



# **An evaluation of the effectiveness of performance management system in the South African Navy**

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Mini-dissertation submitted in partial fulfilment of the requirements for the degree *Master of Business Administration* at the North-West University

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## **DECLARATION**

I declare that this is my own work and that all the resources that i have used or quoted have been identified and acknowledged by means of complete references. This work has not been previously submitted in whole, or in part, for the award of any degree.

Signature:

Date:

## **ACKNOWLEDGMENTS**

Firstly, I would like to thank the Lord God Almighty for His grace and strength for enabling me to complete the study. I am eternally grateful to my wife, Vivian, for the support, love and encouragement during the stressful times of this study. To my daughter, Shekinah, and son, Jezreel, who have endured my absence - your constant smiles were an instant source of energy. I would like to thank and acknowledge the invaluable guidance and expert assistance of my supervisor, Professor Thabo Thekiso. Finally, I would like to acknowledge my colleague, Sisipho Zauka, for the exceptional support and editorial work she completed on my study.

## **ABSTRACT**

Performance management is a human-resources practice that institutions, both public and private, have equally undertaken. Organisations implement performance management systems as a mechanism for managing and developing employees' capacity, aligning employees' behaviour with organisational core values and to deliver superior individual, team and organisational performance. Therefore, the effective implementation of a performance management system is a desirable addition to every organisation that is dependent upon the successful application of various key components.

The primary purpose of this study was to evaluate the effectiveness of performance management systems in the South African Navy. The study is guided by the four following research questions: 1) How effective is the performance management system in the Navy? 2) What are the shortcomings of the performance management system in the Navy? 3) What elements of effective performance management exist in the Navy? 4) What recommendations would address the identified challenges?

The study adopted a quantitative survey method using a structured survey questionnaire with closed ended questions to collect data. To include all the various rank groupings within the South African Navy, stratified random sampling was used to identify participants. The questionnaires were distributed personally to 150 participants. The data was analysed using the Statistical Package for Social Sciences (SPSS) into frequency distribution and percentages. The data was presented using tables and charts.

The study found that there are various effective aspects in the implementation of performance management in general and, in particular, with regard to the planning of work and setting expectations in the South African Navy. Notwithstanding the pockets of effectiveness of the performance management system (PMS) in the Navy, there are serious shortcomings with the current practice of the PMS that need addressing. All the key components of performance management (PM) that comprise planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance and rewarding

good performance, with the exception of a work plan, require improving in order to ensure the effectiveness of the entire PMS. Key shortcomings identified included the lack of refresher training on PMS implementation, lack of regular and constructive feedback, lack of continuous review of performance progress, inability to address performance problems timeously, perception that the appraisal process is not fair, inability to apply performance standards consistently across the organisation and failure to link performance to promotion.

The study recommended that appropriate training should be given to line managers/supervisors on the aim, importance and functioning of PMS in the South African Navy. It is further recommended that managers/supervisors and employees should be trained in effective way of delivering and receiving feedback, coaching and general managerial skills, to be able to continuously monitor employees' performance, provide adequate training and development to enhance their job-related skills and competencies. Furthermore, it is recommended that the South African Navy should use multiple sources when rating employees' performance and training employees who conduct such ratings. Finally, managers and supervisors should use recognition systems such as 'employee-of-the-month' and yearly certificates/awards, long-service certificates, gifts and performance bonuses fairly and appropriately.

## **KEYWORDS**

Performance Management System (PMS), Effectiveness, South African Navy (SAN), Planning work and setting expectations, Continually monitoring performance, Developing the capacity to perform, Periodically rating performance, Rewarding good performance.

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## ACRONYMS AND ABBREVIATIONS

APA	American Psychology Association
GHCT	Global Human Capital Trends
HR	Human Resources
MEA	MidAtlantic Employers' Association
PM	Performance Management
PMDS	Performance Management and Development System
PMS	Performance Management System
SAN	South African Navy
SIOP	Society for Industrial and Organizational Psychology
USOPM	United States Office of Personnel Management

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## CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

### 1.1 INTRODUCTION

Every organisation in the world is established for a specific purpose and this purpose is generally encapsulated in a form of goals. Such organisational goals are expressed both internally and externally through the organisational vision statement. Furthermore it is apparent that without people performing tasks and activities in a structured manner in pursuit of a vision, organisations will not achieve their goals (Hellriegel *et al.*, 2012:5). Bedarkar and Pandita (2014:113) concluded that there is a direct link between employees' performance and overall organisation's performance. When a performance management system (PMS) is designed and implemented correctly it leads to overall superior organisational performance and financial results (Seotlela & Miruka, 2014:177).

Performance can be defined as the manner in which an organisation and individuals follow processes to achieve the results or outputs. Performance focuses on the results or outputs as well as the process or way that individuals and organisations achieve the results (Dudley, 2010:1). Performance can be defined as "any activity or collection of responses that lead to result or have an effect upon the environment" (APA dictionary of psychology, 2007:685).

Performance management (PM) is defined by Aguinis (2013:2) as a never ending process of "identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization". PM can be defined as a methodical and continuous process that the organisation undertakes to improve its own performance by improving the teams and individuals' performance within the organisation. PM is seen as a system with interrelated elements that are designed for the sole purpose of improving individual, team and organisation goals (Armstrong & Taylor, 2014:331). Nielsen and Hunter (2013:10) define PM as the organisational capacity to take deliberate and well calculated actions in order to achieve goals and objectives on a continuous basis. PM is defined by Armstrong (2009:9) as "a means of getting better results from the whole organisation or teams or

individuals within it, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements”.

It is evident in today's corporate, public and non-profit organisations that all managers need to understand the importance of a systematic measurement and evaluation of their business's performance (Alharthi, 2016:203). Seotlela and Miruka (2014:177) concluded that the PMS is designed to manage and evaluate both the employee and organisational performance. However, its value to the organisation relies heavily on the quality of design and correct implementation of the PMS. He further suggested that PMS is a mechanism which management may use to realise the organisational goals and strategic objectives. According to Pulakos *et al.* (2015:52) PMSs have failed to yield positive results despite continuous efforts to reinvent the process. They concluded that PMS is hated by both the manager and employees because its contribution is considered insignificant and has failed to yield the intended goal of improving performance.

Newcomer and Caudle (2011:112) maintained that PMSs are beleaguered with challenges that are specifically related to their development, implementation and sustainability. Furthermore, PMSs are seen by authors as one of the most challenging mechanisms or systems to implement in the organisation. The main challenge relates to the system's focus area for measuring concepts such as abilities, skills, behaviours or results. The other challenge is the development of a system that will fairly, reliably and accurately measure the performance of employees. In addition poor implementation of the PMS will have a detrimental effect on the employees, managers and the entire organisation (Pulakos, 2009:3-4). Regardless of these challenges, the PMS has proved to be a system that can bring about successful realisation of the organisational goals and objectives. However, it is imperative that the challenges are identified and addressed to ensure the effective implementation of PMS (Seotlela & Miruka, 2014:177).

## 1.2 BACKGROUND AND CONTEXT

The continuous management and measuring of employee performance is critical for every organisation. Thus there is a constant increase of the use of the PMS in both public and private sectors as a tool for improving organisational performance on a continuous basis (Seotlela & Miruka, 2014:178). The conceptualisation of the PMS is based on the alignment of organisational goals with the individual employees' abilities and behaviours. Furthermore the focus of the PMS is the development and improvement of the employees and the system itself (Sahoo & Mishra, 2012:3).

In pursuit of employee performance management and measurement, organisations worldwide have used the PMS to manage performance (Mashego & Skaal, 2016:1). Aguinis (2013:24) asserted that practically all organisations have some form of PMS in operation. However, de Waal and Kourtit (2013:446) conclude that approximately 70 per cent of medium to larger organisations in the USA and, Europe, and their respective government institutions, use PMSs. In South Africa, the government adopted a resolution stating that the executing authority is mandated to determine a suitable PMS for employees within their respective departments. The system should focus on managing employees' performance in a consultative, supportive and non-discriminative manner. Every effort should be made to ensure that the PM processes are linked with the strategic goals of the department. The primary goal of the system should be the development of employees; however, poor performance should be identified, and outstanding performance recognised (DPSA, 2010:38).

The Minister of Defence and Military Veterans, Nosiviwe Mapisa-Nqakula, has determined the PMS for all employees within all the departments of the Defence Force. This system is aimed at measuring and evaluating the tasks inherent to the employee's post (Key Responsibility Areas) together with identified generic assessment factors. The purpose of the system is to manage performance in a consultative, supportive and fair manner in order to enhance efficiency and effectiveness. The purpose of the system is the development of employees as well as identification of inadequate performance and recognition of outstanding performance (Department of Defence Performance Management and Development System HR Instruction, 2017:1). Due to the system's emphasis on employee development, the

system is commonly known as Performance Management and Development System (PMDS) within the public sector (Malefane, 2010:7).

In order to ensure successful implementation of PMS within the organisation, there are key success areas that need to exist within the organisation. Aguinis (2013:38) conceded that there are two key requirements that need to exist for an organisation to implement PMS successfully. He argues that firstly the organisation's vision and mission should lead to the establishment of clearly defined and well-known strategic goals. The goals are further cascaded to various departments and then finally to individual employees. Pulakos (2009:41) agrees that the alignment of individual employees' goals with the overall organisational strategic goals is a concept that makes sense and leads to improved performance. Pulakos and O'Leary (2011:148) however, suggested that the reality is that organisational goals are often complex and not easy to cascade down to the employees' level. Subsequently it takes too long to cascade organisational goals to individual employees and often the meaning of certain goals is lost in translation.

Furthermore Aguinis (2013:48) asserted that the 'job-knowledge' derived from job analysis is a second key critical factor that is needed for successful implementation of PMS. He explained that job-knowledge includes the knowledge, skills and abilities needed to do the job. This knowledge alludes to the education and training, as well as experience of employees. According to Radebe (2013:80) the primary aim of training is to improve employee performance through an appropriate and deliberate design that achieves the skills, knowledge and attitudes needed to improve the organisational goals. Training is critical to the implementation of PMS, both as a means of developing employees as well as educating employees on the functioning of the PMS (Aguinis *et al.*, 2012:187).

Bhengu (2015:3) suggested that although knowledge and skills are critical to the overall organisational performance, they will achieve little if not complemented by a positive attitude. Behaviour, or the manner in which a job is performed, is thus an important component that drives both employee and organisational performance (Aguinis, 2013:46). Pulakos (2009:43) has emphasised the importance of developing a PMS that is results orientated, as well as fosters the positive behaviour of

employees. He argues that both practices are important to the performance of the organisation and one should not be achieved at the expense of the other, but rather achieved simultaneously. Pulakos and O'Leary (2011:151) proposed that PM should focus on the key areas that promote employee engagement. They advocate a change of focus from a formal PM process toward promoting manager-employee relations through the setting of clear expectations and implementing of continuous communication and meaningful feedback.

Pulakos *et al.* (2015:56) concluded that the existence of healthy manager-employee relationships will lead to effective PM. They further go on to say that the PM process should foster effective and important 'job-behaviour' on a daily basis. They identify the enablers of such behaviour to be continuous communication of expectations, development of employees and timely feedback. They suggest that the practice of these activities on a continuous basis will lead to job satisfaction and the achievement of organisational goals.

### 1.2.1 Performance Management

In recent years the key trend in the PM is the drive towards a results-focused system through the alignment of individual goals with the organisational objectives. Furthermore organisations are focusing more on the assessment of job behaviours that are required or associated with effective job-performance (Pulakos, 2009:43). Aguinis (2013:38) also accentuated the importance of strategic objectives of the organisation cascading down to the employees' level in PM. He suggested that this movement allows employees to have insight into the direction the organisation is taking. Furthermore, he emphasised the need to ensure that employees possess the required abilities, knowledge and skills as well as the right job-behaviours to achieve the desired results. It has been proven that PM can enhance the employee engagement within the work environment, that is employees can become more involved, committed, enthusiastic and empowered through the process of PM, thus displaying positive job-behaviour (Gruman & Saks, 2011:123).

Aguinis (2013:6-7) indicated that the PMS can benefit the organisation by enhancing employee engagements, motivation and creating a long term commitment toward the organisation. Mone and London (2018:40) agree that when PM process is implemented with focus on enhancing the employees' engagement, then PM will lead to improved employee performance. The introduction of effective PM processes in various industries has proved to have an influence on the employees' productivity (Gichuhi *et al.*, 2013:42). According to Watetu (2017:18) there is a positive relationship between the performance management process and employees' performance. He asserts that when employees are motivated, well managed and work in a positive environment, their performance is improved. However, there are shortcomings in the PMS and, generally, these shortcomings are related to poor design Brown (2011:16), lack of communication and training, as well as inadequate implementation (de Waal & Counet, 2009:368).

Pulakos and O'Leary (2011:147) on the other hand argued that PM process is burdensome since it is full of administrative processes and tools that fail to focus on the day-to-day activities of employees. If the PMS is not implemented properly, the organisation will not only forfeit the benefits that the system yields but its poor supervision will also contribute towards low morale, damaged reputations and relationships (Pulakos, 2009:46).

### **1.3 RESEARCH PROBLEM**

According to Malefane (2010:2) the South African Public Service has failed to implement performance management since its focus is inward looking instead of outward toward delivery of service to the community. He emphasised the importance of the effective service delivery by government departments to improve the lives of the citizens. Maclean and Maseti (2016:306) suggest that the South African Public Service, as well as private organisations, have struggled equally to effectively implement the PMS. They concluded that most organisations are not implementing the PM's "best practice". The SA government has explicitly accepted the fact that the level of service delivery to the community is not at the desired standard (Presidency, 2009:3).

It is of utmost importance that organisations evaluate their PMS in order to identify the shortcomings and to take necessary steps to address these (Seotlela & Miruka, 2014:177). If PMS is implemented incorrectly it results in decreased motivation, damaged manager-employee relationship, job dissatisfaction as well as unfair and inconsistent rating and biasness (Aguinis, 2013:9). Pulakos (2009:47) emphasised that managers and employees often lack understanding of PM and view it as a burdensome exercise that needs to be conducted once a year. It is, therefore, not surprising that many organisations miss out on the benefits offered by effective PMS implementation.

When perusing relevant PMS documents within the SAN, there is no clear indication of the level of management/employee satisfaction or effectiveness. Every year, six to seven percent of SAN employees launched disputes and grievances concerning the final score and/or administration procedure with regard to PMS. However, this is not a true reflection of the organisation since some directorates and units have admitted that disputes that are resolved prior to the moderation boards, or even during moderation boards, are not recorded in the Minutes. The common practice is also to encourage the resolution of disputes at the supervisory level or next higher level. Therefore, it is rather difficult to quantify the level of disputes of the PMS, due to lack of proper record keeping. It is also not mandatory to keep a record of disputes resolved at the supervisory or head of department level.

Judging by the animosity expressed through various employee forums, engagements and briefing between management and employees, there are serious challenges with regard to the PMS within the SAN. If this is left unattended, it will indeed lead to subordinates' demotivation, low morale and negative perceptions towards the PMS. The SAN's PMS is intended to be linked to promotion, pay progression, performance bonus and other educational and developmental opportunities. Therefore, employees consider the results derived from the PMS important since they have a direct relationship to the reward systems and promotion opportunities. A reasonable number of employees have raised dissatisfaction with the administration process and final scores allocated to them, as well as the allocation of performance-based bonuses.

This situation has led to tensions which are prevalent mostly during the period of appraisals; however, the effect is felt long after this period. According to Pulakos

(2009:46) managers dislike PM, particularly the feedback sessions, while employees dislike having discussions with managers about their developmental needs. They all dread the damaging of relationship and loss of rewards or salary progression. This negativity is undesirable particularly within the SAN, considering that being a member of the Defence Force is a team orientated job and one needs to trust and rely on comrades for survival. It is also evident that both managers and employees enjoy working in a conducive environment and employees are more productive when motivated, skilled and have a positive attitude toward work. An effective PMS will yield a valuable contribution both to the organisation and employees (Aguinis, 2013:5).

#### **1.4 OBJECTIVES OF THE STUDY**

The objectives of the study are to:

- Evaluate the effectiveness of the PMS in the SAN.
- Identify the shortcomings of the current PMS.
- Identify the effective elements of the current PMS.
- Propose recommendations to address the challenges identified.

#### **1.5 RESEARCH QUESTIONS**

The following research questions will form the basis upon which the study will be conducted:

- How effective is the PMS in the SAN?
- What are the shortcomings of the PMS in the SAN?
- What elements of effective PM exist in the SAN?
- What recommendations would address the identified challenges?

## 1.6 RESEARCH METHODOLOGY AND RESEARCH DESIGN

### 1.6.1 Research Methodology

The research methodology is a general approach that a researcher takes in a research study to explore the specific research questions (Williams, 2007:65). According to (Bryman *et al.*, 2014:30) there are two main approaches to research, namely qualitative and quantitative methods. They defined quantitative research as a unique approach to research that involved the gathering of numerical data to make deductions regarding the relationship between theory and the research findings. This approach is used mainly for natural science research. This method is seen as comprising objective numerical data that reduces or eliminates bias from the researcher. In general, quantitative method makes use of structured questionnaires to gather numerical data. The researcher is able to gather data from a larger sample objectively and with internal validity.

After identifying the research problem, the researcher needs to develop research objectives. Khoo (2012:25) points out that the research objectives are there to spell out what the research is designed to explore, measure or explain. In this study, therefore, the research problem is identified as SAN employees who have expressed dissatisfaction about the current PMS within their organisation. It is also clear that there is a need to investigate the situation to ascertain the cause of this unhappiness.

The Research objectives of this study are as follows:

- Evaluate the effectiveness of the PMS in the SAN.
- Identify the shortcomings of the current PMS.
- Identify the effective elements of the current PMS.
- Propose recommendations to address the challenges identified.

### 1.6.2. Research Design

Research design is a detailed action plan of what needs to be formulated to ensure a successful completion of the research project. Some research designs spell out the entire research process, beginning with conceptualising a problem to the literature review, research questions, methods and conclusions, while others simply outline the methodology part of the search. This action plan is aimed at answering the research question in the most unambiguous way possible. Design provides a guide on the relevant evidence required to answer the research questions. It is thus important for a researcher to know what evidence is required before deciding on sampling, collection methods and designing a questionnaire (Harwell, 2011:148). According to Bartlett *et al.* (2001:43) research design provides a strategic framework that provides a roadmap to move from research questions to the implementation of the research strategy. Research design delineates the structure of the investigation in such a way as to attain answers to the research objectives. A research design, therefore, is a preliminary plan for conducting research. According to Bryman *et al.* (2014:24) a broad research design consists of different elements, such as the type of research design, focus, time dimension and conditions.

