bound by similar behaviour (“quality, relationships, service, trust”) through a shared value system (section 3.3, step 4).
- The KPA performance measurement system of Midvaal Water Company was evaluated against the criteria identified in section 2.3.2 of the literature study, and was found suitable for the incorporation of the values conformance assessment (section 3.4.1).
- The evaluation of the KPA performance measurement system of Midvaal Water Company found that the system is not a 360-degree evaluation system and that evaluations are performed on a 10-point scale (section 3.4.2).
- Recommendations were provided for the improvement of the KPA performance measurement system of Midvaal Water Company, including the incorporation of the measurement of individual values conformance and the eventual change of the entire system to a 360-degree evaluation system (section 3.4.2).
- The author of this study led a task team in the determination of the objectives and specifications of the model that conforms to criteria provided in section 2.3.3 of the literature review (section 3.5).
- An organogram representative of the entire organisational structure of Midvaal Water Company was compiled by the author of this study (section 3.6.1).

- The author of this study led the values task team in a workshop to construct a matrix for the 360-degree evaluations. This matrix is a combination of all the individual evaluator groups (section 3.6.2).
- The author of this study led the values task team in a workshop to identify evaluator groups for each individual employee in Midvaal Water Company (section 3.6.3).
- The author of this study led the values task team to compile the basic questionnaire used for the 360-degree evaluation at Midvaal Water Company. The questionnaire was designed to include questions that are simple, universally understandable and as far as possible unbiased. The questions were specifically chosen to reflect the action or “do” part of the instrumental values (section 3.6.4).
- The process of performing an actual 360-degree evaluation of values conformance at Midvaal Water Company is described. Explanations and steps are provided for the calculation of composite scores. Evaluations are also kept completely confidential (section 3.6.5).
- The KPA performance measurement and the values conformance scores for Midvaal Water Company were combined while keeping the differences in the two measurements in mind. The KPA performance measurement score is a more traditional performance measurement with evaluations performed by the direct supervisor only. This evaluation is also performed on a 10-point scale. It is not a 360-degree evaluation. The values conformance evaluation on the other hand is a 360-degree evaluation and is performed on a 3-point scale as explained in the previous section. The calculations on the combination of the scores are outlined (section 3.6.6).
- A description is provided for the electronic programme designed for Midvaal Water Company (section 3.6.7).
- The business leadership dashboard of Welch (2001:454) was adopted for Midvaal Water Company as a new performance/values evaluation template to evaluate the results of the integrated measurements (section 3.6.8).
- The 360-degree evaluation model for the evaluation of individual values conformance was implemented and tested at Midvaal Water Company in three different phases (section 3.7).

The outcomes of the development, implementation and testing of the model are presented in chapter 4 of this study.

CHAPTER 4

OUTCOMES, CONCLUSIONS AND REDOMMENDATIONS

4.1 INTRODUCTION

This chapter contains the outcomes of the development and implementation of the value conformance measurement model. Conclusions and recommendations regarding the design and implementation of the model are outlined.

The conclusions are presented in relation to the research objectives established in chapter 1 of this study. Relationships between the results, the literature study and the model development and implementation will also be drawn.

4.2 OUTCOMES

Outcomes are presented in the form of text or alternatively in tables, figures or graphs, which will be discussed. To present outcomes in a logical and systematic manner, it will be presented in the approximate sequence used for the model development process in chapter 3 as foundation.

- i. Outcomes from the identification and clarification of values
- ii. Outcomes from the evaluation of the KPA performance measurement system
- iii. Outcomes from the 360-degree model development
 - Individual evaluator groups
 - 360-degree value conformance evaluation
- iv. Outcomes from the combination of KPA and values scores
- v. Results and evaluations
 - 1st Phase results
 - 2nd Phase results
 - 3rd Phase results

Throughout this chapter the practical example of an employee (Quality Assurance Official) that was used in chapter 3 will be expanded as illustration of outcomes for the identification and clarification of values, the evaluation of the existing performance system as well as the incorporation of the measurement of values with KPA performance measurement.

4.2.1 Outcomes from the identification and clarification of values

- **Vision and Mission**

The results of the establishment of the mission and vision of Midvaal Water can be summarised as follows in accordance with section 2.1.3.1 of this study:

The mission: “Your preferred bulk water partner” expresses the heading or final destination of the organisation. The mission: “To provide bulk water and scientific services in support of clients’ requirements” describe the means to the end or what the organisation needs to focus on to reach the final destination. The values: “Quality, Relationships, Service and Trust” depict the preferred behaviour of employees (and management) in pursuit of the vision.

- **Values Identification**

As already stated in section 3.3 of this study, four instrumental (“do”) values were identified for Midvaal Water Company:

Quality, Relationships, Service and Trust

- **Defining of Key Performance Areas and Values Clarification**

The final result of the defining of key performance areas is the total alignment of individual, team, departmental and organisational goals with the vision of the organisation. The outcomes of this process are illustrated in **figure 4.1**. This illustration only focuses on two values with two associated descriptions of preferred behaviours. Two examples were used here simply to illustrate the different behaviours that may be associated with values. The actual codes of conduct may contain more than one preferred behaviour for each value. Notice that the preferred “bottom-up” process of values clarification is illustrated. Similarly, the organisational goals are transferred to one departmental goal and expanded into two example goals for the section and individual. In reality, sections and individuals may have more than one goal in relation to the corresponding departmental and organisational goals. Notice that the “top-down” process of key performance area identification is illustrated.

The ultimate result from the values clarification process is that all members of the organisation are not only working toward the same destination (“Your preferred bulk water provider”), but are bound by similar behaviour (“quality, relationships, service, trust”) through a shared value system.

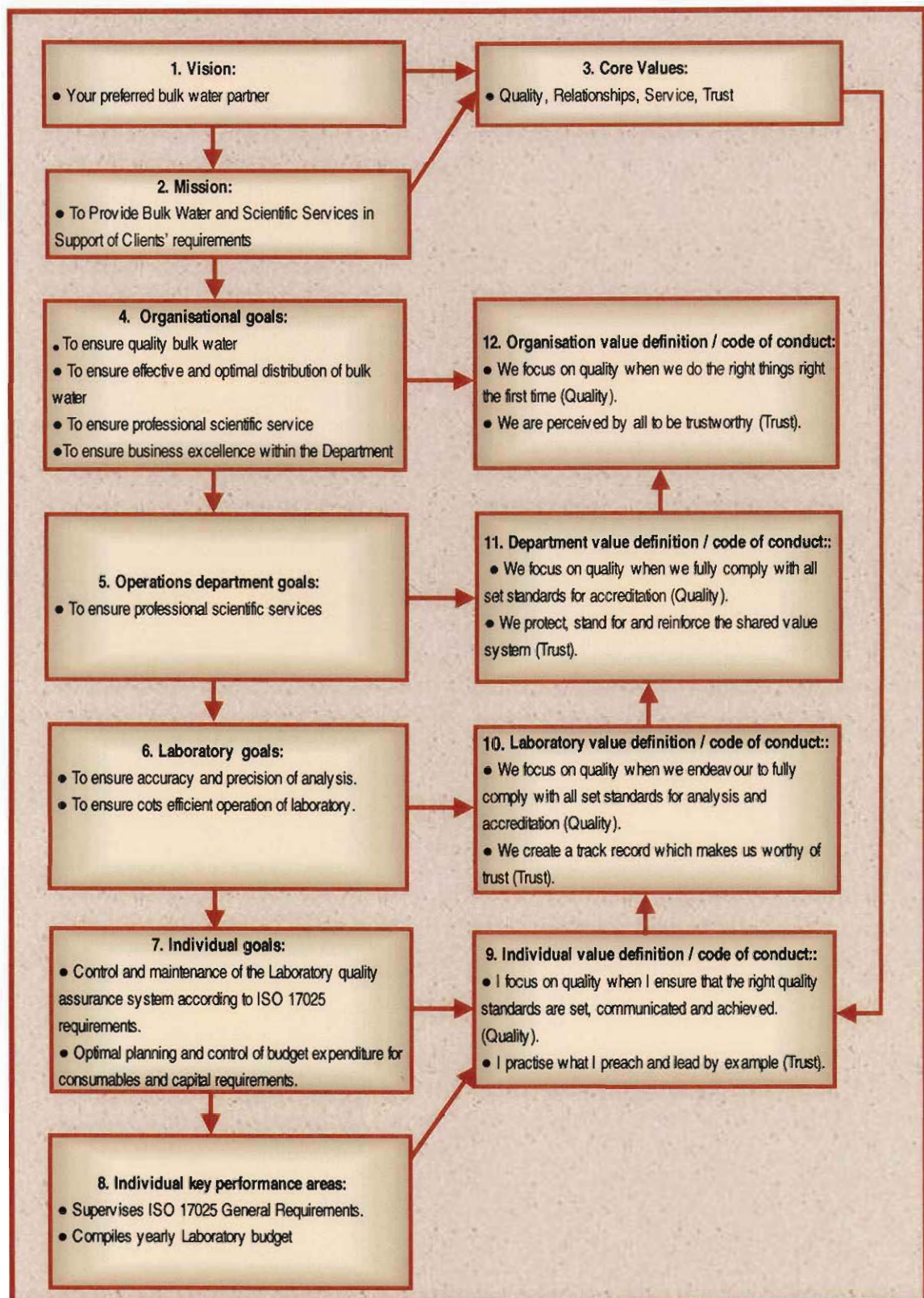


Figure 4.1: An example to illustrate the outcomes of the identification of individual key performance areas and the values clarification process at Midvaal Water

4.2.2 Outcomes of the evaluation of the KPA performance measurement system

The outcome of the evaluation of the KPA performance system is illustrated in **table 4.1** with an assessment of the specific example (Quality Assurance Official) used throughout chapter 3 and chapter 4. This example shows the use of the 10-point scale as well as the weights allocated to key performance indicators. The performance score for each output is indicated in the "Score" column. It is also evident that this performance measurement is not a 360-degree evaluation, but rather an evaluation according to the more traditional performance measurement system. Only feedback from the supervisor is incorporated into the system. The total weighted average for the individual in the example is calculated at 835. This score may also be expressed in percentage as 83.50%. This percentage is used for management information and performance bonus allocation.

