

**The effect of performance management in retail bank
branches and how this affects the service delivery in
Gauteng**

by

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ABSTRACT

Subject: The staff's perception about the effectiveness of Performance Management in retail bank branches and how this affects service delivery in Gauteng.

The aim of this study was to evaluate if there was a connection between performance management and customers service within retail branches in Gauteng. In the service industry service is the key component of retaining customers and gives the competitive edge over their rivals.

A thorough literature study was conducted by using the views of different authors and combining them. The concept of service delivery was defined and discussed looking at the various components of service. Further to this the concept performance management was defined. Based on the literature study it was found that there is a large human component in service delivery and the perception of the customer in terms of that service delivery. "Knowledge where value resides and what constitutes customer value from the standpoint of the customer has been very critical in the strategies of firms in all industries and elsewhere (Day, 1990. Mckenna, 1991. Ibidunni, 2004). Ensuring that individual values and goals are aligned to the organisation and that each is driving the same strategies becomes fundamental to their success.

PM can be used as a tool to align these strategies and to strive towards one goal, retaining the customer through exceptional service delivery and ensuring that the brand talks to one standard service delivery throughout all of its channels.

Conclusions regarding the findings of the research were presented and recommendations were made. It is important to note that these recommendations are guidelines that correlates directly to the empirical analysis made. The research study was evaluated against the primary and secondary objectives with the correlation that both were achieved.

Key terms: Performance Management, Leadership styles, Service delivery, Retail banking industry

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Chapter 1 : INTRODUCTION

This mini-dissertation will aim to investigate if the proper application of performance management (PM) in the retail banking (RB) industry has a positive effect on service delivery in the branches in Gauteng.

1. BACKGROUND OF THE STUDY

South Africa has a very well developed banking system which compares well to most of the industrialised countries. It is one of the most regulated industries in South Africa and in quarter 1; 2012 this industry represented 21.2% of the country's total Gross Domestic Product. The banking industry can also be characterised by its dynamic changes over the past decade. According to the 2010 SA banking sector overview the SA banking industry is made up of 19 registered banks, 2 mutual banks, 13 local branches of foreign banks, and 43 foreign banks with approved local representative offices totalling 77 registered banks compared to a total of 43 registered banks in 2001.

As at June 2010 the industry were still very much dominated by the four major banks (ABSA, FirstRand, Nedbank and Standard Bank) with total banking assets of 84 percent. With new competition coming from banks such as African Bank, Bank of Athens, Postbank, Capitec and now from non-banks such as retailers, cell phone- and insurance companies, remaining competitive is becoming crucial for growth and survival in this industry. It is clear that the banking sector is undergoing significant changes and that it is destined to attract more competition in the years to come. "The impact of the competitive changes, especially in the service environment has become critical and quality service is considered an essential strategy for success and survival in today's competitive environment." (Brett, 2007: iv)

Faced with the increasing competition Abdolvand & Albadvi (2010:1) found that customer relationship management (CRM) and PM were two very important issues that could increase customer loyalty, customer retention, business productivity and hence profitability. Their study showed that despite customer-oriented mindsets existing with management in head office, PM processes are not reflecting customer centric approaches and thus have no effect on front office processes.

Kotler & Armstrong (2010:273) states that managing service productivity can be done through training current employees better or through hiring new ones who will work harder or who are more skilful. This can be done using PM processes more effectively. PM is used to align employee performance to the company's needs and strategies and also to ensure that the performance is sustained and improved. Manning (2003:39) states that the purpose of PM and incentive schemes is to encourage executives to be proactive, and to do what's good for growth. In most cases, these measures which firms apply have opposite effects. Britz (2006:52) further confirms this stating that PM systems are reduced to ritual and ceremony, requiring form filling and meetings which become devoid of real meaning and is undertaken just to satisfy the system.

Many studies have been done on PM and employee's perception of the fairness of this system/process. Other studies were done on the link between PM and staff motivation, organisation productivity and the different models of PM. Tan (2011) mentions that you should not be surprised to find out that probably more than 80% of your staff think that the PM system is unfair, meaningless and a waste of time. He goes on to state that many of them are not only useless, but can actually harm productivity and the relationship between employees and managers.

Bases on previous research topics found (Maila: 2006, Phillips: 2002, Ramathe: 2010 & White: 2011) by the researcher which seem similar to this one, a proper link between how PM is done and the effect this has on customer service was not looked at. All of the research had a different focus.

Maila (2006: 71) found that "The biggest impediment for service delivery starts with bad strategy formulation i.e. lack of clearly defined strategic goals, outputs and measures (targets and indicators). Maila's research was more aimed at service delivery and service delivery measurements in the public sector.

Phillips' (2002:103) study was directed at call centre agents at a medical fund and found that employees needed to feel that their own needs were being met before they would become enthusiastic about meeting the needs of the customers.

Ramathe (2010:69) found that in the current financial environment and economic climate, creating a memorable customer experience has increasingly become a key source of differentiation in RB. The study found that past experience, brand and price were the main contributors to the improvement of customer experience. He recommended that focus needs to be placed on each and every touch point and in such managing the customer experience and the brand.

This study will look at the way current leaders in the branch, communication towards staff and the perception from staff around PM and if there is a link between this perception of PM and the customer service delivery within the branch. “At its best, leadership is a partnership – one that involves mutual trust and respect between two people who work together to achieve common goals.” (Blanchard & Ridge, 2009:5) Leaders and staff have the opportunity in a PM system to influence each other and although most leadership place human capital at the forefront stating that they are a people-centred organisation, there is no evidence to support that such systems and measurements are effective.

Managers are expected to rate employee’s performance, behaviours and development, however no process is followed to do so and the perception exists that the sales numbers are all that is looked at. Then there is the performance distribution curve in which people are force-rated. This contrasts the largely unsatisfied experience which PM holds for almost all involved. Blanchard (2009:89) states that “No matter where you are leading – in the office, at school, at church, at home, or in the community – the real question is ‘Are you going to mark people’s papers, or help them get an A’” This speaks directly to the core goal of PM. It is not about marking/rating the employee, it is about guiding them. This will be tested in the branches.

Kotler & Armstrong (2010:272) stated that “service companies can differentiate their service delivery by having more able and reliable customer-contact people. Quality service delivery can be seen as the critical success factor for organisations within the service industry and through excellent service delivery organisations are setting themselves apart from the competition.

Further to this, research has shown that customer satisfaction has a measurable impact on purchase intentions and customer retention, as well as the firm's financial performance (Mittal & Kamakura, 2001). Fornell (2002) states that satisfied customers can be viewed as economic assets that yield future cash flows. Research show that service quality (Timm, 2001; Brett, 2007; LeBoeuf, 1991), relationship quality and service satisfaction (Kingstone, 2005; Meyer, 2008, Crosby & Stephens, 1987) can significantly improve a customer's intention to stay with an organisation or a brand.

Looking at the current banking service industry, speed and accuracy are becoming vital. Getting it right the first time is everything in today's intense and competitive business environment. Business is required to change constantly and to adapt daily to new pressures and legislations. To be successful in this, leaders are continuously looking at the frontline staff to perform. It is important to drive a high level, highly skilled and highly motivated workforce. Finding this statement in various literatures was easy, but the question arises, why is it not happening or working?

"Value creation by any financial organisation, e.g. banks largely depends on how much its customers are satisfied with the workings and services provided by that financial organisation (Brett, 2007:1). White (2011: ii) state that the importance of the customer contact employee in providing a successful service experience and ultimately generating customer satisfaction and customer loyalty is unequivocal. Finding that the main performance objective and strategy of ABC-bank is that of customer service, it is questioned why this is not the main measure of all front line employees and why the main measurement is still that of sales? Why are the core focus and the development areas not aligned towards service delivery and how this can be better measured?

2. PROBLEM STATEMENT

Establishing that the differentiation factor for SA banks is that of customer service, it would be safe to assume that the most important resource is the employee who faces and interacts with the customer. There was a clear influence found in studies from van Dolen, De Ruyter and Lemmink (2004) and Wall & Berry (2007).

It was found in these studies that the performance of the employee strongly affected the customer evaluations of those service encounters. Wall and Berry (2007) found that performance, behaviour and appearance had a dominant influence on customer service quality perceptions from customers.

“PM is an organization-wide system whereby managers integrate the activities of goal setting, monitoring and evaluating, providing feedback and coaching, and rewarding employees on a continuous basis” (Kreitner & Kinicki, 2008:244) PM is implemented by most organisations and aim to focus on individual performance as well as organisational performance. PM’s primary goal should be developmental in nature and its objectives should be beyond the measurement of performance alone.

Based on endless research done it still seems that companies cannot get PM right. PM is not focussed on all of the company’s objectives and is in many cases certainly not aligned with the company’s strategic goals.

Customer experience measurements on the other side can be used to measure how many of your products and services are meeting the customers’ expectations. Jude (2000:75) states that “customer service is not a department, it’s an attitude. An attitude that must be shared by every single member of staff.” Linking staff and the evaluation of their performances might make a difference on both topics. Various studies have found that that when discussing employee behaviour it is important to know that it is different from one individual to the next. “Employee behaviour can be categorised as either in-role behaviours or extra-role behaviour (e.g. Bettencourt & Brown, 1997; MacKenzie, Podsakoff & Ahearne 1998; Msckenzie, Podsakoff & Rich, 2001; Netemeyer & Maxham, 2007; Maxham, Netemeyer & Lichtenstein, 2008) Based on these studies it was found that in-role behaviour refers to the behaviours required from the employee which is specific to their role descriptions, while extra-role behaviour refers to employees who go beyond their duties and role requirements. These different types of behaviour have been shown to have an effect on the customer satisfaction. (Netemeyer & Maxham, 2007)

This study aims to show that there is a link between the staff’s perception of poor performance management processes and poor customer service in those branches.