In this study, therefore, a quantitative approach was used. This study was two pronged in the sense that firstly, a literature study was conducted to provide for secondary data. The source of this literature data was text books, accredited journals, articles, government policies, electronic media etc.

The second phase of the study was conducted through an empirical study in order to address the identified research objectives. A structured survey questionnaire with a 4 Likert scale was administered to the employees.

### 1.6.3 The Population

According to Rahi (2017:3) population is the total number of people or items that the research desires to study. The study population for this research was the full-time employees of the SAN who are subjected to the PMS. There were 6885 employees

who participate in the PMS in the SAN and who are based mainly in three different provinces.

#### 1.6.4. Sample

Sampling can be defined as a process of selecting the parts of the population that will participate in the study (Rahi, 2017:3). Bryman *et al.* (2014:168) concluded that the goal of research is to be able to collect data that is a true reflection of the entire population. Sample size is influenced by cost, time available for the research, risks and the problem being addressed. When conducting a quantitative research, samples and non-response are essential factors to consider. They provide a table for guidance when determining the appropriate sample size. Bryman *et al.* (2014:168) state that in a population of 8 000, the sample size of 119, with margin error of .03 for continuous data is appropriate. The researcher distributed 150 questionnaires to the full-time employees of the SAN who have been subjected to the PMS for at least three years. When considering time available and the guideline on sampling for a population of 6885, a sample of 150 was an adequate representative of the population.

According to Bryman *et al.* (2014:172) probability sampling gives clear assurance that each unit in the population has an opportunity of being selected to participate. While non-probability sampling cannot provide the same assurance that each unit of population can be selected. Stratified random sampling was used to identify participants in various rank groups within the SAN.

#### 1.6.5. Data-gathering Method

An existing structured quantitative survey questionnaire with a 4-point Likert scale was used for the collection of data. The questionnaire was originally developed by Ms Sualihu Bintu, in her study of Performance Appraisal System in the Kwame Nkrumah University of Science and Technology. The original instrument used a 5-point Likert scale. A 4-point Likert scale was created from this original instrument by removing 3=neutral. Croasmun and Ostrom (2011:20) are of the opinion that in a survey on the opinion of a population, the results will be affected considerably by an

inclusion of a midpoint, hence the omission of the neutral point. For this study, nineteen items were added to the instrument to ensure relevance to the stated study objectives. A pilot study with eight participants was conducted in order to validate the instrument by giving copies to SAN employees to read and correct ambiguous statements, incorrect spellings and sentence construction. Such surveys are suitable for the assessment of observations and behaviours. The Likert scale is viewed by authors to increase the response rate and eliminate frustrations for respondents since it is easy to capture the opinion of the participants (Rahi, 2017:4). According to Bhengu (2015:51) a quantitative survey is especially appropriate for collecting relevant data only since it forces participants to focus on the scope of the study. Furthermore, quantitative surveys are adequate for conveying findings in a quantifiable manner through tables and pie-charts.

Validity measures the extent to which the data collection instrument measures what it is designed to measure. The instrument should measure what it is meant to measure and nothing else. The instrument used in this study was validated through a pilot study conducted using students, academics and consultant to determine the content validity of the data collection instrument and was proven to be valid (Bintu, 2014:35).

Reliability measures the extent to which the instrument is consistent in measuring the concept when repeated in the similar situation (Heale & Twycross, 2015:3). It is important that an instrument meets both reliability and validity requirements. An instrument can be reliable but not valid (Kimberlin & Winterstein, 2008:2277). The maintenance of anonymity of the participants and objectivity of a researcher increases the trustworthiness of the data obtained (Bhengu, 2015:54). The instrument used in this study had been used before thus its consistency and reliability already proven (Bintu, 2014:35).

#### 1.6.6 Data Analysis

The data was placed in different categories, tabulated and coded in line with the research objectives and questions. The editing of data and tallying results in frequencies tables was followed. The values that were reflected by the frequencies

were converted into percentages so that pie-charts and tables could be used. Therefore, the use of Statistical Package for the Social Science (SPSS) 2015 version was essential in making such conversions and generally for analysing the data.

#### 1.6.7 Interpretation of Results

The results of the empirical study were used to evaluate the effectiveness of the PMS, identify the challenges faced by the SAN concerning PM and the current effective elements of PM in the SAN.

### 1.7 BENEFIT OF THE STUDY

Activities associated with PM have proven to increase the employee engagement as well as foster high commitment towards the organisation (Kapoor & Meachem, 2012:17). Employee engagement and commitment tend to have a positive impact on the employees' overall performance (Alharthi, 2016:204). Therefore, PM is a critical factor that has a direct impact on the overall organisational performance. There is a direct link between how people are managed and the performance of the organisation (Willie, 2014:111). Alharthi (2016:204) conceded that the PMS is a mechanism that organisations can use to evaluate their own processes and performance. This mechanism will identify the shortcomings that should be remedied and successes that the organisation can build on. According to Mbonambi (2016:2) the effective PMS can be the difference between an excelling company and a surviving one.

Salaheldin (2009:219) suggested that one cannot improve what one cannot measure. Thus PM is important as a system that measures performance with the aim of improving the overall employee and organisational performance. Malefane (2010:11) highlighted the need to initiate interventions that will address the current poor performance within the South African Public Service. He emphasised the increasing negative impact of poor performance by public servants on service delivery.

Therefore, this study was aimed at evaluating the effectiveness of the current PMS within the SAN to determine to what extent the system is achieving the intended objectives. The knowledge gained through the study has provided management with valid and reliable information which it may use to bring about change, in order to achieve the strategic objectives.

The SAN is a state organ and, thus, follows the prescripts of relevant government policies in its implementation of the PMS. The successful implementation of the PMS is durable to improve the overall organisational performance. When implemented correctly, the PMS has the potential to offer both the organisation and employees real benefits and bring about efficiency and effectiveness amongst employees. And when employees are performing effectively and their performance is aligned with the organisation's strategic objectives, and then the organisation will perform well. When employees achieve their objectives, they tend to experience a high degree of job satisfaction and motivation.

## 1.8 ETHICAL CONSIDERATIONS

Bryman *et al.* (2014:120) identified the ethic principles that academic researchers should consider and apply during the research process as follows:

- **Copyright.** That all the literature cited in the study will be acknowledged and referenced accordingly;
- **Reciprocity and trust.** That the researcher will communicate openly and honestly to all the interest groups in the research study without any deception.
- **Information.** All information gathered will be handled fairly and lawfully and will only be used for the specific and legitimate reasons for which it was gathered. Personal information will be processed in the manner that the researcher has committed himself at the commencement of the research study.

Participants' privacy and space was respected and no harm was caused to participant's dignity throughout the project. Authority to conduct the study was granted

by the Defence Intelligence and SA Navy. Participants were informed that they are participating voluntarily and may withdraw at any time without any consequences.

## **1.9 STRUCTURE OF THE THESIS**

**Chapter 1. Research Overview:** This chapter introduces the concept of PM, with a detailed introduction, background, trends and research problem. It further details the objectives and the research questions that the study answered. Lastly it will outline the research design and methodology employed in this study.

**Chapters 2. Literature Review:** This chapter focuses on the literature review that forms the theoretical basis for the study. The literature review details the purpose and process of PM, critical success factors, value of PM, drivers of PM and the challenges of PM. It will further look at the PMS in the public sector.

**Chapter 3. Research Methodology and Design:** This chapter outlines the research methodology and design of the study which include the study methodology, design, population and sample, data collection and the analysis of data.

**Chapter 4. Discussion of Findings:** This chapter focuses on the findings of the study and gives a detailed analysis and interpretation of the findings of study. The study uses tables and pie-charts to display the findings.

**Chapter 5. Conclusions and Recommendations:** This chapter deals with the conclusions drawn from the findings and makes recommendations for future studies as well as to the SAN to remedy the identified shortcomings.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 OVERVIEW**

In this chapter the researcher will broadly discuss the theory of performance management (PM) based on the known empirical studies which are relevant to this study. This theory will be used to explain and evaluate findings of this study.

### **2.2 INTRODUCTION**

The concept of globalisation has given birth to an increasingly fierce competition, as the local markets become open to international players. This development has resulted in companies having an urgent need to continuously improve their processes and products to remain competitive and survive (Farrell, 2013:7). Matlala (2011:12) concurs that globalised competitive pressure has forced businesses to develop in-depth knowledge of their core business in order to have competitive advantage over competitors. She further concedes that organisations are now looking at their PMS as a mechanism to plan, implement and monitor advancement towards achieving their desired goals.

### **2.3 DEFINITION OF PERFORMANCE MANAGEMENT**

PM is defined by Aguinis (2013:2) as a never ending process of “identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization”. PM can be defined as a methodical and continuous process that the organisation undertakes to improve its own performance by improving the teams and individuals’ performance within the organisation. PM is seen as a system with interrelated elements that are designed for the sole purpose of improving individual, teams and organisation goals (Armstrong & Taylor, 2014:331). According to Akingbola (2015:165) PM can be defined as entailing “all the activities, systems and processes that are deployed to enable and support employees to contribute the maximum of their knowledge, skills and abilities to the organisation”.

Hunter and Nielsen (2013:10) define PM as the organisation's capacity to take deliberate and well calculated actions in order to achieve goals and objectives on a continuous basis. PM is defined by Armstrong (2009:9) as "a means of getting better results from the whole organisation or teams or individuals within it, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements". PM is a never ending process that entails "identification, measurement and development of performance in order to meet the strategic goals of the organisation" (Carr & Kline, 2016:5). Pulakos (2009:3) defines PM as a "key process" used to perform work in the organisation. He asserts that this is a communication tool used to disseminate expectations and emphasise the behaviours required to achieve the goals. This process also assists with identification of poor performance for developmental and any other administrative purpose.

## **2.4 PERFORMANCE MANAGEMENT SYSTEM**

PMS can be defined as the set of "the evolving formal and informal mechanisms, processes, systems, and networks used by organisations for conveying the key objectives and goals elicited by management, for assisting the strategic process and ongoing management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change" (Ferreira & Otley, 2009:264). Armstrong (2009:2) describes a PMS as an organisation's chosen approach on how performance will be managed to ensure skills development and capacity building of its human resources. They describe it as a combination of interdependent "activities and process" that happen continuously. PMS can be viewed as a system that aids organisations to plan, measure and manage the companies' activities. If designed and implemented appropriately the PMS will assist the company in achieving its goals (Jelínková, 2017:242).

According to Pulakos (2009:20) the PMS is developed and implemented for two primary purposes, namely decision making purposes such as promotion, as well as for developmental purposes related to improving employee skills. He argues that it is

often difficult to achieve the two purposes with the same system. Alternatively, organisations must choose one purpose and design the system to achieve that purpose or design a system that allows the two purposes to be achieved at different stages of the process.

Biron *et al.* (2011:1279) are of the view that the aim of a PMS is to improve the individual and group performance, thus ensuring the organisation's effectiveness. Furthermore, they conclude that the PMS provides important information that should be used in making HR related decisions, such as promotions and salary increases. Whilst Ricci (2016:4) concludes that a PMS serves three main purposes, namely to achieve desired results, to ensure the development of employees and for administrative purposes.

## **2.5 PURPOSE OF PERFORMANCE MANAGEMENT**

The primary aim of PM is to build the capacity of employees to reach their full potential for the benefit of both themselves and the organisation, as well as to inform the administrative decision making process (Armstrong & Taylor, 2014:336). Chubb *et al.* (2011:2) concur that PMSs are developed and implemented for the purpose of administration and developmental functions.

Woyessa (2015:26) further summarises the PM purpose as follows:

2.5.1 To define, measure and stimulate employee performance with the goal of improving the performance of an organisation.

Firstly, PM serves to define the strategic goals of the organisation and then individual job descriptions are developed in such a way that they set goals that directly contribute to the overall organisational goals. The individual goals are collectively set by the manager and employee in a manner that engages and challenges the employee. Employee performance is then measured to determine how employees are performing and continuous feedback is given by the manager. Therefore, all employees combined improved performance leads to the overall organisation's improved performance.

2.5.2 It involves multiple levels of analysis.

PM is a process that includes various steps that when implemented correctly, will lead to an improved individual and organisational performance. Therefore, PM seeks to identify such steps methodically to ensure that each level is given due attention.

2.5.3 It is linked to strategic human resources (HR) management.

PM by nature ought to form part of the overall HR management strategy since it integrates all the different aspects of HR management. The information gathered through the system is used in the other HR related processes and informs decisions concerning HR matters.

2.5.4 Creating a shared vision of the purpose and aim of an organisation.

PMS serves to communicate the 'bigger picture' to each employee and practically demonstrates each employee's contribution towards the organisational goals. It ensures that everyone is on the 'same page'.

Mueller-Hanson and Pulakos (2015:2) concede that organisations use PM for making decisions on personnel matters, unearthing poor performers and addressing poor performance, and for legal purposes. Furthermore, they admit that organisations believe that PM will aid employee growth and development, enhance communication, align individual goals with organisational goals and ensure individuals and teams perform at their best. They argue, however, that when PM is used to achieve many purposes, it results in achieving no particular purpose well. Thus, they suggest that, if indeed the ultimate purpose of PM is to ensure maximum productivity of the organisation by aiding each employee to function at their full potential, the following should be the goals of PM:

2.5.5 Employees should be empowered to align their own efforts in such a way that they contribute meaningfully to the organisational goals.

2.5.6 Prepare all employees so that they can monitor their own behaviours and results in order to make necessary and timely adjustments to those aspects that deviate from set standards so as to ensure superior performance.

2.5.7 Train employees to assess the work environment in order to identify and remove barriers to performance.

It is apparent from relevant literature that PM serves various but related purposes. It would seem that the purpose of PM should at least focus on the following areas:

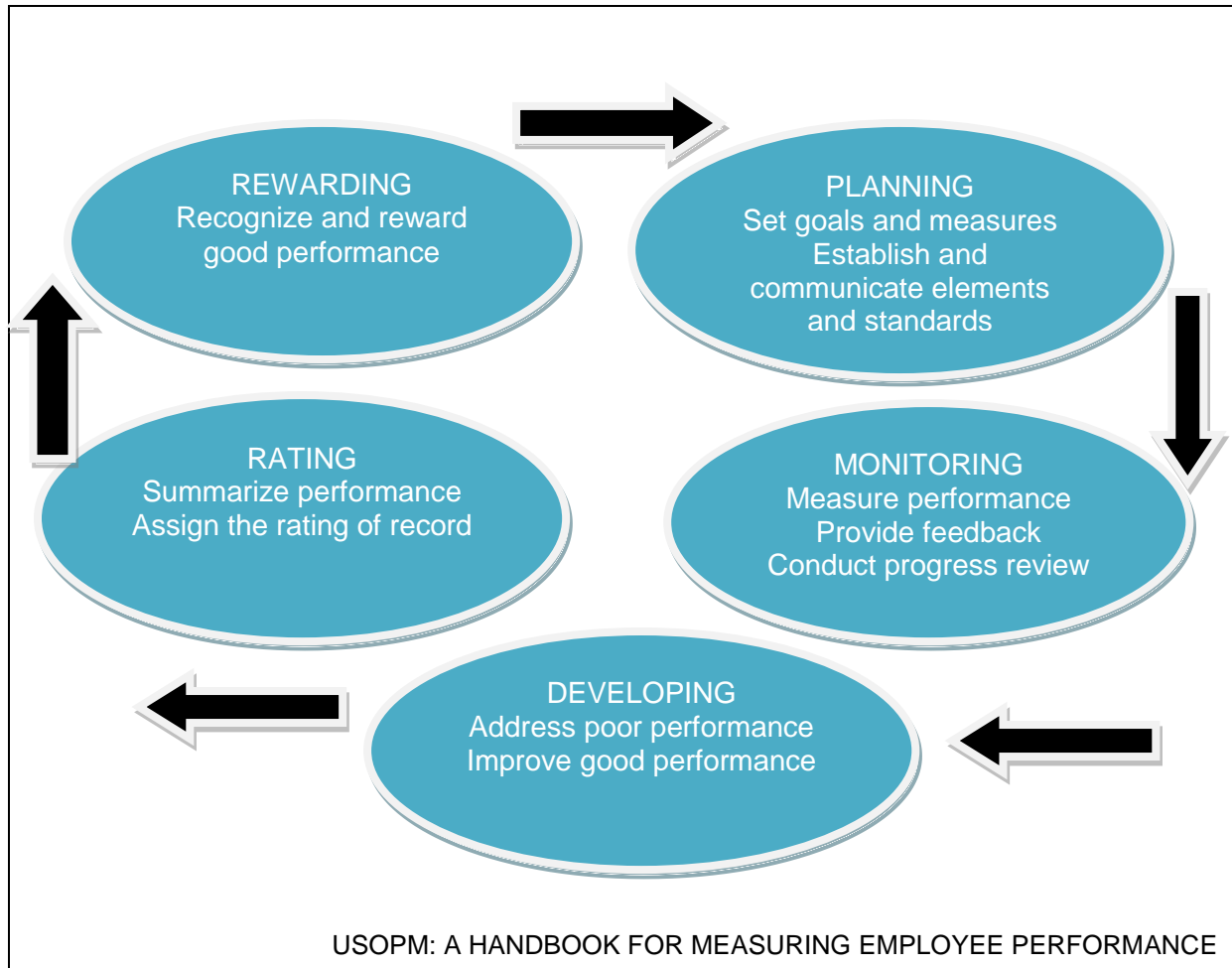
- a. Align employees' efforts with the organisational goals.
- b. Serve as a communication tool that shares the organisation's mission with all employees and informs them as to how they are performing and which areas need improvement.
- c. Empower employees by enhancing their talents, skills, competencies, abilities and behaviours to correctly respond to current and future work demands.
- d. Aid management in making decisions on employees' career development and rewards.

## **2.6 PERFORMANCE MANAGEMENT PROCESS**

Woyessa (2015:32) highlights that the process that organisations follow in implementing PM systems is dependent upon the purpose of the system. Aguinis (2013:38) proposes that there are two fundamental elements that are needed before the implementation of a PMS. He asserts that these two fundamentals are the awareness of the organisation's mission and strategic goals as well as an in-depth understanding of each individual's job. Furthermore, he suggests that organisational goals should be broken down to the departmental goals and, then, further to individuals' goals until all employees' goals are aligned with the organisational goals. Similarly the job description provides relevant information on the skills, knowledge and abilities that employees should possess and also forms the basis on which each employee's performance will be measured. Armstrong (2009:19) concurs that employees should have an up-to-date "role profile" with the required skills, knowledge and behavioural competencies for their respective jobs.