Table 4.1: Example of KPA assessment of a specific participant at Midvaal Water Company

JOB TITLE: Quality Assurance Official																														
NAME: Juanita Erasmus																														
GRADE: C3																														
DEPARTMENT: Operations - Scientific Services																														
		Performance level																												
KEY PERFORMANCE AREA		KEY PERFORMANCE INDICATOR														0	1	2	3	4	5	6	7	8	9	10	Value	Score	Weight	Weighted score
1.	Supervises ISO 17025 General Requirements	Actual unavailability vs planned availability of instrumentation	5.0	4.3	3.7	3.0	2.6	2.1	1.7	1.3	0.9	0.4	0.0	1.0	7	20	140													
		Internal Quality Assurance - Control charts (CV%)	25	22	18	15	14	12	11	9	8	6	5	5.1	10.0	25	250													
		Average accuracy analysts in inter-lab tests - z-score	3.0	2.7	2.3	2.0	1.9	1.7	1.6	1.4	1.3	1.1	1.0	1.5	7	5	33													
		Average precision analysts in inter-lab tests - Quotient score	3.0	3.2	3.3	3.5	3.6	3.8	3.9	4.1	4.2	4.4	4.5	4.2	8.0	5	40													
		Average consistency analysts in inter-lab tests - Coefficient of variation	25	22	18	15	14	12	11	9	8	6	5	8.1	8.0	5	40													
2.	Compiled laboratory expenditure budget	Actual vs budget expenditure per quarter	-20	-18	-17	-15	-14	-14	-13	-12	-11	-11	-10			20	180													
			10	8	7	5	4	4	3	2	1	1	0	0.7	9.0															
3.	Preparation of management information	Compile reports	Very unhappy	1	2	Somewhat unhappy	4	5	Generally happy	7	8	9	Very happy	9.0	9	15	135													
4.	Safe working environment and working practices	Number of safety related Incidents (quarter)	2			1							0	0.0	10.0	5	50													
Average Value for KPA Performance																														
83.50%																														

4.2.3 Outcomes from the 360-degree model development

4.2.3.1 Individual evaluator groups

A matrix was constructed for the 360-degree evaluations. This matrix is a combination of all the individual evaluator groups. See Annexure 2 for an illustration of the more detailed matrix. From this matrix, individual evaluator groups were established for each participant in the 360-degree values conformance evaluation. Figure 4.2 provides an example of the evaluator group for a specific employee.

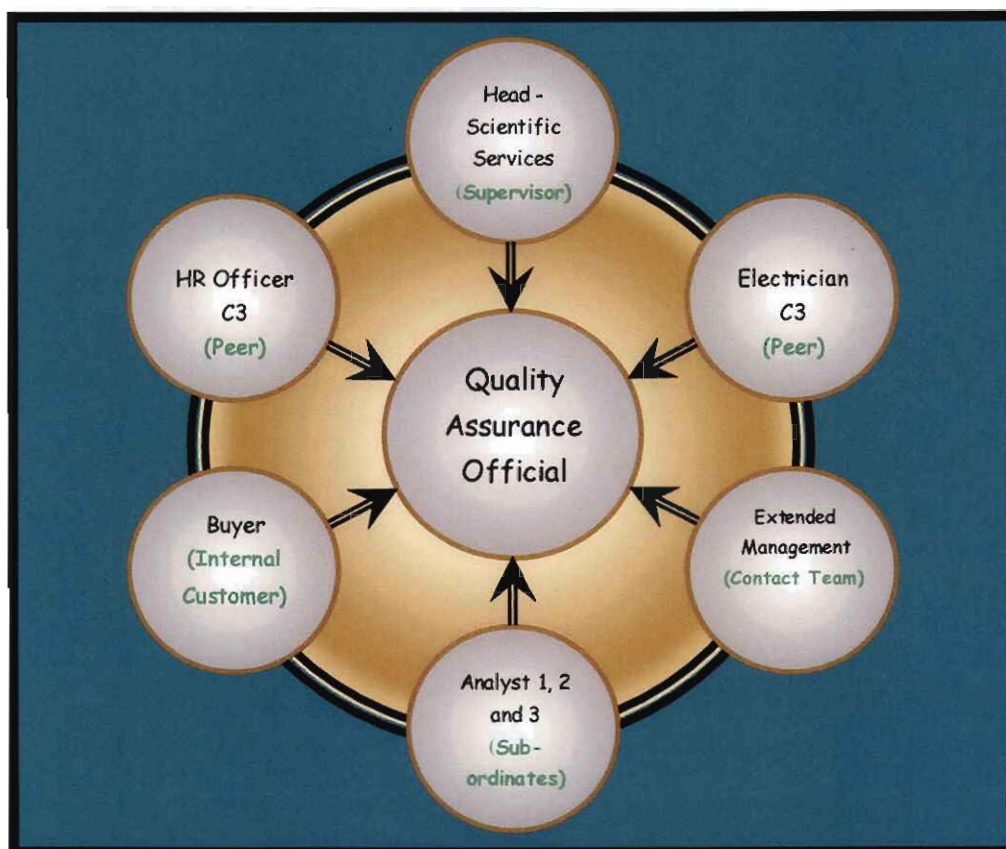


Figure 4.2: Example of an individual evaluator group for a specific employee of Midvaal Water Company

4.2.3.2 360-Degree values conformance evaluation

Inputs were obtained from all the evaluators in the evaluator group of the participants (in the case of the example, the Quality Assurance Official). Scores were attributed to each rating as described in section 3.6.5 as follows:

Not Acceptable = 1, Acceptable = 2, Outstanding = 3

As already stated, note that the averaged values conformance scores are specifically expressed in percentages since the score will be integrated with the measurement results for KPA performance. The actual calculations are performed automatically via a computer programme. The information will remain confidential and cannot be viewed by participants or evaluators.

An example of the calculation of values conformance scores for the Quality Assurance Official is given in Table 4.2. The example shows that specific weights have been attributed to evaluators according to the perceived familiarity of the evaluator with the working conduct of the participant. In the example, the Head-Scientific Services was attributed a heavier weight than other evaluators, since this position is the direct supervisor of the participant. A weighted score was calculated according to the calculation steps provided in section 3.6.5 of this study. The weighted scores of all the evaluators were added and expressed as a percentage for each value separately. In this case the percentages were: quality = 90%, relationships = 87%, service = 88% and trust = 95%. These scores will be used when combining the KPA performance results with the values conformance results. The average percentage of all the values was then calculated as 90%. The mode was determined as measure of central tendency as the most frequently recurring or repetitive value in the array or evaluator score data. In this case the mode for all four core values was three.

Table 4.2: Example of the calculation of values scores for a specific participant

JOB TITLE: Quality Assurance Official												
NAME: Juanita Erasmus												
GRADE: C3												
DEPARTMENT: Operations - Scientific Services												
Calculation of 360 Degree Assessment Results												
Value:	Quality			Relationships			Service			Trust		
Evaluators	Weight	Score	Weighted Score	Weight	Score	Weighted Score	Weight	Score	Weighted Score	Weight	Score	Weighted Score
Head - Scientific Services	20	3	0.20	20	3	0.20	20	3	0.20	20	3	0.20
Analyst 1	10	2	0.07	10	3	0.10	10	3	0.10	10	3	0.10
Analyst 2	10	2	0.07	10	2	0.07	10	2	0.07	10	3	0.10
Analyst 3	10	3	0.10	10	3	0.10	10	3	0.10	10	3	0.10
Electrician	10	3	0.10	10	3	0.10	10	3	0.10	10	2	0.07
HR Officer	10	2	0.07	10	1	0.03	10	2	0.07	10	3	0.10
Buyer	10	3	0.10	10	3	0.10	10	3	0.10	10	3	0.10
Extended Management Member 1	5	3	0.05	5	3	0.05	5	3	0.05	5	3	0.05
Extended Management Member 2	5	3	0.05	5	2	0.03	5	3	0.05	5	3	0.05
Extended Management Member 3	5	3	0.05	5	2	0.03	5	1	0.02	5	3	0.05
Extended Management Member 4	5	3	0.05	5	3	0.05	5	2	0.03	5	2	0.03
Mode	3			3			3			3		
Total	100		90%	100		87%	100		88%	100		95%
Average score for Conformance to Core Values												90%

4.2.4 Outcomes from combining KPA performance and values conformance scores

The outcome of the integration of KPA and value assessments is presented in an example in **table 4.3**. As already stated Midvaal Water Company chose the KPA performance scores to constitute 60% and the values conformance scores 40% of the final performance score for a participant. This composition is illustrated in the example presented below. In this example, the average percentage score for KPA performance measurement is 85% and the average percentage score for values conformance is 90%. The total performance score of the participant is 87%.

Table 4.3: An example of the integration of the KPA and values assessments of a specific participant at Midvaal Water Company

JOB TITLE: Quality Assurance Official																
NAME: Juanita Erasmus																
GRADE: C3																
DEPARTMENT: Operations - Scientific Services																
KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	Performance level										Value	Score	Weight	Weighted score	
		0	1	2	3	4	5	6	7	8	9					10
1. Supervises ISO 17025 General Requirements	Actual unavailability vs planned availability of instrumentation	5.0	4.3	3.7	3.0	2.6	2.1	1.7	1.3	0.9	0.4	0.0	1.0	7	10	70
	Internal Quality Assurance - Control charts (CV%)	25	22	18	15	14	12	11	9	8	6	5	5.1	10.0	10	100
	Average accuracy analysts in inter-lab tests - z-score	3.0	2.7	2.3	2.0	1.9	1.7	1.6	1.4	1.3	1.1	1.0	1.5	7	5	33
	Ao Average precision analysts in inter-lab tests - Quotient score	3.0	3.2	3.3	3.5	3.6	3.8	3.9	4.1	4.2	4.4	4.5	4.2	8.0	5	40
	Average consistency analysts in inter-lab tests - Coefficient of variation	25	22	18	15	14	12	11	9	8	6	5	8.1	8.0	5	40
2. Compiled laboratory expenditure budget	Actual vs budget expenditure per quarter	-20	-18	-17	-15	-14	-14	-13	-12	-11	-11	-10			10	90
		10	8	7	5	4	4	3	2	1	1	0	8.7	9.0		
3. Preparation of management information	Compile reports	Ver unhappy	1	2	Somewhat unhappy	4	5	Generally happy	7	8	9	Very happy	9.0	9	10	90
4. Safe working environment and working practices	Number of safety related Incidents (quarter)	2			1							0	0.0	10.0	5	50
5. Values conformance and alignment	Quality: 360 Degree evaluation average (%)												90	9.0	10	90
	Relationships: 360 Degree evaluation average (%)												87	8.7	10	87
	Service: 360 Degree evaluation average (%)												88	8.8	10	88
	Trust: 360 Degree evaluation average (%)												95	9.5	10	95
Average Value for KPA Performance													85.42%			
Average Value for Values Conformance													90.00%			
Total Performance Score of participant													87.25%			

4.2.5 Results and evaluations

4.2.5.1 Test results for 1st phase trial run

As stated in section 3.7, the 360-degree values evaluation model was tested and implemented at Midvaal Water in several phases. The 1st phase testing result was for a trial 360-degree evaluation of the laboratory team performed manually on 26 July 2006 with Excel spreadsheets. The results of this trial run are presented in **table 4.4**, **figure 4.3**, **figure 4.4**, **figure 4.5**, **figure 4.6** and **figure 4.7**. The actual names of participants were changed for this study to protect the confidentiality of individual employees. All participants evaluated each other.

