

Determining change in managerial practices implementation readiness in a gold mine

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REMARKS

The reader is reminded of the following:

The editorial style as well as the references in this dissertation follows the format prescribed by the APA reference Style Guide of the North West University. This practice is in line with the policy of the Programme in the Business School of Potchefstroom to use the APA style in scientific documents.

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DEFINITION OF KEY TERMS

ACCOUNTABILITY:

The personal acceptance of responsibility by an individual for her/his own work, behaviours, ethics and actions, within the scope of their role, which results in a self-motivation to give their best to fulfil or further the objectives of the business.

BUSINESS UNIT:

Structure established to manage a profit-and-loss (cash flow in some situations) centre within an organisation. The Business Unit can be one operation (Site) or composed of several operations (Sites).

COACHING:

Regular discussions between a manager and an immediate subordinate in which the manager helps the subordinate to increase her/his personal effectiveness in his/her current role. The purpose is that the subordinate is able to handle the full range of work available in the subordinate's role.

GOAL:

A "what-by-when" – the output required in quantity and quality ("what") and the target completion time ("by-when").

MANAGER:

An individual who is held accountable not only for her/his own personal effectiveness, but also for the work and working behaviours of her/his subordinates. Every manager is accountable for all 24 hours a day, 7 days a week for the people and resources for which they have been assigned authority.

MANAGERIAL LEADERSHIP PRACTICES (MLP):

The set of behaviours exercised by all managers intended to encourage trust in manager- relationships, thereby facilitating the willing and enthusiastic commitment of their subordinates necessary to maximise the effectiveness and efficiency of the execution of business strategy.

MANAGER-ONCE-REMOVED (MOR):

The manager of a subordinate's immediate manager is that subordinate's Manager-once-Removed (MoR). The MoR is accountable for dealing with cross functional working relationships, talent pool development, mentoring, career development, appeals process and ensuring that immediate managerial subordinates operate fairly in relation to their subordinates.

MERIT REVIEW:

Part of the annual personal effectiveness review cycle, the merit review consists of a merit rating, which is derived by the manager from the personal effectiveness review and recommended to the MoR; and an equilibration by the MoR, who reviews and equilibrates the ratings of all of his/her SoRs. Once the rating is finalised, the merit review determines the merit award given to the Subordinate as recognition by the organisation of his/her personal effectiveness in role.

PERFORMANCE MANAGEMENT:

The process by which a manager must ensure the ongoing alignment of individual subordinates' activities with the objectives of the business, while developing and maintaining mutual trust. This process incorporates ongoing performance feedback, recognition and coaching, and periodic evaluation and reward.

PERSONAL EFFECTIVENESS:

The effectiveness of a subordinate's decision making in producing assigned outputs under prevailing conditions, as judged by that subordinate's immediate manager. It is a judgement of inputs and is not measurable by output results.

PERSONAL EFFECTIVENESS APPRAISAL (PEA):

The ongoing process, either formal or informal, of assessment by a subordinate's immediate manager regarding the subordinate's level of applied capability, and identification of coaching needs.

PERSONAL EFFECTIVENESS REVIEW (PER):

A formal periodic review of a subordinate's personal effectiveness throughout the review period by her/his manager, and includes a decision by the manager about merit award for the subordinate for that period, where applicable.

ABSTRACT

Title: Determining change in managerial practices implementation readiness in a gold mine

Key terms: Managerial practices, performance management, Performance Effectiveness Appraisal, Performance Effectiveness Review, Coaching and training

Performance Effectiveness Appraisal, Performance Effectiveness Review as well as Coaching and training are crucial elements of the performance management process included in a set of managerial competencies required by managers in a deep level gold mine in South Africa.

This dissertation provides a contemporary review of performance management and gold mining in a South African deep level gold mine context. It provides a theoretical framework for the processes of Performance Effectiveness Appraisal, Performance Effectiveness Review and Coaching and training as integral parts of effective performance management. It investigates if shared meaning exists between the views of the organisation's managers and the views of the organisation as set apart in a *System for People* handbook to be used by managers in the organisation.

Managerial competencies are discussed and compared with literature found. Following this, the responses from the participants are discussed. The responses are compared with literature reviews done and the view of the organisation. Performance management challenges that face the organisation in the future are investigated and proposals are made to the organisation management team and future research proposals are suggested, before concluding.

CHAPTER 1:

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

This dissertation focuses on the implementation readiness of managers for the implementation of the managerial concepts of Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Review in a deep level gold mine in South Africa.

Chapter 1 contains the problem statement, research objectives and research methodology employed. This chapter starts out with a problem statement, giving an overview of previously related research conducted. A discussion of the research method follows, with details regarding the empirical study, research design, participants, measuring instruments and statistical analyses. It concludes with a chapter summary giving an overview of the chapters that form the body of this mini dissertation.

1.2 PROBLEM STATEMENT

Mining has played an essential role in the modern history of South Africa. Reports of valuable deposits of gold, diamonds, and other precious materials led European prospectors to the area by the thousands. Competition over these valuable resources created tension among the different European communities which formed in South Africa during the 19th century, most notably the British and the Dutch. This aggression and competition over mining in South Africa actually led to two wars, The First Boer War (1880-1881) and the Second Boer War (1899). During this entire time, the native population was forced to work in the mines by their colonial oppressors. Thus, gold mines in South Africa have played a major role in shaping the country's history, as well as making it into the wealthiest nation on the African continent. Gold mining continues to be an extremely important economic activity in South Africa. As recently as the mid-1990s, South Africa produced nearly 30% of the world's gold on the export market. Despite this decline in gold production over the last decade,

the nation is still home to an estimated 50% for the world's gold reserves (Kutz, 2006).

Up until a few years back South Africa was the world's largest gold producer. China surpassed South Africa as the world's largest producer in 2007. China continues to increase gold production and remained the leading gold-producing nation in 2009, followed by Australia, South Africa, and the United States. South Africa is estimated, by US Geological Survey, to have 6000 metric tons of gold reserves (Kirkemo, Newman & Ashley, 2007).

Approximately 95% of South Africa's gold mines are underground operations, reaching depths of over 3.8 km. Up to the end of 2010, coupled with declining grades, increased depth of mining and a slide in the gold price, costs began to rise, resulting in the steady fall in production. The future of the gold industry in South Africa therefore depended on increased productivity. Ever since the gold price has increased and stabilized at its highest point in a decade, but in both the media and the minds of managers in the industry, the fear of a gold price plummet is still at the back of everyone's mind. 40% of the world's gold reserves are still to be found in the Witwatersrand area in South Africa, but the gold bearing stone has to be mined with considerable technical expenditure from great depths (down to about 4,000 metres). Major new projects, new technology, new approaches to the organisation of work, better labour relations and some commercial innovations are starting to reshape the mining industry (Cutifani, 2011a).

The organisation where the research was conducted is a leading global producer of gold, headquartered in Johannesburg, South Africa and has 20 operations on four continents and several exploration programmes in both the established and new gold-producing regions of the world. The organisation employed 62,046 people, including contractors, in 2010 and produced 4.52 million ounces of gold in 2009 generating 5.3 billion dollar sales revenue with capital expenditure amounting to 1015 million dollars. As at 31 December 2010, the organisations' ore reserve totalled 71.2 million ounces of gold (Bedford, 2011).

Furthermore, the business unit within the organisation where the research was done is situated on the West Wits line in the province of Gauteng. The mine is about 65kmsouth-west of Johannesburg and forms part of the organisation's West Wits

operations. Mining at this business unit is conducted at an average depth of between 2,800 to 3,400m below surface (Bedford, 2011).

In recognition of the importance of people to the success of the business, the organisation Chief Executive Officer and board indicated their commitment to helping each and every employee to realise their full potential within the organisation. Therefore, the organisation has undertaken a people focused change intervention called the *System for People* to enable all employees to increase their personal effectiveness in their roles within the organisation. It believes that it is through this focus that they will achieve targets in areas such as safety, production and financial returns.

The system aims to ensure that all employees have a common understanding of what needs to be accomplished and what processes should be used in doing so, thus creating clarity, building trust and encouraging all employees to bring their full capability to bear in every task. It gives life to the company's core strategy and leadership philosophy of "*People are the Business ... Our Business is People*". The *System for People* model, which is based on the theory of Elliot Jacques, was especially developed to ensure integration of the critical management of people subsystems to be implemented on a global basis. The model and implementation process is designed to adhere to the following principles:

- Work for everyone at a level consistent with their level of current capability, values and interests
- Opportunity for everyone to progress as his or her potential capability matures, within opportunities available in the organisation
- Fair and just treatment for everyone, including fair pay based on equitable pay differentials for the level of work and merit recognition related to personal effectiveness appraisal
- Managerial leadership interaction between managers and subordinates, including shared context, personal effectiveness appraisal, feedback and recognition related to personal effectiveness appraisal

- Clear articulation of accountability and authority to engender trust and confidence in working relationships (Jacques, 2006).