USOPM (2017:4) proposes the following PM process

PM's five key components



**Figure 1: Performance Management's five key components**

### 2.6.1 Planning work and setting expectations

During the planning phase, individual and group performance expectations and goals are set in line with organisation's objectives. It is important that employees are involved in the planning process so as to understand the organisational goals and the importance of achieving them (USOPM, 2017:5). Wilton (2016:174) emphasises that performance planning should focus on establishing individual and teams performance objectives and expected results. Aguinis (2013:40) advocates that the performance plan should include the outcomes that the employee should produce and the behaviours or the manner in which the job should be executed. The

expected behaviours should be expressed through the performance standards in a way that ensures alignment with the organisational core values and strategic direction (Pulakos, 2009:43).

For the PMS to have the desired impact on the overall performance of the organisation; each individual employee's job must be linked to the strategic direction and objectives of the organisation (SIOP, 2016:5). For this alignment to be achieved, employees' job descriptions that spell out the duties and responsibilities should be designed in such a way that employees' performance of such duties will directly contribute towards organisational goals (Aguinis *et al.*, 2012:387).

Gruman and Saks (2011:128) concede that when managers and employees set goals jointly, the employee becomes more engaged in the job. It is through this process that the employee finds meaning in the job, focuses on what is important to the organisation with renewed energy and shows considerable commitment and effort toward the achievement of organisational goals. However, Pulakos (2009:42) warns that there are challenges associated with cascading organisational goals down to individual employees. She is of the view that often high-level goals are not easily translated into individual goals. Therefore, she proposed that to remedy this challenge, managers should be trained in refining strategic goals at divisional and departmental level so that goals are more meaningful at the individual level. Goal setting can be used successfully in PM by using the SMART (specific, measurable, attainable, relevant and time-bound) goal setting principles. When employees are active in goal setting, they take ownership of such goals. This tenure motivates employees to attain the goals, thus leading to high commitment and improved employee reaction and performance (Bipp & Kleingeld, 2011:307).

Mueller-Hanson and Pulakos (2015:3) emphasise the complexity of cascading goals from strategic to individual employees. They argue that in a large organisation with a number of hierarchical layers, cascading goals from higher to lower level can be time consuming and complex, thus resulting in some employees operating for months without goals. Furthermore, they caution against the "one size fits all" approach of SMART goals, that, in practise, may hinder performance since it is not suitable for all employees in the organisation, and it fails to recognise the unique and diverse

environment, hence it falls short of what goal setting is meant to do, that is to challenge employees. Subsequently they have proposed the following evolving way of setting goals:

- a. That all units or departments and individual employees should set their own respective goals that are aligned with organisational goals. This practice will ensure employees can see how they contribute directly to the overall organisation and eliminate having to wait for the next higher level to cascade goals.
- b. Managers and employees jointly set three to five goals that are in direct support of the organisational goals.
- c. Set goals that will allow employees to make significant progress towards achieving them and review goals quarterly.
- d. When setting goals, consider that some jobs naturally will lead to quantitative results, while others are more subjective. Therefore, the focus should be on setting meaningful and sufficiently challenging goals rather than SMART goals.
- e. If a job leads to a quantifiable result, it is recommended that the results should be linked to a reward. However, in a complex job in which results cannot be quantified, and the employee's performance is affected by circumstances beyond his/her control, then a judgement on the progress made towards goals should be linked to the rewards.

#### 2.6.2 Continually monitoring performance

It is imperative that work assignments and projects are monitored continuously to determine the progress made towards achieving objectives. Therefore, performance should be measured, and feedback provided to employees and groups on a continuous basis (USOPM, 2017:5). Managers should observe employees' performance and keep a diary for recording performance-related information (Schleicher *et al.*, 2018:11). Armstrong and Taylor (2014:339) further highlight that it is a good PMS practice to allow employees to engage in self-monitoring of their own performance, as well as to seek help from others whenever required. This practice ensures that the onus is on the employees, thus fostering ownership and responsibility towards the PMS. The supervisor also has the responsibility to monitor employee performance on a daily basis and to record their progress. Since

organisational goals are progressive and may change from time to time, such changes must also be shared with and effected by the individual employees. The supervisor must coach, provide regular feedback and needed resources as well as encourage employees (Aguinis, 2013:49).

Ultimately feedback is critical to the effectiveness of the PMS. Employees must receive feedback on the progress made in achieving the set objectives on an on-going basis as well as coaching on how to improve their performance (Aguinis *et al.*, 2012:387). Feedback should be delivered in such a way that is not threatening to the employee's self-esteem. When feedback is deemed accurate by employees, they will accept it, thus leading to improved performance (Thurston Jr & McNall, 2010:206).

According to Aguinis *et al.* (2012:387) managers should focus on the strengths of the employees when delivering feedback. Therefore, managers should identify the strengths of employees and coach employees on how to use their strengths to enhance their performance. However, managers should not become so cautious that they focus so much on positive feedback and comments that they compromise emphasising the importance of the suggested improvement areas (van der Leeuw *et al.*, 2013:107). Since managers are measuring performance continuously, problem areas are constantly identified, and adjustments can be made to the unrealistic goals. Poor performance is also noticed timeously, and corrective actions are undertaken by the manager to improve the employee's performance.

Carr and Kline (2016:7) conclude that feedback should not only be delivered during the official review periods but also on an informal basis. It concedes that informal quality feedback on a continuous basis is effective and often less time consuming. According to Cawley *et al.*, (cited by Carr & Kline, 2016:7), the following actions are recommended for effective feedback:

- a. Focus on the developmental aspect of the feedback. Feedback should be used as a tool that successfully equips the employee to perform beyond expectations.
- b. Focus on tasks as opposed to people, because this approach makes the feedback easier to understand and accept. When feedback is focused on the

tasks, employees perceive it as non-personal and, thus, find it much easier to comprehend the points presented and accept them.

- c. Be trained to handle emotional responses from employees in order to facilitate deeper processing of the information. Although training on PMS is required, it is critical for successful feedback since by nature feedback can cause tension.
- d. Encourage a two-way communication, because allowing employees to express their thoughts and opinions strongly relates to their intentions to use the feedback. Employees should be active in the feedback sessions since their level of participation indicates how they intend to react to the feedback.

Various authors have highlighted the critical role of coaching, and the importance of coaching taking place during the execution phase rather than at the final review of performance (Mbonambi, 2016:42). Parsloe and Leedham (2009:12-16) have established an easy guide on how to coach effectively:

- a. Success comes from doing simple things consistently.
- b. Supervisors and employees should agree on what to talk about.
- c. Make time to meet.
- d. Keep meetings brief.
- e. Adhere to the basic process.
- f. Develop the 'ask, not tell' habit.
- g. Remember coaching is all about learning.

According to Mbonambi (2016:43) regular discussions between supervisors and employees will ensure effective coaching takes place. Furthermore, he is of the view that coaching will avoid the need to have relevant discussions when it is too late in the process to make any significant impact on the employee's performance.

### 2.6.3 Developing the capacity to perform

Employees should be offered opportunities for training and developing in order to acquire new skills, competencies and keep abreast with workplace developments and changes. Supervisors play a critical role of identifying developmental needs for employees and providing opportunities for training to address their weaknesses

(USOPM, 2017:6). Miah and Hossan (2012:15) are of the opinion that training and development are the important steps in the developmental process that allows employees to enhance their knowledge and skills as well as improve the organisational performance and capacity.

#### 2.6.4 Periodically rating performance in a summary fashion

According to (USOPM, 2017:6) from time to time employee and/or group's performance must be evaluated against the PM plan in order to make comparison of employee's performance over time or across employees. It is beneficial to have a performance review take place once or twice yearly (Armstrong, 2009:23). Aguinis (2013:51) maintains that appraisal discussions should focus on "past, present and future" activities. Furthermore, he suggests that appraisal forms should be designed with the following characteristics:

- a. Simple. Easy to understand and complete within a short period of time.
- b. Descriptiveness. Raters must provide evidence to substantiate ratings regardless of the level rated.
- c. Relevance. The form must contain information that is directly related to the job being evaluated.
- d. Adaptability. Managers in various departments should be able to adapt the form to suit their respective environment.
- e. Comprehensive. All key areas of job responsibility should be covered.
- f. Definitional clarity. Relevant competencies and results are defined so that different raters have the same understanding.
- g. Communication. All people involved in the process should have a clear understanding of each component of the form.
- h. Time orientation. The forms should focus on the past as well as future expected performance.

Furthermore Armstrong and Taylor (2014:338) have identified twelve golden rules for conducting performance review meetings:

- a. Manager and individuals should be prepared.
- b. Work on a clear structure and allocate sufficient time for the meeting.
- c. Create the right atmosphere.

- d. Provide good feedback.
- e. Use time productively.
- f. Use praise.
- g. Let individuals do most of the talking.
- h. Invite self-assessment.
- i. Discuss performance not personality.
- j. Encourage analysis of performance.
- k. Don't deliver unexpected criticisms.
- l. Agree measurable objectives and a plan of action.

Marchington and Wilkinson (cited by Miah & Hossan, 2012:17) concluded that, due to the shortcomings of the performance appraisals, information should be provided by multiple sources such as the supervisor, peers, subordinates, customers and the employee himself. This method is also known as the '360 degree' and has been growing in popularity. Pulakos (2009:60) supports this notion that information should be received from multiple rating sources as a means of providing comprehensive feedback. She suggests that at least three raters from the same source i.e. three peers, should evaluate the employee and provide an average score of the rater group to ensure anonymity of raters. She, however, concedes that this could be administratively heavy and recommends an automated system that would collect and process the information.

Organisations should choose a performance evaluation tool that is best suited for their environment. For the system to be considered a credible measuring tool by employees, it should be fair and ensure a high level of objectivity rather than being subjective (Gluck, 2018:1). She further recommends the following measuring or appraisal tools in addition to the already mentioned '360 degrees':

- a. Balance Score Card. BSC contains quantifiable information as well as the budget requirements that are compared with the job's performance standards. Employee's progress towards short and long-term objectives is traced through the use of key performance indicators. The employee developmental growth and use of organisation's best practice are also visible on this system. Generally, this tool is used at the top management level, and seldom at the middle management levels.

- b. Management by objectives. Manager and employee jointly set short and long-term objectives for a year. Periodic adjustments of objectives may be necessary in today's fast paced and 'technology savvy' global environment. At the end of the year, managers assess how employees performed against predetermined objectives.
- c. Self-evaluation. Employees may assess themselves using the same criteria that their supervisors use. When an employee evaluates him/herself closer to how the supervisor has evaluated his/her performance; the employee will view the system as credible. However, if there are major differences between the two evaluations, a discussion in a safe environment must follow.

#### 2.6.4.1 Rating Errors.

McNamara (cited by Bintu, 2014:16 ) identified the following common rating errors that can occur:

- a. Halo effect. An overall impression of the employee affects the entire rating of the employee concerned.
- b. Recency Effect. The rating is based on a single or few instances rather than the entire performance of the employee.
- c. Leniency/Severity Error. A lenient rater rates everyone on a high rating and a severe rater rates everyone on a low rating without taking into account the actual performance of the employee.
- d. First Impression (primacy effect). The rater forms an overall impression of the ratee based on an observed particular quality or characteristic of a ratee.
- e. Horn Effect. A rater rates the employee based on an observed single negative quality of a ratee.
- f. Personal Biases. Supervisor's rating of each employee may be influenced by their personal relationship with the employee. Thus, factors such as information obtained from colleagues, issues of faith and thinking, social and family background may cause biasness in the rating of employees.
- g. Spill over Effect. Employee's current performance is rated based on previous performance rather than the current one.

- i. Central Tendency. Employees are given 'middle' ratings in order to avoid extremely high or extremely low rates.

By comparing the view of Bintu (2014:22) with that of Mbonambi (2016:48), it is imperative that both employees and managers receive adequate training to be aware of and eliminate the rating errors. When training is provided, the raters become conscious of the purpose of the PMS and the importance of accurate rating of employee performance. Therefore, training reduces significantly the possibility of conscious or unconscious rating errors occurring.

#### 2.6.5 Rewarding good performance

Employees' good performance should be acknowledged at an individual level as well as member of a group, for positively contributing to the organisational mission (USOPM, 2017:6). Employee recognition and reward are considered to be a driving force and positive contributors towards improved employee performance (Khan & Ukpere, 2014:664). Macgill (cited by Khan & Ukpere, 2014:664) concludes that recognition and rewards may take a different form and shape such as:

- a. Employee of the month' certificates/awards.
- b. Long-service certificates.
- c. Shopping & meal vouchers.
- d. Unspecified gifts, and
- e. Performance bonuses.

According to Woyessa (2015:33) for performance management system to be effective, it must have a well-established process with clearly articulated roles and timeframe for employees and managers. Since PM is seen as a system with interrelated elements, its effectiveness is depended on the successful implementation of each stage of the process (Armstrong & Taylor, 2014:331). Good managers practice effective performance management by ensuring that each stage of the process is executed well. Therefore performance management process is foundation on which effective performance management is built (USOPM, 2017:7).

## 2.7 PERFORMANCE MANAGEMENT SYSTEM CRITICAL SUCCESS FACTORS

There is evidence in the literature that PM activities such as coaching, continuous feedback and personal development of employees contribute positively to their performance (Zhang, 2012:5). Various academics have concluded that performance management systems can be very instrumental to the organisations success when implemented purposefully. Various authors argue that there are factors that are crucial to the success of any PMS and should be included in the design and implementation of a PMS (Chubb *et al.*, 2011:9):

### 2.7.1 Compatibility between PMS and organisational goals.

According to Aguinis *et al.* (2012:387) the job description should specify knowledge, skills and abilities that are required to achieve the organisational goals. Once an organisation has identified its strategic priority, it should adapt the job description to include the behaviour and results that contribute to the achievement of the organisations' goals. Designing job descriptions that are compatible with the organisation is a precondition for every effective PMS. This notion is advanced by Chubb *et al.* (2011:18) who state that using the PMS, the management should align organisation strategic directions and objectives with the individual objectives to ensure that employees are aware of their direct contributions to the overall organisational strategy.

Alharthi (2016:210) concurs that linking PMS with the organisational strategy is critical to the performance of the organisation's performance. This argument is supported by Lawler III *et al.* (2012:193) that PM is effective when driven by the organisational business strategy. Performance goals should be set in such a way that employees understand their direct contribution to the organisation's strategy. Employees show more commitment towards goals that are set jointly with their supervisors (Lawler III, 2012:193). Alignment of organisational goals and performance will ensure long term success and improve the organisation's effectiveness (Woyessa, 2015:28).

### 2.7.2 Employee training and awareness

The training of all employees on the PMS is important to ensure their understanding of the system and will also enhance the employee 'buy-in' to such a PMS and reduce the level of misrepresentation and biasness in measuring the employees' performance. Aguinis *et al.* (2012:187) maintain that training of employees prior and during the implementation process is desirable, regardless of the nature of the PMS and the culture of the organisation. According to Alharthi (2016:206) staff training and awareness is critical when implementing a PMS to ensure meaningful participation in the process.

Rice (2017:71) indicates the need to upskill the managers from being a quarterly evaluator to be a full time coach to their subordinates. Managers who are trained adequately play a crucial role in the PM as mentors and coaches who identify their staff's shortcomings and find appropriate means to address them. Lawler III *et al.* (2012:194) state that training for both managers and employees plays an important role in improving their skills with regards to the PMS. They argue that the anxiety and discomfort that is often experienced during the appraisal session would be removed by providing adequate training for both managers and employees. The PMS's effectiveness is based on its ability to identify the skills requirements of the employees and to ensure that employees possess appropriate skills to perform at the required standards. It is of utmost importance that employees develop skills and abilities that contribute to the organisation's business strategy.

### 2.7.3 Staff Involvement in the PMS

Sadikoglu and Zehir (2010:23) concluded that the involvement of staff in the PMS process contributes significantly towards improving organisational productivity. When staff members are well trained, they are empowered to be involved, thus taking ownership for the overall performance and competitiveness of the organisation. High participation of employees leads to the effective implementation of the PMS (Alharthi, 2016:206). Furthermore, employee involvement leads to more loyal and satisfied employees who are likely to transfer such attitudes towards customers (Mishra & Sahoo, 2015:21). It is important that during a process of setting

performance goals, the employees are involved (Lawler III *et al.*, 2012:192). Woyessa (2015:38) maintains that the involvement of employees in the PMS will lead to fairness and a trustworthy relationship between manager and employee.

#### 2.7.4 Provide transparent and timely communication

Ratnawat and Jha (2013:3) advocate for transparent and timely communication between a manager and employees on their expected performance results and behaviour. They further assert that feedback should be delivered in a positive environment and manner. Chubb *et al.* (2011:14) maintain that the manager's commitment and capacity should be developed to ensure that continuous and quality discussions take place. Feedback provides an opportunity for employees to know how they are progressing and improve their performances. Supervisors should use the feedback technique that focuses on the employee's strengths when providing feedback. This type of feedback is aimed at providing valuable information about the employee's recent past behaviour and results. Feedback should be timely and specific and delivered by a relevant person in order to be useful to the employee and, indirectly, to the organisation. In that way it will play an important role in improving employee performance and satisfaction (Aguinis *et al.*, 2012:387). Boipono *et al.* (2014:191) agreed that effective communication and appropriate and timely feedback are crucial factors in improving productivity.

#### 2.7.5 Allocation of rewards

According to Macgill (cited by Khan & Ukpere, 2014:664) rewarding employees for performance can be in a form of monetary or recognition through certificates. However, the rewards need to be meaningful to the employees involved. The employees need to perceive the reward associated with their performance as worthy of the efforts put into performance. Boipono *et al.* (2014:192) concur that it is important to recognise the employees' hard work. In a study on implementation of PMS in schools, they found that employees appreciate the recognition whether in monetary or non-monetary rewards. The rewards serve as a motivator when employees feel their general wellbeing has been cared for. Blasini and Leist (2013:185) have emphasised the significance of linking the incentives, whether at

individual or organisational level, with the PMS. The clear personal targets or goals and the incentives motivate employees 'to go an extra mile' to achieve the predetermined objectives.

Alharthi (2016:207) contends that if there is no link between incentive and the organisation's PMS, it becomes difficult to motivate the employees. He further concludes that managers view the linkage as an important driver of performance, thus incentives should be designed properly bearing in mind their impact on performance. There is evidence internationally that organisations are improving their overall performance and engaging employees through the linking of their reward system and PM (Shah *et al.*, 2012:1310). A study by Lawler III *et al.* (2012:199) entitled "What makes performance appraisals effective?" and looking specifically at compensation and benefits review, has found that bonuses and salary increments offered as the results of performance outcomes add to the effectiveness of the PM and results in improved organisational performance.