Table 4.4: Summary of the results of the trial 360-degree evaluation on 26 July 2006 in percentages

	Quality	Relationships	Service	Trust	Total
Participant 1	68%	78%	80%	75%	75%
Participant 2	75%	56%	75%	70%	69%
Participant 3	80%	70%	80%	75%	76%
Participant 4	85%	90%	85%	83%	86%
Participant 5	80%	78%	83%	80%	80%
Participant 6	80%	70%	80%	80%	78%
Participant 7	95%	95%	88%	85%	91%
Participant 8	49%	45%	66%	53%	53%
Participant 9	80%	80%	58%	51%	67%
Participant 10	70%	77%	74%	72%	73%
Participant 11	75%	80%	64%	77%	74%
Participant 12	78%	90%	90%	85%	86%
Participant 13	60%	66%	61%	66%	63%
Average	75%	75%	76%	73%	75%

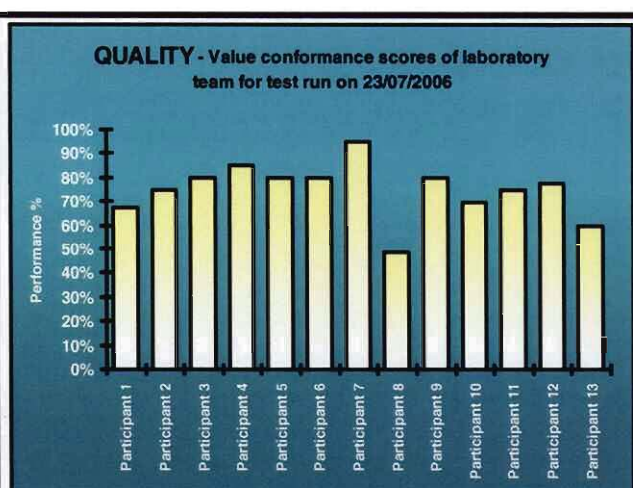


Figure 4.3: 1st Phase results - 360-degree evaluation on 26 July 2006 for the value "Quality"

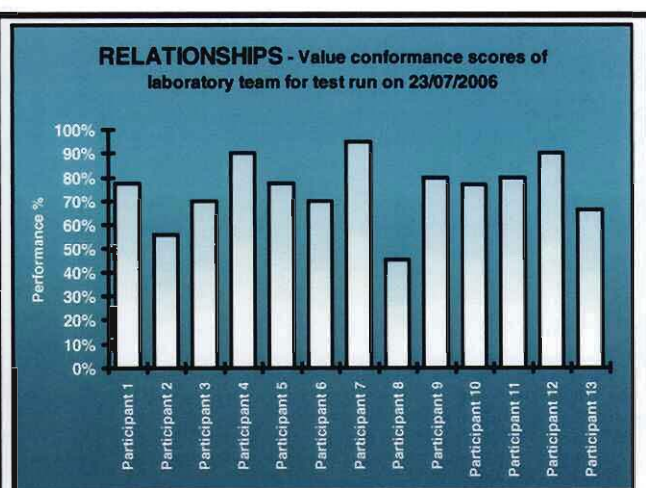


Figure 4.4: 1st Phase results - 360-degree evaluation on 26 July 2006 for the value "Relationships"

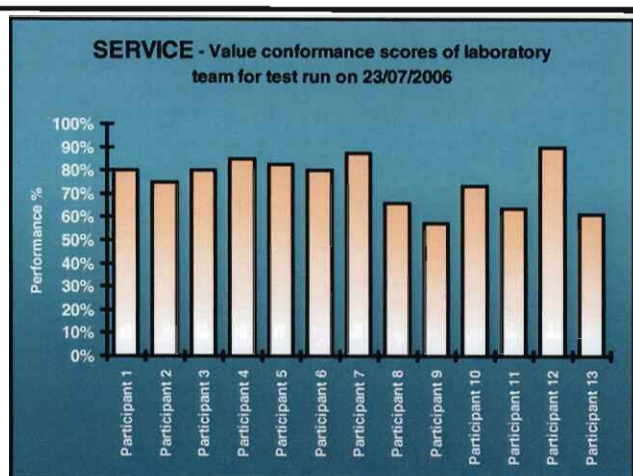


Figure 4.5: 1st Phase results - 360-degree evaluation on 26 July 2006 for the value "Service"

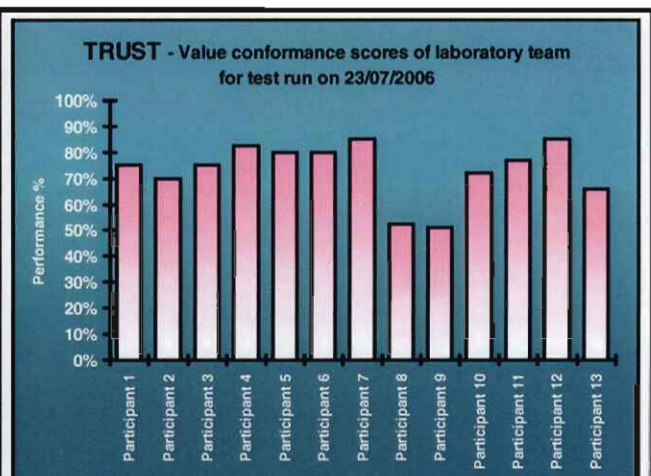


Figure 4.6: 1st Phase results - 360-degree evaluation on 26 July 2006 for the value "Trust"

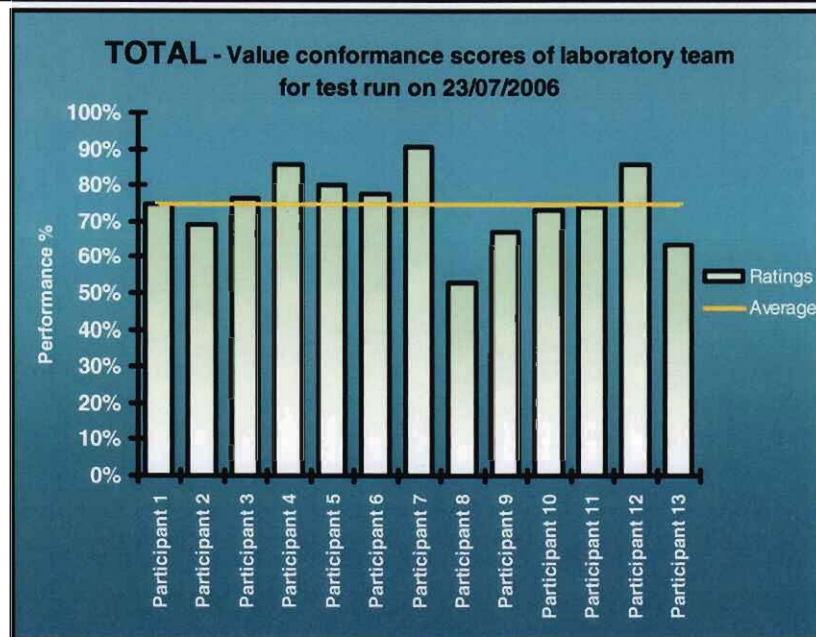


Figure 4.7: 1st Phase results - 360-degree evaluation on 26 July 2006 for conformance to all four values

Although more complete statistical analysis is required to draw conclusions from this trial run, it seems apparent from figure 4.7 that participant 8 and participant 13 consistently rated lower than the other participants in the evaluation. It would also not be sensible to draw conclusions about the ethical conduct of a participant from one run only. It is recommended that trend analyses over time should rather be considered. This run was only conducted for the purpose of this study to develop a performance measurement model that incorporates the measurement of individual conformance to corporate values. The data will not be incorporated into future analysis.

4.2.5.2 Test results for 2nd phase trial run

The 2nd stage testing result was for a trial 360-degree evaluation performed with the pilot computerised system on 22 June 2007 by the middle management team. The results of this trial run are presented in **table 4.5**, **figure 4.8**, **figure 4.9**, **figure 4.10**, **figure 4.11** and **figure 4.12**. The actual names of participants were changed for this study to protect the confidentiality of individual employees. The whole extended management team evaluated each other.

Table 4.5: Summary of the results of the trial 360-degree evaluation on 22 June 2007 in percentages

	Quality	Relationships	Service	Trust	Total
Participant 1	75.0	59.2	72.5	75.0	70.4
Participant 2	68.3	70.8	79.2	70.8	72.3
Participant 3	80.0	55.8	78.3	82.5	74.2
Participant 4	71.7	75.0	73.3	82.5	75.6
Participant 5	72.5	77.5	77.5	82.5	77.5
Participant 6	65.8	90.0	70.8	87.5	78.5
Participant 7	71.7	87.5	80.0	81.7	80.2
Participant 8	82.5	80.0	82.5	76.7	80.4
Participant 9	75.0	80.0	82.5	85.0	80.6
Participant 10	85.0	76.7	84.2	82.5	82.1
Participant 11	85.0	87.5	87.5	85.0	86.2
Participant 12	90.0	87.5	90.0	92.5	90.0
Participant 13	82.5	92.5	97.5	87.5	90.0

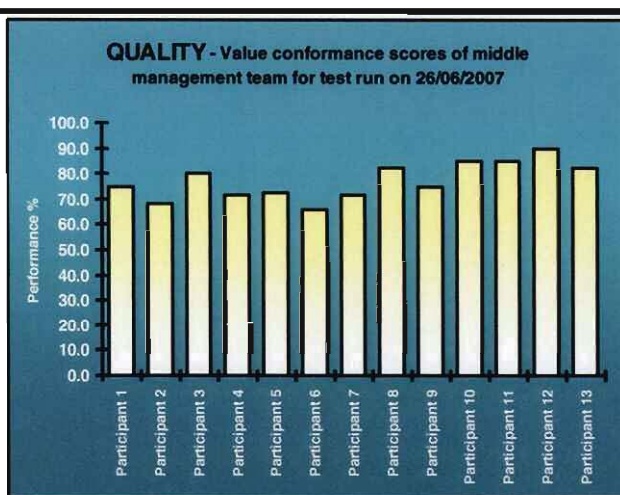


Figure 4.8: 2nd Phase results – 360-degree evaluation on 22 June 2007 for the value “Quality”

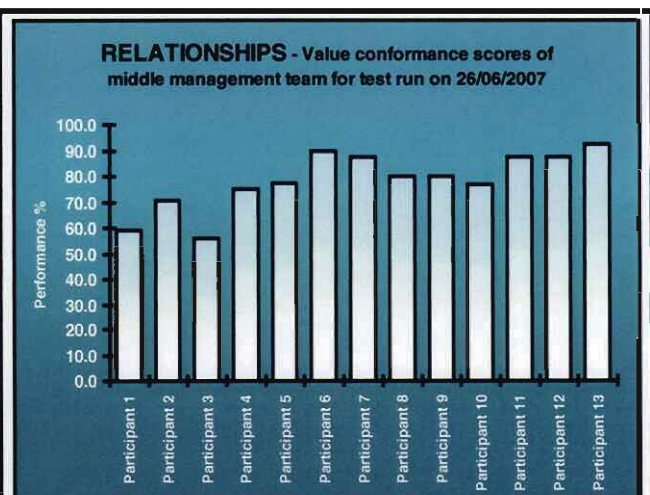


Figure 4.9: 2nd Phase results – 360-degree evaluation on 22 June 2007 for the value “Relationships”