The *System for People* (SP) manual has been developed to facilitate the consistent and sustainable application of SP principles and practices throughout the business. The manual sets the context for SP within the organisation's business systems model, and in delivering their future as a primary component of a bigger change intervention and establishes the globally-applicable purpose, objectives and standards of the subsystems which operationalise the principles of SP (Rickman, 2011).

Within the Managerial leadership practices component of the *System for People* are the managerial concepts Performance Effectiveness Appraisal, Performance Effectiveness Review and Coaching and training.



Table 1 - The 10 managerial Leadership competencies required

The company through Rickman (2011) defines the concepts as follows:

Personal Effectiveness Appraisal

A manager must appraise how well each subordinate approaches their work, and provide performance feedback as an on-going working dialogue.

Personal Effectiveness Review

Managers must annually conduct a formal effectiveness review and merit rating for each subordinate, and are then required to meet with their subordinates, following a Manager-once-Removed equilibration to ensure fairness, to discuss the individual evaluations and reward.

Coaching and Training

Coaching is the process of regular discussions by which a manager helps a subordinate to become more effective in role. This may be supported by training which improves a subordinate's knowledge and skills. Personal Effectiveness Appraisal, Personal Effectiveness Review and Coaching and training are all part of performance management, which is an accountability of all managers (Rickman, 2011).

Furthermore, Novisvick and Harvey (2005) stated in 2005 already that the issue of developing and preserving managerial competencies to enact change on a global basis will grow in importance for International Human Resource management in the twenty-first century, as multinational organisations, globalizing their reach and scope, 'may come to resemble amoebas' (i.e. combinations of workers that are subdivided into dynamic, ever-changing teams to competitively exploit a firm's unique resources, capabilities, and core competencies).

Due to the nature of the environment it operates in, the mining industry has been notoriously bad in terms of managing its people. Managerial skills and competencies are quickly becoming a critical linkage in executing change initiatives intended to improve organisational performance across borders (Ireland & Hitt, 1999).

The corresponding international human resource systems and processes therefore need to be developed to facilitate the conversion of skill and competencies into more sustainable organisational capital, as a critical component in enabling multinational enterprises to compete in the global marketplace (Soliman & Spooner, 2000).

There has been an on-going discussion centred on determining the value of developing an integrated strategic international human resource management system to assist in the coordination of an organisation's human resources and to focus on the competitive strategies of the Multinational Enterprises (Colbert, 2004). This orientation to human resource management changes the role from the more traditional functional perspective to a more strategic organisational asset. At the same time, the strategic international human resource management system process is being visualized as instrumental in the development of human capital in an organisation, thereby providing a reserve of strategic capabilities to enact future strategic acts of the organisation. In general, strategic international human resource management systems provide the hallmark of the evolution of human resource management into the strategic realm in global organisations (Novicevic & Harvey, 2001).

1.3 THEORETICAL FRAMEWORK

Van Eeden (2002) indicates that South African investors have seen the price of gold rise consistently since 1992, increasing by 180% during the period from 1992 to 2001 and that this is one of the main reasons why South African gold mining companies have done so well. While the rest of the world was concerned about a terrible bear market in gold, South Africa was experiencing a raging bull market in gold.

The world gold council reported that the gold price has risen every year since 2001 from its low of around \$250. From then until November 2010 the gold price has risen to over \$1400, a cumulative rise of 460%. Five of the years between 2002 and 2010 were marked by annual gains of 20% or more. By means of the numbers, the mining industry:

- represents 8% of GDP, or 18% if service and support industries are taken into account.

- delivered total revenues of R424b, with total expenditures in excess of R441b. indicating that the mining industry were net investors in South Africa.
- spends 93% of its outgoings in South Africa.
- brings in 34% of the country's foreign exchange in raw materials alone, and more than 50% when beneficiated products are included.
- employs 520,000 people and more than 1 million including service and support industries. This amounts to 10% of South Africa's total employed.
- supports 20% of our population, on the basis that every employee supports 10 dependents (Bedford, 2011).

CEO of the organisation where research was done has said, *“My sense is that South Africans get the numbers. They understand the mining industry is important. So, given the facts and our position as one of the world's most significant estimated mineral resource nation, one has to ask what happened to South Africa and its mining industry over the last seven years. How did we let the world pass us by? Why did we miss the commodities boom? And are we at risk of missing it again?”* (Cutifani, 2011b).

Cutifani (2011b) furthermore shows that in the last five years, South Africa's JSE has outperformed the NYSE across an average of all industry sectors; the still its mining index has underperformed by 30%. These statistics reflect relative compounding growth across the global mining industry of around 6% per year, versus South Africa's average 1% annual contraction over the same period. On a simple basis, one could argue we have lost 100,000 to 150,000 direct jobs or up to 300,000 jobs across the country when we take service and other support industries into account.

In response to the underperformance of the organisation and in an attempt to reposition the organisation to benefit to maximum from the commodities boom, the executive leadership of the organisation where the research was conducted has developed a strategic organisation model that is aimed at enhancing the organisation's competitive capabilities. This design focuses on building a global, competitive organisation and talent base necessary to support the delivery of business goals and objectives.

The executive leadership developed an organisational specific business systems model which has introduced an organisation model as well as a business framework.

To deliver on business objectives, five core strategies are focussed on:

1. People are the business
2. Grow the business
3. Manage the business as an asset portfolio
4. Maximize margins
5. Deliver sustainable outcomes (Rickman, 2011)

Enclosed were 3 “people” key strategy statements:

- Recognize that people are the business and therefore human resources will be a strategic value driver for the business
- A Business framework needs to be developed where management will define the policy, standards and operating framework necessary to establish a “flexible work model” within which people will have the opportunity to be creative and realize their personal potential
- Organisational model development will impose management establishing an organisation model and structure that ensures they have the “right person, doing the right work, at the right time.”

Critical tasks identified by the CEO with regard to the “people are the business” driver are:

- Establish an organisational framework that will be used to design and manage people and the business
- Restructure the organisation and associated accountabilities consistent with delivery of the key objectives – with focus on clarity and accountability
- Establish a talent management process and succession planning programme that ensures the organisation has the available talent necessary to deliver on its strategic objectives (Rickman, 2011)

In line with the critical tasks identified by the CEO, the business unit where research will take place has recently been introduced to the managerial concepts of

Performance Effectiveness Appraisal, Performance Effectiveness Review and Coaching and training.

The organisation used as base the work of Elliot Jacques on stratified systems and created an internal process and manual called “*Systems for People*”. (Rickman, 2011)

In accordance with the context of the “*Systems for People*” (Rickman, 2011), successful execution of business strategy requires equity and accountability in organisational systems. Equity and accountability on the other hand require leadership, efficiency and quality. Leadership, efficiency and quality require performance management and performance management links people to performance and profit.

The 3 components of performance management according “Systems for People” are:

- i. Performance Effectiveness Appraisal - where a manager conducts ongoing assessment of a subordinate’s personal effectiveness in role;
- ii. Performance Effectiveness Review - where a manager formally documents a subordinate’s individual performance and delivers feedback; and
- iii. Performance Coaching and training - where a manager intervenes to give feedback and adjust a subordinate’s performance

The Performance Management subsystem establishes the policy, standards and framework within which managers must ensure the on-going alignment of individual employee activities with the strategic objectives of the business, while developing and maintaining mutual trust.

The Performance Management subsystem recognizes that individuals are employed to use their best judgment and discretion in applying their full capability in producing assigned outputs within the resources allocated to them. It is expected that employees will meet their required outputs. However, there can be no guarantee that any given outputs can be produced as planned because individuals cannot control all of the factors which determine the outcomes (Rickman, 2011).

Individuals therefore receive credit for the level of capability they apply in attempting to deal with the ambiguity they encounter in doing their work, rather than only for the outputs they produce (that is, they are recognized for their judgment and discretion). This facilitates mutual trust between manager and subordinate with the absence of penalties for those factors outside the control of the individual. Every manager is accountable for complying with the requirements of the Performance Management subsystem in relation to employees engaged under a contract of service.

Standards set for performance processes in the organisation are:

- A formal Personal Effectiveness Review will be conducted for each employee by their manager annually in October, and a merit rating recommended to the Manager-once-Removed.
- Manager-once-Removed will equilibrate of all subordinate managers' personal Effectiveness Review merit ratings annually in November.
- The Executive Vice President Human Resources will conduct a consolidated view of all company merit ratings.
- Feedback will be provided to employees in January with regard to merits given.
- Merit review changes will be implemented into payroll for January payment.

This study aims to investigate managers' understanding of the process of performance management and the following research questions will be asked:

- Does shared meaning exist between the understanding of the management team and their definition of the concepts and the employees who have to lead according to these managerial competencies?
- What are the current practices with regard to the concepts?
- What are the challenges that face management in the implementation of these concepts of managerial competency?

1.4 RESEARCH OBJECTIVES

Based on research done, the question arises if there is any shared meaning in the understanding as well as the current practices of managers with regard to the managerial concepts of Coaching and training, Performance Effectiveness Appraisal

and Performance Effectiveness Reviews at the business unit where the research was done.

The research objectives are divided into primary and secondary objectives.