#### 2.7.6 Top management commitment and support

Rice (2017:2) highlights that organisations in this age can no longer afford to operate in a traditional way. It can be argued that the competitive advantage in this digital world will be gained through human capital strategies that are concerned with how organisations organise, develop and manage people at work. Therefore, a concerted effort should be made to design and implement a PMS that is suited to the structure and culture of the organisation. Thus, organisations can no longer afford to see PMS as merely HR processes but should take full advantage of their benefits and explore the full potential of PM. Line managers will have a greater impact on the success of PM if they take ownership of the system. Therefore, appropriate management and leadership skills are required to ensure effectiveness in the PMS (Lawler III *et al.*, 2012:194).

According to Jugmohun (2018:57) top management support is a critical factor that determines whether a PMS is implemented successfully or not. Alharthi (2016:208) proposes a manner in which the top management commitment may be improved:

firstly, that the management should be involved from the beginning stages of the implementation of the PMS, particularly with setting objectives. He argues that when managers are engaged in the setting of objectives, these tend to be linked to the organisation's overall strategy and managers take ownership to achieve them. Secondly, the management is responsible for allocating resources to various projects, and thus would ensure that adequate resources are allocated to the PMS. Management should be fully involved in the PM process and play a critical role of empowering, enabling and encouraging employees (Chubb *et al.*, 2011:18).

Furthermore, the strategic integration of HR management practices into the overall organisation strategy is imperative. Employees are likely to perceive PM as important when it is part of the overall human capital resources and is fully integrated into organisational strategy (Haines III & St-Onge, 2012:1162).

#### 2.7.7 Keep it simple and compatible with organisation technology

Alharthi (2016:206) in his study on critical success factors of PMS found that current PMSs are complex and need to be simplified to ensure success. The introduction of an electronic PMS is being used to develop employee trust and enjoyment in the use of PM. Objectives can be created, monitored and adjusted while documenting and learning can be instant, using the latest technology (Chubb *et al.*, 2011:22).

#### 2.7.8 Integration with the culture

According to Chubb *et al.* (2011:20) organisational culture that embraces the use of PM to improve performance, creates an effective environment of implementing a PMS. Organisational performance is intertwined with the organisational culture. A strong and positive culture will contribute positively towards employees' performance while a weak culture will result in a poor performance (Woyessa, 2015:29).

## **2.8 THE BENEFITS OF EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM**

MidAtlantic Employers' Association (2015:1) identifies the following benefits of PMS:

2.8.1 PMS helps document HR administration decisions, such as salary, promotions and discipline.

PMS provides valid information on which administrative decisions can be based. Therefore, rewards are offered based on transparent and credible information (Aguinis, 2013:5). PMS has a built-in system that recognises and rewards excellence (Sahoo & Mishra, 2012:5).

2.8.2 PMS provides feedback to employees on their performance.

Ratnawat and Jha (2013:3) advocate for feedback with a positive attitude as an integral part of an effective PMS. The real value derived from PM is that it provides an opportunity for both managers and subordinates to review job descriptions and align individuals as well as organisational goals (Aguinis *et al.*, 2012:387). Employees gain a deeper understanding and awareness of their own jobs, organisational environment and goals through communication. Furthermore, this internal communication results in employee commitment and engagement, innovation, competitiveness and effectiveness (Bedarkar & Pandita, 2014:112). According to Woyessa (2015:36) the PMS provides an opportunity for employees to receive regular feedback and coaching which assists in maximising the employees' performance.

2.8.3 Performance reviews help identify “good” and “bad” performers.

PMSs aid managers to identify “good” and “bad” performers in the workplace. Furthermore, managers are forced to deal speedily with “bad” performers (Aguinis, 2013:6).

2.8.4 PMSs assist management in making decisions to retain or terminate employees' services.

Armstrong and Taylor (2014:336) assert that employees' performance is the basis for management's decisions on job reassignment, promotion or performance-related rewards.

2.8.5 Performance reviews help identify training needs.

According to Sahoo and Mishra (2012:5) PMSs offer an opportunity for education, training and development of employees according to their identified skills and career development to ensure superior performance. Training is recommended prior to the implementation and during the PMS cycle. Often poor performance has nothing to do with motivation but everything to do with the employee's ability. In such situations, training provides a solution and ensures that employees feel confident about their ability to perform their jobs (Gruman & Saks, 2011:131).

5.8.6 Employees become competent, motivated, committed and engaged

When employees are happy with the PMS, they are likely to be motivated and committed to performing better. The PMS creates a solid foundation on which development plans are based, thus producing a more competent workforce. An effective PMS keeps employees engaged, resulting in involved, committed, passionate and empowered employees (Aguinis, 2013:6-7).

## **2.9 CHALLENGES OF PERFORMANCE MANAGEMENT SYSTEM**

According to Seotlela and Miruka (2014:179) the PMS is an intervention that warrants certain changes in the management of activities and practices. He further identifies the following PMS challenges:

### 2.9.1 Lack of management commitment

The first challenge faced by PM is the lack of senior management engagement and fulfilling an active role as catalysts in the implementation of the PMS. The success of the PMS depends on the commitment and participation of senior and line managers. Thus, if there is no commitment from the management then the employees will perceive the system as being merely a financial control measure and will resist it (de Waal & Counet, 2009:369). According to Lawler III *et al.* (2012:194) PM needs true leadership behaviour to be successful. They found that there is a high correlation between line managers' ownership of the system and the effectiveness of the PMS. Therefore, if line managers fail to recognise these facts and merely see the PMS as a HR practice, the system is bound to fail.

### 2.9.2 Lack of knowledge and skills

When an organisation's employees lack the skills and knowledge needed to implement the PMS as a result of a lack of adequate training, they will simply use the system improperly or not at all (de Waal & Counet, 2009:370). Maina (2015:20) maintains that training and awareness helps employees become conscious of the changes and requirements of the PMS.

### 2.9.3 Resistance to change

A PMS that makes all employees' performance transparent throughout the organisation could be viewed as a threat and resisted by employees (de Waal & Counet, 2009:371). According to Seotlela and Miruka (2014:180) in every organisation there is generally an existing form of culture or attitude of resistance to change that would be experienced when implementing the PMS. Employees often feel threatened due to the previous PMS's transparency regarding the success or failure of their performance. To address this resistance to business and cultural changes, intervention and commitment from top management is required.

#### 2.9.4 Evaluating performance

Rice (2017:72) highlights the challenges associated with traditional methods of PM in which performance goals and evaluations are conducted annually. Seotlela and Miruka (2014:180) concurs that this practice of making PM an annual or semi-annual event has had dire consequences with employees viewing the system as an insignificant routine. He further argues that since many line managers are ill equipped to facilitate a meaningful discussion and feedback on an employee's behaviour, feedback sessions become subjective and less quantifiable. As a result, line managers try their best to refrain from these feedback discussions. According to Seotlela and Miruka (2014:180) many organisations fail to timeously evaluate the performance and relevance of the PMS itself to determine if it still serves its original purpose.

#### 2.9.5 Keeping the system active and current

Seotlela and Miruka (2014:181) noted that the biggest challenge to the PMS is to keep it alive and focused after the initial two year implementation period. He suggested that the PMS needs periodic monitoring, revision of certain aspects, as well as a new and fresh staff perspective. de Waal and Counet (2009:371) contend that when the PMS is not kept current, it loses touch with the organisation's current circumstances and over time becomes irrelevant to employees because it does not provide correct performance information.

#### 2.9.6 Linking of job description to performance management

According to Aguinis (2013:43) an individual's job description, that is his/her key performance and/or key success areas, should be linked to and, thus, contribute to departmental/divisional goals. Therefore, successful execution of tasks at individual level should contribute to the mission and strategic goals of the organisation. It is critical that the managers link the employees' job description and objectives with organisational strategic goals, otherwise the PMS will focus on results and behaviours that are not key to the organisation's success (Seotlela & Miruka, 2014:181).

### 2.9.7 Implementation requires more time and effort than expected

Organisations have discovered that it takes more time and effort to actually implement the PMS than their expected. This discovery is often discouraging to employees, causing further decline in efforts and energy being spent on PM (de Waal & Counet, 2009:368). Seotlela and Miruka (2014:181) concur that implementing the PMS takes time, commitment and effort. Thus, top management support and commitment is needed to ensure persistence and success.

### 2.9.8 Understanding of the existing perception of the system

According to de Waal and Counet (2009:369) for any PMS to be successful it requires employees' positive attitude. This outlook can only be achieved through the employees' understanding, acceptance and 'buy-in'. Unfortunately, many organisations only become concerned with the PMS when mistrust and negativity have developed and there is no other option but to replace the current system. Negative perception by employees with regard to biasness will affect the effectiveness of the PMS. According to Kaposambo (2016:10) employees' negative perceptions about the PMS will result in the system failing to achieve its intended objectives. It is crucial, therefore, that management gain 'buy-in' from employees and involve them in the development and implementation of the PMS. Employees must perceive the system to be fair and contributing towards their career development.

## **2.10 PERFORMANCE MANAGEMENT IN GOVERNMENT**

Bhengu (2015:14) is of the view that PM has been in existence in the public sector since the Roman Empire. According to de Waal and Kourtit (2013:446) approximately 70 per cent of medium to larger organisations in USA and Europe and their respective government institutions use the PMS.

Since the dawn of the democracy in South Africa, there has been a concerted effort to bring about the efficient and effective management of HR within the public sector. The use of PM as a tool that is aimed at improving service delivery to the public was

introduced in 1994 (Mashego & Skaal, 2016:1). The government's efforts led to the introduction of Public Service Resolutions in 2001 which stipulate and mandate the government departments to implement the performance management and development system (PMDS) for their respective employees. The system focuses on linking the employees' performance with their department's strategic goals and to subsequently develop employees and recognise outstanding performance. The PMDS was also going to be used as a yardstick for annual salary notch increments for the employees (DPSA, 2001:1).

In the South African Public Service sectors, PMS is defined in accordance with its role and outcome which emphasises the need for employee development. Subsequently PMS is generally referred to as the Performance Management and Development System (PMDS) (Malefane, 2010:7). The South African government adopted a resolution stating that the executing authority is mandated to determine a suitable PMDS for employees within their respective departments. The system should focus on managing employees' performance in a consultative, supportive and non-discriminatory manner (DPSA, 2010:38). The effort should be made to ensure that the PM processes are linked with the strategic goals of the department. The primary orientation of the PMDS should be the development of employees, however, poor performance should be identified, and outstanding performance recognised (DPSA, 2010:38).

Employees and supervisors sign a Performance Agreement at the beginning of the performance cycle which runs from 1 April in one year until 31 March of the next year. The Performance Agreement comprises the key performance areas associated with each job, as well as generic assessment factors which are considered important for effective performance. Employees' performance is categorised into five different levels which correspond with the 5-point Likert scale used to evaluate employee performance. The performance is categorised into unacceptable performance, performance not fully effective, performance fully effective, performance significantly above expectation and, finally, outstanding performance. Employees whose performance is effective and above are awarded with a one, two or three percent salary notch increment, provided they have served at the same level over a period of 12 months during the assessment period. Those employees with 'outstanding

performance' and 'performance significantly above expectation', are rewarded with incentive bonuses not in excess of 20 percent of their annual salary (DPSA, 2010:40).

The SAN implemented a newly designed PMS in 2013. This system is aimed at measuring and evaluating the tasks inherent to the employee's post (Key Responsibility Areas) together with identified generic assessment factors. The intention is for the system to manage performance in a consultative, supportive and fair manner, in order to enhance efficiency and effectiveness, linked to the achieving of results. The main objective of the assessment is to develop the employees. Thus, the assessment should identify the job-related developmental areas that might exist in order to institute measures to address these. Supervisors are mandated to hold two compulsory feedback meetings with subordinates for the mid-term assessment and end-year assessment, as well as two more non-compulsory meetings. The supervisor and subordinate both rate the employee on a scale of 1 – 5, where 1 is poor and 5 is outstanding performance. This system is linked to salary progression, bonus and, in some cases, promotion (DOD, 2014:23).

## **2.11 CONCLUSIONS**

PM is a never-ending process that includes identification, measurement and development of performance in order to meet the strategic goals of the organisation. Its purpose is to achieve the desired organisational results, develop employees and help managers make administrative decisions based on accurate facts. To be effectively implemented, both managers and employees should be involved and take ownership of PMS rather than merely view it as a HR process. There are critical success factors that are quintessential to the successful implementation of PMS. Some of the critical success factors include top management support and commitment, involvement of staff, training and awareness, alignment between employees' goals and organisational goals, integration with organisational culture, 'make it simple' and integration with available technology. The presence of such factors will ensure a successful implementation of PMS. When implemented successfully, PMS will result in employees being committed, motivated and engaged.

## **CHAPTER 3: RESEARCH METHODOLOGY AND RESEARCH DESIGN**

### **3.1 INTRODUCTION**

In this chapter the research method that was used for this study is presented in detail. Furthermore, the chapter will provide a detailed account of research methodology and design, population of the study, the sample size used for the study, the data gathering tools, the data analysis techniques and interpretation of results. This chapter will also include the validity and reliability of the method as well as the ethical considerations.

### **3.2 RESEARCH METHODOLOGY**

The research methodology is a general approach that a researcher takes in a research study to explore the specific research questions (Williams, 2007:65). According to Bryman *et al.* (2014:30) there are two main research approaches, namely qualitative and quantitative methods. They defined quantitative research as a unique research approach that involves the gathering of numerical data to make deductions on the relationship between theory and the research practice. This approach is used mainly for natural science research. This method involves the collection of objective numerical data that reduces or eliminates bias by the researcher. In general the quantitative method makes use of structured questionnaires to gather numerical data. The researcher is able to gather data from a larger sample objectively and with internal validity. Harwell (2011:150) concurs that the quantitative research method is aimed at bringing about objective and replicable findings that can be generalised. The central theme of this research method is that researcher's perception, experience and bias will have no impact on the conclusions drawn, thus the study is conducted objectively.

After identifying the research problem, the researcher needs to develop research objectives. Khoo (2012:25) points out that the research objectives are there to spell out what the research is designed to explore, measure or explain. In this study, therefore, the research problem is identified as SAN employees who have expressed

dissatisfaction about the implementation of the current PMS within their organisation. It is also clear that there is a need to investigate the situation to discover the cause for this unhappiness.

Research objectives on the other hand are spelled out as:

- Evaluate the effectiveness of the PMS in the SAN.
- Identify the shortcomings of the current PMS.
- Identify the effective elements of the current PMS.
- Propose recommendations to address the challenges identified.

### **3.3 RESEARCH DESIGN**

Research design is a detailed action plan of what needs to be done to ensure a successful completion of the research project. Some research designs spell out the entire research process beginning with conceptualising a problem to the literature review, research questions, methods and conclusions, while others simply refer to the methodological aspect of the research. It is aimed at answering the research question in the most unambiguous way possible. Design provides a guide on the relevant evidence required to answer the research questions. It is thus important for a researcher to know what evidence is required before deciding on sampling, collection methods and designing a questionnaire (Harwell, 2011:148). According to Bartlett *et al.* (2001:43) research design provides a strategic framework that gives a 'roadmap' to move from research questions to the implementation of the research strategy. Research design delineates the structure of the investigation in such a way as to attain answers to the research objectives. A research design is, therefore, a preliminary plan for conducting research.

According to Bryman *et al.* (2014:24) a broad research design consists of different elements, such as the type of research design, focus, time dimension and conditions. Harwell (2011:158) emphasises that one aspect that is common to all research designs is the fact that at some point in the research process data is collected, though for different purposes and in different ways. There are generally three classifications of the quantitative approach, namely descriptive, experimental

and causal comparative (Leedy & Ormrod, 2001:14). This study used a descriptive research method, which attempts to explain the current state of the situation (Williams, 2007:66).

This study used a quantitative approach and was two pronged in the sense that firstly, a literature study was conducted to provide for the collection of secondary data from text books, accredited journals, articles, government policies and various forms of electronic media. The second phase of the study was conducted through an empirical investigation in order to address the identified research objectives. A structured survey questionnaire with a 4-point Likert scale was administered to certain SAN employees.

### **3.4 THE POPULATION**

According to Rahi (2017:3) population is the total number of people or items that the research desires to study. Bryman *et al.* (2014:108) concur that population is the entire group that the researcher is studying. The study population for this research study was the full-time SAN employees who are subjected to PMS. There were 6885 employees who participate in the PMS in the SAN and these are based mainly in three different provinces in South Africa.

### **3.5 SAMPLE**

Sampling can be defined as a process of selecting the parts of the population that will participate in the study (Rahi, 2017:3). Bryman *et al.* (2014:168) concluded that the goal of research is to be able to collect data that is a true reflective of the entire population. Sample size is influenced by cost, time available for the research, risks and the problem being addressed. When conducting a quantitative research study, samples and non-response are essential factors to consider. Bartlett *et al.* (2001:48) provide a table for guidance when determining the appropriate sample size. They state that in the population of 8 000, the sample size of 119, with a margin error of .03 for continuous data, is appropriate.

Consequently, the researcher distributed 150 questionnaires to full-time SAN employees who have been subjected to PMS for at least three years. Due to the fact that the SAN employees are mainly based in Gauteng, KwaZulu Natal and Western Cape, the researcher distributed fifty questionnaires in each of these provinces.

According to Bryman *et al.* (2014:172) probability sampling gives clear assurance that each unit in the population has an opportunity of being selected to participate. While non-probability sampling cannot provide the assurance that each unit of population can be selected. Stratified random sampling is a process in which various sub-groups, also known as strata, of the population are provided with an equal opportunity to participate in the study. This sampling method gives all the strata an equal proportion of representation (Rahi, 2017:3).

This research study used a stratified random sample, which is a probability sample type, by dividing employees in the various rank groups into strata. Navy employees were divided into their respective rank groups of commissioned officers, warrant officers, senior ratings, junior ratings and public service employees (the civilian component of the SAN). Ten employees from each of the sub-groups in each province were randomly selected to complete the questionnaires. Therefore, each stratum was targeted to complete thirty questionnaires and hundred and thirty-one questionnaires were returned.

### **3.6 DATA GATHERING METHOD**

Survey Likert scale type questionnaires are generally used to evaluate the observations and attitudes of the respondents. The Likert scale provides different responses to range statements. Researchers are still debating the ideal number of choices on the Likert scale. Some researchers prefer an odd number while others advocate for an even number of response items (Cohen *et al.*, 2002:20). Garland (1991:1) argues that the debate will continue and using a scale with or without a midpoint is the researcher's prerogative. When using a Likert scale, it is also essential to ensure internal consistency reliability, that is the degree to which items in

the questionnaire are consistent amongst themselves and with the whole questionnaire itself (Gay *et al.*, 2011:167).