3. RESEARCH OBJECTIVES

The research objectives are divided into primary and secondary objectives. Based on these objectives the researcher will aim to obtain scientific knowledge through literature and empirical studies.

3.1 PRIMARY OBJECTIVE

The primary objective of the study is to determine and test the perceptions of PM processes (independent variable) and how this affects service delivery (dependent variable) in Gauteng. The research is aimed at confirming the relationship between these variables and measures how they influence each other.

3.2 SECONDARY OBJECTIVE

The secondary objectives identified for this study are:

- Establishing if staff feels that the PM process is affective and adding value.
- Determine if the PM objectives and organisational focus is aligned in terms of customer service.
- Determining why service excellence and customer satisfaction is important and its impact on business performance.

4. RESEARCH METHODS

The research method consists of a literature review and an empirical study

4.1 LITERATURE REVIEW

The literature review will focus on performance management and the impact this has on service delivery in retail banking. It will conceptualize and describe PM as well as service delivery and what it means to the branch network.

4.2 RESEARCH DESIGN

The design of the research would be in the format of a research article. The reason is that it is more descriptive and allows for the research to be taken further in future.

The researcher will use one of the most effective measurement tools to determine the staff's perception on PM is through a research survey. Based on the above a questionnaire was designed to obtain the information regarding the perception of staff's experiences during PM and the effectiveness of the PM process within 12 retail branches.

The results from the questionnaires will be compared to the data already sourced around customer perception of service within the same branches to find if there is a link between the two.

4.3 RESEARCH ARTICLE

The research article will consist of two parts:

4.3.1 CUSTOMER SERVICE

In this section an extensive literature review would be done around service delivery and the effectiveness of CONSULTA's measurements of customer service. Specific focus will be placed around the feedback from Consulta on aspects which can be affected by staff.

Customer Service Measurement (CSM) surveys are done over a period of three months by an external company (CONSULTA) and are supplied on a quarterly basis. Quantitative research methodology is used. The sample is chosen randomly from the existing database of the RB. These questionnaires are done independently for the organisation and customers are contacted randomly by telephone.

4.3.1.1 SAMPLING AND DATA COLLECTION

Using positive sampling, random customers were selected from the existing customer base. Telephonic interviews were conducted with 24,620 customers.

4.3.1.2 MEASURING INSTRUMENT

The questionnaires will be based on a 5-point agreement-disagreement likert format varying from strongly agree to strongly disagree. All interviews will be done telephonically.

4.3.2 PERFORMANCE MANAGEMENT

This research will focus on PM and staff perception of the effectiveness of this process. The aim is to determine if staff thinks the process is effective or not. The Survey will also include questions to try and determine if staff feels there is a link between the two variables. (PM and service delivery) To determine the above a quantitative research methodology will be used.

First a quantitative research paradigm is proposed for the majority of the sample which would be most of the customer-facing staff and middle management in the branch network. "A quantitative approach involves collecting and analysing data that can be mathematically and/or statistically interpreted and analysed. (Collis & Hussey. 2003:13)

For the quantitative approach questionnaires will be developed and designed from the literature study to obtain the information to measure the objectives.

4.3.2.1 SAMPLING AND DATA COLLECTING

Using Purposive sampling, the sample was selected using the customer service delivery scores of the various retail branches in Gauteng. The branch sizes are different and were not taken into account when initial sampling took place, using the worst and best customer service measurements.

Gauteng retail network consists of a total of 129 branches of various sizes. A total of 20 branches from Gauteng were selected. The ten worst and ten best branches were chosen. Based on this selection, numbers were pulled from the data base in terms of total number of staff in those branches. The total number of staff in Gauteng RB network amounts to 2410. A total of 512 questionnaires were send out to the 20 branches from which only twelve branches responded. This amounted to a sample size of 303 retail branch staff.

4.3.2.2 MEASURING INSTRUMENT

The questionnaires will be based on a 5-point agreement-disagreement likert format varying from strongly agree to strongly disagree.

For the purpose of this study the likert scale will be changed to a 4-point scale in order to eliminate the middle option of neither agreeing nor disagreeing. This ensures that only a positive or negative response is received.

The questionnaires consisted of two sections. The first part of the questionnaire focused on organisational goals and alignment of the PM to these objectives. The second part of the questionnaire directly related to the staff members personal PM and how they felt about the process and how they were measured.

The questionnaires did however not contain any geographical information as the researcher did not feel that is served any purpose.

5. DIVISION OF CHAPTERS

Chapter 1: Introduction, Problem statement and Objectives

Chapter 2: Research Article

Chapter 3: Conclusions, Limitations and Recommendations

6. LIMITATIONS

The following limitations were found:

- Due to large branch network and geographical constraints the study could only be done in Gauteng at a limited number of Branches.
- As the research applies to a specific population, staff could doubt its confidentiality.
- Depending on the leadership in the branch some staff might feel threatened or intimidated to reveal their true opinions and thus not give honest feedback and answers.
- Time is a limitation as staff has more important things to attend to, and might not see the benefit of this study. Getting them to answer the questionnaires will be a challenge.

7. CHAPTER SUMMARY

This chapter discussed the problem statement and the research objectives of this study. The measuring instruments and the research methods were explained. A brief overview of the chapters was given.

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Chapter 2 : RESEARCH ARTICLE

1. ABSTRACT

The objective of the study was to investigate if the proper application of PM in the RB industry has a positive effect on service delivery in the branches in Gauteng.

Based on research done by the Hay Group (2011) on the business of performance management, the following were found; “Business leaders agree that improving individual performance is critical to achieve growth targets. A significant two thirds (64 per cent) told Hay Group that individual performance management is an important driver of overall business performance. Close to half (43 per cent) believe it contributes to the bottom line” The research also revealed that 73 per cent of firms admitted that performance management were not aligned to the company’s strategy, showing a clear disconnect. In addition, almost four in ten business leaders believe that managers in their firms fail to use their performance management process effectively (40 per cent) and they do not actively support the process (38 per cent). As a result it was found that business leaders were not able to dedicate adequate time to managing poor performance. “Almost four in ten business leaders (37 per cent) describe their performance management process as a ‘tick-box exercise’, rather than a powerful management tool to help them implement their business strategy.”

To look at this objective performance management process and the comparison to service delivery needs to be reviewed.

2. LITERATURE REVIEW

2.1 SERVICE DELIVERY

A Service encounter can be described as any direct interaction between a customer and the service provider. In South Africa the service delivery industry is the largest in terms of GDP contribution, contributing 21.2% to the total GDP. This industry has shown continuous growth in the past years. It is clear that the industry, although showing slower growth is still growing, thus increased competition emerges daily.

The banking industry is no different with new emerging players increasingly appearing on the scene. Based on the global consumer banking survey consumer confidence in the South African banking industry is low at 31%, but still higher than the world average of 22%. Among the multibank customers, only 29% state that they are looking for the best rates or fees for each product, while 90% of customers agreed on that they will share personal information to receive better services from their bank.

Based on an article written by Opperman (2011:28), he stated that “if we maximise customer satisfaction, consumers will reward us with loyalty and value creation – allowing our people, shareholders and the communities in which we live and work to prosper.” He further states that “retail banks that execute correct focus on customer satisfaction and support customer literacy will become financial services providers of choice.”

It is evident that in the current banking environment the challenge of retaining customers is becoming one of the keys to survival. Part of this retention is that of excellent and differentiated customer service. “Differentiation means using your resources better than your competitors.” (Oosthuizen. 2008:1) Schlich (2012:1) state that retail banks around the world are facing more intense margin pressure, slow balance sheet growth, and an uncertain economic outlook with a growing threat from new entrants, especially in the payments arena. Banks are confronted with growing regulatory costs and increasing demands for greater fairness and clarity in their interactions with customers.” Schlich (2012:1)

In South Africa it is becoming more evident that “rivalry in the banking industry is growing, with banks competing on price, service, user value, customer trust, branding and reputation.” (Ramathe, 2010:1) In order for the bank to survive, the above statements points to the need for renewed focus on the most important stakeholders of their business, the customer and their employees. In a survey done by Ernst & Young, it is becoming more and more evident that banks need to understand their customer behaviour, attitudes and requirements. Jude (2000:1) states that every time you have contact with a customer, it is a moment of truth, a point in the ongoing relationship which can guarantee future business, or turn the customer over to the competitors.

Beard and Dougan (2004:1) argue that banks have to re-think themselves as consumer brands and become aware of how customers experience their services. Consumers are becoming more sophisticated, knowledgeable and demanding. Absa's Customer Insights and Propositions' Head Lisa Forshey stated in one of her internal newsletters that customer satisfaction is an organisation's ability to attract and retain customers, enhancing this customer relationship over time. Most studies show that higher levels of customer satisfaction lead to greater loyalty, which in turn results in better company performance. (Kotler & Armstrong, 2010:37)

Freemantle (1993) states that customer service is a concept that's applicable to all industries, organisations and their employees. He argues that it should be an integral and fundamental aspect of any business, and must be given equal weight in strategic considerations about the organisation's future. Customers are frequently exposed to the inefficiency and disinterest of staff that fail to deliver on time and who make little effort to reduce waiting times or improve their response (Meyer, 2008:17).