1.4.1 Primary objective

The objective of this research is to determine change in managerial practices implementation readiness in a gold mine.

This research approach will investigate the understanding of and challenges facing the managers of a deep level gold mine in South Africa with regard to implementing the managerial leadership competencies of Coaching, Performance Effectiveness Appraisal and Performance Effectiveness Review.

1.4.2 Secondary

The specific objectives of this study are:

- to determine whether shared meaning exist between the understanding of the management team and their definition of the concepts and the employees who have to manage according to these managerial competencies.
- to determine the challenges that face management in the implementation of these concepts of managerial competency.

1.5 RESEARCH METHOD

This research, pertaining to the specific objectives, consists of two phases, namely a literature review and an empirical study.

1.5.1 Phase 1: Literature review

In phase 1 a complete review is given regarding the topic study. The sources that will be consulted include Nexus, Ebsco, Emerald, Index to SA periodicals (ISAP op SABINET),SAe-publications and Google scholar.

Topics that will be addressed are managerial leadership competencies, coaching and training, performance effectiveness appraisal, performance effectiveness review, gold mining SA, international gold mining, differences in understanding concepts such as coaching, leadership, management of change, engagement.

1.5.2 Phase 2: Empirical study

The empirical study consists of the research design, participants, measuring instrument and statistical analysis.

1.5.2.1 Research Design

The specific design that will be used is a qualitative design with survey research.

Goodwin (2002) refers to this design and indicates that surveys can be administered in face to face interviews by means of written questionnaires as guidelines.

This method is furthermore explained by Abbot and Bordens (2001) who indicates that survey research acquire several measures about the behaviours of interest. Participants are directly questioned about past, present or future behaviour and their underlying attitudes, beliefs and intentions.

The primary purpose of survey research is the gathering of information about people's understanding, behaviours, attitudes and opinions. Attention is focused upon looking at the world through the eyes of studied objects and upon evolving concepts and theories which are grounded in the collecting data.

The significance of qualitative research is its facility to investigate the context in which certain activities happen. It is concentrated on understanding the full many-dimensional picture of the subject of investigation. This form of research allows for the revealing of group experiences and perceptions in a way that other forms of research cannot. Furthermore, qualitative research can reveal descriptions of

behaviours in context by stepping outside the group and allowing qualitative researchers to identify recurring patterns of behaviour that participants may be unable to recognize. A further advantage of the structured interview using a pre designed survey tool is noted by Abbot and Bordens in that “all participants are asked the same questions in the same order. This eliminates fluctuations in the data that result from differences in when and how questions are asked” (Abbot & Bordens, 2001)

During the research, pre designed survey questionnaires will be used to obtain information with regard to detailed verbal descriptions of managers and their understanding of the systems Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Reviews. It will also provide an indication of their understanding of the required interacting with subordinates to successfully facilitate these systems.

1.5.2.2 Participants

A non-random convenience sample will be taken off. Non-random samples are used in most psychological studies –usually with individuals from a highly specialized sub population such as managers (Abbot & Bordens, 2001).

In this sample the participants will be selected, in part or in whole, at the convenience of the researcher. The researcher will make a limited attempt, to insure that this sample is an accurate representation of some larger group or population.

The specific population that the research has reference to are management employees of a specific business unit within the company. A list will be drawn containing the names of only the management employees of the business unit. Since all employees on the list are managers in the organisation and the same expectancy exists for all a convenience sample will be drawn (N = 34).

Participants will be invited for an interview where a structured questionnaire will be taken off by the same interviewer. Results will be typed and measured against a set of company provided guidelines. An anticipated advantage of this sample is that it will be easy to access, requiring little effort on the part of the researcher.

The anticipated disadvantage is that the participants will not be an accurate representation of the population, which can skew the results that then cannot be generalized to the population as a whole. Shaughnessy, Zechmeister and Zechmeister (2003) refer to the disadvantage that there is no guarantee of every element in the population having an equal opportunity to be included in the sample if non-random samples are used.

1.5.2.3 Measuring Instrument

The measuring instrument is a survey questionnaire set up by the author. The questionnaire will be set up from a range of existing questions on the competencies obtained from the *System for people* handbook written by Steve Rickman (2011). The author will also obtain biographical data including the age, gender and race of the participants. The survey questionnaire will be used to guide the interview with the participants.

Under separate headings of Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Review, the following questions will be asked:

What is the concept about?

Why is it important and what are the benefits?

These questions will be used as guideline in the interviews with the participants.

1.5.2.4 Statistical Analysis

Content analysis will be used as method to analyse data. Content analysis refers to the process of analysing written or spoken record for the occurrence of specific categories, events or behaviours. Archival sources are normally used for content analysis. Content analysis is performed within the context of a clearly developed research idea. Response categories will be clearly defined and summarized into themes. Content analysis is an observational technique (Abbot & Bordens, 2001).

Content analysis entails three defining characteristics. It should be objective indicating that each step of a content analysis should be guided by an explicit, clear

set of rules and procedures. Secondly, content analysis should be systematic with as much as possible information as possible included. Lastly content analysis should have generality and the findings should fit within a theoretical, empirical or applied context (Abbot & Bordens, 2001).

The reliability and validity of a content analysis study refers to its stability, or the tendency for researchers to consistently record the same data in the same way over a period of time or the tendency for a group of researchers to classify information in the same way. The all-encompassing problem of concept analysis research is the challengeable nature of conclusions reached by its inferential procedures. The question lies in what level of implication is allowable and if the conclusions follow from the data or are they explainable due to some other phenomenon. Reasonable conclusions can be drawn from substantive amounts of quantitative data, but the question of proof may still remain unanswered (Weber, 1990).

The ability to generalise conclusions is very dependent on how concept categories are determined, as well as on how reliable those categories are. It is imperative that one defines categories that accurately measure the idea and/or items one is seeking to measure. Reproducibility, not only of specific categories, but of general methods applied to establishing all sets of categories, makes a study, and its subsequent conclusions and results, sounder (Thomas, 1994).

During this research, answers to the questions in the pre designed questionnaire will be summarised and interpreted via themes. Themes will be identified from the answers provided from participants during the interviews. These themes will be compared with themes in literature as well as themes in the organisation's management's understanding of the concepts. Inconsistencies will be identified and proposals made with regard to closing the gaps.

1.6 LIMITATIONS/ANTICIPATED PROBLEMS

Anticipated constraints include:

- *Resistance of participants with regard to attending interviews.* Natural resistance to participate in the interviews. The participation in the research is voluntary and therefore resistance might exist.

- *Availability of participants to attend interviews.* The population is relatively small as it consists only of managers as indicated in the company's labour structures. Questionnaires and interviews take place at the Business Unit. The success of the research is dependent on a sample being bigger than or equal to 45.
- *Subjective interpretation of the results.* The interpretation of the results is dependent on the judgement of the researcher (Weber, 1990).

Goodwin (2002) adds limitations to include:

- The limited sample will not make generalization possible. Even if the sample consists of more than 50% of the total population, generalization won't be possible due to bias of the researcher. Conclusions drawn from the survey research can be invalidated if the group sampled does not reflect the population that was targeted in the survey.
- Survey data can be affected by die expectations and response biases of those taking the survey.

1.7 CHAPTER DIVISION

The chapters in this mini-dissertation are presented as follows:

Chapter 1: Introduction and problem statement.

Chapter 2: Literature Review.

Chapter 3: Empirical Study.

Chapter 4: Results

Chapter 5: Conclusions and Recommendations.

1.8 CHAPTER SUMMARY

This chapter provided an introduction and overview of the stance of the mining industry in South Africa and the challenges in terms of a changing Human Resources environment to allow increased mining of gold ore.

It also contained a problem statement, indicated the research objectives as well as research methods that will be used.

The research design was determined to be a qualitative design and the selection of participants, the setting up and content of the measurement as well as possible limitations to the study was discussed. Further chapter divisions were indicated.

In chapter 2 a literature review will be done.

CHAPTER 2

LITERATURE REVIEW

In this chapter the environment in which research will be conducted (a deep level gold mine in South Africa) will be discussed. A literature review will take place around the concepts being studied.

The term “managerial leadership” will be conceptualized and specific concepts included herein such as Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Reviews will be discussed to gain a better understanding within the literature. Previous research that is relevant to this study will be included in this chapter.

2.1 MANAGERIAL COMPETENCIES

Collis and Montgomery (1995) refer to the most critical competencies and capabilities in organisations being those essential for managers. They also indicate that managerial competencies form the foundation of the international organisations' competitiveness in today's knowledge economy. To support the various change initiatives effectively, managers are attempting to determine what creates people's specific competencies in their organisations to influence organisational context and promote the development of these competencies (Cross, Baker & Parker; 2003).

Ireland and Hitt (1999) state the issue that developing and preserving managerial competencies to enact change on a global basis will grow in importance in the 21st century as international organisations globalizing their reach and scope “may come to resemble amoebas” referring to combinations of workers that are subdivided into dynamic, ever changing teams to competitively exploit a firm's unique resource capabilities and core competencies (Kanter, 1999).