An existing structured quantitative survey questionnaire with a 4-point Likert scale was used for the collection of data. The questionnaire was originally developed by Ms Sualihu Bintu, in her study of the Performance Appraisal System in the Kwame Nkrumah University of Science and Technology. The original instrument used a 5-point Likert scale. A 4-point Likert scale was created from this original instrument by removing 3=neutral. Croasmun and Ostrom (2011:20) are of the opinion that in a survey on the opinion of a population, the results will be affected considerably by the inclusion of a midpoint, hence the omission of the neutral point. For this study, nineteen items were added to the instrument to ensure relevance to the stated study's objectives. A pilot study with eight participants was conducted in order to validate the instrument by giving some copies of the questionnaire to SAN employees to read and correct the ambiguous statements, incorrect spelling and sentence construction,

Likert scale surveys are suitable for the assessment of observations and behaviours. Furthermore, most authors in the reviewed literature claim that using a Likert scale in a questionnaire increases the response rate and eliminates respondents' frustrations because it makes the capture of participants' opinions easier (Rahi, 2017:4). According to Bhengu (2015:51) a quantitative survey is appropriate for collecting relevant data since it forces participants to focus on the scope of the study. Furthermore, the quantitative survey is adequate for conveying findings in a quantifiable manner through tables and pie-charts.

Validity measures the extent to which the data collection instrument measures what it is designed to measure and nothing else. The questionnaire was originally validated through a pilot study, which was conducted using students and the researcher's supervisor, to determine the content validity of the data collection instrument and was proven to be valid (Bintu, 2014:35). Furthermore, the researcher in this study conducted another pilot study after nineteen items were added. During this pilot study, SAN employees were used to read the questionnaire and correct ambiguous statements, incorrect spellings and sentence constructions. This

questionnaire was also pre-tested by academics and a consultant and was found to be valid and appropriate for the study.

The questionnaire distributed contained fifty questions in five different categories as follows:

- (a) Questions 1 - 12. Planning of work and setting objectives. The focus of these questions is on congruence between job descriptions and organisational goals as well as setting performance expectations and goals in a consultative manner.
- (b) Question 13 – 19. Developing the capacity to perform. Data on the manner in which employee developmental needs are evaluated and addressed through training was collected.
- (c) Question 20 – 28. Continually monitoring performance. Here the focus is on measuring performance and providing ongoing feedback to employees.
- (d) Question 29 – 43. Periodically rating performance. Evaluating employee performance against the elements and standards in an employee's performance plan is the central theme.
- (e) Question 44 – 50. Rewarding good performance. The focus is on recognising and rewarded good performance.

Reliability measures the extent to which the instrument is consistent in measuring the same concept when repeated in a different but similar situation (Heale & Twycross, 2015:3). It is important that an instrument meets both the reliability and validity requirements. An instrument can be reliable but not valid (Kimberlin & Winterstein, 2008:2277). The maintenance of anonymity of the participants and the objectivity of the researcher increases the trustworthiness of the data obtained (Bhengu, 2015:54). The chosen data-collection instrument has already been used before, thus, its consistency and reliability were proven (Bintu, 2014:35).

Cronbach's alpha scores were computed for each construct (planning of work, training and developing the capacity, monitoring performance, periodically rating performance and rewarding good performance) in order to measure the internal consistency. Cronbach's alpha value ranges from 0 to 1. In general, the minimum acceptable value of Cronbach's alpha is 0,70 which is considered to be "adequate",

the value of 0,80 is “very good” and reliability coefficient of 0,90 is “excellent” (Kline, 2011:70). This instrument’s internal consistency level and performance measure was found to be 0.89. Therefore the scale used in this research is considered to be very reliable.

Construct	Items	Cronbach's alpha
Planning of work	12	0.88
Training and developing capacity	7	0.85
Monitoring performance	9	0.94
Rating performance	15	0.93
Reward	7	0.89
Total Scale	50	0.89

**Table 1: Cronbach’s alpha**

### **3.7 DATA ANALYSIS**

The quantitative data gathered through the survey questionnaire was placed in different categories, tabulated and coded in line with the research objectives and questions. The editing of data and the tallying of frequency tables was followed. The values that are reflected by the frequencies have been converted into percentages so that pie charts and tables could be used to record them. Therefore, the use of the Statistical Package for the Social Science (SPSS) 2015 version was essential in making such a conversion and generally for analysing the data.

### **3.8 INTERPRETATION OF RESULTS**

The results of the empirical study were used to evaluate the effectiveness of PMS, as well as to identify both the challenges faced by the SAN employees concerning PM and the current effective elements of PM in the SAN.

### 3.9 CONCLUSIONS

There are generally two main approaches to research study, namely qualitative and quantitative methods. This research study employed the descriptive quantitative research approach that describes the current state of the situation as it is without intervening. A 4-point Likert scale survey questionnaire was used to evaluate the observations and attitudes of the respondents.

The research objectives are as follows:

- Evaluate the effectiveness of the PMS in the SAN.
- Identify the shortcomings of the current PMS.
- Identify the effective elements of the current PMS.
- Propose recommendations to address the challenges identified.

The quantitative data that was gathered through the survey questionnaire was placed in different categories, tabulated and coded in line with the research objectives and questions. The values that are reflected by the frequencies have been converted into percentages so that pie-charts and tables can be used to delineate these values.

## **CHAPTER 4: ANALYSIS AND DISCUSSION OF FINDINGS**

### **4.1 INTRODUCTION**

This chapter's primary aim is to provide a descriptive analysis and presentation of the results, as well as the findings of the study. The questionnaire was designed to reflect the five key components of PM and was distributed amongst the SAN employees in Gauteng, Kwa-Zulu Natal and the Western Cape. A total of 131 employees completed the questionnaire in the presence of the researcher. The quantitative data that was gathered through the survey questionnaire was placed in different categories, tabulated and coded in line with the research objectives and questions. Editing of data and tallying the results in frequency tables was then undertaken. The values that are reflected by the tabulated frequencies have been converted into percentages so that pie-charts and tables may be used. Therefore, the use of the Statistical Package for the Social Science (SPSS) 2015 version was essential in making such conversions and for analysing the data. The validity and reliability of results were also confirmed through SPSS. All percentages were rounded off to the nearest whole number and, in some cases, there was missing data varying between 1% to 3%.

Biographical data as well as quantitative results on the various key components of the PM will be presented. These key components are planning work and setting expectations, developing the capacity to perform, continually monitoring performance, periodically rating performance and rewarding good performance.

### **4.2 BIOGRAPHICAL DETAILS OF RESPONDENTS**

The questionnaire was used to collect biographical information from respondents and it contains six items which include gender, employment level, highest qualification, location, years of experience in the SAN and age. The various

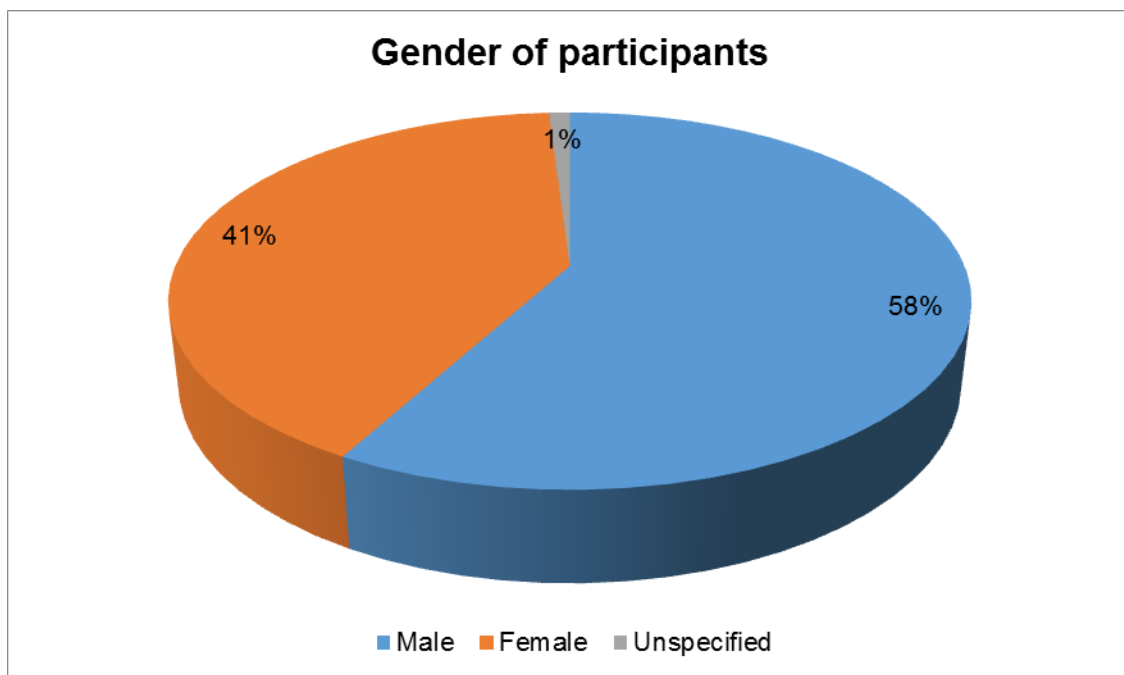
biographical data related to the respondents' demographic characteristics are presented and discussed with the aid of tables and diagrams as shown below:

#### 4.2.1 Gender of the participants

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Males	76	58.0	58.5	58.5
	2 Females	54	41.2	41.5	100.0
	Total	130	99.2	100.0	
Missing	Unspecified	1	0.8		
Total		131	100.0		

**Table 2: Gender of the participants**

Source: Compiled by author



**Figure 2: Gender of the participants**

Source: Compiled by author

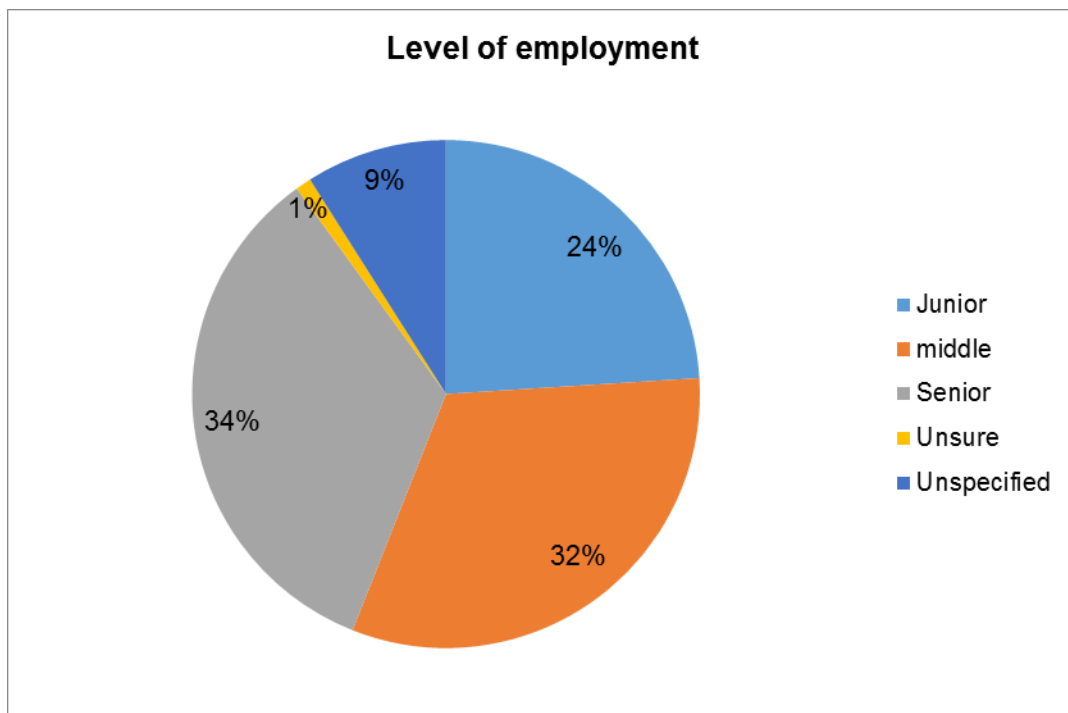
A total of 131 participants completed the questionnaire through face-to-face communication at various locations. Figure 4.1 shows that out of all the participants involved in the study, 58% (76) were males while 41% (54) were females. There was 1% (1) response in which the gender was not specified.

#### 4.2.2 Employment level of participants

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Junior	31	23.7	26.1	26.1
	2 Middle	42	32.1	35.3	61.3
	3 Senior	45	34.4	37.8	99.2
	4 Unsure	1	0.8	0.8	100.0
	Total	119	90.8	100.0	
Missing	System	12	9.2		
Total		131	100.0		

**Table 2: Employment level of participants**

Source: Compiled by author



**Figure 3: Employment level of participants**

Source: Compiled by author

The majority of the participants were in senior and middle positions within the SAN respectively. Figure 4.2 shows that 34% (45) of respondents were in senior positions, 32% (42) were in middle positions, 24% (31) were junior employees, 1%

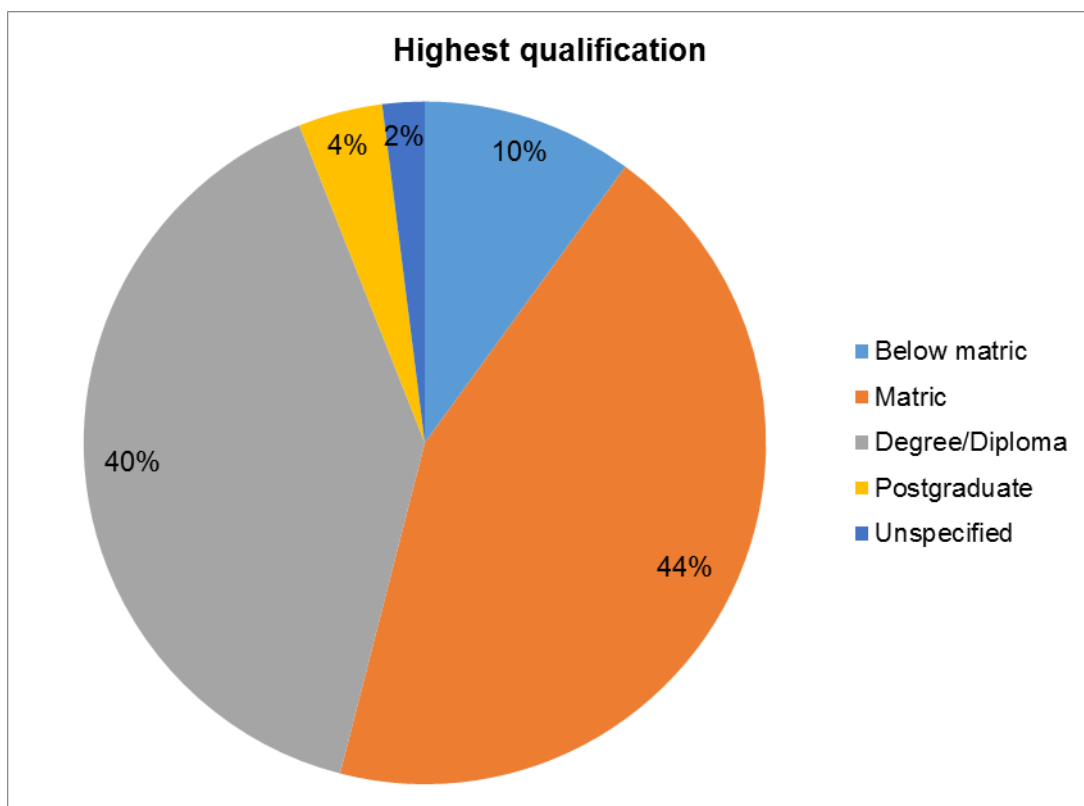
(1) was unsure of the level of employment and 9% (12) participants did not specify their level of employment.

#### 4.2.3 Qualifications of participants

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Below Matric	13	9.9	10.1	10.1
	2 Matric	58	44.3	45.0	55.0
	3 Diploma/Degree	53	40.5	41.1	96.1
	Postgraduate	5	3.8	3.9	100.0
	Total	129	98.5	100.0	
Missing	System	2	1.5		
Total		131	100.0		

**Table 3: Qualifications of participants**

Source: Compiled by author



**Figure 4: Qualifications of participants**

Source: Compiled by author

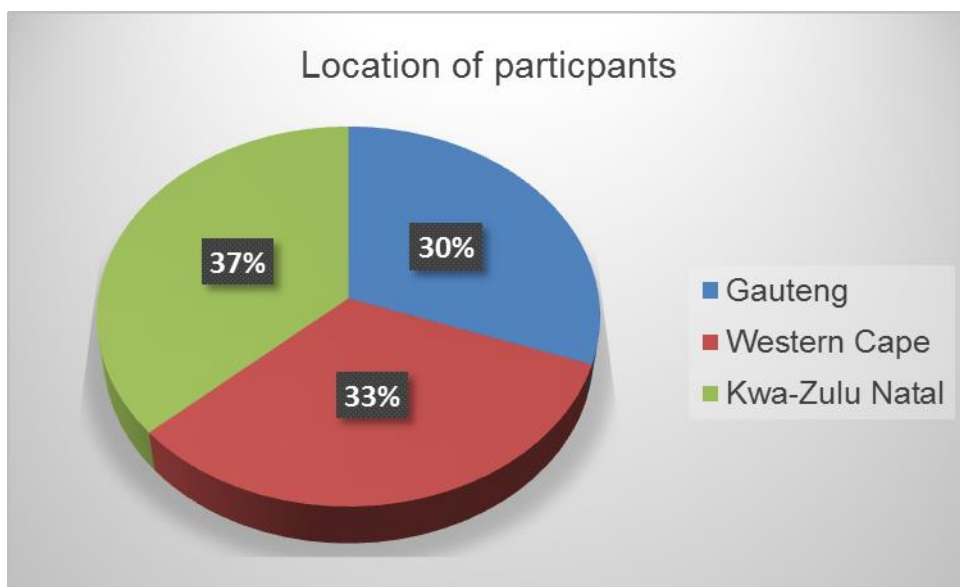
The educational qualifications of the participants are shown in Figure 4.3 with the majority of participants (44% or 58 participants) being in possession of a matric qualification. A total of 40% (53) were in possession of degree or diploma, 10% (13) had not achieved matric, 4% (5) had a postgraduate qualification while 2% (2) participants did not specify their educational qualification.