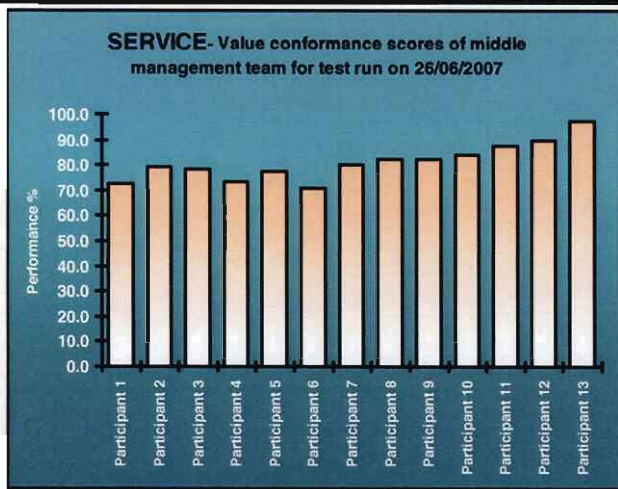


Figure 4.10: 2nd Phase results – 360-degree evaluation on 22 June 2007 for the value “Service”

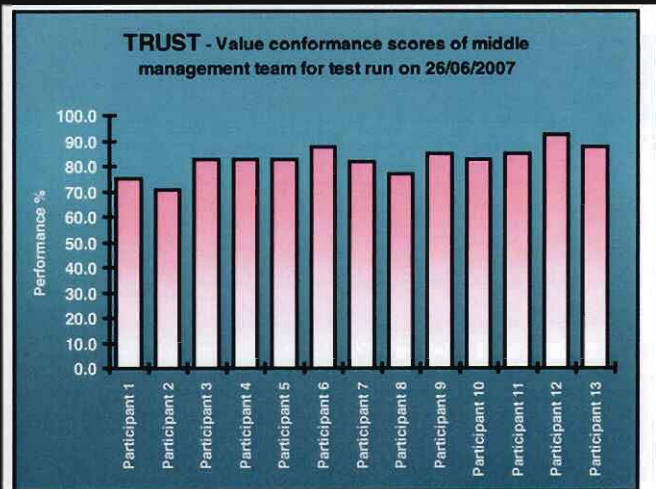


Figure 4.11: 2nd Phase results – 360-degree evaluation on 22 June 2007 for the value “Trust”

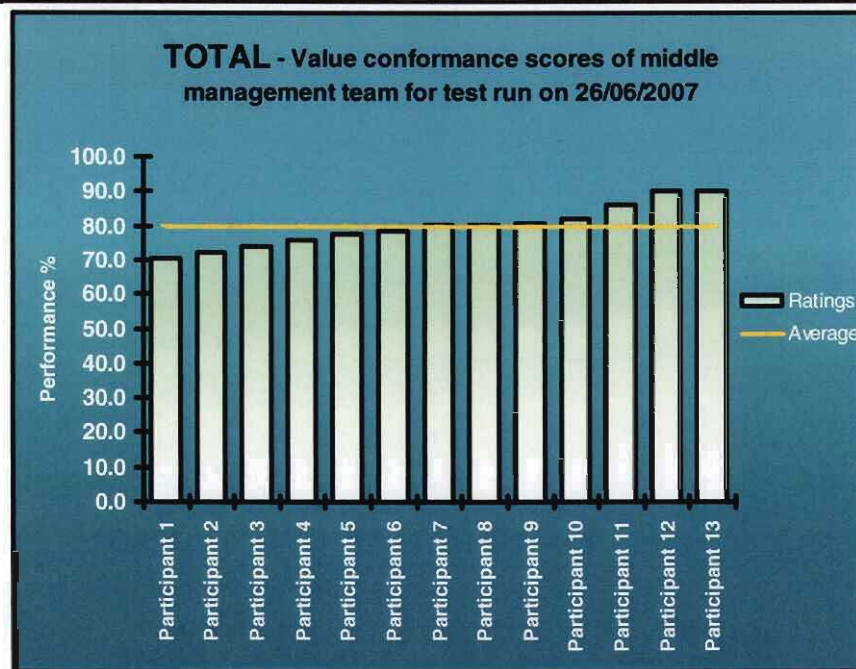


Figure 4.12: 2nd Phase results – 360-degree evaluation on 22 June 2007 for conformance to all four values

It should be noted that this run was also only conducted for the purpose of this study to develop a performance measurement model that incorporates the measurement of individual conformance to corporate values. It was crucial to obtain input and recommendations from the whole extended management team with regard to the model. The data will not be incorporated into future analysis.

4.2.5.3 Test results for 3rd phase run

The 3rd phase run was completed as described in section 3.7 of this study. This phase included KPA performance evaluations as well as values conformance evaluations. These evaluations were performed on the computerised programme designed specifically for Midvaal Water Company. Evaluation reports were produced for these evaluations. These reports consisted mainly of bar or line graphs. The results could be displayed per person. An example of the evaluation report for an individual is displayed in **figure 4.13**.

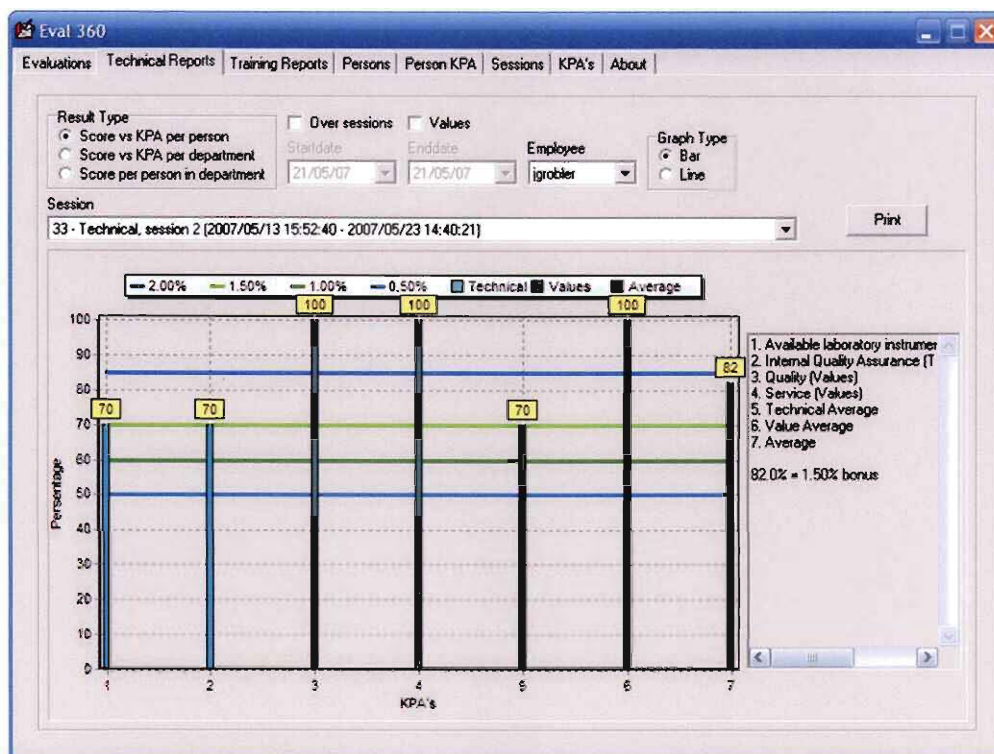


Figure 4.13: An example of an evaluation report for an individual

The results could further be displayed per department, comparing the different departments with each other. Results could also be displayed by comparing individual averaged scores amongst participants within a department. When several sessions have been completed, it would also be possible to view reports over chosen time periods. This would provide access to information relating to performance over time. Improvement or deterioration in the performance of an individual, team or department should become apparent. Only direct supervisors or managers have access to these reports. It should again be noted that individual ratings are never displayed on the report. The computerised system used for the phase 3 trial run did not yet include the performance/values evaluation template developed in section 3.6.8. For this run, results were

manually converted on the template. This template will be included in the next improved version of the computerised programme. The results of the 3rd phase run for one section (laboratory) are presented in **table 4.6**. The performance/values evaluation template is presented in **figure 4.14**.

Table 4.6: Summary of the results of the integrated 3rd phase performance evaluation

Participant	Values Conformance Results (average %)	KPA Performance Results (average %)
Quality Assurance Official	81	76
Participant 1	58	52
Participant 2	71	74
Participant 3	65	57
Participant 4	48	43
Participant 5	72	61
Participant 6	32	46
Participant 7	41	32
Participant 8	82	90
Participant 9	42	55
Participant 10	87	69
Participant 11	38	77

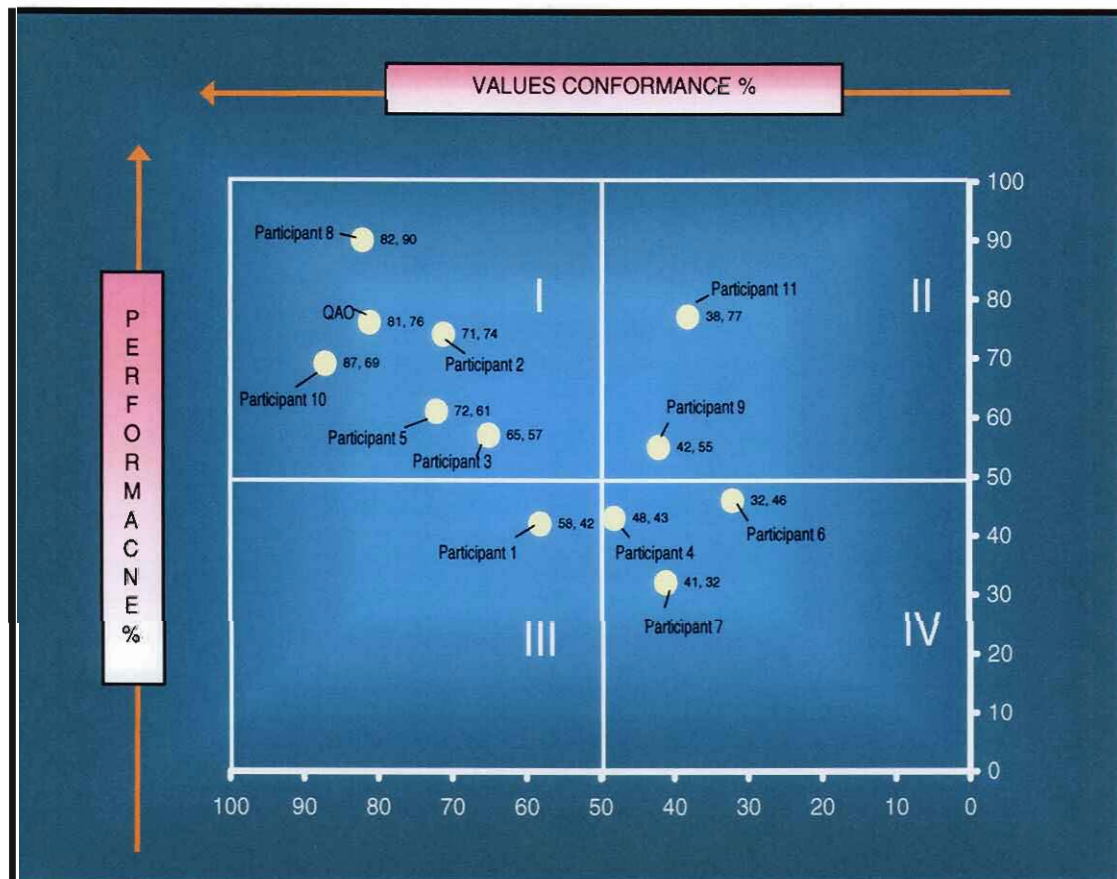


Figure 4.14: An example of a performance/values evaluation template for the evaluation of integrated measurement results for the third phase trial run

From **figure 4.14** it is evident that evaluation results for participant 2, participant 3, participant 5, participant 8, participant 10 and the QAO fall within the first quadrant of the performance/values evaluation template. These are the top performers in this specific group that also exhibit ethical behaviour and may be considered for appropriate reward.