Hence, Kanter (1999) notes that “brainpower is becoming to the knowledge economy what oil was to the industrial economy” and managerial competencies and skills are

quickly becoming a critical linkage in executing change initiatives intended to improve organisational performance across borders (Ireland & Hitt, 1999).

Competency management is central to talent management initiatives, which have become critical in light of the impending skills shortage in the mining industry (Cutifani, 2011 a).

According to Kahane (2008), competencies provide standards and a roadmap for effective performance and successful competency management ensures that employees can execute the company business plan. The business plan, in turn, guides the way organisational challenges of skill readiness, skill shortages, and leadership are addressed. Organisations that understand and succeed in competency management will be leaders in the competition for scarce talent and be viewed as employers of choice. In short, competencies done right are a strategy for competitive advantage.

Castanias and Helfat (2001) state that in times of organisational change, organisations need to re-examine which competency set has the potential to provide enduring and improved performance. The selection process of these competencies, Oliver (1997) argues, is influenced profoundly by the context of human resource decisions made during structural and cultural change in an organisation.

During change, which is a contextual variable interacting with organisational leadership, the most relevant to organisational performance is the capitalization of managerial skills and competencies (Eisenbach *et al.* 1999). This relevance is particularly significant in international organisations where managerial skills and competencies are globally dispersed.

2.1.1 Performance effectiveness appraisal

2.1.1.1 Explanation of the concept

Performance Effectiveness Appraisal refers to the process by which a manager examines and evaluates an employee's work behaviour by comparing it with preset standards, documents the results of the comparison, and uses the results to provide feedback to the employee to show where improvements are needed and why.

Performance appraisals are employed to determine who needs what training, and who will be promoted, demoted, retained, or dismissed (Luthans, 2002).

Typically, performance evaluations are mandatory procedures, scheduled by the manager rather than the employee. While the meetings may vary from system to system and evaluator to evaluator, they typically follow a format pre-established by management. The evaluations deal with issues (problems) identified by the manager, and relate to goals or standards largely set by the manager. The manager, or evaluation team, in essence sits in judgment of the employee, who usually is alone (Coens& Jenkins, 2002).

Glasser (1998) suggested that if a company remains committed to some kind of annual meeting between employee and manager, then this should take the form of a solving circle. This represents an application of his marriage and family solving circles to the workplace. Within this company solving circle, the manager and employee would share ideas about how they might collaboratively improve the company. Such an approach avoids any destructive pattern of judging, blaming or criticizing by focusing on what can be done in the future, rather than what has happened in the past. Glasser suggested that a manager might initiate such a solving circle discussion in this manner:

"I'd like you to tell me what you think you might do to improve things around here and what you think I might do to help. It's not important that we come up with something great, but this is the time for us to level with each other and talk about what you want and how I might help. It's not the time for each of us to talk about what anyone else is doing, that we can talk about at our monthly meetings" (Glasser,1998:303).

By focusing on future improvement rather than past performance issues, the company solving circle approach helps the manager and employee develop and maintain a strong, trusting relationship. It eliminates the atmosphere of fear that pervades organisations which use traditional performance appraisals.

2.1.1.2 Importance and benefits

An illustrative set of workforce-related factors that can have an inhibiting influence on the conversion from skill to capital in an organisation includes the lack of: quality of

workforce, an awareness of the need to develop skill/competences, a commitment to improving work processes in the organisation, a personnel development system in the organisation and a narrow scope of recruiting personnel. While these are not the only influential factors, they are representative of this category that can inhibit the development of organisational capital (Koopman, 1991).

The ability of the organisation to develop its workforce over time is contingent on the type of personnel that are attracted to and retained in the organisation.

Fredricson (1998) identified several variables that might energize the organisation's culture: joy, interest, happiness, contentment and positive mental prosperity.

Performance Effectiveness appraisals support organisations to positively appropriately measure, effectively develop and effectively manage human resource strengths and psychological capacities for performance improvement in today's workplace (Luthans, 2002).

2.1.2 Performance effectiveness review

2.1.2.1 Explanation of the concept

By definition, Performance Effectiveness Review refers to a process where an analysis of an employee's work habits is undertaken at a fixed point in time to determine the degree to which stated objectives and expectations have been reached (Zuber-Skerrit, 2006).

Human capital refers to the unique set of characteristics and attributes of individual managers and employees that can provide the organisation with the capacity to generate returns on stockholder investments. These qualities of individuals include formal education, on-the-job training, specific knowledge, skills and expertise, specific abilities, job mobility and experience, and quality health (Nerdrum & Erikson, 2001). As a component of managerial capital, human capital reflects the sustainable productive outcomes of managerial skills and competencies.

Assessing the value of managerial human capital should not be limited to benchmarking and historical measures, but rather should focus on measuring the

contribution of the managerial human capital to executing the strategy of the organisation (Becker, Huselid and Ulrich, 2001).

2.1.2.2 Importance and benefits

Competitive advantage requires the creation of a motivating climate where communicating, expecting, and scrutinizing a set of core company values, beliefs, and engagement models that differentiate the organisation and define its brand. (Kahane, 2008). “Performance management is a core element in the creation of a motivating climate” (Coetsee, 2003).

Organisations can create an atmosphere conducive to internal motivation. Such a workplace is characterized by ongoing, open two-way communication between management and employees which focuses on future achievement rather than past failures. Coetsee (2003) remarked that most employees would like their performance evaluated. Most employees also require and welcome new opportunities to demonstrate their skills and abilities. They, however, do not want to be categorized and compared to co-workers. They want to be evaluated and rewarded and recognised for their contributions and achievements. Employees need to know that they are trusted, that their work is meaningful, and that their input is valued (Law, 2007).

2.1.3 Coaching and training

2.1.3.1 Explanation of the concept

Coaching can be defined as “a process that enables learning and development to occur and thus performance to improve” (Eggers& Clark, 2000) or as “the art of facilitating the performance, learning and development of others” (Crane; 1999). It is the process of challenging and supporting a person or a team to develop ways of thinking, ways of being and ways of learning. The purpose is to achieve personal and/or organisational goals (Zuber-Skerrit, 2006).

Leadership problems, uncertainty, stress and motivation create challenges in many organisations. According to Zuber-Skerrit (2006), one method to solve these challenges is to introduce coaching in organisations. Coaching is methods that can help the manager achieve improved results by focusing on the following four development areas:

- *Develop thinking pattern:* Acquire several mental maps to be able to read, interpret, explore, and understand the real situation.
- *Develop behaviour pattern:* Find and use the right tools for the situation.
- *Develop learning pattern:* Better use different learning methods, e.g., role models, feedback, and self-thoughts.
- *Develop emotional pattern:* Include openness, confidence, respect, recognition, optimism, hope, and joy.

The word coach derives from the Hungarian word “kocs”. Kocsisa town in Hungary where they built closed four-wheeled horse-drawn carriages with doors on the sides and an elevated seat in front for the driver (Zuber-Skerrit, 2006). The word Coach was used as the name of the driver and the wagon. The word took on a symbolic meaning in the sense of transporting people from one place to another, more desirable place. In the 19th century, English students used the word coach as the name of their private tutor. From a management and leadership perspective, coaching was introduced by Myles Mace in 1958 (Eggers& Clark, 2000). He looked at coaching as a leadership tool for developing employees' skills in the firm. Since the 1990s the emphasis on coaching has been as a means of facilitating learning and moving executives from excellent performance to peak performance (Feldman & Lankau, 2005).

Zuber-Skerrit (2006) identifies steps required in successfully coaching employees:

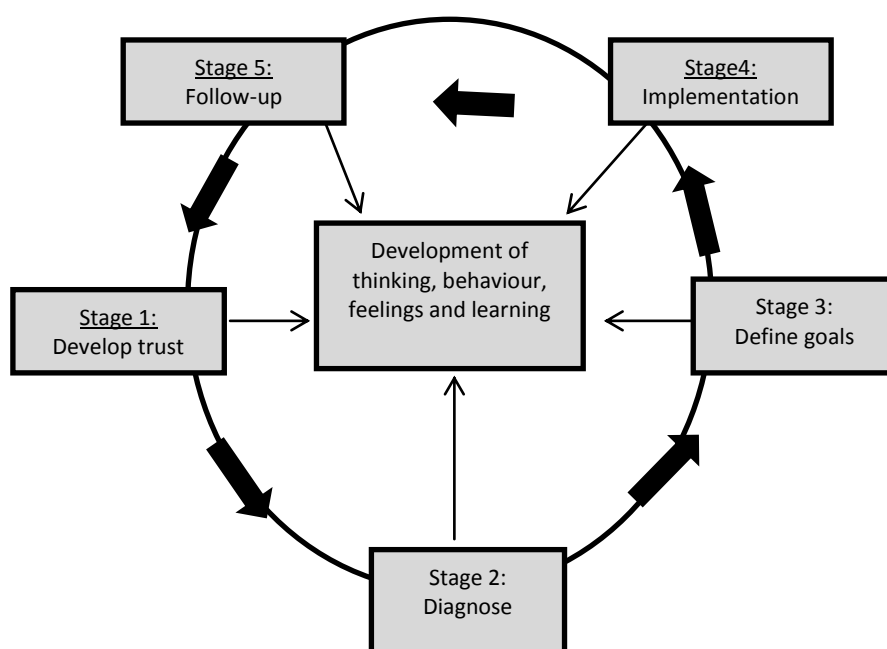


Figure 2 - Stages in the Coaching Process (Zuber-Skerrit, 2006)

This model outlines a "generic" method of coaching that can be used in most situations. This model may be further refined and elaborated according to the specific needs of the context and the situation in question. The method presented is clear, easy to follow, and systematic. An individual finishes one stage before the next stage starts. However, in practice the process is flexible and adaptable to the present situation.