#### 4.2.4 Location of participants

	Region	Frequency	Percent
Valid	1 Gauteng	40	30
	2 Western Cape	43	33
	3 Kwa-Zulu Natal	48	37
	Total	131	100

**Table 4: Location of participants**

Source: Compiled by author

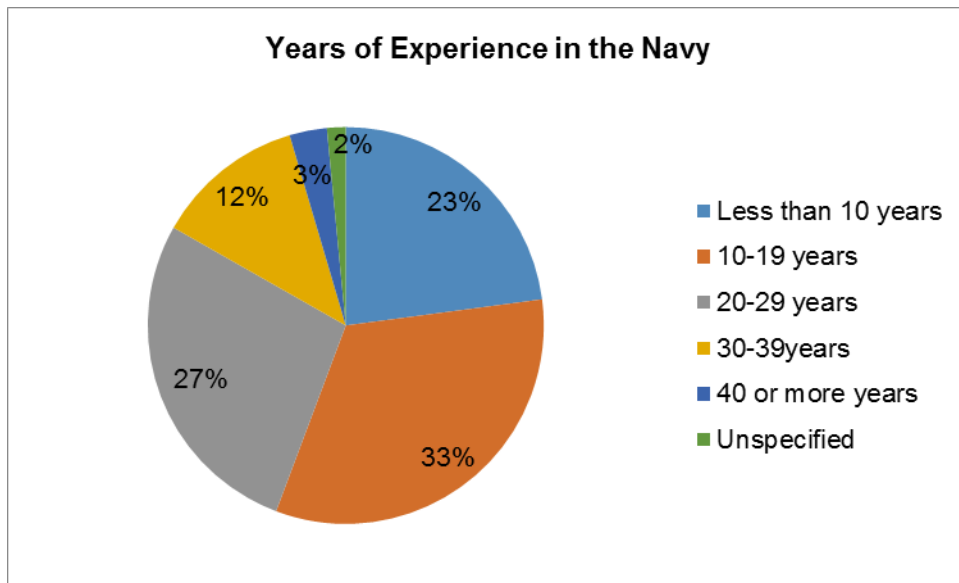


**Figure 5: Location of participants**

Source: Compiled by author

Figure 4.4 shows that out of 131 participants, 30% (40) were based in Gauteng Province, 33% (43) were based in Western Cape and 37% (48) were based in Kwa-Zulu Natal.

#### 4.2.5 Work experience of participants

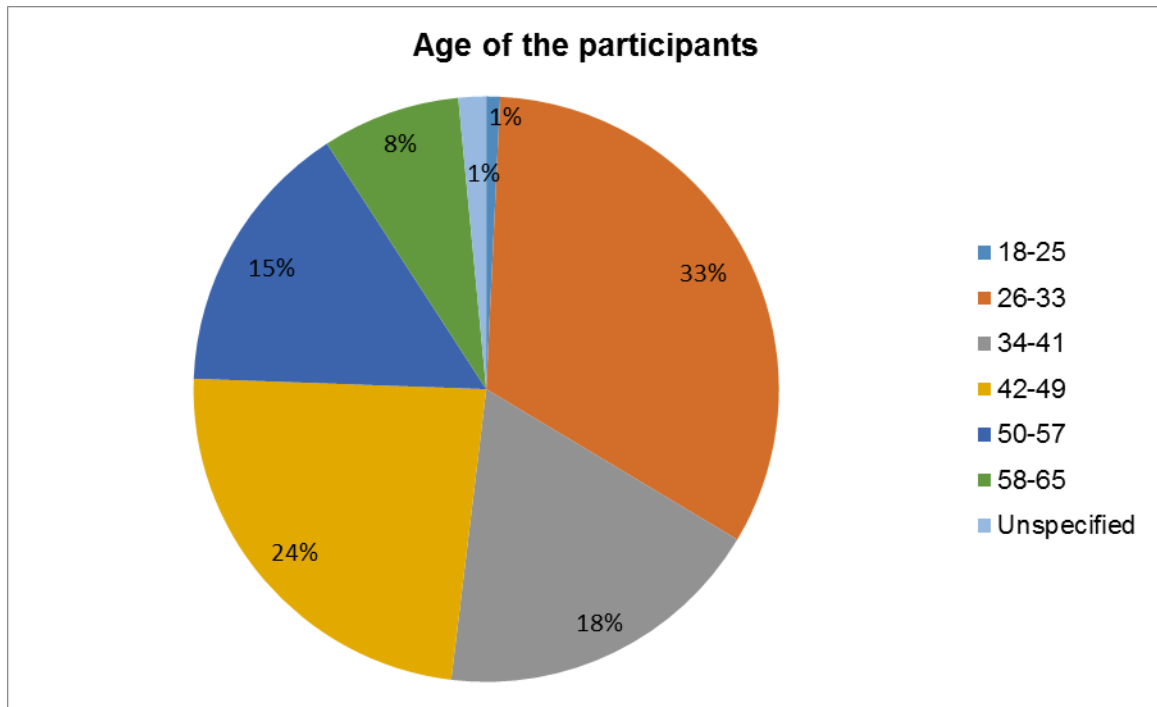


**Figure 6: Work experience of participants**

Source: Compiled by author

Findings on years of experience in the SAN as depicted in the table above shows that 33% (43) of respondents have been in the organisation between 10 to 19 years. The remainder differs with 27% (36) indicating that they have been in the SAN for 20 to 29 years, 23% (30) have less than 10 years but more than 3-years' experience, 12% (16) have 30 to 39 years' experience, 3% (4) have more than 40 years' experience while 2% (2) did not specify.

#### 4.2.6 Age of the participants



**Figure 7: Age of the participants**

Source: Compiled by author

The majority of participants were mainly between the ages of 26 to 33 years (33% or 43 participants) and 42 to 49 years (24% or 31 participants) respectively. Furthermore, 18% (24) were between the ages of 34 to 41 years, 15% (20) were between 50 to 57 years, 8% (10) were between 58 to 65 years, 1% (1) was between 18 to 25 years and 1% (2) did not specify their age.

### 4.3 KEY COMPONENTS OF PERFORMANCE MANAGEMENT

PM can be seen as a systematic process that includes planning work and setting expectations, monitoring performance continually, developing employee capacity to perform, rating employee performance at regular intervals and rewarding employees for good performance (USOPM, 2017:4).

In this section the results of data gathered through a survey questionnaire that contained 50 test statements will be presented. Using a 4-point Likert scale, the participants were required to indicate to what degree they agree or disagree with each statement as per the tables below.

#### 4.3.1 Planning work and setting expectations

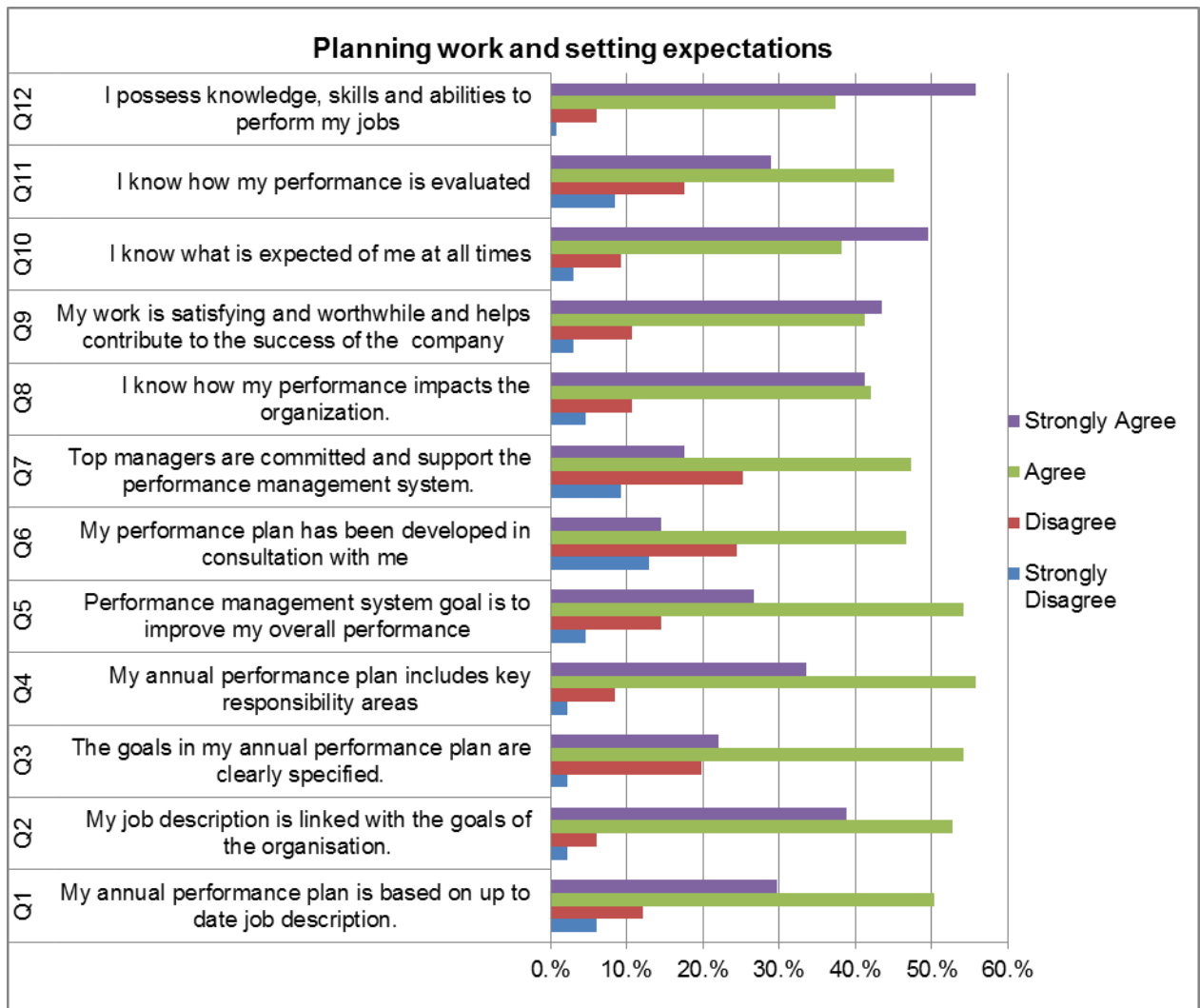
Planning step involve setting individual goals and expectations (USOPM, 2017:5) that are linked with organisational goals (Khan, 2014:663). During these discussions performance standards that specify the desired results and behaviour should be established (Aguinis, 2013:46).

For this stage of a PMS, there were twelve statements planned to determine the organisation’s planning of work and setting of expectations.

Code	Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
Q1	My annual performance plan is based on up to date job description	8	16	66	39	129
Q2	My job description is linked with the goals of the organisation	3	8	69	51	131
Q3	The goals in my annual performance plan are clearly specified	3	26	71	29	129
Q4	My annual performance plan includes key responsibility areas	3	11	73	44	131
Q5	Performance management system goal is to improve my overall performance	6	19	71	35	131
Q6	My performance plan has been developed in consultation with me	17	32	61	19	129
Q7	Top managers are committed and support the performance management system.	12	33	62	23	130
Q8	I know how my performance impacts the organisation.	6	14	55	54	129
Q9	My work is satisfying and worthwhile and helps contribute to the success of the company	4	14	54	57	129
Q10	I know what is expected of me at all times	4	12	50	65	131
Q11	I know how my performance is evaluated	11	23	59	38	131
Q12	I possess knowledge, skills and abilities to perform my jobs	1	8	49	73	131

**Table 5: Planning work and setting expectations frequency table**

Source: Compiled by author



**Figure 8: Planning work and setting expectations Analysis**

Source: Compiled by author

Data analysis of all test statements as summarised and presented above indicate that the majority of respondents seem to agree with the statements put to them. For illustration, 91% of participants agreed that their work plan is aligned with the organisational goals and 88% agreed that they always know what is expected of them. In general, the majority of participants seem to agree with the statements presented with percentages ranging from 74% to 94%.

Of the total respondents, 76% agreed that goals in their annual performance plan are clearly stipulated while 22% disagreed. 86% agreed that the performance plan is based on key performance areas while 19% disagreed. However, two items relating

to work plan development in a consultative manner, as well as the support and commitment of top managers to PMS, were evidently lower than the others with 61% and 65% agreeing respectively. Therefore 37% and 34% of respondents either disagreed or strongly disagreed that individual goals and expectations are set in consultation with employees and that top managers are committed and supportive of PMS.

Furthermore, 83% agreed that they are aware of their contributions' impact on the organisational performance while 15% disagreed. 85% agreed that their work is satisfying and worthwhile and contributes to the organisational goals while 14% disagreed. A total of 88% agreed that they always know what is expected of them while 12% disagreed. 74% agreed with the statement that they know how their performance is evaluated while 26% disagreed. Finally, 94% of the respondents agreed that they possess the requisite knowledge, skills and abilities to perform their jobs while 6% disagreed.

#### 4.3.2 Training and developing the capacity to perform

Provision of training to all participants on the implementation of PMS is critical. Furthermore, the use of the PMS to direct the organisational training and development of employees leads to the development of skills and competencies that enhance human capital and organisational performance (Aguinis, 2012:387). According to Miah and Hossan (2012:15) the effective implementation of PMS would enhance the development of skills and competencies through the use of training and development programmes.

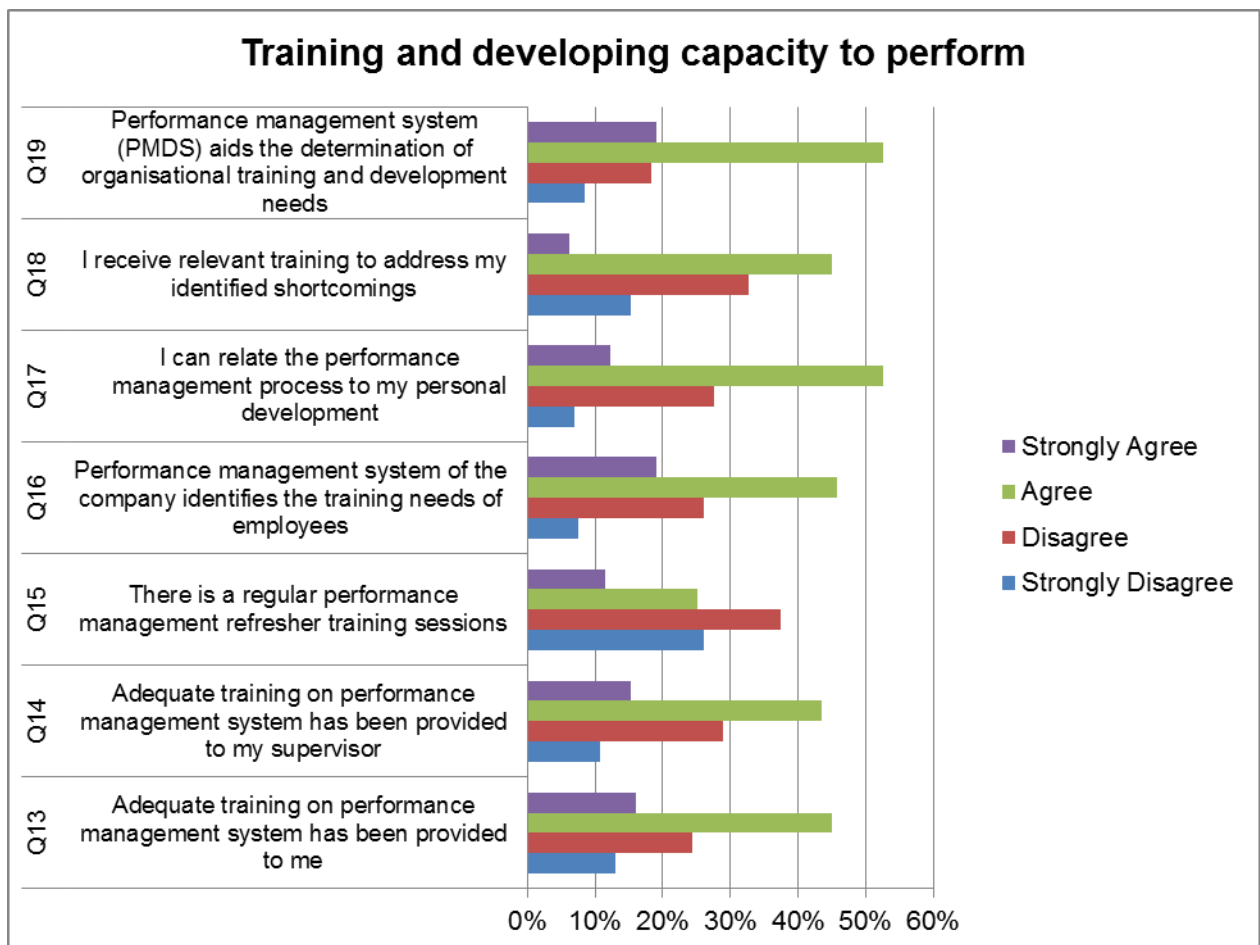
For this stage of a PMS, there are seven statements planned to determine the organisation training and development of employees' capacity to perform.

Code	Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
Q13	Adequate training on performance management system has been provided to me	17	32	59	21	129
Q14	Adequate training on performance management system has been provided to my supervisor	14	38	57	20	129
Q15	There is a regular performance management refresher	34	49	33	15	131

	training session					
<b>Q16</b>	Performance management system of the company identifies the training needs of employees	10	34	60	25	129
<b>Q17</b>	I can relate the performance management process to my personal development	9	36	69	16	130
<b>Q18</b>	I receive relevant training to address my identified shortcomings	20	43	59	8	130
<b>Q19</b>	Performance management system (PMDS) aids the determination of organisational training & development needs.	11	24	69	25	129

**Table 6: Training and developing the capacity to perform**

Source: Compiled by author



**Figure 9: Training and developing capacity to perform Analysis**

Source: Compiled by author

A key finding depicted on the above figure is the fact that adequate initial and refresher training sessions in PMS are not offered. 61% of the participants agreed that they have received training in PMS but 37% disagreed. 59% agreed that their

supervisors have received training in PMS while 40% disagreed. 63% of the participants disagreed that there is refresher training in PMS while 36% agreed. The majority of respondents (65%) agreed that PMS is used to identify the training needs of employees while 34% disagreed.

Although 72% agreed that PMS aids the organisation to determine the training and developmental needs of employees, only 51% agreed that they receive relevant training to address the identified shortcomings. Therefore, 48% of the participants disagreed that their shortcomings are being addressed adequately through training. This number is significant and, thus, highlights the lack of adequate training of employees to address their identified shortcomings.