Customer service can be seen as the ultimate test for a company. Getting everything right in terms of product, price and marketing but failing at the most important aspect, the completion of the process with excellent customer service thus still resulting in losing the business. Customer delight creates an emotional relationship with a brand. (Kotler & Armstrong, 2010:46) It is a service company's ultimate goal to retain customers and create a long lasting customer relationship with them.

According to Kotler & Armstrong (2012:37) customer relationship management is the management of an individual customer's information and the careful management of all the customer touch-points in order to maximize the customer's loyalty. They go further by defining customer relationship management as the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. Customers are taking control over what they want and are no longer afraid of switching banks or using more than one organisation for their banking needs. Banks thus needs to re-evaluate and change the way they treat and service their customers.

To further understand service delivery we need to define what customer service is. This topic of customer service is not new, and studies going back decades have tried to define this. Blem (1995:6) defines customer service as all the activities that create a bond between the organisation and their clients or customers. Kamaladevi (2010:37) defines customer service as the ability of an organisation to constantly and consistently give the customers what they want and need. The Business Directory defines customer service as the interaction between a customer and a product provider at the time of sale, and thereafter, customer service adds value to a product and builds enduring relationships.

Jude (2000:6) states that customer service is all about expectations. He goes on to say that each customer encounter, whether face-to-face, telephonically, or any other type of interaction, creates a certain expectation with the customer. How one measure up to that encounter determines whether you have delivered a good or bad service. The goal then for any service delivering company is to provide a service which is going to satisfy the customer's expectations. These expectations can be summarised as follow:

- Customers expect a product or service which will measure up to their demands.
- Customers expect to be treated like people of value with each encounter.
- Customers expect that their problems are solved efficiently and in an open, friendly and courteous manner.

William (2009:8) states that the difference between winning and failing at customer service is a matter of sensitivity, sincerity, attitude, and human relation skills—all of which can be learned. Based on the above, the challenge for service firms is to correctly identify the critical factors which determine the customer's loyalty and most importantly the customer's satisfaction.

The following aspects all appear to be common in most of the studies around customer service excellence. These are:

- Positive Communication;
- Quick Service Delivery;

- Personal Touch;
- Turning complaints into opportunities;
- Customer Retention;
- The creation of "moments of truth";
- Good quality service and products;
- Follow-up and Follow-through; and
- Delivery and exceeding the customer's expectations.

Customers respond to products, services and brands based on their affective and cognitive evaluations. This pertains to sensations, feelings and the emotions experienced. Response to an attitude object and the cognitive component refers to the positive and negative attributes and beliefs that are associated with an attitude (Dube, et al. 2003). Customer experiences, thus involves feelings, sensations and emotions which they experience during their interactions with the business, either through product, service offerings, employee attitudes or the physical settings.

It is stated that Advertising increases awareness of products and services, but personal referrals and recommendations by people who have had good customer experience lead to actual decisions to purchase those products and services. Over 4000 empirical studies document the predominant role of social networks, that is word-of-mouth in diffusion or the spread of products and services." (Rogers, 1995) Many studies have shown that it is easier to keep an existing customer than to attract a new one. It is therefore vital for those working in customer service to understand that service is the most important aspect of their job.

For a service firm to survive in the current competitive business environment they need to focus on their clients' needs. Many studies around service quality (Zeithaml et al, 1990; Vassen, 2002; Nyadzayo & Roberts-Lombard, 2010; White, 2011) state that the service and the quality of this service only exists as a perception of the customer which is highly dependent upon the skills and attitudes of the organisation's service staff. Linton (1995: VII) believes that customer service excellence requires every employee, at every level, to be focussed on customer needs, whether they deliver customer service or not.

He states that for every manager, achieving customer service excellence must be a key objective as it ensures that day-to-day decisions, business processes and communication, are focussed on customer's real needs.

For companies interested in delighting customers, exceptional value and service are more than a set of policies or actions – they are a company-wide attitude, an important part of the overall company culture (Kotler & Armstrong, 2010:37)

Encouraging a firm's employees to always go the "extra mile" and ensuring that the organisation carefully designs its service offering, will most certainly create a better and more memorable experience for their customers. Arnold et al. (2005) find that the delightful experience in the retail environment can amongst other things, be attributed to interpersonal effort and interpersonal engagement that occurs during the interaction with the service provider. The non-interpersonal factors refer to the customer making an unanticipated acquisition and thus obtaining an unanticipated value.

Zemke & Schaaf (1990) found through their research that companies whose efforts were focussed on high end customer service enjoyed the following benefits:

- Improvement in morale (reducing staff cost)
- Lower staff turnover (reducing recruitment cost)
- Longer term customer retention (often as much as 50 percent longer)
- More repeat business (creating 20-40 percent lower selling cost)
- More referrals (creating 20-40 percent lower promotional costs)
- Higher prices (often a 7-12 percent premium)
- Increased margins (usually 7-17 percent more profit)
- A business to be proud of (affecting all stakeholders)

Customers are ideal for appraising how well employees have provided quality service because they are in a better position to observe employee performance than employees' supervisors. (Bowen & Schneider 1988 cited in Frost & Kuman 2000). Establishing that the differentiation factor for SA banks is that of customer service, it would be safe to assume that the most important resource is the employee who faces or interacts with that customer.

Based on this statement there is evidence that leaders realise this resource is the employee, but only few nurture and develop this resource.

2.2 PERFORMANCE MANAGEMENT

PM is a systematic approach to managing people, goals, measurement, feedback and recognition as a way of motivating employees to achieve their full potential in line with the organisation's objectives. (Dessler, 1997:372) The intention of PM is to assist an organisation to create a climate which is contributing to the employee's motivation to achieve and to develop. Some of the definitions of PM are:

It is a "process for establishing a shared understanding about what is to be achieved, and how it is to be achieved, and an approach to managing people which increases the probability of achieving job-related success." (Hartle, 1995:12)

Noe et al (2003) defines PM as a process through which managers ensures that the employee's activities and outputs are congruent with the organisations' goals. Through their studies they emphasise how important PM is in the execution of the organisational strategy.

Matlala (2011) defines PM as an organisational strategy where employees and management agree on a clearly set objective that needs to be met which result in reciprocal rewards for the employee as well as the organisation

According to Varma et al (2008:15) PM is described as a system through which organisations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards. PM is supposed to be a continuous day-to-day process with participation from all stakeholders. PM also needs to be used to improve results as well as working relationships. All stakeholders within the process need to be participative and the following needs to be clear:

- Ensure that there is a common understanding of the performance expectations;
- Develop employees through constantly improving their competencies;
- Raise employees' enthusiasm to meet performance expectations; and

- Recognise and reward employees who consistently perform at superior levels.

“Performance management systems exist to align employee performance with a company’s needs and to ensure that the effort is not only sustained and improved, but that it also provides the results required at every level to fulfil the company strategy” (Anon, 2006/7:132).

An effective PM system has three parts:

- Performance planning (establishing goals, objectives and the required performance standards)
- Day-to-day coaching (observing, monitoring and redirecting of the employee’s performance by management)
- Performance evaluation (reviewing the performance and the learning at specific periods of time)

From the above PM can thus be described as a process for establishing a shared understanding about what needs to be achieved and how this must be achieved. It is a way of managing people in order to achieve organisational success.

Wright (2011:28) state that all companies measure the performance of employees in some fashion, most commonly by means of a ‘best guess’ on the part of the managers at specific intervals in the business year. These efforts at performance management are subjective and usually not conducive to improved productivity. “Managers all over the world agonize over their annual performance reviews with each of their people. Why? Because they have to fill out an evaluation for each of their people and then meet with them individually to justify their (the managers’) evaluation of their direct reports. (Blanchard & Ridge. 2009:95)”

“Positive performance management contributes to the development of the employee and to the productivity of the company. It is a process which cannot be ignored, yet it is often neglected because it is regarded as time-consuming, costly and irrelevant.” (Van Huyssteen, 2001: xvi)

Studies have shown that there can be numerous factors which can positively or negatively affect performance outcomes. Some of these factors which can positively affect performance outcomes are commitment, culture, empowerment, flexibility, leadership, and learning. Some negative factors which can influence performance outcomes are inappropriate objectives, behaviour, uncertainty, gaps in other parts of the service chain and the non-alignment with reward and recognition.

It is important that organisations realise that to be effective they need to focus on their people, their talents and the ability to perform. This links into effective PM and effective PM systems.

2.3 CONSULTA RESEARCH

“When customers assess a service encounter, they rely upon the numerous clues that are embedded in each service encounter. (Berry, et al. 2006) They further state that embedded in each service encounter are three main categories of clues: functional, mechanic, and human clues. Functional clues are the technical quality of the service, while the mechanical clues relate to the actual objects or the service environment. People-related clues are linked to the behaviour and the appearance of the service provider.”