Evaluation results for participant 9 and participant 11 fall in the second quadrant. These participants do not exhibit acceptable ethical behaviour, even though they adequately fulfil requirements with regard to their key performance areas and individual strategic goals.

Evaluation results for participant 1 fall within the third quadrant, which represents the poor performers with ethically acceptable behaviour. A skills gap analysis should be performed with this participant with regard to his/her key performance areas. Midvaal Water Company should assist this participant with skills development as well as with internal and external training.

Evaluation results for participant 4, participant 5 and participant 7 fall in the fourth quadrant of the performance/values evaluation template. These are the poor performers with unacceptable ethical behaviour. As already stated in section 3.6.8, employees with results in quadrant II and IV should be considered for change interventions such as cultural diversity, conflict management and emotional intelligence workshops. Employees that fall into quadrant II and IV may impede the productivity of the entire team through their unethical behaviour. They may also cause unnecessary value conflicts within the group.

It should be noted that an overall aim of the performance evaluation system is to improve performance, including the ethical behaviour of employees. Since this is the first time that values conformance and KPA performance was measured simultaneously in this manner, it may well be that some employees were not aware of the way that their behaviour was perceived by others. This evaluation and future evaluations will provide them with the opportunity of receiving continued feedback, perform introspection and adjust their ethical behaviour.

Further evaluation of the template revealed an area of concern. Due to the nature of the calculations of the values conformance, a person is rated 1, 2 or 3. These ratings translate into percentages as 33% (rating 1), 66% (rating 2) and 100% (rating 3). This effectively means that no participant can ever score below 33%. This inherent factor may present some problems with the effective evaluation of results. It is therefore recommended that the evaluation scales and calculation of results be revisited in future, probably to be changed to a 4-point scale.

4.3 PERFORMANCE MEASUREMENT MODEL SUMMARISED AND OUTLINED

The process (steps) to develop and implement a performance measurement model incorporating 360-degree evaluation of the conformance of individuals to corporate values is summarised below.

1. Evaluate existing performance measurement system.
2. Determine objectives and specifications of 360-degree evaluation system.
3. Review or construct organogram of organisation or outline structure of organisation.
4. Construct 360-degree matrix for organisation.
5. Identify evaluators for each participant and construct 360-degree evaluator groups for each participant.
6. Develop 360-degree evaluation questionnaire.
7. Develop computerised programme for 360-degree evaluation.
8. Perform 360-degree evaluation of individual conformance to core values.
9. Calculate results of 360-degree evaluation.
10. Combine results of 360-degree values conformance evaluation with results of KPA performance evaluation.
11. Assess results.
12. Provide feedback to participants.

The performance measurement model incorporating 360-degree evaluation of the conformance of individuals to corporate values may be illustrated in two ways. The first illustration in **figure 4.15** represents the integration of the 360-degree evaluation of values conformance with a more traditional KPA performance evaluation system as was described for the chosen organisation in this study. The second illustration in **figure 4.16** represents the integration of the 360-degree evaluation of values conformance with a 360-degree KPA performance evaluation. Based on the recommendations of this study, this would be the ideal integration model. Since many organisations may not initially be willing to change their existing KPA performance measurement systems to 360-degree evaluations, the first illustration remains appropriate.

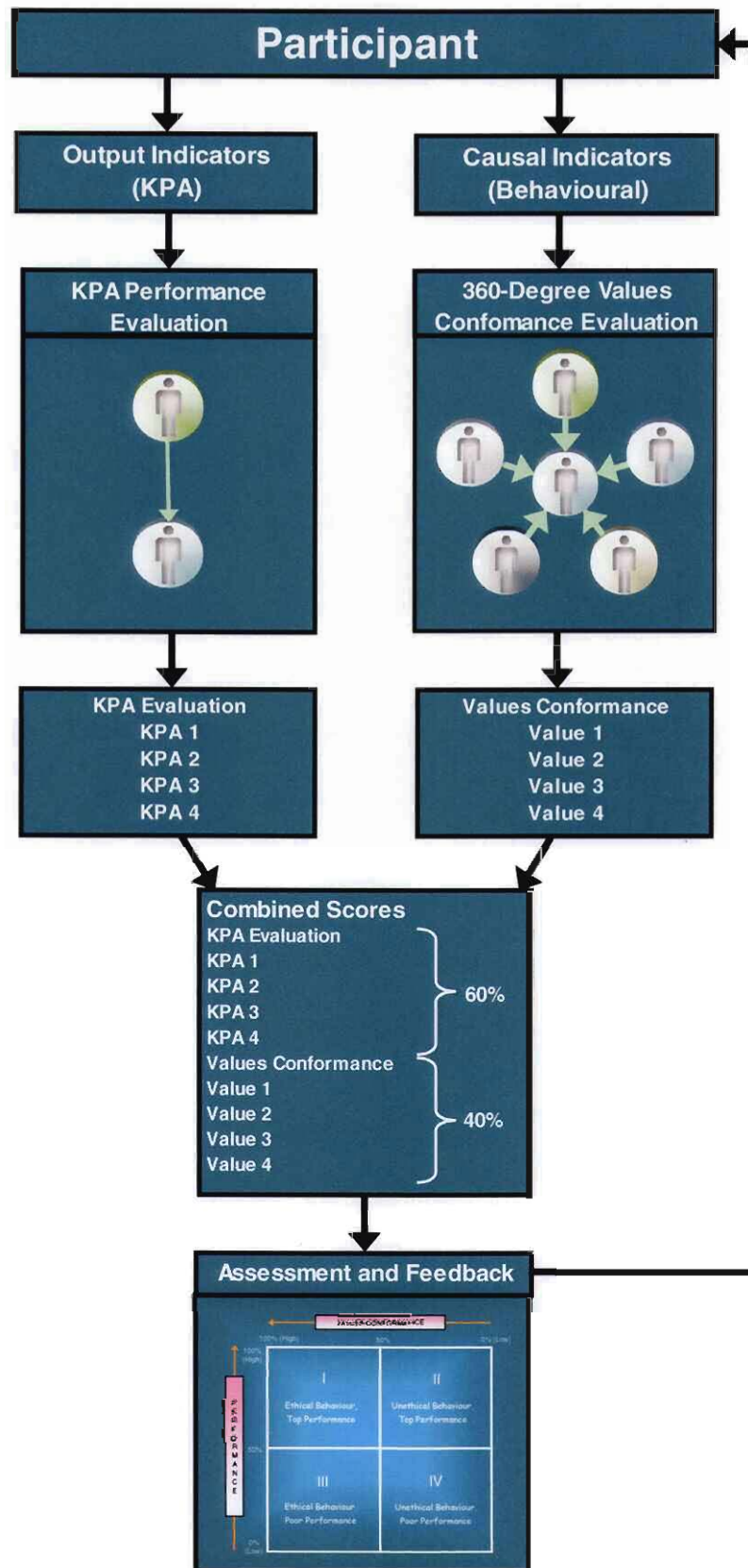


Figure 4.15: The performance measurement model of a more traditional KPA performance evaluation system incorporating 360-degree evaluation of the conformance of individuals to corporate values

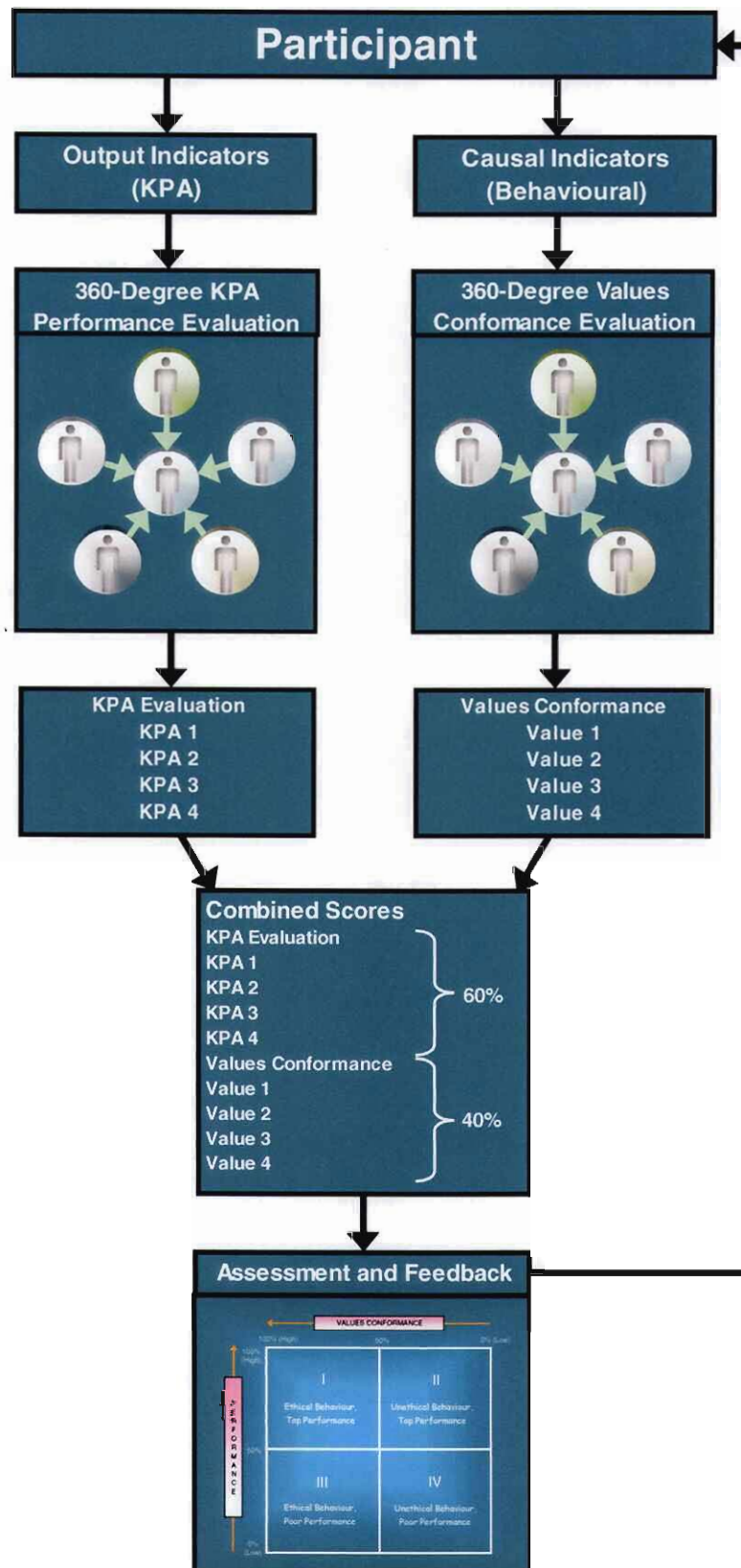


Figure 4.16: The performance measurement model of a 360-degree KPA performance evaluation system incorporating 360-degree evaluation of the conformance of individuals to corporate values

4.4 PROJECTED OUTCOMES OF THE IMPLEMENTATION OF THE 360-DEGREE MODEL

As already stated, the development and implementation of the performance measurement model that incorporates 360-degree evaluation at Midvaal Water Company is part of a larger intervention programme to create a motivating climate as outlined in section 2.2.3.4 of this study.