#### 4.2.3 Continually monitoring performance and on-going feedback

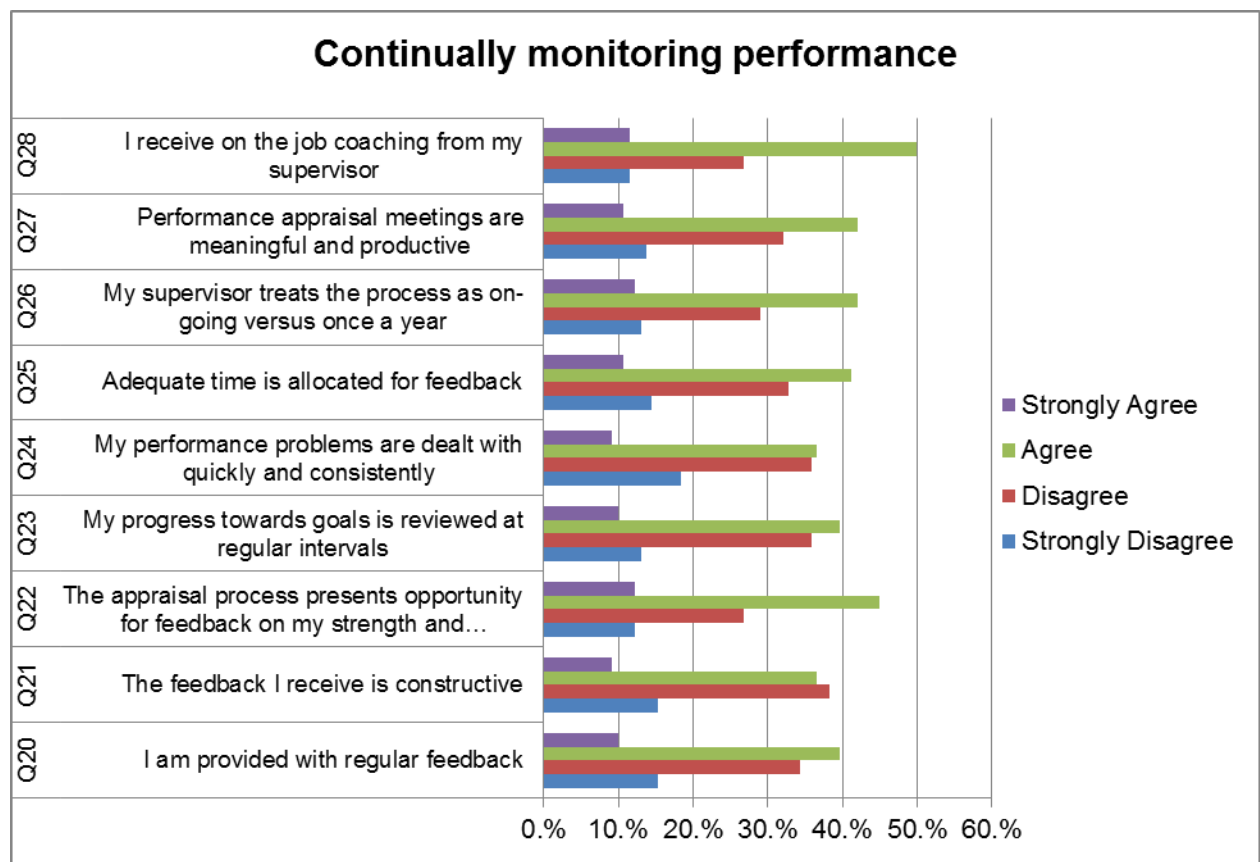
Mueller-Hanson and Pulakos (2015:3) assert that it is important to monitor employees' progress, give feedback and take corrective action during the course of the year, prior to the final performance evaluation. On-going feedback to employees and team, as they work towards achieving their set goals, is a key component of PMS (USOPM, 2017:5).

For this stage of PM, there are nine statements planned to determine the organisation's ability to monitoring performance and provide on-going feedback.

Code	Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
Q20	I am provided with regular feedback	20	45	52	13	130
Q21	The feedback I receive is constructive supervisor	20	52	48	12	130
Q22	The appraisal process presents opportunity for feedback on my strength and weaknesses	16	35	59	16	126
Q23	My progress towards goals is reviewed at regular intervals	17	47	52	13	129
Q24	My performance problems are dealt with quickly and consistently	24	46	41	12	130
Q25	Adequate time is allocated for feedback	19	43	54	14	130
Q26	My supervisor treats the process as on-going versus once a year	17	38	55	16	126
Q27	Performance appraisal meetings are meaningful and productive	18	42	55	14	129
Q28	I receive on the job coaching from my supervisor	15	35	65	15	130

**Table 7: Continually monitoring performance**

Source: Compiled by author



**Figure 10: Continually monitoring performance and on-going feedback Analysis**

Source: Compiled by author

In respect of the items relating to the monitoring of performance and feedback as per Figure 4.9 above, 50% of the respondents agreed that they receive regular feedback while the same number (50%) disagreed that no regular feedback is provided. 45% of the participants agreed that their feedback is constructive while 54% disagreed with this statement. A total of 57% agreed that the appraisal process presents an opportunity to receive feedback on strengths and weaknesses while 39% disagreed. 50% of the participants agreed with the statements put to them relating to the regular review of their progress towards achieving set goals but 49% disagreed. Only 46% of respondents in the study indicated that their performance problems are attended to quickly and consistently while 53% disagreed with this statement.

Further investigation showed that most respondents (52%) regard the time allocated for feedback as adequate while 48% disagreed. The majority of respondents (54%) agreed that their supervisor treats PMS as a process and not a 'once-a-year' event while 42% disagreed. 53% see appraisal meetings as meaningful and productive while 46% disagreed. The results presented in Figure 4.9 show that 62% of the respondents indicated that they receive 'on-the-job' coaching while 38% disagreed.

#### 4.3.4 Periodically rating performance

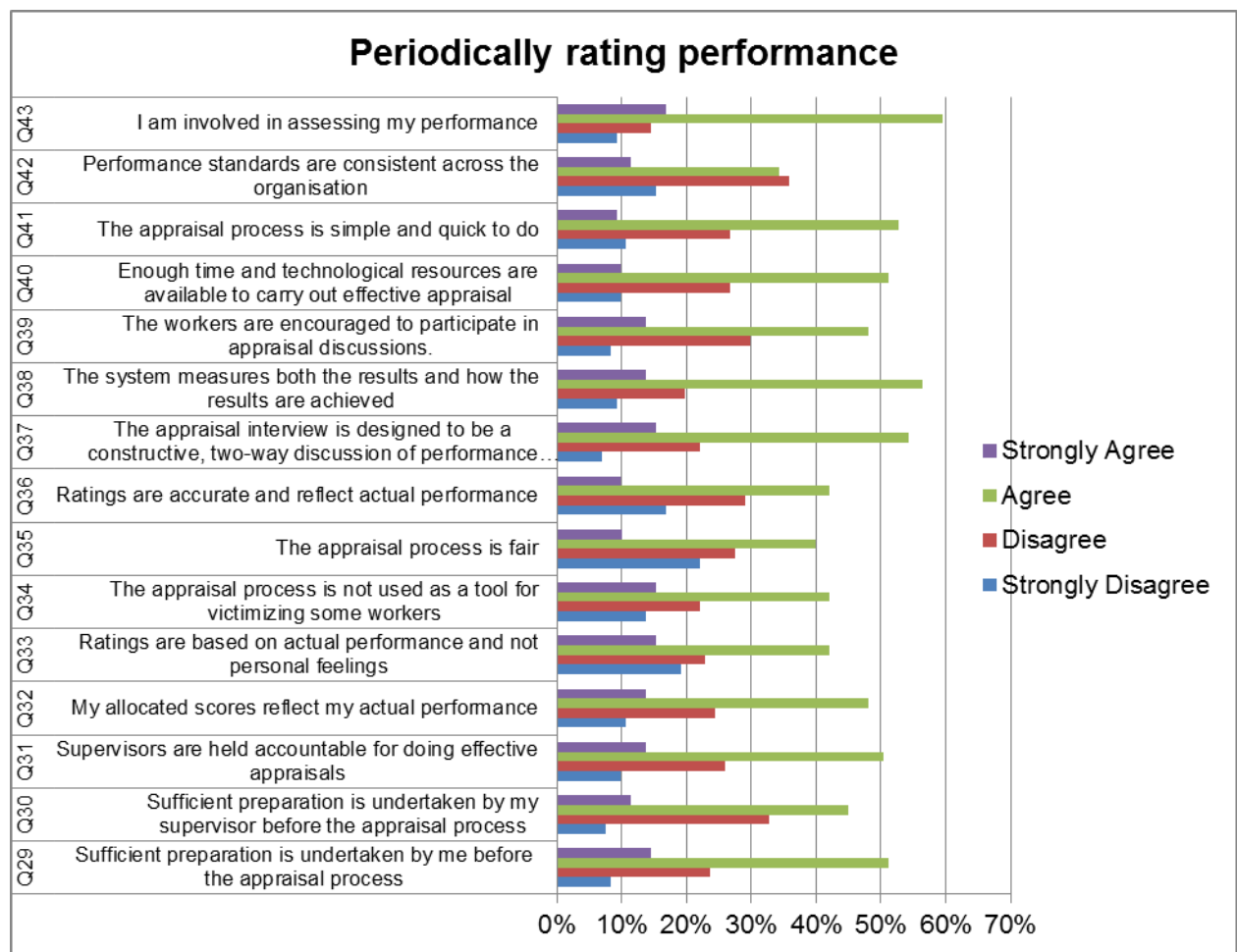
Periodical performance rating is considered central and significant to the PM process yet very sensitive in nature (Khan, 2014:664). Therefore, periodic evaluation of employees' performance is needed in order to determine employees' performance over time or in comparison to other employees' performance (USOPM, 2017:6).

For this stage of PM, there are fourteen statements planned to determine the organisation's ability to periodically rate performance.

Code	Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
Q29	Sufficient preparation is undertaken by me before the appraisal process	11	31	67	19	128
Q30	Sufficient preparation is undertaken by my supervisor before the appraisal process	10	43	59	15	127
Q31	Supervisors are held accountable for conducting effective appraisals	13	34	66	18	131
Q32	My allocated scores reflect my actual performance	14	32	63	18	127
Q33	Ratings are based on actual performance and not personal feelings	25	30	55	20	130
Q34	The appraisal process is not used as a tool for victimizing some workers	18	29	61	21	129
Q35	The appraisal process is fair and highlights training and development needs.	29	36	52	13	130
Q36	Ratings are accurate and reflect actual performance	22	38	55	13	128
Q37	The appraisal interview is designed to be a constructive, two-way discussion of performance and goal setting	9	29	71	40	129
Q38	The system measures both the results and how the results are achieved	12	26	74	18	130
Q39	<b>The workers are encouraged to participate in appraisal discussions.</b>	11	39	63	18	131
Q40	Enough time and technological resources are available to carry out effective appraisal	13	35	67	13	128
Q41	The appraisal process is simple and quick to complete	14	35	69	12	130
Q42	Performance standards are consistent across the organisation	20	47	45	15	127
Q43	I am involved in assessing my performance	12	19	78	22	131

**Table 8: Periodically rating performance**

Source: Compiled by author



**Figure 11: Periodically rating performance Analysis**

Source: Compiled by author

Figure 4.11 above reveals employees' varied responses on periodic performance rating in the SAN. A total of 66% of respondents agreed that they prepare well for the appraisal meeting while 33% disagreed. 58% of the participants agreed that supervisors are prepared for appraisal discussions while 40% disagreed. The majority of participants (64%) agreed that supervisors are held accountable for conducting effective appraisal sessions while 36% disagreed. 62% agreed that their allocated appraisal score reflected their actual performance while 35% disagreed. 57% of employees agreed that performance assessment is not based on personal feelings but actual performance while 42% disagreed. Furthermore, 63%

agreed that the PM process is not used as a tool to victimise employees while 34% disagreed.

In connection with the statement “the appraisal process is fair”, 22% of respondents strongly disagreed, 28% disagreed, 40% agreed and 10% strongly agreed. On the one hand 50% disagreed and on the other 50% agreed. 52% agreed that the performance ratings are a true reflection of actual performance while 46% disagreed.

Figure 4.11 above further depicts that 70% of employees agreed that the appraisal meetings are a two-way discussion while 29% disagreed. The same percentage of respondents (70%) agreed that the PMS measured both the results and how they are achieved while 29% disagreed. A total of 61% agreed that enough time and technological resources are available for effective appraisal while 37% disagreed with this statement. 62% indicated that the appraisal process is quick and simple while 37% disagreed. A total of 46% of respondents agreed that performance standards are consistent across the organisation while 51% disagreed with this statement. 76% of participants indicated that they are involved in assessing their own performance while 24% disagreed

### 5.3.5 Rewarding good performance

Employee recognition is an essential driving force of employee performance (Khan & Ukpere, 2014:664). Reward should be used often and effectively as a means of recognising the employees’ contribution to the organisation (USOPM, 2017:6).

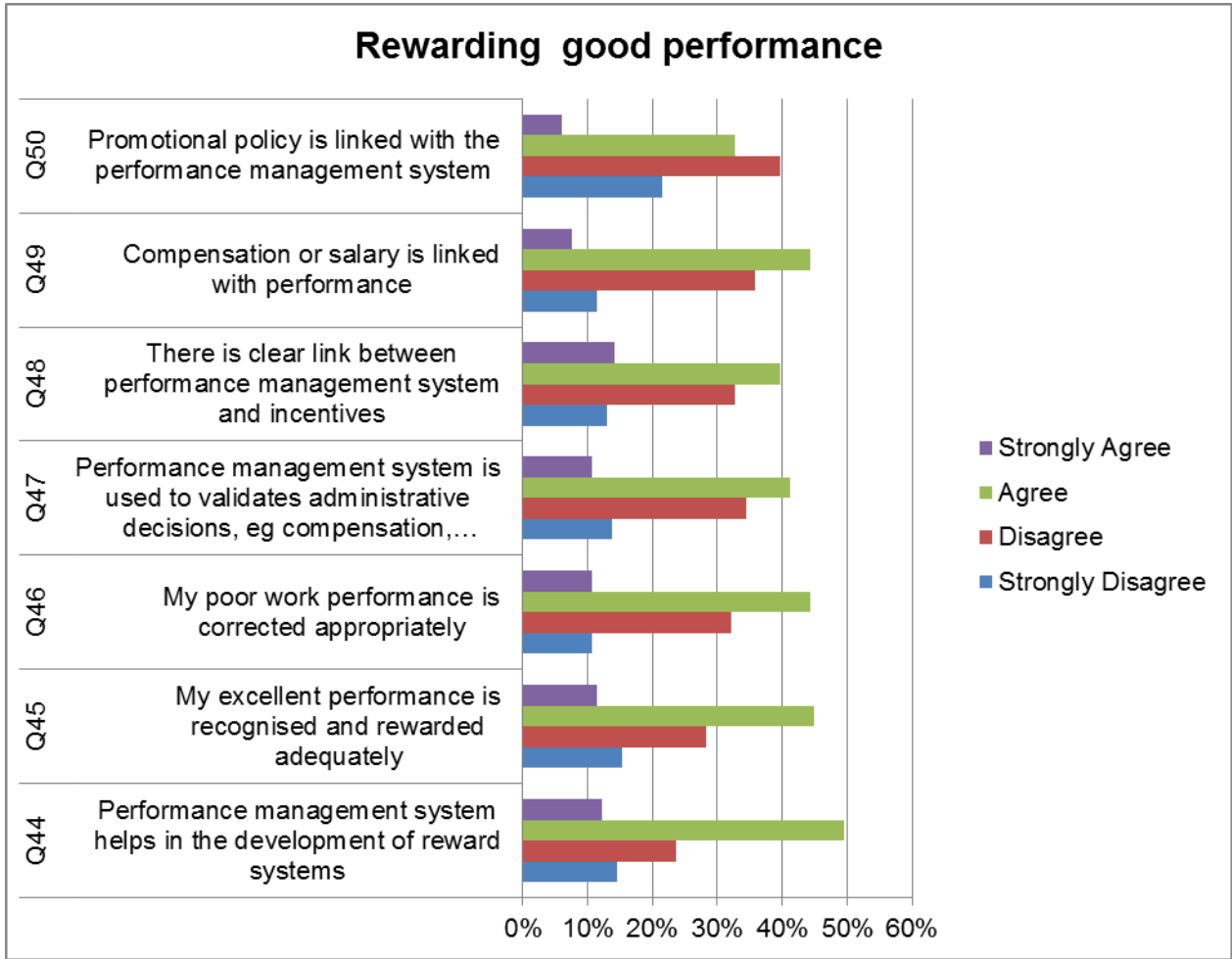
For this stage of PM, there are seven statements planned to determine the organisation’s ability to periodically rate performance.

Code	Statement	Strongly Disagree	Disagree	Agree	Strongly Agree	Total
Q44	Performance management system helps in the development of the reward systems process	19	31	65	16	131
Q45	My excellent performance is recognised and rewarded adequately	20	37	59	15	131
Q46	My poor work performance is corrected appropriately	14	42	58	14	128
Q47	Performance management system is used to validate administrative decisions, e.g. compensation, promotion,	18	45	54	14	131

	placement, etc					
<b>Q48</b>	There is clear link between performance management system and incentives	17	43	52	19	131
<b>Q49</b>	Compensation or salary is linked with performance	15	47	58	10	130
<b>Q50</b>	Promotional policy is linked with the performance management system and employees' training and development needs.	28	52	43	8	131

**Table 9: Rewarding good performance**

Source: Compiled by author



**Figure 12: Rewarding good performance Analysis**

Source: Compiled by author

Figure 4.12 above indicates that the proportion of participants who agreed the PMS helps in the development of the reward system ranges from 12% to 62%. However, those participants who disagree and strongly disagree range from 16% to 38%. A total of 57% agreed that excellent performance is recognised and rewarded adequately while 43% disagreed. 55% of participants agreed that poor performance

is addressed while 44% disagreed with this statement. Furthermore, a slight majority of 52% agreed that PMS is used to make administrative decisions, such as promotion, placement etc., while 48% disagreed.

Finally, Figure 4.12 also indicates that 55% of employees agreed that there is a clear link between performance and incentive while 46% disagreed. 52% of the participants agreed that employees' salaries are linked with their performance and 47% disagreed. The majority of the respondents (61%) disagreed that the promotion policy is linked with the PMS while 39% agreed.

#### 4.4 RELATIONSHIPS BETWEEN CONSTRUCTS

It is important for a study to establish the relationships between the constructs involved (Salaheldin, 2009:227). Therefore correlation coefficient is used as a means to measure the strength of the relationship between two constructs and it is useful to analysis how one construct can help make deductions about the other constructs. Correlation coefficient value of less than 0.10 indicates “small” effect, values of around 0.30 a “medium” effect and “large” effects is indicated by coefficients with absolute value of 0.50 or more (Cohen, 1988: 224).