CONSULTA RESEARCH, the first fully-fledged supplier of market research and a South African founded company with more than 20 years of experience, are used by most of the retail banks and encaptures all of the above in their measurements. They specialise in business research solutions for a broad spectrum of clients. They measure customer experience via three distinct strategies:

- Measuring the satisfaction levels of internal (employees) and external customers.
- Measuring the customer service rendered to one another.
- Integrated measures from a channel, segment and product perspective into an Enterprise-wide model.

As a result of the research CONSULTA looks at various solutions for the company. They look at solutions such as, Brand Fitness, trade-off analysis and Consumer Relationship Measurement. They further look at the following:

- If the brand and the company is client centric. Are they focusing on the needs of the customer?
- How can the company strengthen and position its brand in the marketplace and become a leader in their field.

2.4 CUSTOMER SATISFACTION MEASUREMENTS

Why customer satisfaction measurements? Customer satisfaction is certainly the key to success for any organisation. (Prado Pardo, 2007) According to Wirtz (2003) there are numerous contributions in the literature that relate to customer satisfaction with concepts such as customer loyalty, repetition of orders, the word-of-mouth effect and the increase in profitability. Brett (2007) states that service encounters have a high impact on consumers, and the quality of such an encounter is an essential element in the overall impression and evaluation of the quality of service experienced by the customers.

The fact that the output of a service delivery interaction is not tangible creates the possibility for customers to rely on other indicators to determine the quality of the interaction. Furthermore, since there is no established agreement on the service to be delivered, customers walk into the service centre with different levels of expectations. These expectations, in turn, shape the perceptions that customers have of the service delivery. (Pue, 1996:27)

The first challenge that emerges from the lack of an objective measure of service quality is that customers rely on other indicators to determine service quality. (Pue, 1996:27) The second difficulty introduced by the lack of tangible quality metrics is a shift in the definitions of service quality towards a subjective evaluation based on customer expectations. Since there is no objective normative standard the only criteria available to evaluate service quality are measures defined by the customers. A further challenge of service quality is the fact that customers' expectations evolve over time, thus making service quality a moving target.

Service encounters also have an effect on the organisation's employees in relation to performance, job satisfaction, motivation and their rewards. It is thus vital for an organisation to manage these service encounters effectively for both customers and employees.

Lewis (1995) points out that one needs to realise that:

- Consumers are increasingly aware of the alternatives on offer and rising standards of service, and so their expectations of service and quality are elevated and they are increasingly critical of the quality of service they experience.
- Higher levels of service lead to higher expectations.
- Finding expectations greater than performance, implies that perceived quality is less than satisfactory, but that is not to say that service is of low quality; quality is relative to initial expectations – one of the issues to take into account when measuring service quality.

Various customer satisfaction measurements exist. For the basis of this study, CONSULTA's model will be used together with the results already supplied by them.

2.4.1 CUSTOMER RELATIONSHIP MEASUREMENT (CRM)

CRM is a multifaceted relationship measurement process that focuses on creating two-way exchanges with customers, to provide companies with intimate knowledge of their customers' needs, wants and buying patterns. Using this tool-set, companies are able to understand and anticipate the needs of current and potential customers.

Consulta focuses on two pillars of customer experience development. They are:

- **Customer Experience Management Strategy (CEMS)**

What happens between the business and the customer is the impersonation of almost all aspects of the business' overall strategy. Exceptional Customer Experience can only be achieved if the client is at the core of the business strategy

- **Customer Experience Implementation (CEI)**

No strategy is ever effective if it is not implemented. The implementation of the customer experience management strategy:

- is built on sound psychological principles in order to create a custom made and personalised implementation plan
- achieves buy-in from all the relevant stake holders,
- includes an effective viral campaigns to establish awareness,
- enhances the skill set of all change agents
- Has a built-in evaluation to guarantee the effectiveness of the process.

Talking about customer service interactions in retail banking points to the contact and services at the following interaction points – Branch, ATM, Telephone Banking, Cell phone banking, internet banking, and business bank (for business customers).

The Customer Satisfaction Measure (CSM) of the company is a strategic measurement which is established and governed by the ABC Group Customer Experience (GCE) to capture the experiences and the perceptions of the customer as they interact with all possible touch points. The overall focus of the CSM is:

- Strategic satisfaction measurements
- Customer perception of the touch point experience
- Customer touch point moment of truth
- Identification of gaps in the overall customer satisfaction
- Identification of key drivers (solutions) in addressing the gaps
- Provides single model from customer point of view
- Provides overall balanced scorecard on customer satisfaction to ABC.

Consulta measures how many of the products and services are meeting customer expectations. The most widely adopted modern description of Customer Experience Measurement is “the evaluation between what was received and what was expected.”

2.4.2 CUSTOMER EXPERIENCE MEASUREMENT

The customer's response and interpretation of service encounters and interaction, through multiple channels, with a service provider, creates a perception in the customer's mind of service experience. (Grewal, Levy & Kumar, 2009; Hume, Mort, Leisch & Winzar, 2006) Based on the research done by Wall and Berry, they found that people-related clues dominate customer perceptions of service encounters. This finding is consistent with both the service profit chain and the employee customer profit chain which maintain that the actions of the employee are the proximal cause of customer satisfaction. (White, 2011:24)

"Customer experience involves feelings and emotions of the consumer on the one hand and the beliefs, thought and rational arguments on the other hand. These feelings or emotions, beliefs and thoughts are experienced during customer interaction with the business through products or service offerings, physical settings and the employees. (Ramathe, 2010:4)

O'Loughlin, et al. (2004) as sighted by Ramanthe (2010:5), conceptualise customer experience as consisting of three components: brand experience, transactional experience and relationship experience.

Backstrom and Johansson (2006) argue that the branch experiences are to a large extent constituted by the behaviours of the bank's staff, service offerings and the layout and design of the facilities. The friendliness of the bank personnel, their competence and knowledge about the products and services offered as well as a pleasant and welcoming branch environment, can lead to enhanced customer experience.

3. METHOD

3.1 SAMPLING AND DATA COLLECTION

The sampling used by CONSULTA is supplied from ABC-Bank's head office and is selected by using the trigger that the customer has transacted in the branch within the past three months. A sample is then randomly selected for their research.

Customers were selected from various areas, age, gender, income levels and academic levels.

From the results obtained from their research's findings the researcher selected a sample, using a purposive sampling strategy. The sample selection was targeted specifically at the top performing and the worst performing branches in terms of the CSM scores. From these branches selected, all of the employees within the branch were requested to complete the survey.

Official permission to gain entry to employees within the organisation was granted by both the former Regional Head, as well as the current Regional head. Information around the number of staff within the different staff was provided from our regional offices. Questionnaires were hand delivered to the various branches, and collected the same.

The total list of employees consisted of 2,410 representing a total of 129 branches. A total of 20 branches (512 employees) were targeted. Only 12 branches' employees completed the questionnaires for the research. Questionnaires were distributed to the employees in the relevant branches to complete. These results were used to do a comparison with the overlying CSM scores. Participation from staff were voluntary and 303 (N=303) completed questionnaires were collected.

For the purpose of further analysis, the sample will also be split up as indicated in Table 1 below. This will give a further comparison of the data obtained from the PM of worst and best performing branches to see if there are a interlink between the two.

BEST PERFORMING BRANCHES	CSM SCORE	WORST PERFORMING BRANCHES	CSM SCORE
Vereeniging	71%	Meyerton	46%
Krugersdorp	68%	Bedford Gardens	45%
Evaton Plaza	68%	Horison	41%
Alberton	60%	Cresta	40%
Carletonville	59%	Northcliff	36%
Bracken City	47%	Fourways	28%

Table 1: CSM Scores per branches

The characteristics of the customer and staff respondents were left out in this study.

3.2 RESEARCH DESIGN

One of the most popular and effective measurement tools is a research survey. The research that was done was both based on survey questionnaires. The research done has two parts:

3.2.1 CUSTOMER SATISFACTION MEASUREMENT

CONSULTA's research around customer service expectations;

The Questionnaire designed for the customer satisfaction measure (CSM) is a strategic measure, established and governed by the bank's group customer care division to capture the experience and perception of the brand's customers as they interact with all possible touch points. This is depicted in figure 1.

Telephonically interviews were done randomly with 24 260 customers. For the purpose of this study, only some of the branches' results were used and compared to the questionnaires done with staff around PM.