Section 3.5.2 of this study outlines specific objectives for the implementation of the performance measurement model. These objectives include the ultimate enhancement of stronger relationships and ethical conduct within the company and minimisation of areas where ethical conduct may impede productivity and create ethical dilemmas. The model for the creation of a motivating climate as illustrated in **figure 2.2** can then be used to project outcomes of the successful implementation of the performance measurement model proposed by this study. As explained in section 2.2.3.4 of this study, shared value system and work ethics are two of the inputs needed for the creation of a motivating climate. If the performance measurement model is effectively implemented, it will assist in the measurement and eventually the improvement of these two elements. It can be concluded that this will ultimately result in the enhancement of the outputs of the motivating climate model, provided that all the other elements of a motivating climate are present. The outputs of the motivating climate model are aligned commitment, efficiency and effectiveness, and job satisfaction.

4.5 CONCLUSIONS

The conclusions in this section are presented in relation to the research objectives established in chapter 1 of this study. Relationships between the results, the literature study and the model development and implementation will also be drawn.

- In section 1.1 of this study Kotelnikov (2004:1) describes performance measurement systems as reflective instruments that are designed to provide feedback relative to organisational goals. If core values are cherished and held dear in an organisation, it is then an organisational goal that all members of the organisation exhibit ethical behaviour that underpins the core values. Measurement of this performance would serve as a reflective instrument of the realisation of this specific goal.

- In section 2.1.1 criteria from Rath *et al.* (1987:199) were outlined. If a value meets these criteria, it can be considered to be part of a value system of a person. It may then be concluded that if the core organisational values also meet these criteria, as was the case in the organisation chosen as shown in section 3.3 (step 2), the values are part of the value system of the organisation and can be integrated effectively into a performance measurement system.
- Section 2.1.3.5 of the literature review of this study concludes that with the development of a system that measures employee behaviour against organisational values it is not only important that the values are shared, but also that the gap between espoused and core values be reduced to a minimum. Section 3.3 (step 2) of the model development concludes that the values identified for the chosen organisation were representative of the values of a large group of stakeholders; the gap between core values and espoused values should not be significantly large. It is further argued in this section that a shared value system was established, because the organisation had representation from all stakeholders in identifying the vision and mission and values of the organisation.
- Section 2.1.3.5 states that alignment must be sought between the personal values of employees and the core values of the organisation, and that the core values of organisations should be instrumental values and preferably include fundamental or humane values. In section 3.3 (step 2) it is apparent that the process used in the core value identification process supports alignment between the core values and individual employee values. Furthermore, all four the core values identified for the chosen organisation are instrumental or “do” values, while two of the values fall within the humane group of values. The instrumental values are also confirmed in section 4.2.1 as an outcome of the model development process. The ultimate result from the values clarification process is that all members of the organisation are not only working toward the same destination, but are bound by similar behaviour.
- Section 2.1.5 (step 4) states that a prerequisite to describe core values in behavioural terms is that the key performance areas of each individual should be identified. The “top-down” process needed to identify the key performance areas is described in this section. Section 3.3 (step 4) outlines the application of this process to the chosen organisation and section 4.4.1 provides an example of a specific organisational employee to illustrate the outcomes of this process.

- Section 2.1.5 (step 4) states that the core values of an organisation should be described in behavioural terms with concrete examples of the behaviours that support each value to ensure that people understand the values (Barrett, 2006:9). A “bottom-up” process is described in this section where the core values are defined and clarified for each individual as actions in relation to the key performance areas. Section 3.3 (step 4) outlines the application of this process to the chosen organisation. In this section a concern is expressed that employees of the chosen organisation may not take “ownership” of the core values, since the management of this organisation deviated from the prescribed process. Even though the preferred “bottom-up” process was not followed correctly, the values were still defined and clarified for each individual, section, department and the organisation as a whole. Section 4.4.1 provides an example of a specific organisation employee to illustrate the outcomes of this process.
- The accountability of employees for their actions is described in section 2.2.3.3 of this study. Employees can be held accountable by measuring their actions against the code of conduct and ultimately the organisational values. The inclusion of the measurement of conformance to values into a regular and systematic performance management system ensures this accountability. The development of a 360-degree model to measure this conformance is described in section 3.6 and the outcomes of this development is illustrated as examples for a specific employee in section 4.2.3.
- The literature review on ethics and values in the South African context in section 2.2.4 highlights that although most organisations have identified core values and documented a code of ethics, a lot of work remains to be done with the integration of ethics and values management practices into all organisational processes. This study attempts to address the integration of ethics and values criteria into the performance measurement system of an organisation. The development of the performance measurement model in chapter 3 is done on a chosen organisation operating in a unionised environment in South Africa. This study is then very relevant to situations and needs in the modern-day South African context.
- Section 2.3.2 of the literature review provides key features and specific criteria for an effective performance measurement system. Section 3.4.2 of the model development process in chapter 3 evaluates the current performance measurement system of the chosen organisation against the key features and criteria for an effective performance measurement system. The outcomes of this evaluation are presented in section 4.2.2.

These sections meet the first specific objective of this study: *Identifying best practices in regard to performance measurement systems that are relevant to the South African context.*

- Evaluation of the 360-degree evaluation method in section 2.3.3 of this study reveals that this method would be particularly appropriate for the evaluation of individual conformance to corporate values, since it can provide an “honest assessment” of the perceived ethical behaviour of an individual. Section 3.6 of this study deals with the development of a 360-degree model specifically aimed at measuring individual conformance to corporate values. The outcomes of the development of this model are presented in section 4.2.3 of this study. These sections meet the second specific objective of this study: *To develop a model to serve as a foundation for the measurement of individual adherence to corporate values.*
- Section 2.1.5 (step 6) proposes the inclusion of the measurement of individual conformance to corporate values in the regular and systematic performance measurement of an organisation. Section 3.6.6 outlines the actual process used in the chosen organisation to combine the KPA performance and the value conformance scores. It is highlighted that for the chosen organisation, the KPA performance measurement score is a more traditional performance measurement where evaluations are performed by the direct supervisor only. This evaluation is also performed on a 10-point scale. It is not a 360-degree evaluation. The values conformance evaluation on the other hand is a 360-degree evaluation and is performed on a 3-point scale as explained in the previous section. The outcomes of this integration are presented with a specific example in section 4.2.4. These sections meet the third specific objective of this study: *Integration of the newly created values evaluation model with an existing performance measurement system in a specific organisation.*
- In section 3.6.7 the electronic programme designed specifically for the chosen organisation in fulfilment of the objectives of this study is introduced. This programme is designed in such a manner that it takes into account all of the objectives and specifications for the 360-degree model as outlined in section 3.5. The programme links all evaluator groups as determined by the organisational matrix in section 3.6.2 and is designed around the questionnaire that was established in section 3.6.4. The programme further incorporates all 360-degree calculations as described in section

3.6.5 and integrates the KPA performance and values conformance scores as proposed in section 3.6.6.

- Reports or evaluation templates are needed to evaluate performance scores. The reports and templates to be used are explained in section 3.6.8. The reports include graphs, trend analyses and an adaptation of the business leadership dashboard of Welch (2001:154).
- Section 3.7 explains that the performance measurement model was implemented and tested in the chosen organisation in different phases; the results are presented as examples for each phase in section 4.2.5. These sections meet the fourth specific objective of this study; *Testing of the values evaluation model within the chosen organisation.*
- From the above conclusions it is clear that the ultimate objective of the study was also met: *The creation of a model to evaluate the conformance of individual members of an organisation to corporate values as part of a regular, systematic performance measurement system.*

CHAPTER 5

SUMMARY AND EVALUATION OF THE STUDY

5.1 INTRODUCTION

In this chapter the study is summarised as a whole. The problem area will be addressed, followed by the objective of the study and the methodology behind the development and implementation of the model. The most important conclusions from literature and the empirical study are highlighted. Next, a critical evaluation and limitations of the study are presented. Finally, suggestions are made for possible topics of further study.

5.2 PROBLEM AREA

Organisations in South Africa cannot deny the part that they have played in creating the very circumstances that have made corporate governance and management by values vital. Recent allegations of corruption against high-ranking officials, spectacular corporate failures and the abuse of leadership power highlight the need for solid ethical foundations in an organisation. This has made the ethical conduct of individuals within organisations one of the most controversial and pertinent topics of modern times.

KPA competence of employees has been widely measured for many years. The manner in which employees interact with team members and the influence of their actions on morale and productivity, have not been so widely measured. This implies that employees, who are very competent with regard to their key performance areas, may actually have a negative impact on organisational morale and productivity. People may be educated and skilled, but be simultaneously emotionally unintelligent. One may then conclude that coordinated and continued effort is needed to integrate corporate governance, performance, ethics and values.

Only limited research could be found pertaining to the measurement of individuals' conformance to corporate values. No actual model could be found to illustrate the values conformance process and the incorporation of such measurement into the existing performance measurement system already employed by organisations. It may then be concluded that coordinated and continued effort is needed to integrate corporate governance, performance, ethics and values. The development of a model to measure adherence to corporate values in a specific organisation will partially address

this integration. This research is important since introducing an instrument to measure adherence to corporate values may serve to be a step in the direction of enforcing accountability for an individual's daily actions toward team members and the organisation as a whole. Results obtained from such measurements will assist leaders in assessing the influence of individual adherence to corporate values in the achievement of organisational goals.

5.3 OBJECTIVES OF THIS STUDY

The ultimate objective of the study is the creation of a model to evaluate the conformance of individual members of an organisation to corporate values as part of a regular, systematic performance measurement system.

The specific objectives of this study are outlined as follows:

- i. Identifying best practices in regard to performance measurement systems that are relevant to the South African context.
- ii. To develop a model to serve as a foundation for the measurement of individual adherence to corporate values.
- iii. Integration of the newly created values evaluation model with an existing performance measurement system in a specific organisation.
- iv. Testing of the values evaluation model within the chosen organisation.