		Planning of work	Training and developing capacity	Monitoring performance	Rating performance	Reward
Planning of work	Correlation Coefficient	1.000	.574**	.593**	.559**	.404**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	131	131	131	131	131
Training and developing capacity	Correlation Coefficient	.574**	1.000	.728**	.666**	.505**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	131	131	131	131	131
Monitoring performance	Correlation Coefficient	.593**	.728**	1.000	.810**	.543**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	131	131	131	131	131
Rating performance	Correlation Coefficient	.559**	.666**	.810**	1.000	.712**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	131	131	131	131	131
Reward	Correlation Coefficient	.404**	.505**	.543**	.712**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	131	131	131	131	131

**Table 10: Correlation Coefficient**

Table 9 shows a positive relationship between planning of work and training and developing capacity to perform with a value of .574 (33%). This results can indeed be expected as aspects of planning of work such as setting expectations and goals, employee involvement and deciding on measuring standards, give employees an insight into the organisational strategic goals, improve communication and ensure employee buy-in, have a direct impact on identifying developmental needs and employee empowerment through training and development (USOPM, 2017:5). The findings further indicated a strong positive relationship between planning of work and monitoring of performance with a value of .593 (35%). It is assumed that when the employees are clear on what are the expected results and behaviours, they will be more committed to achieving the set goals; keep communication channels open and readily accept feedback and coaching (Aguinis, 2013:48). In addition there is a significant positive relationship between planning of work and rating performance indicated by .559 (31%). This is expected as setting of clearer performance expectations and goals as well as standards will make it easier to evaluate the actual performance against the set standards. The relationship between planning of work and rewards indicated a medium positive relationship of .404 (16%).

In summary, the largest correlation in this study is found to be between monitoring performance and performance rating with a value of .810 (66%). And the smallest correlation is between planning of work and rewards which indicated a medium positive relationship of .404 (16%). This finding shows the nature of the strong positive relationship between all the constructs in the study. Therefore findings are consistent with previous studies that observed PM as a system with interrelated and interdependent elements, its effectiveness is depended on the successful implementation of each stage of the process (Armstrong & Taylor, 2014:331). Good managers practice effective performance management by ensuring that each stage of the process is executed well (USOPM, 2017:7).

## **4.5 CONCLUSIONS**

This study's evaluation of the PMS in the SAN has shown that the majority of the respondents either agreed or strongly agreed with the statements put to them in the questionnaire. Notwithstanding these positive findings, the study further produced evidence of a need to improve the PMS as indicated by the large number of participants who disagreed with these statements. Some findings on employee training, performance monitoring, rating of performance and rewards have shown a generally negative attitude, a fact highlighted by the majority of respondents either disagreeing or strongly disagreeing with the statements.

In all the key components of PM, the findings in this study have highlighted areas that are of particular concern, ranging from issues such as a lack of adequate employee training, a lack of regular constructive feedback, unfair appraisal process and inadequate reward system.

## **CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

The aim of this chapter is to provide a discussion on the summary of the findings, conclusions and recommendations. The theoretical framework of Chapter three and the findings will be used to make a final assessment of the attainment of this study's objectives.

### **5.2 SUMMARY OF FINDINGS**

The summary of the discussion will follow the themes that have been surveyed during this study.

#### **5.2.1 Biographical information**

The study reveals that 58% of the participants were males and 41% females. The majority of the respondents were in the senior (34%) and middle (32) management levels respectively. A total of 75% of the respondents are between 26 to 49 years of age and 60% have worked for between 10 to 29 years in the SAN. When considering the age and number of years employees have worked in the SAN, it can be concluded that most of the employees are career sailors.

#### **5.2.2 Planning work and setting expectations**

This study noted that key aspects of planning and setting expectations for performance have been developed and individual goals are linked to organisational goals. The findings showed that, to a large extent, employees possess the necessary knowledge, skills and abilities to perform their jobs and they always know what is expected of them. Although the majority of respondents (61%) indicated that their performance plan was developed in consultation with them, a significant number of the respondents (37%) disagreed. Furthermore, there was a reasonable

number of participants (34%) who indicated that top management is not committed to, nor supportive of, PMS.

### 5.2.3 Developing the capacity to perform

The quantitative data revealed that sufficient training on PMS is provided to both the supervisors and employees. Although the majority of the respondents indicated this fact, there was a significant percentage of the respondents (40%) who indicated that their supervisors have not received adequate training on the implementation of PMS. Furthermore, 63% have indicated that there is a lack of regular refresher training on the functioning of the PMS. Although the majority of employees agree that PMS is used to identify training needs, 48% are of the view that relevant training to address their shortcomings is not provided.

### 5.2.4 Continually monitoring performance and on-going feedback

The findings on the different stages of the PMS show that a slight majority of employees are engaged in continuous and meaningful performance review meetings. Furthermore, a slight majority are of the view that performance feedback is not provided regularly nor is it designed to be constructive. The majority of the respondents are of view that their performance problems are not addressed timeously and consistently. A significant number have also suggested that supervisors treat PMS as a 'once-a-year' event. The study of responses showed that the majority of participants received coaching from their supervisors.

### 5.2.5 Periodically rating performance

The study found that the majority of supervisors and employees make an effort to prepare for the appraisal process. In addition, most employees believe that the allocated score they received is a true reflection of their actual performance. However, concerning the fairness of appraisal process, employees are divided right down the middle, with one half indicating that this process is fair while the other half indicating it is unfair. There was a suggestion that performance standards are not applied consistently across the organisation. The assertion that the appraisal

process is used as a tool for victimizing some workers was not shared by most respondents.

#### 5.2.6 Rewarding good performance

The study revealed that PMS helps in the development of a rewards system for employees. However, only a slight majority of respondents indicated that good performance is recognised and rewarded adequately. The majority of them further acknowledged that poor performance is addressed. The majority of the respondents also indicated that the PMS process is used in making administrative decisions, however, the majority are of the view that promotional decisions are not based on employees' performance.

### 5.3 THE PRIMARY RESEARCH OBJECTIVES

The primary objective of this study was to evaluate the effectiveness of PMS in the SAN. To this end, a survey questionnaire was designed to cover the key components of PM to test the existence and the prevalence of the best practice. Based on the findings, as discussed in the previous section, the following can be deduced in relation to the objectives.

5.3.1 Research objectives of the study are set out as follows:

- a. Evaluate the effectiveness of the PMS in the navy.

The study found that there are various effective aspects in the implementation of PM in general and, in particular, with regard to the planning of work and setting expectations in the SAN. Notwithstanding the pockets of effectiveness of the PMS in the SAN, there are serious shortcomings with the current practice of PMS that need addressing. All the key components of PM, with the exception of work planning, require improvement in order to ensure the effectiveness of the entire PMS.

b. Identify the shortcomings of the current PMS.

Key shortcomings identified included the lack of (i) refresher training on PMS implementation, (ii) regular and constructive feedback and (iii) continuous review of performance progress. Additional problems included an inability to address performance problems timeously, the perception that the appraisal process is not fair, an inability to apply performance standards consistently across the organisation and the failure to link performance to promotion.

Furthermore this study revealed the following shortcomings, which although not key ones, still warrant attention, namely: lack of supervisors' training on PMS, inadequate allocation of time for feedback, treating PMS as a 'once-a-year' event, appraisal ratings that are not a true reflection of actual performance, lack of adequate recognition and rewarding of good performance, lack of corrective actions to address poor performance and inability to use PMS to inform the administrative decisions.

c. Identify the effective elements of the current PMS

This study found that employees are in possession of work plans that are based on up-to-date job descriptions which are linked to the organisational goals. Employees know what is expected of them and how their performance contributes to the overall organisational performance. Furthermore, PMS helped to identify training needs and supervisors provide coaching to employees. The appraisal process measures both results and behaviour and appraisal meetings are a two-way discussion. SAN employees indicated that they are involved in the assessment of their own performance.

## **5.4 CONCLUSIONS**

The study was inspired by the need to evaluate the effectiveness of the PMS in the SAN. The findings of the study reveal that the SAN's PMS has certain positive aspects, however, there are elements that need improvement in order to ensure the effective implementation of the PMS. This study seems to confirm the current body

of knowledge that both the South African Public Services and private institutions struggle to effectively implement the PMS.

## **5.5 RECOMMENDATIONS**

The study has underlined several shortcomings in each key component of PMS in the SAN. SAN employees have explicitly expressed their opinions concerning areas that need attention to ensure that PMS becomes fully effective. Therefore, the recommendations will follow the key components of PM as discussed in the literature reviewed in Chapter two of this study.

### **5.5.1 Planning work and setting expectations**

It is important to ensure that all employees are involved in developing a performance plan and the setting of goals. Woyessa (2015:38) maintains that the involvement of employees in the PMS will lead to fairness and a trustworthy relationship between manager and employee. When employees are involved in the PM process, they tend to understand the organisational goals and the importance of achieving them (USOPM, 2017:5). Therefore, it is recommended that employees should be trained in these areas to empower them to be involved, so that they take ownership for the overall performance and competitiveness of the organisation. The high participation of employees leads to the effective implementation of the PMS (Alharthi, 2016:206).

According to Jugmohun (2018:57) top management's support and commitment is a critical factor that determines whether PMS is implemented successfully or not. When management is committed and 'buys-in' to the use of the PMS, the rest of employees will do the same. Therefore, appropriate training should be given to line managers on the aim, importance and functioning of PMS in the SAN. Furthermore, it is recommended that employees should be given refresher training on PMS both at the beginning and the middle of the PM process.

### 5.5.2 Continually monitoring performance

Managers should observe employees' performance and keep a diary for the recording of performance information (Schleicher *et al.*, 2018:11). Furthermore, employees must receive feedback on the progress made in achieving the set objectives on an on-going basis, as well as coaching on how to improve their performance (Aguinis *et al.*, 2012:387). Feedback should be delivered in a way that is not threatening to the employee's self-esteem. When feedback is deemed accurate by employees, they will accept it, thus leading to improved performance (Thurston Jr & McNall, 2010:206). It is recommended that managers/supervisors and employees should be trained how to effectively deliver and receive feedback. Furthermore, supervisors should be empowered with the requisite coaching and general managerial skills to be able to continuously monitor employees' performance and effectively address problems.

### 5.5.3 Developing the capacity to perform

It is recommended that employees and supervisors should receive training to ensure that all organisational members have the understanding and the skills required to work with the PMS. This knowledge will ensure that both managers and employees understand the purpose of PMS and, thus, 'sing from the same hymn book'. Furthermore, such training will ensure that the same knowledge and standards are shared across the SAN.

Once employees' weaknesses have been identified through the use of PMS, it is important that adequate training and development is offered to encourage employees to perform well. Enhancing their job-related skills and competencies help employees to grow (USOPM, 2017:6).

### 5.5.4 Periodically rating performance

Marchington and Wilkinson (cited by Miah & Hossan, 2012:17) concluded that to ensure that the performance appraisals are fair, information should be provided by multiple sources such as the supervisor, peers, subordinates, customers and the employee himself. It is recommended, therefore, that the SAN should use multiple sources when rating employees' performance. Furthermore, managers and

employees should be trained in effective rating techniques and be made aware of how to recognise and prevent rating errors.

#### 5.5.5 Rewarding good performance

Employees' good performance should be acknowledged (both individually and as a member of a group) for positively contributing to the organisational mission (USOPM, 2017:6). Employee recognition and reward are considered to be a driving force and a positive contributor toward employees' good performance (Khan & Ukpere, 2014:664). Therefore, it is recommended that managers and supervisors should use recognition systems such as 'employee-of-the-month' and yearly certificates/awards, long-service certificates, gifts and performance bonuses fairly and appropriately. In addition, the SAN's top management should ensure that there is a recognisable link between performance and administrative decision-making relating to employees' placement, promotion and compensation.

## 5.6 LIMITATIONS OF THE STUDY

The research focused on the South African Navy; therefore the findings cannot be generalise to public and private organisations in South Africa. The study provides a general view of employees' attitude and opinion towards the effectiveness of PMS, without analysing each rank group views and perceptions to establish if any significant differences exist or in-depth investigation on PMS impact on productivity and morale of employees. Furthermore, the research was conducted in an institution where the researcher works, thus is exposed to the manner in which PM is practiced. Therefore this could infer a certain degree of subjectivity by the researcher based on his experiences and opinion of the PMS. Nonetheless, necessary steps were undertaken to ensure that the research is conducted in accordance with the research design so as to eliminate a possible biasness by the researcher.

## **5.7 RECOMMENDATIONS FOR FUTURE STUDIES**

The following areas of performance management are recommended to be considered for future studies:

5.7.1 Evaluate the effectiveness of performance managements for different categories/ranks of employees.

5.7.2 Investigate the impact of the rank on the perception about the effectiveness of performance management system.

5.7.3 Do significant differences exist on the perception of employees in different services/divisions of the Department of Defence about the effectiveness of performance management system.

5.7.4 Organisational factors that may have an impact on the effectiveness of the PMS, such as performance training, top management support, organisational culture, employee recognition, stakeholder involvement, internal resources, the use of technology and the link between performance and rewards.

5.7.5 Investigate the most suitable performance management system for Department of Defence.

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## **ANNEXURE A**

### **NORTH WEST UNIVERSITY**

#### **QUESTIONNAIRE**

#### **TOPIC: An Evaluation of the Effectiveness of Performance Management System in the South African Navy**

Introduction: this is an academic study conducted to evaluate the effectiveness of performance management system in the SA Navy. By completing this questionnaire, you will assist me in achieving this goal. Your participation is completely voluntary and anonymous. The information gathered during this research is for study purposes only and will at all times remain confidential.

How to complete questionnaire: This questionnaire comprises of close ended questions which requires you, the respondents, to tick the applicable option with an "x". Read the questions carefully and the extremes in which they are asked. If you do not understand, please feel free to contact the researcher or supervisor as indicated in the contact details.

#### Contact Details

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**1. Biographical Information:**

**Mark the applicable block with a cross (X). Complete all questions.**

<b>Bio 1</b>	<b>Gender:</b>	Male	1	Female	2
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<b>Bio 2</b>	<b>Level of Employment:</b>	Junior	1	Middle	2	Senior	3	Unsure	4
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<b>Bio 3</b>	<b>Highest Qualification:</b>	Below Matric	1	Matric	2	Diploma / Degree	3	Postgraduate	4
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<b>Bio 4</b>	<b>Location:</b>	Gauteng	1	Western Cape	2	Kwa-Zulu Natal	3
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**Bio 5: How many full years of work experience do you have in the Navy?.....**

**Bio 6: Age at last birthday.....**

**2. Performance Management System**

On a scale of 1 to 4, indicate the extent to which you agree or disagree with the following statements about Performance Management System in the Navy.

Please note: To answer please mark with an X in the appropriate block

**(Key: 1-Strongly Disagree 2-Disagree 3-Agree 4-Strongly Agree)**

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1 My annual performance plan is based on up to date job description.				
2 My job description is linked with the goals of the organisation.				
3 The goals in my annual performance plan are clearly specified.				
4 My annual performance plan includes key responsibility areas.				
5 Performance management system goal is to improve my overall performance.				
6 My performance plan has been developed in consultation with me.				
7 Top managers are committed and support the performance management system.				
8 I know how my performance impacts the organization.				
9 My work is satisfying and worthwhile and helps contribute to the success of the company.				
10 I know what is expected of me at all times.				
11 I know how my performance is evaluated.				
12 I possess knowledge, skills and abilities to perform my jobs.				

On a scale of 1 to 4, indicate the extent to which you agree or disagree with the following statements about the Navy.

**(Key: 1-Strongly Disagree 2-Disagree 3-Agree 4-Strongly Agree)**

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
13 Adequate training on performance management system has been provided to me.				
14 Adequate training on performance management system has been provided to my supervisor.				
15 There is a regular performance management refresher training sessions.				
16 Performance management system of the company identifies the training needs of employees.				
17 I can relate the performance management process to my personal development.				
18 I receive relevant training to address my identified shortcomings.				
19 Performance management system (PMDS) aids the determination of organisational training and development needs.				

On a scale of 1 to 4, indicate the extent to which you agree or disagree with the following statements about the Navy.

**(Key: 1-Strongly Disagree 2-Disagree 3-Agree 4-Strongly Agree)**

Statements	1	2	3	4
20 I am provided with regular feedback.				
21 The feedback I receive is constructive.				
22 The appraisal process presents opportunity for feedback on my strength and weakness.				
23 My progress towards goals is reviewed at regular intervals.				
24 My performance problems are dealt with quickly and consistently.				
25 Adequate time is allocated for feedback.				
26 My supervisor treats the process as on-going versus once a year.				
27 Performance appraisal meetings are meaningful and productive.				
28 I receive on the job coaching from my supervisor.				

On a scale of 1 to 4, indicate the extent to which you agree or disagree with the following statements about the Navy.

**(Key: 1-Strongly Disagree 2-Disagree 3-Agree 4-Strongly Agree)**

Statements	1	2	3	4
29 Sufficient preparation is undertaken by me before the appraisal process.				
30 Sufficient preparation is undertaken by my supervisor before the appraisal process.				
31 Supervisors are held accountable for doing effective appraisals.				
32 My allocated scores reflect my actual performance.				
33 Ratings are based on actual performance and not personal feelings.				
34 The appraisal process is not used as a tool for victimizing some workers.				
35 The appraisal process is fair.				
36 Ratings are accurate and reflect actual performance.				
37 The appraisal interview is designed to be a constructive, two-way discussion of performance and goal setting.				
38 The system measures both the results and how the results are achieved.				
39 The workers are encouraged to participate in appraisal discussions.				
40 Enough time and technological resources are available to carry out effective appraisal.				
41 The appraisal process is simple and quick to do.				
42 Performance standards are consistent across the organisation.				
43 I am involved in assessing my performance.				

On a scale of 1 to 4, indicate the extent to which you agree or disagree with the following statements about the Navy.

**(Key: 1-Strongly Disagree 2-Disagree 3-Agree 4-Strongly Agree)**

Statements	1	2	3	4
44 Performance management system helps in the development of reward systems.				
45 My excellent performance is recognised and rewarded adequately.				
46 My poor work performance is corrected appropriately.				
47 Performance management system is used to validates administrative decisions, eg compensation, promotion, placement, etc.				
48 There is clear link between performance management system and incentives.				
49 Compensation or salary is linked with performance.				
50 Promotional policy is linked with the performance management system.				

**Any comments**

.....