Crane (1999) and Zuber-Skerrit (2006) describe inherent differences in the characteristics of traditional managers versus those who act as coaches:

Table 1

Traditional Managers versus Coaches

<i>TRADITIONAL MANAGER</i>	<i>COACH</i>
Pressure/force	Back up/support
Instruct/direct	Ask and listen
Speak to people (one-way communication)	Create a dialogue
Know the answers	Search for the answers
Use risk and fear to achieve remission	Stimulate creative thinking, create inspiration
Point out faults	Promote learning
Problem solver and decision maker	Work as a collaborating partner and an organiser
Delegate responsibility	Encourage all team members to take responsibility
Create structure and procedures	Focus on visions and flexibility
Position in hierarchy creates power	Emphasize knowledge and humility
Focus on results	Focus on the processes that create results

2.1.3.2 Importance and benefits

Formal training, mentoring and coaching with regard to first-hand, on-the-job experience as to how to build the ability into a specific skill/knowledge, can bring about a progression in the developing of a manager's ability to a point where it can be effectively exercised in the accomplishment of the managerial role that is needed. (Becker *et al.*, 2001)

Feldman and Lankau (2005) indicate the following benefits for coaching:

- Subordinates learn a new skill or grow a capability
- Opportunity is created for problem solving
- Assistance with making important decisions
- Creating behavioural changes; and
- Improving personal performance

Roach and Bednar (1997) add to the benefits and include also getting closure around unfinished business, improving self-regulation, developing confidence and progressing one's career as benefits of the process of coaching.

2.2 CHAPTER SUMMARY

In this chapter the environment in which research will be conducted (a deep level gold mine in South Africa) was discussed. Literature review took place around the concepts being studied.

The term "managerial leadership" was be conceptualized and specific concepts included herein such as Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Reviews was be discussed to gain a better understanding within the literature. Previous research that is relevant to this study was included in this chapter.

Chapter 3 will focus on the empirical study done.

CHAPTER 3

EMPIRICAL STUDY

3.1 RESEARCH AIM

This research is aimed to investigate managers' understanding of the process of performance management and the following research questions will be asked:

- Does shared meaning exist between the understanding of the management team and their definition of the concepts and the employees who have to lead according to these managerial competencies?
- What are the challenges that face management in the implementation of these concepts of managerial competency?

3.2 RESEARCH DESIGN

A qualitative design with a survey research was administered.

The design of qualitative research is probably the most flexible of the various experimental techniques, encompassing a variety of accepted methods and structures. Case studies, interviews and survey designs are the most commonly used methods.

Advantages of qualitative techniques are that it is extremely useful when a subject is too complex to be answered by a simple yes or no hypothesis. These types of designs are much easier to plan and carry out. They are also useful when budgetary decisions have to be taken into account. The broader scope covered by these designs ensures that some useful data is always generated, whereas an unproved hypothesis in a quantitative experiment can mean that a lot of time has been wasted. Qualitative research methods are not as dependent upon sample sizes as quantitative methods; a case study, for example, can generate meaningful results with a small sample group (Hoepfl, 1997).

The primary purpose of the survey research was the gathering of information about people's understanding, behaviours, attitudes and opinions. Attention was focused upon looking at the world through the eyes of studied objects and upon evolving concepts and theories which are grounded in the collecting data. During the

research, pre designed survey questionnaires were used to obtain information with regard to detailed verbal descriptions of managers and their understanding of the systems Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Reviews. It also provided an indication of their understanding of the required interacting with subordinates to successfully facilitate these systems.

3.3 MEASURING INSTRUMENT

The measuring instrument was a survey questionnaire was drawn up by the author. The questionnaire was set up from a range of existing questions on the competencies obtained from the *System for people* handbook written by Steve Rickman (2011). The author also obtained biographical data including the age, gender and race of the participants. The pre designed survey questionnaire was used to guide the interview with the participants.

Under separate headings of Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Review, the following questions were asked:

What is the concept about?

Why is it important and what are the benefits?

3.4 STATISTICAL ANALYSIS

Content analysis was used as method to analyse the data. Content analysis refers to the process of analysing written or spoken record for the occurrence of specific categories, events or behaviours. It should be objective indicating that each step of a content analysis should be guided by an explicit, clear set of rules and procedures. Secondly, content analysis should be systematic with as much as possible information as possible included. Lastly content analysis should have generality and the findings should fit within a theoretical, empirical or applied context (Abbot & Bordens, 2001).

During this study, answers to the questions in the pre designed questionnaire were summarised and interpreted via themes. Themes were identified from the answers

provided from participants during the interviews. These themes were compared with themes in literature as well as themes in the organisation's management's understanding of the concepts. Inconsistencies were identified and proposals made with regard to closing the identified inconsistencies.

3.5 PARTICIPANTS

A non-random convenience sample was used. In this sample the participants were selected, in part or in whole, at the convenience of the researcher.

The specific population that the research had reference to were management employees of a specific business unit within the company. A list was drawn containing the names of only the management employees of the business unit. Since all employees on the list are managers in the organisation and the same expectancy exists for all, a convenience sample was drawn: N = 34 Participants were invited for an interview where a structured questionnaire was administered by the same interviewer.

Table 2 below indicates the characteristics of the participants:

Table 2

Characteristics of the Participants (N=34)

	Category	Frequency	Frequency %
Age	Age 20-34	4	11.76
	Age 35-49	18	52.94
	Age 50-65	12	35.29
Race	Black	5	14.71
	White	27	79.41
	Coloured	2	5.88
	Indian	0	0
Gender	Male	27	79.41
	Female	7	20.59

The sample consisted mainly of white (79, 41%) males (79.41%) between the ages of 35-49 (52.94%). Black respondents constituted only 14.71 % of the total respondents and only 11.76% of the respondents were below the age of 35.

3.6 CHAPTER SUMMARY

In this chapter the research aim, research design, measuring instrument and method of statistical analysis was discussed. The participants who took part in the research were also discussed.

In chapter 4, the results of the research will be reported and discussed in terms of the qualitative results.

CHAPTER 4

RESULTS

4.1 INTRODUCTION

In this chapter the results of the research is reported and discussed in terms of the qualitative results. The results are presented based on the proposed questionnaire in Chapter 1.

4.2 RESEARCH RESULTS

When conducting the qualitative research on the concepts of Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Review, two questions were asked. The questions aspired to give an indication of the participant managers' understanding of the concepts.

All respondents responded to the following questions under separate headings of Coaching and training, Performance Effectiveness Appraisal and Performance Effectiveness Review:

What is the concept about?

Why is it important and what are the benefits?

These questions were used as guideline in the interviews with the participants. When respondents were interviewed, several themes emerged with regard to the concepts of Coaching and training, Performance Effectiveness Appraisals and Performance Effectiveness Reviews. The results are discussed in this chapter.

4.3 RESULTS

Results are interpreted using the answers of the respondents to the questions used as guideline for the interviews.

4.3.1 Coaching and training

Coaching and training is the subsystem that is aimed to enable subordinates to overcome barriers and discover better ways of working through sharing of the manager's understanding and experience and also to assess and arrange training to improve a subordinate's knowledge and skills. Coaching is an ordinary part of every manager's daily activities and should be an integral part of the manager's regular review of a subordinate's personal effectiveness. It is usually facilitative in style: the manager mainly asks questions and challenges the subordinate to learn through their own discovery (Rickman, 2011).

4.3.1.1 Explanation of the concept

When asked to explain the concept of Coaching and training, four major themes arose and accounted for the majority of the answers from the respondents:

Table 3

The concept of Coaching and training

Theme	Frequency	Percentage
Guidance , advice and direction	20	28.57
Equipping with skills & training	18	25.70
Clarifying expectations, reaching goals and improving performance	17	24.29
Relationship strengthening and communication	15	21.44

4.3.1.1.1 *Guidance, advice and direction*

Most of the respondents (20) indicated that the concept is all about giving guidance, advice and direction. This constituted 28.57% of the responses. Included in the concept of giving guidance, advice and direction was the following remarks: *“Coaching allows employees to understand if they are meeting required performance, coaching provides guidance with regard to achieving objectives, coaching helps determine the KPIs and KPAs or setting of performance standards and objectives, coaching helps telling one’s subordinate what to do, addressing poor work performance and ensuring corrective action, coaching helps with the development of subordinate and assisting the subordinate to further his or her career, coaching provides guidance with regards to reaching goals and coaching allows giving of continuous feedback“.*

4.3.1.1.2 *Equipping with skills and training:*

A percentage of 25.70 % or 18 of the respondents indicated that coaching entails equipping employees with skills and providing training. Typical responses included *“teaching someone to do a job a specific way”*; *“to give guidance to your subordinates”* and *“when you educate your people coach the moulding and training on the job”*.