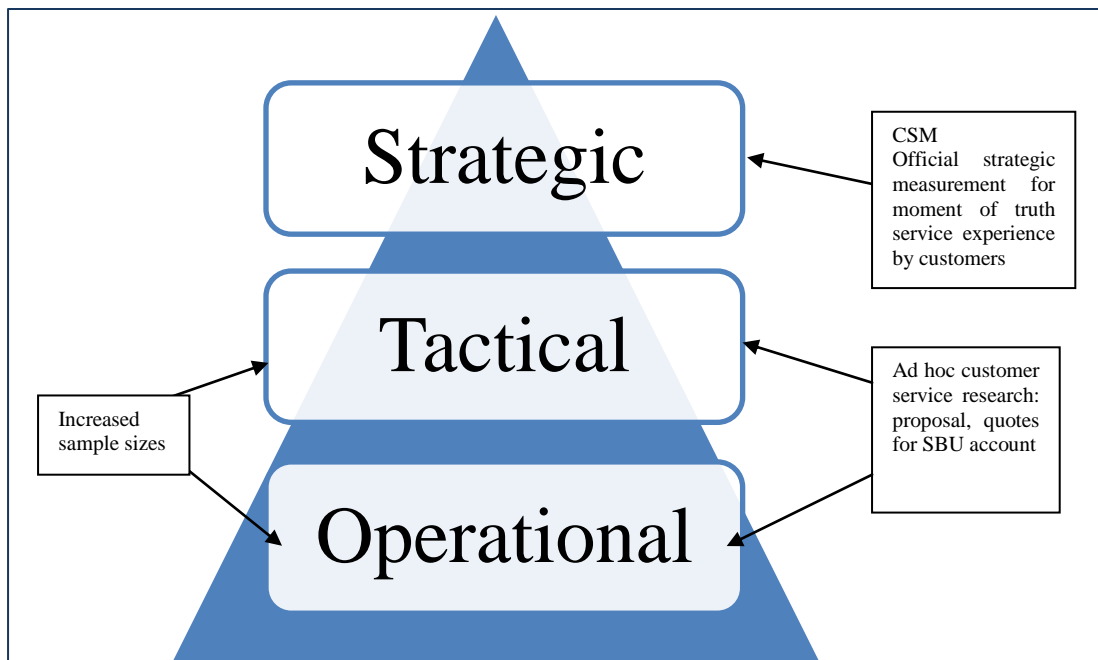


Figure 1: Consulta customer satisfaction measurement

For the Consulta data the participants were customers randomly selected from the database. From these results certain branches were chosen, both with bad and good

customer satisfaction measurements. The employees from these branches were then used to participate in the survey.

3.2.2 PERFORMANCE MANAGEMENT

For the PM part, questionnaires were drawn (Refer Appendix A) and given to staff of various branches to determine their levels of understanding and feelings around PM within those branches.

The questionnaires were created to measure the understanding of organisational performance as well as individual performance. Further to determining the staff's feeling surrounding PM, the non-performing and top performing branches will also be categorised together for the purpose of the analysis.

3.3 MEASURING INSTRUMENT

Based on studies done it was found the measurement of attitudes has a long history in social psychology (Cross, 2004), dating back to 1928 when Thurston published a paper titled 'attitudes can be measured'. Attitudes are concerned with how people feel about an issue (Simmons 2001). Two of the most common methods used to measure attitudes are the Likert scale and the semantic differential.

The likert scale, which was developed by Rensis Likert, is a technique for measuring attitudes. "The key feature of this method is that respondents are asked to rate the extent of their agreement or disagreement with a set of statements about the attitude object. A set of statements or items are usually collected about a chosen area, then a set of respondents are asked to express the extent of their agreement or disagreement with each of these items." (Brett, 2007:42)

Both the CONSULTA and the PM questionnaires were based upon the 5-point agreement-disagreement Likert format varying from strongly agree to strongly disagree. CONSULTA's research is done on the 5-point scale while the PM questionnaire was changed to a four-point scale. This is a forced choice method and the middle option of neither agree nor disagree was not available. Likert scaling is a bipolar scaling method, and excluding the middle option ensured that the researcher only received positive or negative responses to a statement.

CONSULTA's questionnaire is made up of eleven statements all assessing the branch network's service attributes. The questionnaire for PM was made up of two sections. The first part of the questionnaire consisted of eleven statements directly related to the organisations strategic goals and objectives and the knowledge the staff have concerning them.

The second part consisted of twenty statements around their personal performance document, the measurements and how they perceive the process.

The questionnaire could then further be grouped into the following five categories:

- Organisation
- Leadership
- Customer
- Teamwork
- Individual

The result of the PM research will be compared to the results from the CONSULTA report on the specific branches questioned and will form the basis on which the findings of the literature study will be used to either accept or reject the statement.

For the purpose of this study to enable the researcher to compare the results of the PM questions to the results from the CONSULTA research, an interval measurement was used. "An interval scale has all the characteristics of both nominal and ordinal scales, but provides additional information regarding the degree of difference between individual data items within a set or group" (Welman et al. 2005:138) Numbers were assigned to the different branches to distinguish the results obtained.

3.4 STATISTICAL ANALYSIS

The Statistical Consultation Services department of the North-West University (Potchefstroom campus) prepared the statistical analysis. The statistical analysis will only be discussed for the PM research done.

To obtain a result on the PM, a factor analysis was done to identify the number of factors that could be used to represent the relationships among the sets of

interrelated variables. Factor analysis is applied as a data reduction or exploratory structure detection method (Hill & Lewicki, 2006:617), reducing the number of variables and detecting a structure in the relationship between the variables.

Before this could be done, the Kaiser-Meyer-Olkin measurement was used to measure the sampling adequacy. This measurement compares the magnitudes of the observed correlation coefficients in relation to the magnitude of the partial correlation coefficient. Large KMO values are good as the correlations between the pairs of variables can be explained by the other variables. Using the Bartlett's test of Sphericity the hypothesis is tested that the correlation matrix is an identity matrix.

The Levene test was used to further assist in analysing the data to determine the equality of variances. If the p-value obtained through the Levene test is less than the critical value (0.05), then the obtained differences in sample variances are unlikely to have occurred based on the sampling from a population with equal variances.

In addition to the central tendency, the spread and dispersion of the data also needs to be analysed. "Two commonly used measures of variation that takes into account how all values in the data are distributed are the variance and the standard deviation" (Levine et al., 2008:106). This measures how the data is scattered around the mean. The higher the standard deviation, the more the data will be scattered around the mean.

The mean (also called the arithmetic mean) is the average score for a group which is equal to the total of the individual scores divided by the number of scores (Welman et al. 2005:230). It is the most common measurement of central tendency and the only common measure where all of the variables play an equal role.

The Standard deviation, denoted by s , is a commonly used measure of variation that takes into account how all values in the data are distributed and measure the average scatter around the mean (Levine et al., 2008:106). A higher standard deviation indicates a larger spread of data around the mean.

A reliability and validity test is essential to determine if the questionnaire is reliable and valid. This indicates how probable it is that a similar result would be found if the

data collection procedure was replicated with another sample drawn from another population. For this Cronbach's Alpha coefficient was used. The Cronbach's Alpha coefficient provides a measure of internal consistency (reliability) of a test or scale and is expressed as a number between zero and one. There are different reports about the acceptable values of alpha, ranging from 0.70 to 0.95 (Tavakol & Dennick, 2011:54). The calculation for Cronbach's alpha coefficient is given in Equation 1.

Equation 1: Cronbach's Alpha Coefficient

$$\alpha = \frac{k}{k-1} \left[1 - \frac{\sum_1^k S_i^2}{S_t^2} \right]$$

Where:

α = Cronbach's alpha coefficient

k = number of items in the analysis

S_i = item standard deviation

S_t = total standard deviation of all items in the construct

Source: Cronbach and Shavelson (2004:396).

Further statistical test used was the post hoc test to determine the significant difference between the group means in an analysis of variance setting. The unequal N HSD test is a modification of the Tukey HSD test, and it provides a reasonable test of differences in group means if group n's are not too discrepant.

4. RESULTS

4.1 CONSULTA

Using the result provided from Consulta, a breakdown of the service attributed can be given. The researcher will focus on only the staff related service attributes. This can be seen in table 2 and table 3. The data was split into the high and low CSM scores achieved by these branches.

To obtain the final CSM score four factors are taken into account. These are:

- Service Attributes
- Service Problems
- Service recovery
- Service Index, and
- Relationship index

Sentiment analysis are also done as part of the study and the following were determined. There is a strong positive correlation between the Sentiment Score of a branch and the Net Promoter Score, CSM estimate and the overall Value-for-money. The strongest correlation exist between the CSM estimate and the Overall value— for-money. The sentiment score has the strongest correlation with the CSM estimate.

Based on the results achieved, a clear difference in scores achieved can be seen, and can the relation to the final CSM score be seen. Service failure from staff have a large effect on the overall CSM score.

Order	Statements	VEREENI- GING	KRUGERS- DORP	EVATON PLAZA	ALBER- TON	CARLETON- VILLE	BRACKEN CITY
	Sample (n)	38	36	35	39	37	38
2	Staff giving you personal attention	96	84	83	91	89	81
3	Staff providing proper feedback	93	84	91	84	93	83
4	Staff understanding your needs/requirements	92	85	91	93	88	83
5	Staff attitude being courteous and considerate	98	84	91	94	91	86
6	Staff delivering a prompt service	95	84	84	88	75	85
7	Staff being available	90	83	91	90	85	78
10	Staff providing the service without mistakes	91	91	91	88	86	86
11	Staff knowing his/her work	89	83	95	89	91	82
19	Appearance of the staff being neat and professional	93	90	93	90	89	89

Table 2: Service Attributes (High CSM Scores)

Order	Statements	MEYER-TON	BEDFORD GARDENS	HORISON	CRESTA	NOTHCLIFF	FOURWAYS
	Sample (n)	35	37	35	37	35	35
2	Staff giving you personal attention	81	81	82	78	82	66
3	Staff providing proper feedback	81	81	76	75	78	66
4	Staff understanding your needs/requirements	83	80	77	82	75	72
5	Staff attitude being courteous and considerate	87	85	81	81	82	74
6	Staff delivering a prompt service	72	79	77	81	77	73
7	Staff being available	71	77	71	69	65	66
10	Staff providing the service without mistakes	87	80	79	83	83	71
11	Staff knowing his/her work	86	84	80	85	81	73
19	Appearance of the staff being neat and professional	82	84	83	78	83	75

Table 3: Service Attributes (Low CSM Scores)

4.2 PERFORMANCE MANAGEMENT

In analysing and interpreting the results of surveys, comparisons of basic descriptive data are usually conducted and are necessary to make the results meaningful (Welman et al. 2005:233). Based on the Kaiser-Meyer-Olkin measurement of sample adequacy, a score of .971 was obtained meaning that the variance does not differ and a factor analysis could be done. The test for validity which is determined by Cronbach's Alpha coefficient is .991 which shows high validity of the data.