5.4 METHODOLOGY

5.4.1 Literature review

The literature study focuses on the three core concepts of the study, values, ethics and performance measurement. The concepts are thoroughly investigated and appropriate definitions with regard to the study are formulated. The contribution of each concept to organisational performance is assessed and the relations between the concepts are discussed.

5.4.2 Model development, implementation and evaluation

Midvaal Water Company was chosen for the development of the performance measurement model. Based on the literature review, the existing performance measurement system of the chosen organisation was evaluated for suitability for the incorporation of 360-degree evaluation of

conformance to corporate values, and improvements were recommended. A 360-degree model for the measurement of conformance of individuals to corporate values was developed. The model was implemented and tested in the chosen organisation.

5.5 RESULTS AND CONCLUSIONS

This study aims to explore the measurement of the conformance of an organisation's members to corporate values as part of a regular, systematic performance management and measurement system.

The results and conclusions of this study can be shortly summarised as follows:

- Modern-day South Africa is a complex society with many contradicting or competing morals and values. Within this environment, a shared value system may provide an organisation with a significant competitive advantage. Organisations should not only measure the realisation of strategic objectives, but also the extent to which a shared value system has been achieved. This can be accomplished by measuring the conformance of individual members to the core values of an organisation. Currently, little information is available on such measurement.
- The core values of an organisation should meet specific prerequisites for the effective measurement of conformance to these values. The values should be representative of a shared value system in the organisation. The gaps between espoused and core organisational values should be reduced as far as possible. The core values of an organisation cannot be terminal values describing end-states of existence, but should be instrumental or "do" values describing desired behaviour.
- For individuals to be held accountable for their ethical behaviour, the core organisational values should be defined and clarified for every individual and should be codified clearly in a code of conduct describing desired behaviour for each value. The preferred "bottom-up" process should be followed for the defining and clarification of the values. Employees can then be held accountable by measuring their actions against the code of conduct and ultimately the organisational values. Successful completion of the value definition and clarification process ensures that all members of an organisation are not only working toward the same destination (vision), but are bound by similar behaviour through a shared value system.

- Managing by values entails ensuring that values are enforced into all the daily practices of an organisation. The preferred behaviours should be entrenched in all codes, policies, procedures, and standard practices of the organisation, including the performance measurement system.
- With the 360-degree evaluation of individual conformance to core values, one can then state that the behaviour of individual employees will be critically judged against a code of conduct, after reflection of core organisational values.
- Since a shared value system and work ethics are both inputs into a motivating climate, such a climate may be enhanced if these inputs could be increased. Since it is the ultimate aim of any performance measurement system to improve performance, adherence of individuals to corporate values may be improved if it is included in a performance management system. This in turn should facilitate the creation of a motivating climate within the organisation.
- The correct measurement of performance provides important information to determine the manner in which an organisation should be managed and operate. For “causal” indicators, 360-degree evaluation may be the most appropriate evaluation method, since employees receive feedback on individual performance and behaviour from a variety of sources.
- It should be possible to incorporate the 360-degree evaluation of values conformance into any existing performance measurement system that conforms to the criteria as established in this study. It is however preferable that 360-degree evaluation be used for all assessments on one pre-determined measuring scale.
- A performance/values template was customised for this study for the evaluation of KPA performance and values conformance results. This template effectively differentiates employees into categories based on the results. Depending on the specific category that the performance results of an individual falls in, the individual can be appropriately rewarded for his/her performance or skills development and training options may be considered. Care should be taken that all actions take into account the labour legislation applicable to all South African organisations.

- The evaluation model proposed in this study was effectively implemented and tested in the chosen organisation.

5.6 CRITICAL EVALUATION OF THE STUDY

The critical evaluation of this study considers the fulfilment of the original objectives set out in this study, mentions limitations of the study, and also addresses areas of concern related to the specific organisation that served as a case study.

Three specific objectives and one overall objective were established for this study (compare section 5.2). It appears that the objectives have been met. Best practices in regard to performance measurement systems that are relevant to the South African context were identified in the form of specific criteria against which the systems may be measured. A 360-degree model was developed to serve as a foundation for the measurement of individual adherence to corporate values. The newly created model was integrated with an existing performance measurement system in a specific chosen organisation. The integrated model was tested within the chosen organisation. It is then clear that the ultimate objective of the study was met. A model was created to evaluate the conformance of individual members of an organisation to corporate values as part of a regular, systematic performance measurement system.

The development and implementation of the values conformance measurement model was done in agreement with literature on the relevant topics. The applicability of the study can however be limited by some factors (compare section 1.5):

- The results of the study relate to a single organisation and should not be regarded as necessarily applicable to other organisations. The performance measurement systems employed by other organisations may be more complex and it could be more problematic to integrate values conformance evaluation into the system. Due to the unionised environment of South Africa, some organisations may find it difficult to obtain the support of unions with regard to the assessment of ethical behaviour of union members.
- A 360-degree evaluation is subjective in nature. This subjectivity may give rise to measurement bias. It is possible that in close-knit teams, people may rate each other exceptionally high so that the whole team would obtain good ratings. It is also possible that the ratings may take on a personal nature and people rate each other on their

perceptions of the person per se, rather than their perceptions of the ethical work behaviour of the individual.

With regard to the specific model implemented and tested in the chosen organisation, the following areas of concern should be noted:

- As already stated, the actual process employed by the company for values definition and clarification did not conform to the preferred “bottom-up” process. This factor may enhance any resistance to the implementation of the system and could complicate the practice of holding employees accountable for their own behaviour.
- The KPA performance evaluation in the chosen organisation is not a 360-degree performance method. It should be noted that it would be ideal if this measurement was also performed according to the 360-degree method. It would also be preferable if both the KPA performance and values conformance measurements were performed on the same measurement scale within a certain time period.
- Further attention may be necessary with regard to the calculation of the values conformance scores. It is recommended that the evaluation scales and calculation of results be revisited in future.

5.7 RECOMMENDATION FOR FURTHER STUDIES

These recommendations are based on further studies that may be used to improve or enhance value orientated behaviour within organisations.

- i. Results obtained from the measurement of values conformance can be used to assess the influence of individual adherence to corporate values in the achievement of organisational goals.
- ii. Since values and work-ethics are both inputs into a motivating climate, the implementation of a model that measures individual conformance to core values could possibly enhance the motivating climate within an organisation. This possible change in a motivating climate is a solid foundation for further study.

- iii. Research can be conducted into the relationships (correlation) between value conformance (ethical behaviour) and performance in relation to key performance areas.
- iv. Research can be conducted into probable relationships between the values conformance results of leaders and managers and the leadership style employed by such a person.
- v. Research can be conducted into probable relationships between the values conformance results of individuals and corresponding personality types.

5.8 FINAL CONCLUDING REMARKS

This study embarked on the relatively unexplored field of studying the measurement of the conformance of an organisation's members to corporate values as part of a regular, systematic performance management and measurement system.

In conclusion of this study, one may reflect on the rationale behind paying attention to ethical considerations in an organisation, since one may reason that organisations primarily exist to make money. Consider the following quotation from Lü Bu-wei (246 B.C), Chinese Prime Minister under Emperor Ying, as quoted by Value Quotes (2007:1):

"In making judgements, the Early Kings were perfect, because they made moral principles the starting point of all their undertakings and the root of everything that was beneficial. This principle, however, is something that persons of mediocre intellect never grasp. Not grasping it, they lack awareness, and lacking awareness, they pursue profit. But while they pursue profit, it is absolutely impossible for them to be certain of attaining it."

The above quotation confirms that organisations should be founded on ethical and moral principles. With this starting point, values and ethical behaviour not only becomes the foundation of organisations, but also the cornerstones of society.

Consider the following satirical definition of an organisation from Ambrose Bierce, The devil's dictionary (1906) as quoted by Value Quotes (2007:1):

"Corporation, n., An ingenious device for obtaining profit without individual responsibility."

Managers, leaders and individuals within corporations should be held accountable for their actions on a daily basis. The ultimate aim of implementing a performance measurement system is to improve the performance of the organisation. With the performance measurement system introduced in this study the aim would then be to improve the ethical behaviour of members in an organisation and therefore the overall performance of the organisation.