4.3.1.1.3 *Clarifying expectations, reaching goals and improving performance*

A total of 17respondents (24.29%) indicated the purpose of coaching to be the clarification of goals and ultimately the improving of performance.

Typical responses include *“It is when the Manager once removed shows the subordinate how to do his job if he or she has difficulty doing their jobs”*

4.3.1.1.4 *Relationship strengthening and communication*

A total of 21.44 % (15) of respondents indicated relationship strengthening and communication as primary purpose of coaching of which 10 respondents indicated

the concept of coaching is strengthening relationships. Information sharing open communication channels and improving the working environment were concepts that were all supported by 15 respondents.

4.3.1.2 Importance and benefits

When questioned, the respondents indicated various reasons why it is important to continuously coach and train subordinates. Typical in large organisations such as this, responses varied from *“so the job is done correctly and safely”*. *“It is important that people understand their jobs so that good production results are achieved”* and *“Assures that production is done right and faster”* to *“It shows you care and builds trust”*; *“helps to develop the subordinates”* and *“strengthens relationships, helps with achieving goals”*. The benefits of Coaching and training as noted by the respondents include themes such as shown in table 4 below:

Table 4

The importance of Coaching and training

Theme	Frequency	Percentage
Increased morale	16	21
Creates trust	13	18
Improved working environment	10	14
Cross pollination of new ideas	10	14
Equipping with skills & training	10	14
Clarifying expectations, reaching goals and improving performance	9	12
Relationship strengthening and communication	6	7

4.3.1.2.1 *Increased morale*

Some 16 respondents indicated that the biggest and most outstanding benefit of Coaching and training is increased morale of the workforce. Respondents indicated

that employees who are continuously assisted and supported in their daily challenges are more engaged towards their work, supervisors and colleagues. Comments include *“when employees see that their managers are assisting them on a continuous basis, they are more motivated to do their best”* and *“the more continuous support from managers is, the more of a “can do” attitude employees have”*.

4.3.1.2.2 *Creates trust*

The creation of trust in the workplace is represented by 18% (13 responses) of respondents as benefit and indicator for the importance of Coaching and training. Respondents indicated that coaching creates a greater climate of trust than does training without coaching follow up. Comments that support this include *“training is a once off intervention that is supported by subsequent coaching. The continuous coaching until the challenge is mastered creates trust between manager and employee”*.

4.3.1.2.3 *Improved working environment*

“Better workforce”; *“best performance is obtained from the subordinate”*; *“effective goal achievement”* are comments included in the 10 respondents (14%) who indicated a benefit of Coaching and training as an improved working environment.

4.3.1.2.4 *Cross pollination of new ideas*

A further 14% (10) of respondents valued the benefit of cross pollination during the process of Coaching and training. Respondents indicating this importance and benefit cautioned that managers should be sensitive in listening to employees to allow new idea generation. *“If cautious, managers can both provide guidance and receive ideas during the process of coaching and training even though it would be more difficult to have two-way communication and idea sharing”*.

4.3.1.2.5 *Equipping with skills & training*

Some 10 Respondents associated the benefits and importance of coaching and training with transferring of and equipping employees with skills. *“The biggest spin-off*

that the company has in terms of coaching and training is a team of employees that are competent”.

4.3.1.2.6 *Clarifying expectations, reaching goals and improving performance*

As coaching and training is part of a performance review process in the organisation, managers or respondents connected 9 responses to performance improvement and goal setting. Comments such as *“it allows for the correct meeting of performance targets”*; *“the job gets done right”* supports this theme.

4.3.1.2.7 *Relationship strengthening and communication*

Only 6 Respondents or 7% of the responses indicated that continuous coaching and training fostered an environment where relationships are strong and communication is adequate. *“Good understanding is created”*; *“they will have great respect for you”*.

4.3.2 PERFORMANCE EFFECTIVENESS APPRAISAL

The purpose of the Personal Effectiveness Appraisal is to ensure managers provide regular performance feedback to their subordinates. The objectives are to enable subordinates to understand how well they are performing and to enable subordinates to align their performance with objectives (Rickman, 2011).

4.3.2.1 Explanation of the concept

Rickman describes the principle of Performance Effectiveness Appraisals as being that individuals are employed to use their best judgment and discretion in producing assigned outputs within their sources allocated to them. While they are expected to deliver their required outputs, there can be no guarantee that any given outputs can be produced as planned because individuals cannot control all of the factors which determine the outcomes. The circumstances to be faced are always unpredictable and subordinates do not have the authority to obtain their own resources as these are allocated by the manager. Therefore, individuals should receive credit for the level of capability they apply in attempting to deal with the ambiguity they encounter

in doing their work, rather than only for the outputs they produce; that is, they are recognized for their personal effectiveness (2011).

Concepts that arise from the respondents' answers to explain the concept of Performance Effectiveness Appraisals are:

Table 5

The concept of Performance Effectiveness Appraisals

Theme	Frequency	Percentage
Clarifying expectations, setting and measuring performance standards , KPI and KPAs	44	54
Reviewing performance and measuring outputs	30	37
Guidance with regard to achieving objectives	7	9

4.3.2.1.1 *Clarifying expectations, setting and measuring performance standards, KPI and KPAs*

Clarifying expectations, setting and measuring performance standards, KPI and KPAs was the response of 44 of the respondents constituting 54 % of the responses on this question. This is supported by a comment such as *“to follow up if a person is working according to standard and that he or she meets their targets”*.

4.3.2.1.2 *Reviewing performance and measuring outputs*

Reviewing performance and measuring outputs as themes represent 37% (30) of the responses. Comments from the respondents were *“a review of how good you did your job”*, *“and “to give feedback to a worker and to indicate what are shortcomings and also telling him when he is performing well.”*

4.3.2.1.3 Guidance with regard to achieving objectives

Only 7 responses indicated guidance with regard to achieving objectives as explaining the concept of Performance Effectiveness Appraisals. *“Employees can be supported and shown how to achieve goals”*; *“The objectives for each employee can be set and clarified”*.

4.3.2.2 Importance and benefits

During the year the manager must make a record of their Performance Effectiveness Appraisals and any other significant instances of a subordinate’s personal effectiveness, both satisfactory and unsatisfactory. This is to ensure that the manager is not relying solely on memory as he/she prepares for the annual performance review (Rickman, 2011).

Concepts that arise from the respondents’ answers to explain the importance and benefits of Performance Effectiveness Appraisals are ensuring improved performance and placing the correct person in the right job. A summary of the themes are shown in table 6 below.

Table 6

The importance of Performance Effectiveness Appraisals

Theme	Frequency	Percentage
Ensuring improved performance	25	78.12
Placing the correct person in the right job	7	21.88

Main themes that arise are ensuring improved performance as well as placing the correct person in the right job.

4.3.2.2.1 *Ensuring improved performance*

Some 25 responses indicating that Performance Effectiveness Appraisals improved performance were noted. *“The only way subordinates will know what they are doing wrong and how to fix it is if they are told by their managers”*; *“it is the purpose of these meetings to make sure the employees know what standards of performance are expected and how to reach it”*.

4.3.2.2.2 *Placing the correct person in the right job*

As little as 7 responses were that Performance Effectiveness Appraisals creates a maximization of production if the right person is placed in the right job. Responses that support these are *“our SP plan says we should put the right people in the right jobs. This helps to do that “sometimes employees that are new are confused with regard to what is expected of them and if a Performance Effectiveness Appraisal is done when they arrive they will know where they fit in”*.

4.3.3 Performance effectiveness review

A manager is required to conduct a formal PER for each subordinate by making a quantitative evaluation of applied capabilities in relation to the role requirements, the working behaviours observed and her or his personal effectiveness in solving problems. This Performance Effectiveness Review should be reflective of the accumulated performance effectiveness assessment judgments made by the manager throughout the review period. The feedback given should directly link to the establishment of the role of performance development plans, either to redress identified areas of weakness, or to undertake new areas of development in line with new objectives. A core principle of a performance review process is that it is a two-way process involving the employee and their immediate manager (Rickman, 2011).

4.3.3.1 Explanation of the concept

Table 7 below indicates a summary of the themes that arose from the respondents' responses:

Table 7

The concept of Performance Effectiveness Review

Theme	Frequency	Percentage
Review of KRIs and performance	37	75.52
Merit rating	6	12.24
Setting of goals and objectives	6	12.24

As much as 75.52% of the responses indicated that Performance Effectiveness Reviews has as its main purpose to review KRIs and performance. Merit ratings and salary increases are indicated in 12.24% of the responses with setting of goals and objectives as a further 12.24% (6) of the responses.