The Analysis of variance (ANOVA) was done on the total model. Based on this analysis the p-value obtained was extremely small, indicating that there is a difference in the variables. (Table 4)

Analysis of Variance (ErasmusS)								
Marked effects are significant at p < .05000								
Variable	SS Effect	df Effect	MS Effect	SS Error	df Error	MS Error	F	p
PM	25677.85	11	2334.350	105901.8	291	363.923	6.414396	0.000000
PM_m	26.72	11	2.429	110.2	291	0.3787	6.414396	0.000000

Table 4: Analysis of Variance

When ANOVA gives a significant result, this indicates that at least one group differs from the other groups. In order to analyze the pattern of difference between means, the most commonly method involves comparing two means (the so called pairwise comparison"). An easy and frequently used pairwise comparison technique was developed by Tukey under the name of honestly significant difference (HSD) test.

The main idea of the HSD is to compute the honestly significant difference between the means using a statistical distribution defined by Student and called the q-distribution. This distribution gives the exact sampling distribution of the largest difference between a set of means originating from the same population (Abdi & Williams, 2010:1). Based on the results in table 5 there is various significant differences between the branches.

Unequal N HSD; Variable: PM (ErasmusS)												
Marked differences are significant at p < .05000												
BRANCH	{1}	{2}	{3}	{4}	{5}	{6}	{7}	{8}	{9}	{10}	{11}	{12}
	M=90.233	M=74.000	M=102.44	M=84.393	M=75.212	M=93.765	M=73.091	M=72.643	M=73.059	M=72.125	M=87.844	M=93.423
Alberton {1}		0.454708	0.813182	0.992594	0.061767	0.999995	0.013938	0.379086	0.265601	0.233683	0.999989	0.999983
Bedford Gardens {2}	0.454708		0.002631	0.943165	1.000000	0.164332	1.000000	1.000000	1.000000	1.000000	0.702228	0.184776
Bracken City {3}	0.813182	0.002631		0.238469	0.003170	0.981017	0.000832	0.002145	0.000815	0.000441	0.576322	0.974423
Carletonville {4}	0.992594	0.943165	0.238469		0.818091	0.957349	0.537275	0.898481	0.853567	0.807958	0.999946	0.865637
Cresta {5}	0.061767	1.000000	0.003170	0.818091		0.165134	0.999999	1.000000	1.000000	0.999999	0.231106	0.028648
Evaton Plaza {6}	0.999995	0.164332	0.981017	0.957349	0.165134		0.069266	0.130510	0.068279	0.059927	0.999095	1.000000
Fourways {7}	0.013938	1.000000	0.000832	0.537275	0.999999	0.069266		1.000000	1.000000	1.000000	0.073008	0.006805
Horison {8}	0.379086	1.000000	0.002145	0.898481	1.000000	0.130510	1.000000		1.000000	1.000000	0.616796	0.147195
Meyerton {9}	0.265601	1.000000	0.000815	0.853567	1.000000	0.068279	1.000000	1.000000		1.000000	0.505784	0.079411
Northcliff {10}	0.233683	1.000000	0.000441	0.807958	0.999999	0.059927	1.000000	1.000000	1.000000		0.454461	0.069627
Vereeniging {11}	0.999989	0.702228	0.576322	0.999946	0.231106	0.999095	0.073008	0.616796	0.505784	0.454461		0.996369
Krugersdorp {12}	0.999983	0.184776	0.974423	0.865637	0.028648	1.000000	0.006805	0.147195	0.079411	0.069627	0.996369	

Table 5: Unequal N HSD testing results

Significant differences were found between the following branches;

- Bracken City and Bedford Gardens, Cresta, Fourways, Horison, Meyerton, Northcliff
- Fourways and Alberton, Bracken City, Krugersdorp
- Krugersdorp – Cresta, Fourways

The following branches did not show a significant difference to any of the other branches:

- Carletonville
- Evaton Plaza
- Vereeniging

A further test was done on grouping the various branches into two groups. High CSM score and Low CSM score. Based on the test on two variables a significant difference between the two groups was again found.

T-tests; Grouping: BRANCH (Dissertation questionnaire data2.sta)											
Group 1: GOOD											
Group 2: BAD											
Variable	Mean GOOD	Mean BAD	t-value	df	p	Valid N GOOD	Valid N BAD	Std.Dev. GOOD	Std.Dev. BAD	F-ratio Variances	p
PM_%	73.07834	59.33090	7.663769	301	0.000000	175	128	14.73734	16.31675	1.225826	0.212885

Table 6: Grouping of branches (T-test)

From the results it can be derived that there is a significant difference between the employee opinions within the different branches.

Further analysis was done by breaking down the questionnaires into the various categories to determine which attribute of the PM is most lacking at the branches with the low CSM Scores. (Appendix C) The most prominent categories were that of Leadership, Customer and Individual.

4.3 COMPARISON

Based on the above the following comparisons can be made:

Based on the T-test done on the PM feedback there is a difference between the good and bad CSM scoring branches. To see if the PM has a direct link with the branches the branches needs to be looked at independently.

BRANCH	2-Way Tables of Descriptive Statistics (ErasmusS) N=303 (No missing data in dep. var. list)					
	PM Means	PM N	PM Std.Dev.	PM_m Means	PM_m N	PM_m Std.Dev.
Alberton	90.2326	43	18.33788	2.910728	43	0.591545
Bedford Gardens	74.0000	15	21.03738	2.387097	15	0.678625
Bracken City	102.4375	16	16.04564	3.304435	16	0.517601
Carletonville	84.3929	28	20.57748	2.722350	28	0.663790
Cresta	75.2121	33	19.70526	2.426197	33	0.635654
Evaton Plaza	93.7647	17	14.72892	3.024668	17	0.475127
Fourways	73.0909	33	20.27832	2.357771	33	0.654139
Horison	72.6429	14	20.94905	2.343318	14	0.675776
Meyerton	73.0588	17	21.54202	2.356736	17	0.694904
Northcliff	72.1250	16	21.49380	2.326613	16	0.693348
Vereeniging	87.8444	45	19.89170	2.833692	45	0.641668
Krugersdorp	93.4231	26	12.26759	3.013648	26	0.395729
All Grps	83.4158	303	20.87329	2.690834	303	0.673332

Table 7: 2-Way Table of Descriptive Statistics

Using the means to do the comparison the following can be determined. Based on the values of the Median the comparison can be shown as follow (table 7):

BEST PERFORMING BRANCHES	CSM SCORE	MEDIAN
Vereeniging	71%	87.844
Krugersdorp	68%	93.423
Evaton Plaza	68%	93.765
Alberton	60%	90.233
Carletonville	59%	84.393
Bracken City	47%	102.440
WORST PERFORMING BRANCHES	CSM SCORE	MEDIAN
Meyerton	46%	73.059
Bedford Gardens	45%	74.000
Horison	41%	72.643
Cresta	40%	75.212
Northcliff	36%	72.125
Fourways	28%	73.091

Table 8: CSM vs. Median values

5. DISCUSSION

The objective of the research was to show that there is a link between the staff's perception of poor performance management processes and poor customer service delivery in those branches. Using quantitative research methods, a study was conducted to test this objective. The result showed that there is a correlation between the PM process done and the results obtained from the CSM study by CONSULTA.

Based on the research findings, the conclusion drawn by the researcher is that there are still pockets of areas where PM is lacking at that the employees have a negative perception of the fairness as well as the relevance of the process. Branches where the customer service scores were higher the PM process seemed to be more sufficient and staff mostly agreed with all of the statements.

In contrast, where the CSM scores were low, staff felt more negative about the PM process and did not agree with most of the statements. Based on the graphs in Appendix B there is a clear shift to the right where the CSM scores were low and a shift to the left when they were high. Further to this the results obtained from CONSULTA, there is a clear indication from the customer on the service attributes which they receive from the staff and that this does make a difference in their feedback.

The most prominent service attributes which had low score were:

- Staff giving you personal attention
- Staff providing proper feedback
- Staff understanding your needs/requirements

It is often said that a organisation's performance is a reflection of the efforts and successes of their staff. The basic purpose of PM should be to improve planning and plan for the future. This in turn needs to be used to improve service delivery.

Based on the research, the main attributes to the staff's negative perception about PM is Leadership, Customer and Individual. The lack of leadership can be detrimental to the organisation in many ways as staff are not motivated, focused or driven. This affects their ability to perform. The lack of understanding of main strategic focuses within the organisations around customer service and the measurement of this leads to inconsistent service delivery as a brand.

Educating and training all employees provides the information they need on the mission, vision, direction and strategy of the organisation as well as the skills they need to secure quality improvement and resolve quality problems (Abdullah, Ahmad & Ismail, 2008:62).