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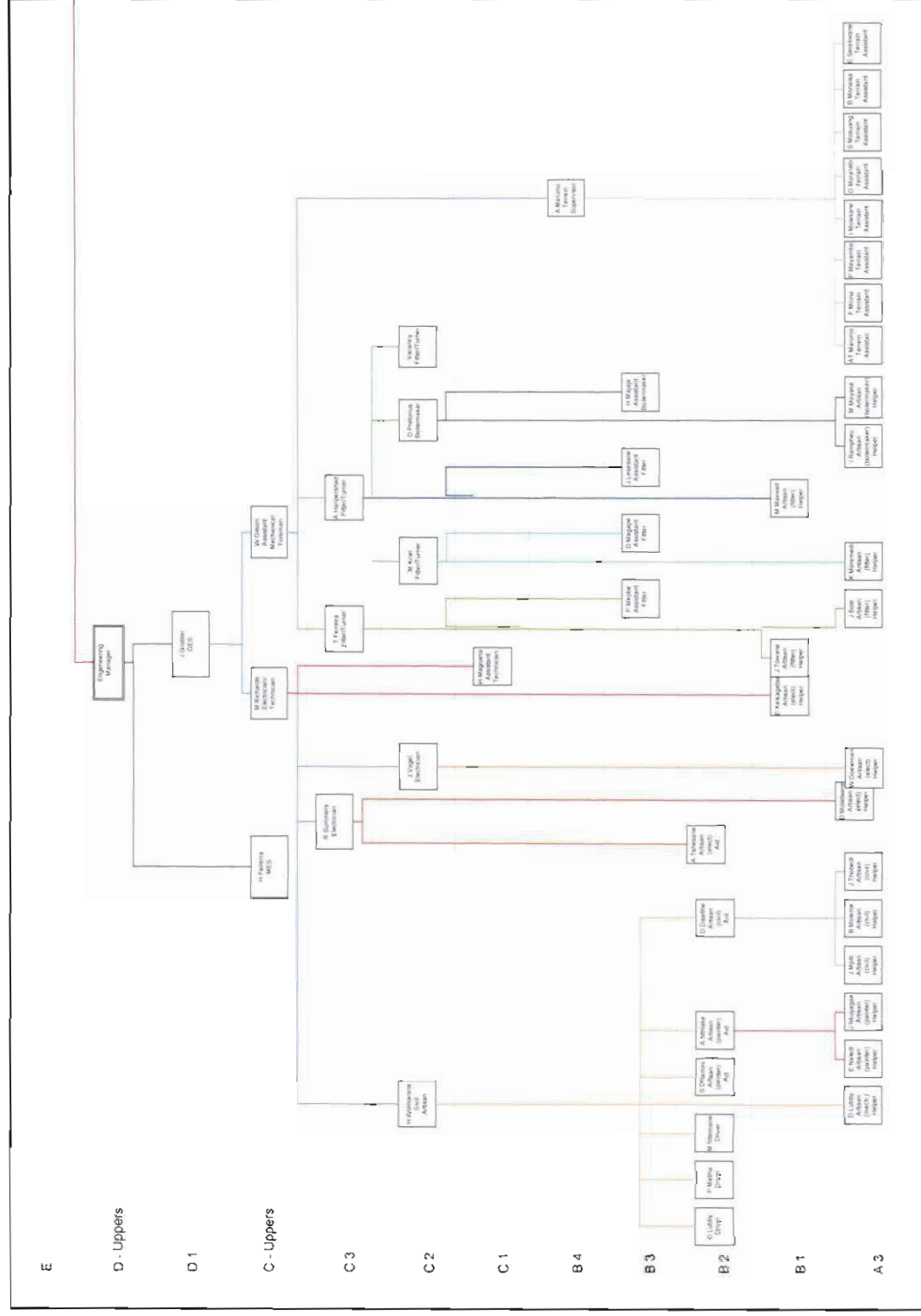
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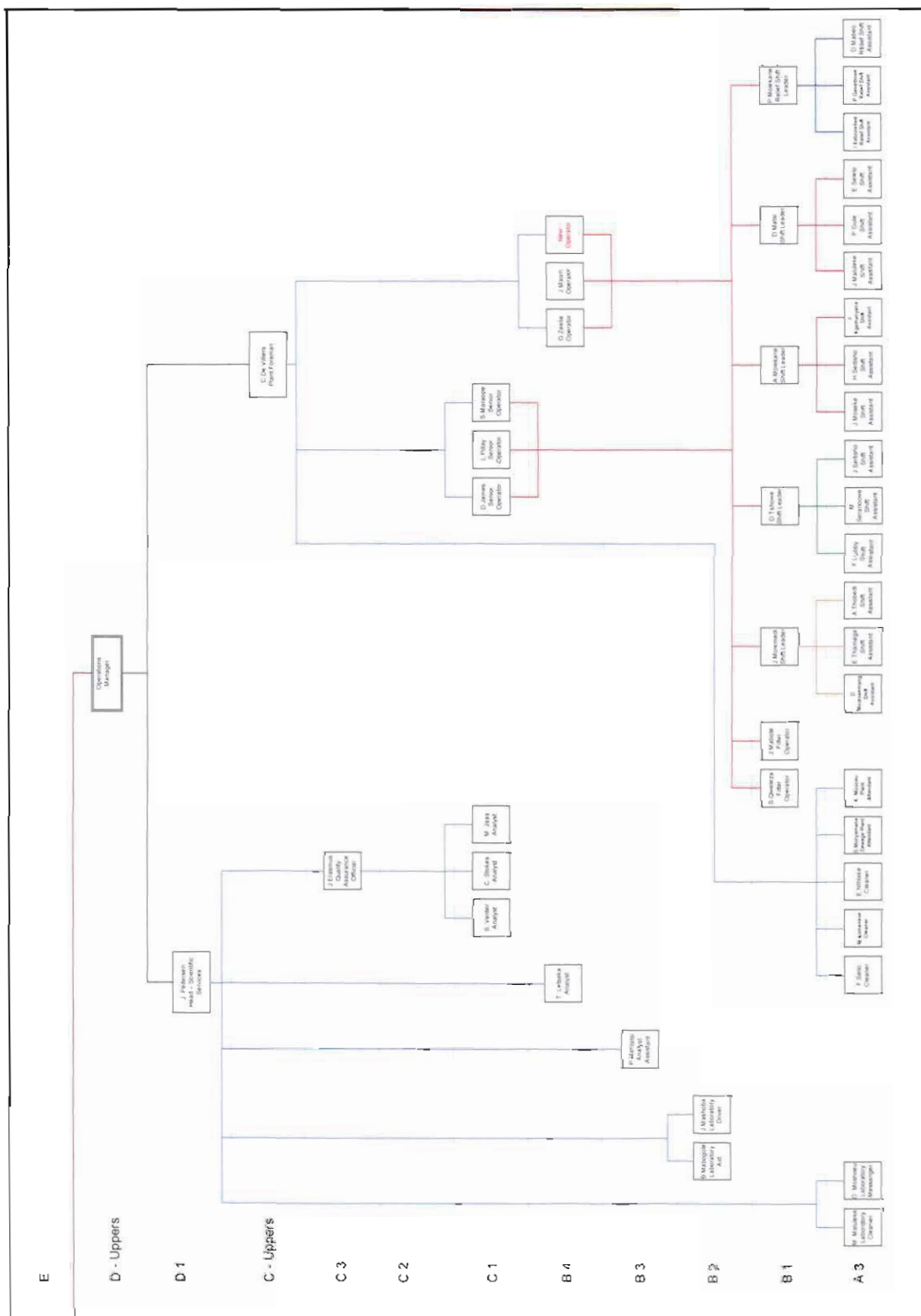
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An illustration of the organogram of the Engineering Department of Midvaal Water Company



An illustration of the organogram of the Operations Department of Midvaal Water Company

Designation	Bands									
	E	D Upper	D 1	C Upper	C 3	C 2	C 1	B 4	B 3	
General Manager	1 R Khan									
Operations Manager	2	M Krüger								
Financial Manager	3	W Bezuidenhout								
Engineering Manager	4	Francolis Ellis								
Head - Scientific Services	5		J Pieterse							
MES	6			H Ferreira						
Plant Foreman	7			C de Villiers						
GES	8			J Grobler						
Accountant	9			G Garrow						
Technician/Electrician	10				M Richards					
Quality Assurance Official	11				J Erasmus					
Human Resources Officer	12				A Baloi					
Assistant Mechanical Foreman	13				W. Gilson					
Electrician	14				R. Summers					
Storekeeper	15					A Rossouw				
Civil Artisan	16					H Wolmarans				
Electrician	17					Vacancy				
Fitter/Turner	18					T Ferreira				
Fitter/Turner	19					M Kriel				
Fitter/Turner	20					R Swart				
Fitter/Turner	21					Vacancy				
Boltermaker	22					D Pretorius				
Analyst	23						S Venter			
Analyst	24						C Stokes			
Analyst	25						M Jaas			
Senior Operator	26						D James			
Senior Operator	27						L Pillay			
Senior Operator	28						S Moraope			
Analyst	29							T Latseka		
Operator	30							G Zeelle		
Operator	31							J Malan		
Operator	32							J Olivier		
Buyer	33							L Mostert		
Assistant HRO	34							B Marumo		
Secretary	35							E Scheepers		
Assistant Technician	36							H Magoana		
Student	37								S Morisson	
Student	38								Student 2	
Analyst Assistant	39								P Mahlatse	
Debtors Clerk	40								MM Prins	
Wages Clerk	41								M Swart	
Creditors Clerk	42								R Wolmarans	
Receptionist	43								M Selepe	
Fitter	44								P Makobe	
Fitter	45								D Magape	
Fitter	46								J Lesesame	
Boltermaker	47								H Majela	
Terrain Supervisor	48								A Marumo	

An illustration of the organisational bands used as foundation for the construction of the 360-degree matrix

Designation	Direct Supervisor	Evaluators
General Manager	M Krüger	W Bezuidenhout Francois Ellis J Pieterse A Balo A Rossouw H Ferreira M Richards
Operations Manager	1 R Khan	W Bezuidenhout Francois Ellis J Pieterse J Erasmus C de Villiers J Grobler E Scheepers
Financial Manager	3 1 R Khan	M Krüger Francois Ellis J Pieterse J Erasmus C de Villiers J Grobler G Garrow
Engineering Manager	4 1 R Khan	M Krüger W Bezuidenhout J Pieterse J Erasmus C de Villiers J Grobler G Garrow
Head - Scientific Services	5 2 M Krüger	R Khan W Bezuidenhout J Pieterse C Stokes M Jaas T Letseka S Morisson
MES	6 4 Francois Ellis	R Khan M Krüger W Bezuidenhout J Pieterse J Erasmus C de Villiers J Grobler G Garrow
Plant Foreman	7 2 M Krüger	R Khan W Bezuidenhout Francois Ellis J Pieterse J Erasmus G Garrow M Richards
GES	8 4 Francois Ellis	R Khan M Krüger W Bezuidenhout J Pieterse J Erasmus C de Villiers G Garrow M Richards
Accountant	9 3 W Bezuidenhout	MM Prins R Khan M Krüger Francois Ellis J Pieterse J Erasmus C de Villiers J Grobler M Richards
Technician/Electrician	10 8 J Grobler	R Khan M Krüger W Bezuidenhout Francois Ellis J Pieterse J Erasmus C de Villiers G Garrow
Quality Assurance Official	11 5 J Pieterse	R Khan C Stokes M Jaas M Krüger W Bezuidenhout Francois Ellis C de Villiers J Grobler G Garrow M Richards
Human Resources Officer	12 3 W Bezuidenhout	R Khan C Stokes M Jaas M Krüger Francois Ellis J Pieterse J Erasmus C de Villiers G Garrow
Assistant Mechanical Foreman	13 8 J Grobler	R. Summers M Richards T Ferreira M Krüger Francois Ellis J Pieterse J Erasmus A Marumo D Pretorius
Electrician	14 9 J Grobler	W. Gilson M Richards A Thesane D Moltsane J Erasmus
Storekeeper	15 9 G Garrow	R Khan M Krüger W Bezuidenhout Francois Ellis J Pieterse J Erasmus C de Villiers J Grobler
Civil Artisan	16 8 J Grobler	T Ferreira M Krüger R Swart Vacancy D Pretorius J Erasmus D Lubby P Matha
Electrician	17 8 J Grobler	T Ferreira M Krüger R Swart D Pretorius H Wolmarans W Goelmaan
Fitter/Turner	18 13 W. Gilson	M Krüger R Swart Vacancy D Pretorius H Wolmarans J Erasmus P Makobe
Fitter/Turner	19 13 W. Gilson	T Ferreira R Swart Vacancy D Pretorius H Wolmarans Vacancy K Moremedi
Fitter/Turner	20 13 W. Gilson	T Ferreira M Krüger Vacancy D Pretorius H Wolmarans Vacancy D Magape
Fitter/Turner	21 13 W. Gilson	T Ferreira M Krüger R Swart D Pretorius H Wolmarans Vacancy M Maxwell
Boilermaker	22 13 W. Gilson	T Ferreira M Krüger R Swart Vacancy H Wolmarans Vacancy I Ramphau
Analyst	23 5 J Pieterse	J Erasmus C Stokes M Jaas T Letseka S Morisson Student 2 P Mahlati
Analyst	24 5 J Pieterse	S Venter J Erasmus M Jaas T Letseka S Morisson Student 2 P Mahlati
Analyst	25 5 J Pieterse	S Venter J Erasmus C Stokes T Letseka S Morisson Student 2 P Mahlati
Senior Operator	26 7 C de Villiers	L Pillay S Morape G Zeile J Maian J Olivier S Oweleza J. Moremedi
Senior Operator	27 7 C de Villiers	D James S Morape G Zeile J Maian J Olivier S Oweleza J. Moremedi
Senior Operator	28 7 C de Villiers	D James L Pillay G Zeile J Maian J Olivier S Oweleza J. Moremedi

An illustration of the more detailed 360-degree organisational matrix for Midvaal Water Company.