4.3.3.1.1 Review of KRIs and performance

Review of performance and contract KRIs were indicated by 37 respondents as an explanation of the concept of PER. Comments include *“a review of the appraisals”* and *“manager reviews work of subordinate”*.

4.3.3.1.2 Merit rating

Only 6 of the respondents noted that the purpose of the PER session was to determine a merit rating for the performance during the year. The comment that supports this theme best is *“where block merit ratings are done on the year’s Performance Effectives Appraisals”*.

4.3.3.1.3 Setting of goals and objectives

Another 6 respondents indicated that the primary purpose of the PER process was to set goals and objectives.

4.3.3.2 Importance and benefits

Increasing understanding and communication between manager and subordinate, ensuring fairness and consistency, strengths, weaknesses and development areas of employees identified as well as salary increases, promotions, talent pool potential identified and keeping employees accountable for their actions are major themes that surfaced with regards to the importance and benefits of Performance Effectiveness Reviews.

Table 8

The importance of Performance Effectiveness Review

Theme	Frequency	Percentage
Strengths, weaknesses and development areas of employees identified	15	29.40
Ensures fairness and consistency	12	23.50
Increasing understanding and communication	10	19.60
Salary increases, promotions and talent pool potential identified	10	19.60
Keeps employees accountable for their actions	4	7.90

4.3.3.2.1 Strengths, weaknesses and development areas of employees identified

15 Respondents indicated via comments such as “poor performance can be watched”; “to know where all your shortcomings are”; “subordinates will know their shortcomings” that PER sessions identifies the weaknesses and development areas of the subordinates.

4.3.3.3.2 Ensures fairness and consistency

12 Respondents mentioned the importance of fairness and consistency in the PER process. A comment to support this is “increases are given according to appraisals and it should therefore be done fairly and consistently”.

4.3.3.3.3 Increasing understanding and communication

Some 10 respondents indicated that PER sessions have the benefit of increasing understanding between Manager and subordinate. It also allows for communication to increase between the two parties.

4.3.3.3.4 Salary increases, promotions and talent pool potential identified

10 Responses were connected to salary increases and the identification of potential. Comments included “further development suggestions can be made to employees” and “increases are given according to appraisals and it should therefore be done fairly and consistently”.

4.3.3.3.5 Keep employees accountable for their actions

Four respondents made comments such as “minimizing deviation”, and “to keep track to see if things were done or not”. The view of the four respondents is that the process of PER keeps the subordinate accountable for his or her actions.

4.4 DISCUSSION OF THE RESULTS

The respondents’ views and the organisation’s views will be discussed and the deviations between the two sets of views will be indicated.

4.4.1 Respondents’ views

Throughout the interviews the respondents’ comments centred on the main themes indicated. Main themes indicated in the views of the respondents are widely supported by literature and the organisation’s views.

4.4.1.1 Personal Effectiveness Appraisal (PEA)

This process is fairly well understood to be the process where employees are evaluated against set targets and assisted in achieving these targets. The targets are seen as KRIs and KRAs but not one single respondent indicated that the first Performance Effectiveness appraisal was to set up a performance contract that should then be used as guidance in following Performance Effectiveness Appraisals.

4.4.1.2 Personal Effectiveness Review (PER)

This is a relatively new process (it has only been in the organisation for 2 years). The process is understood as the culminating of all the Performance Effectiveness Appraisal discussions into one final review with merit ratings attached.

4.4.1.3 Coaching and Training

Respondents saw the process of Coaching and training as an opportunity to guide employees to succeed and meet targets. Coaching and training were seen by some respondents to be the same process but was mostly understood to be different in its purposes and process.

4.4.2 Organisation's views

The organisation's views are clearly depicted in the "SP handbook" written by Senior management for roll out throughout the organization (Rickman, 2011).

4.4.2.1 Personal Effectiveness Appraisal (PEA)

The purpose of the personal effectiveness appraisal is to ensure managers provide regular performance feedback to their subordinates.

The objectives are:

- to enable subordinates to understand how well they are performing; and
- to enable subordinates to align their performance with objectives.

Principles and Guidelines are that individuals are employed to use their best judgment and discretion in producing assigned outputs within their resources allocated to them. While they are expected to deliver their required outputs, there can be no guarantee that any given outputs can be produced as planned because individuals cannot control all of the factors which determine the outcomes; the circumstances to be faced are always unpredictable and subordinates do not have the authority to obtain their own resources as these are allocated by the Manager. Therefore, individuals should receive credit for the level of capability they apply in attempting to deal with the ambiguity they encounter in doing their work, rather than only for the outputs they produce; that is, they are recognized for their personal effectiveness.

Therefore, a Performance Effectiveness Appraisal is not a measure of a subordinate's outputs, rather the manager's judgment of the subordinate's use of her/his inputs. However, the actual achievement of outputs relative to their assignment must be taken into account by the manager in establishing a view about how effective the subordinate has been in achieving the results.

Managers are required to conduct ongoing assessment of each subordinate's personal effectiveness in role. In the event that a subordinate has difficulty in achieving an assigned task, the manager should reflect on whether the problem has arisen because the subordinate has not been effective (poor use of judgment and discretion in decision-making) or the circumstances have been outside normal expectations and the subordinate's performance was reasonable under the prevailing conditions or finally if the circumstances have been exceptionally unusual and it was remarkable that the subordinate did as well as he/she did.

The manager must make a record of their Performance Effectiveness Appraisals and any other significant instances of a subordinate's personal effectiveness, both satisfactory and unsatisfactory. This is to ensure that the Manager is not relying solely on memory as he/she prepares for the annual performance review.

4.4.2.2 Personal Effectiveness Review (PER)

The purpose of the personal effectiveness review is to ensure managers appropriately recognize and reward the performance of their subordinates. Rickman (2011) asserts that the objectives are to provide subordinates with an annual formal effectiveness review and to provide a merit rating to determine appropriate reward.

Principles and guidelines are that a manager is required to conduct a formal Performance Effectiveness Review for each subordinate by making a quantitative evaluation of his/her current capability in relation to the role requirements, the working behaviour observed and her/his personal effectiveness in solving problems. Performance Effectiveness Review should be reflective of the accumulated Performance Effectiveness Appraisal judgments made by the manager throughout the review period.

Standard performance ratings are necessary to quantify an individual's performance, enabling the organization to compare relative performance of employees. Therefore, a corresponding merit rating is determined by the manager in recognition of the subordinate's personal effectiveness, and is used to determine the subordinate's merit award (Rickman, 2011). As the manager has engaged in periodic discussions with subordinates about their effectiveness during the period of review, the evaluation should come as no surprise. The feedback given should directly link to the subsequent establishment of role performance development plans, either to redress identified areas of weakness, or to undertake new areas of development in line with new objectives. A core principle of a performance review process is that it is a two-way process involving the employee and the immediate manager. While the manager has the accountability and authority to make the final judgment, subordinates need to be given the opportunity to discuss their own views regarding their performance and potential opportunities for improvement (Rickman, 2011).

4.4.2.3 Coaching and Training

The purpose of Coaching and training is to ensure managers assist subordinates to increase their personal effectiveness in role (Rickman, 2011). The objectives are to enable subordinates to overcome barriers and discover better ways of working through sharing of the manager's understanding and experience and to assess and

arrange training to improve a subordinate's knowledge and skills. Coaching is the process by which managers help subordinates to increase their personal effectiveness in role, closing the gap between their current applied capability and potential ability by understanding the full scope and opportunities of their role, increasing their skilled knowledge through training, developing new knowledge and wisdom based on the manager's experiences, resolving problems the subordinate is experiencing in their work or working relationships, encouraging flagging commitment, bringing their behaviour more in line with organisation values or addressing any dysfunctional behaviour, including the situation where the subordinate's personal conduct is adversely affecting others (Rickman, 2011).

Coaching is an ordinary part of every manager's daily activities and should be an integral part of the manager's regular review of a subordinate's personal effectiveness. It is usually facilitative in style; that is the manager mainly asks questions and challenges the subordinate to learn through their own discovery (Rickman, 2011). Effective coaching balances the provision of sufficient opportunities for subordinates to use their full capabilities through creativity and innovation, and guides them in such a way as to avoid wasting resources and energy. Managers must be careful when coaching to avoid actually doing the subordinate's work, even if it takes more time to coach a subordinate about a particular task than it would to actually do the task themselves (Rickman, 2011).

Training, as distinct from coaching, may be done by the manager but would more usually be done by trainers qualified in an identified skill or area of knowledge required by the subordinate.

4.4.3 Consensus between the organisation's view and respondents' views:

4.4.3.1 Personal Effectiveness Appraisal (PEA)

There is consensus between the views of the organisation and the views of the respondents as both parties see the purpose of the personal effectiveness appraisal as to ensure managers provide regular performance feedback to their subordinates. Agreement also exists that the objectives should be to enable subordinates to

understand how well they are performing and to enable subordinates to align their performance with objectives.

The organisation's view that a Performance Effectiveness Appraisal is not a measure of a subordinate's outputs, rather the manager's judgment of the subordinate's use of her/his inputs were not noted in any of the responses received.