6. LIMITATIONS

This study had possible limitations. Firstly, the questionnaires were send electronically to the various branches. Due to time constraints the possibility exists that the full reason for the questionnaires were not properly explained to the staff. Although the questionnaires were totally anonymous some data could still be distorted in that, that the statements were not read.

Secondly, the time constraint to conduct the research limited the study to a small sample of branches and also regionally. This means that only a small sample has been evaluated.

7. RECOMMENDATIONS

From the research study, it can be concluded that the greatest shortcomings are the lack of proper leadership. The leadership category is the one measurement which came out the lowest on the non performing branches in terms of CSM. Leadership deals with motivation, trust, culture, values and behaviour. Motivation creates an environment which encourages staff commitment.

Failure to create a working environment which creates a culture of success and improves the trust relationship, leads to lack of work delivery. This results in a lack of customer service. Recommendations are thus made to improve the leadership capabilities, behaviour and qualities within the branches. Due to the various different views from the groups, some leadership are getting it right. It is recommended that leadership learn from each other, ensuring they continuously grow in their current roles.

Organisations must have clear performance indicators which are updated regularly in line with the CSM. These performance indicators need to have clear measurement instruments attached to them to ensure optimal service achievement. Human resources and exceptional customer service delivery can be a competitive advantage for the organisation if leadership applies it correctly. Khandekar and Sharma (2005) believe that if companies are to survive and thrive in the global economy, they require world class human resource competencies and processes for managing them.

PM is one measure which can be used to assist organisations in improving its performance. "Within organisational life, performance management is concerned with:

- Human Resource management (HRM)

Performance management can satisfy a number of HRM goals, such as (1) achieving sustained high levels of performance; (2) developing people to their full capacity; and (3) establishing an environment in which the potential of employees can be realised.

- Continuous development

Performance management emphasises individual and career development, thus assisting organisations to create an environment in which learning can take place.

- Team working

Performance management does not revolve around just the manager and the individual, but can also enhance teamwork” (Armstrong, 1994:26)

“The findings of the study have important implications for managers and organisations. The evidence provided indicates that customer satisfaction has an impact on the financial performance of an organisation (Brett, 2007:51).

The findings also indicates that given in the increasing competitive environment within which service industries operate, service efficiencies can be improved by better monitoring and measurement of staff. Lack of measuring instruments need to be addressed. Proper measurements need to be in place to measure not just the performance on sales, but also the performance on service, and the service delivery

The following can be done to achieve the above; More regular and clear communication an open discussions giving both constructive and feedback about their performance and developmental areas. Making use of development tools to continuously train and develop staff can ensure growth, commitment and staff willingness to go the extra mile.

Training has always been a large focus in many organisations, but the question should be asked, is the training programs still relevant in the changing environment.

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Chapter 3 : CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

1. INTRODUCTION

This Chapter will comprise of the conclusions regarding the literature review and the empirical study to solve the specific objectives which were identified. The limitations and problems encountered during the research study will be discussed, followed by any recommendations for further research.

2. MAIN FINDINGS (CONCLUSION)

The main problem identified in this research article was: The perception of PM processes (independent variable) and how this affects service delivery (dependent variable) in Gauteng. The research was aimed at confirming the relationship between these variables and measures how they influence each other.

The secondary objectives identified for this study were:

- Establishing if staff feels that the PM process is affective and adding value.
- Determine if the PM objectives and organisational focus is aligned in terms of customer service.
- Determining why service excellence and customer satisfaction is important and its impact on business performance.

.CEO's of South African banks agree that key skilled staff availability is a concern. Grosskopf (2011:30) states that "filling the skills gap in emerging markets begins with banks making themselves more attractive to potential and current employees, as well as looking at better ways to develop and deploy staff globally Best practices proven to build on staff development and retention of skilled staff is going back to the basic principles of proper performance management.

This study has succeeded in recognising that there is a link between the PM process and the CSM score from the branches. To improve these areas the organisation needs to identify the areas which have a negative effect on both PM and CSM. These are interlinked and by solving the one, both could be corrected.

The first secondary objective of the study was to establish if staff feels that the process is affective in adding value. The response was split, as some staff gave positive feedback and some negative. The branches where the CSM was doing well, seem to be satisfied with the PM process and the effectiveness of it, while it was the opposite at the branches which had a low CSM score.

Leadership was one of the categories which proved most lacking in the branches where the CSM scores were low. Leadership is a partnership – one that involves mutual trust and respect between two people who work together to achieve common goals. (Blanchard & Ridge. 2009:5)

In many studies performance management is linked to basic human resource functions, however the link has not been made to that of customer service.

Within the ever changing and more competitive environment it is clear that PM should be used as a tool to align individual performances to the strategic aim of the organisation.

Torrington & Hall (1995: 293-296) have identified a range of variables which can have a positive impact on PM.

They are as follow:

- Commitment
Commitment can result in higher performance, better quality, greater innovation and more flexibility. This enhances the ability of the organisation to achieve a competitive advantage.
- Empowerment
With empowerment, come accountability, ensuring that employees have a high level of ownership.
- Leadership
- Leadership can be seen as the power to inspire and to motivate. Leadership is the key to high performance organisations.
- Culture

Culture-awareness is important when it comes to facilitating strategic decisions. Research has shown that there is a strong link between culture and organisational effectiveness.

- Flexibility

Job flexibility has the potential to improve performance. It provides the employee with a wide range of skill reducing turnaround time and customer waiting time.

- Learning

Organisational and individual learning are directly associated with organisational performance.

The Second secondary objective is to determine if PM objectives and organisational focus is aligned in term of customer service. There is an overall consensus throughout the literature resourced that customer satisfaction is an important driver of a firm's profitability. Given this impact that the customer has on the financial performance of the organisation it becomes crucial to ensure that the customer's expectations are either met or exceeded. Determining that staff is the main link in the customer's value chain with the firm, it becomes important to ensure that they are supplied with the proper resources, training and support to achieve the organisation's strategic objectives.

“An organisation exists because of a number of productive assets that come together to obtain economic advantages. These assets include labour, management, entrepreneurial skills, capital and individuals. To measure the performance of an organisation, one should compare the value creation of the organisation, with the value the owner of the productive asset expect to obtain” (Van Huyssteen, 2001:36) Organisational performance can be measure on Total Quality management (TQM) which is a holistic approach affectin every aspect of an organisation. TQM applies to all employees and the central focus is on identifying and servicing the customer's needs.

The Third secondary objective was to determine why service excellence and customer satisfaction is important and its impact on the business.

Looking at one of the leading retail banks in South Africa we found that even with relentless training and work done, customer service is still lacking with 23 per cent of its branches achieving a customer service measurement (CSM) score below 50 per cent and almost 33 per cent of its branch network having a declining CSM score. Based on the research, which is done by CONSULTA, the Net Promoter Score (NPS) which indicates the customers' willingness to promote the brand is at a low of 30 per cent in Gauteng. The summary supplied by CONSULTA state that the customers rated 'Staff delivering a prompt service' as the worst performing service attribute while 'Staff providing proper feedback' were rated as the second poorest service attribute for Gauteng

3. LIMITATIONS

The following limitations were previously identified.:

- Due to large branch network and geographical constraints the study could only be done in Gauteng at a limited number of Branches.
- As the research applies to a specific population, staff could doubt its confidentiality.
- Depending on the leadership in the branch some staff might feel threatened or intimidated to reveal their true opinions and thus not give honest feedback and answers.

Time is a limitation as staff has more important things to attend to, and might not see the benefit of this study. The questionnaires were send electronically to the various branches. Due to time constraints the possibility exists that the full reason for the questionnaires were not properly explained to the staff. Although the questionnaires were totally anonymous some data could still be distorted in that, that the statements were not read.

Secondly, the time constraint to conduct the research limited the study to a small sample of branches and also regionally. This means that only a small sample has been evaluated.

4. RECOMMENDATIONS

The study explored if there was a link between the CSM within retail branches in Gauteng and the staff's perception of the PM process. The result of the survey confirmed that there is a correlation between the two variables.

The findings of the study indicated that there is a definite link between the service delivery and the customer loyalty and that the staff member plays a significant role when it comes to retention of customers. As customer becomes more sophisticated, staff needs to ensure that they strive to meet or exceed the customers' expectations. In line with this, the organisation needs to ensure that PM objectives are aligned to what the customers want.

It is important that these objectives are not only aligned. But that they are measurable and achievable. Staff motivation plays a critical role in the achievement of goals set by leadership. Leadership support then comes into play which the researcher feels is the main recommendation obtained from this study.

Without proper leadership, the organisation has no direction as do staff. Curtin (192:38) highlights the issue of leadership competencies versus a more traditional managerial skill set. It is argued by Curtin in terms of good management being related to order and predictability while leadership through inspiration, motivation and establishment of common values of staff is able to produce change, "often to a dramatic degree.

Cherry (1993:106) discusses the fact that managers and the managed implicitly appraise one another every day and form judgements about relative competencies. PM should thus be used to openly discuss issues, performance and the lack of performance which has previously been left unsaid.

Several suggestions for future research are derived from these findings. Specific focus areas are recommended that needs to be concentrated on.

- CSM are currently only obtained on a branch level and not to individual level. How can customer service measurements be done in the PM process to ensure that strategic goals of the organisation is driven.