Both the respondents and managers agree in their understanding that managers are required to conduct ongoing assessment of each subordinate's personal effectiveness in role but again the respondents omitted the organisation's view that in the event that a subordinate has difficulty in achieving an assigned task, the manager should reflect on whether the problem has arisen because the subordinate has not been effective (poor use of judgment and discretion in decision-making) or the circumstances have been outside normal expectations and the subordinate's performance was reasonable under the prevailing conditions.

4.4.3.2 Personal Effectiveness Review (PER)

Alignment exists in terms of the purpose of the personal effectiveness review to ensure managers appropriately recognize and reward the performance of their subordinates and to provide subordinates with an annual formal effectiveness review including provision of a merit rating to determine appropriate reward.

Merit ratings were included by respondents without indicating the organisation's view that the Performance Effectiveness Review should be reflective of the accumulated Performance Effectiveness Appraisal judgments made by the manager throughout the review period. No indication was given by any respondent that the merit rating should be a representation of discussions held during the year.

The organisation and respondents agree that standard performance ratings are necessary to quantify an individual's performance, enabling the organization to compare relative performance of employees.

While the organisation clearly notes that the manager has the accountability and authority to make the final judgment but that subordinates need to be given the opportunity to discuss their own views regarding their performance and potential opportunities for improvement, very few respondents referred to two-way communication in their responses.

4.4.3.3 Coaching and Training

The organisation defines the purpose of Coaching and training as to ensure managers assist subordinates to increase their personal effectiveness in role. Respondents to the research align with the indicated purpose noting the purpose and objectives of Coaching and training are to enable subordinates to overcome barriers and discover better ways of working through sharing of the manager's understanding and experience. Training follows and is arranged to improve a subordinate's knowledge and skills.

The views of the respondents and the organisation are in alignment with the organisation having a fuller and more comprehensive understanding and explanation of the concepts.

4.5 SUMMARY OF THE CHAPTER

In this chapter the results of the research were reported and discussed in terms of the qualitative results. The results were presented based on the proposed questionnaires mentioned in Chapter 1.

Results were also discussed in terms of respondents' and the organisation's views of the concepts and the deviations between the two views.

Chapter 5 will deal with conclusions made, the limitations identified during the process and will conclude with recommendations to both the organisation where the research was done as well as recommendations for future research.

CHAPTER 5

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

This chapter deals with conclusions made, limitations identified during the process and concludes with recommendations to the organisation where the research was done as well as recommendations for future research.

5.1 CONCLUSIONS RELATING TO LITERATURE REVIEW

5.1.1 Performance effectiveness appraisal

Literature explains Performance Effectiveness appraisals as the systematic description of an employee's job relevant strengths and weaknesses that allows the organisation to appropriately measure and effectively develop psychological capacities for performance improvement in the workplace (Luthans, 2002).

Fredricson (1998) identified several variables that might energise the organisation's culture: joy, interest, happiness, contentment and positive mental prosperity. The ability of the organisation to develop its workforce over time is contingent on the type of personnel that are attracted to and retained in the organisation.

5.1.2 Performance effectiveness review

By definition, Performance Effectiveness Review refers to a process where an analysis of an employee's work habits undertaken at a fixed point in time to determine the degree to which stated objectives and expectations have been reached (Zuber-Skerrit, 2006).

Employees need to know that they are trusted, that their work is meaningful, and that their input is valued (Law, 2007). "Performance management is a core element in the creation of a motivating climate" (Coetsee, 2003). Competitive advantage requires the creation of a motivating climate where communicating, expecting, and scrutinizing a set of core company values, beliefs, and engagement models that differentiate the organisation and define its brand (Kahane, 2008).

2.1.3 Coaching and training

Coaching can be defined as “a process that enables learning and development to occur and thus performance to improve” (Eggers & Clark, 2000) or as “the art of facilitating the performance, learning and development of others” (Crane, 1999).

Formal training, mentoring and coaching with regard to first-hand, on-the-job experience as to how to build the ability into a specific skill/knowledge, can bring about a progression in the developing of a manager’s ability to a point where it can be effectively exercised in the accomplishment of the managerial role that is needed.

5.2 CONCLUSIONS RELATING TO EMPIRICAL STUDY

The writer concludes that with regard to the Performance Effectiveness Appraisal a great deal of shared meaning exist between the understanding of the management teams *System for People* guidelines and the understanding of the concepts by the respondents.

It is also clear that current practices and understanding align with regard to the concept of Performance Effectiveness Appraisals as per the *Systems for People* handbook written for the organisation. With regard to Coaching and training there is a great deal of shared meaning between the organisation’s views and the views of the respondents with regard to training. Training and training interventions current practices align with regard to the concept and the current practices with regards to coaching are understood.

The three concepts chosen for research are the most well-known and understood in the organisation. It was therefore pre-supposed that the managers would be fully informed and prepared for the implementation of the small changes required by the *System for People*. During interviews, the interviewer realized that the concepts are well-known and understood as pre-supposed, but that certain important principles within the concepts were not part of the frame of reference of managers yet. This was concluded when the respondents’ views and the organisation’s views were compared. Respondents had the correct responses but at times lacked certain of the main principles of the concept.

Most of the managers interviewed continuously placed themselves in the position of the subordinate and not the manager. These managers understand that they should have their own performance targets set for them by their own managers and they should be coached but very few of them associate with their own managerial roles when verbalizing their answers. A conclusion is drawn that a paradigm shift is needed to support the respondents in understanding their roles as managers in the process and not just merely employees who understand the process.

5.3 LIMITATIONS

The primary limitation is the size of the population (n=34) and the concentration of manager participants at one business unit in one region of the organisation. It limits the conclusions that can be drawn from the information obtained.

The poor response on the suggestions to improve the process can be seen as a limitation. The reason for this can be ascribed to the fact that the process of performance appraisal and review has a negative connotation in the organisation. The lack of suggestions shows that employees were not fully comfortable to share views with the interviewer.

The questions guiding the interviews were testing the knowledge and understanding of managers on three themes from a new, integrated international change management project launched in the organisation. The guide for implementation was used as guideline to measure answers of the respondents with the correct answers as understood by senior managers in the organisation. The possibility exists that the managers are not yet fully familiar with the concepts as they are understood by the organisation's senior managers. Further possible limitations are *resistance of participants with regard to attending interviews*. There was a natural resistance to participate in the interviews. The participation in the research is voluntary and therefore resistance might exist. Furthermore, the *availability of participants to attend interviews is a limitation*. The population is relatively small as it consists only of managers as indicated in the company's labour structures. Questionnaires and interviews take place at the Business Unit. The success of the research is dependent on a sample being bigger than or equal to 45.

Subjective interpretation of the results. The interpretation of the results is dependent on the judgment of the researcher.

The limited sample will not make generalization possible. Even if the sample consists of more than 50% of the total population, generalization won't be possible due to bias of the researcher. Survey data can be affected by the expectations and response biases of those taking the survey. Conclusions drawn from survey research can be invalidated if the group sampled does not reflect the population that was targeted in the survey (Goodwin, 2002).

5.4 RECOMMENDATIONS

Recommendations for the management of the organisation and for future research are made in this section. Recommendations are made upon the conclusions reached in the interpretation of the respondents' feedback.

5.4.1 Recommendations for the management of the organisation

The CEO of the organisation noted the following when asked about the meaning of the comment "*People are our business ... our business is people*": His response was that to him, this very simply and literally means that without people, the organisation would be nothing. "Of course, physical assets and operations are valuable, but it's the people who determine the ultimate success of the business. It is all about the right people in the right roles doing the right work; it's about those people doing the right work at the right time in the right way; and importantly it's about people all having a voice in how we can improve the way we work. It's impossible to overstate the value of our people" (Cutifani, 2011a).

Performance management holds many rewards for its successful use. The process gives managers and decision-makers the information they need to judge the issues of service delivery, efficiency and cost. It alerts managers to training needs and opens up communication between manager and subordinate, and between the different units of the organisation.

In line with the CEO's statement about people being the business, it is recommended that management undertakes a process to sensitize and equip managers who will be

responsible for implementing the processes at the business unit. A continued process of coaching and training is proposed. This process should include role play and feedback sessions. It is furthermore proposed that management re-evaluate the respondents' understanding of the process after a set time has lapsed.

5.4.2 Recommendations for future research

Even though the responses given to the research questions corresponds with the literature research done and the organisation's viewpoints a concern arises in that most of the managers interviewed placed themselves in the position of the subordinate and not the manager when responding the questions. These managers understand the processes that should be followed and that they should have their own performance targets set for them by their own managers and they should be coached, but very few of them associate with their own managerial roles when verbalizing their answers.

Further studies are suggested to determine possible models and interventions to create shared meaning with regard to the concepts of Coaching and training, Performance Effectiveness Review and Performance Effectiveness Appraisal.

Lastly, it is advised that research is done by interviewing managers in terms of the readiness for implementation of the remaining seven subsystems in the *System for People* intervention prior to preceding implementation.

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