- The sample size was confined to a specific region and a small sample size. Taking the recommendation into account the results could have a different income if the study was done at a later stage.

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APPENDIX A

Performance Management

Performance management is a formal and explicit process whereby an organisation involves its employees, both as individuals and members of a team, in improving overall effectiveness, and the accomplishment of its strategic goals. It is focussed on achieving results, and may be seen as a vehicle for aligning individual employee performance with the overall organisational strategy.

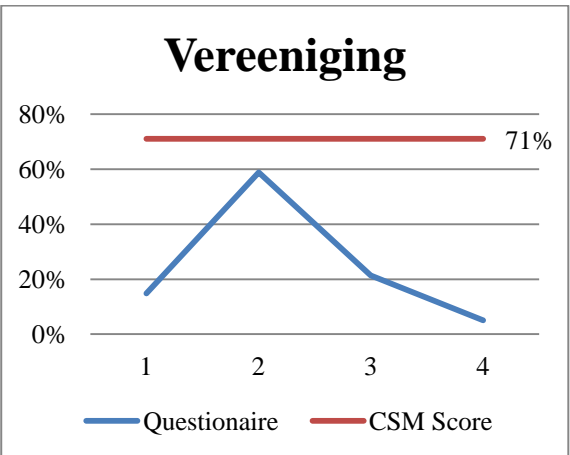
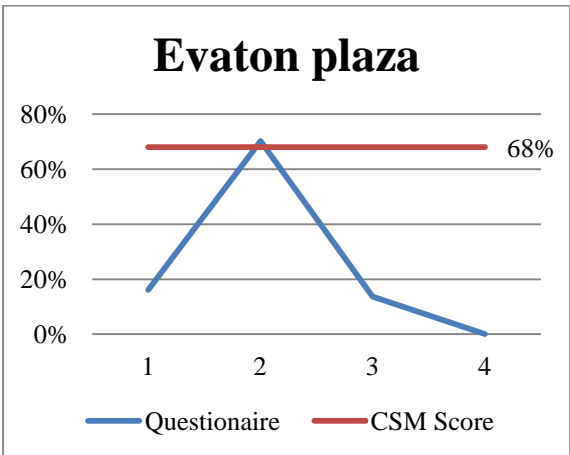
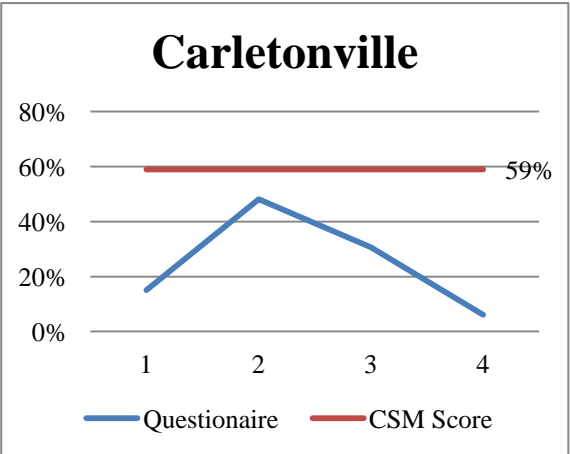
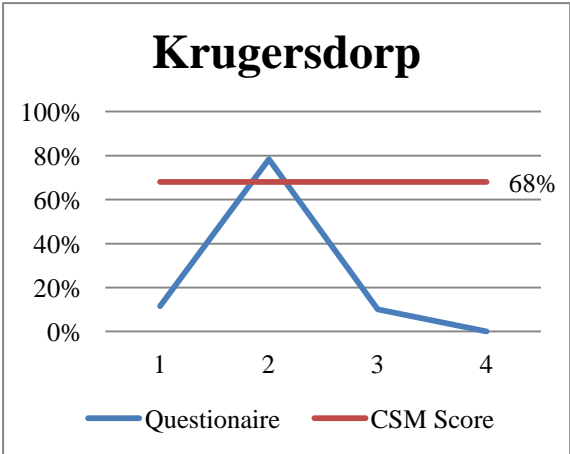
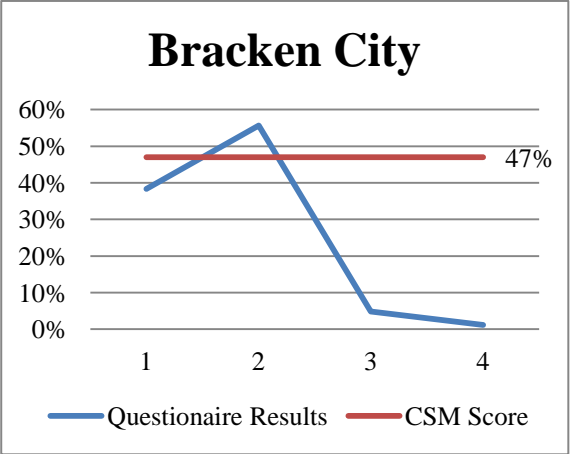
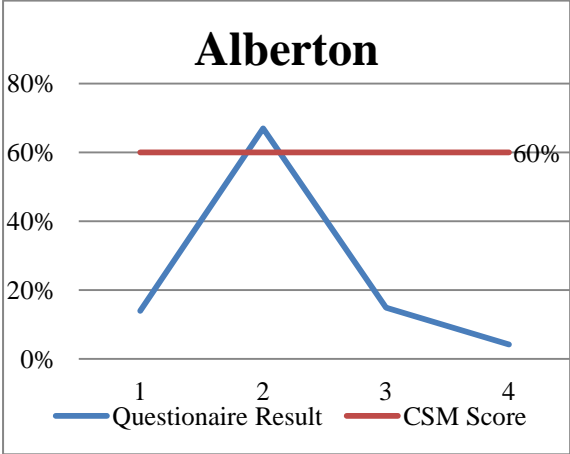
Please complete this section by marking the appropriate block with the letter (x).

	PART 1 – Organisational	Strongly agree	Agree	Disagree	Strongly disagree
1	I am fully aware of the organisation’s strategic objectives				
2	I know what the organisation’s values are. (i.e. what is regarded as important to the organisation)				
3	My manager discusses the organisational goals with me when we contract my PD document				
4	Striving to exceed the needs of our customers is an Absa value				
5	I understand how my role contributes to the overall organisational goals and objectives				
6	There is a constructive culture in the organisation. (members are encouraged to interact constructively with each other in order to attain objectives, grow and develop)				
7	Great customer service delivered by talented, motivated people is one of ABSA’s strategic objectives				
8	My line managers explains the organisation goals so that I have a full understanding of what they are				
9	All of the PD objectives can be fully measured				
10	Sales and service is a key performance indicator in the firm				
11	I am committed to the organisation, and to the achievement of my goals				

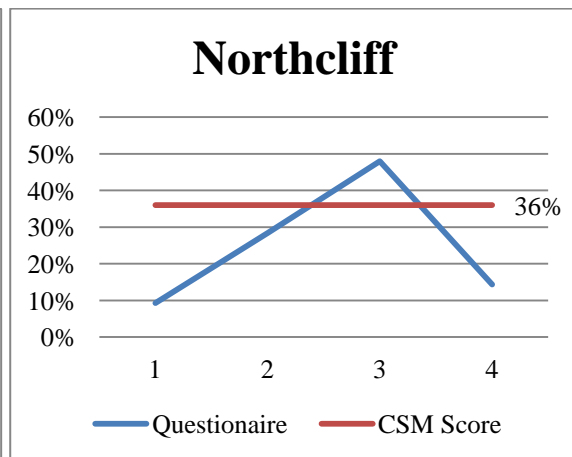
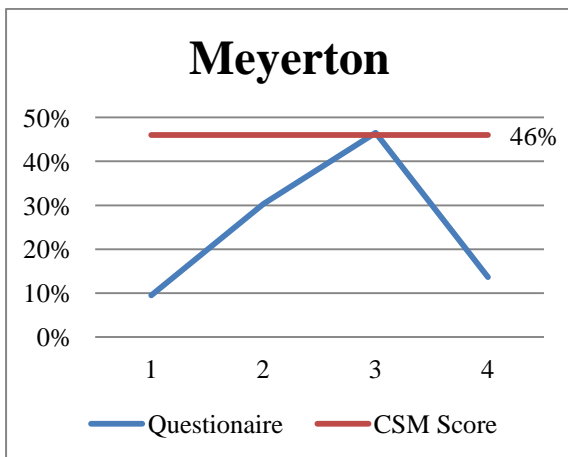
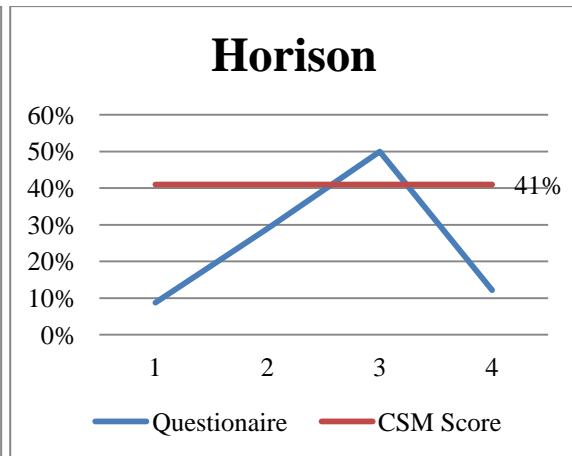
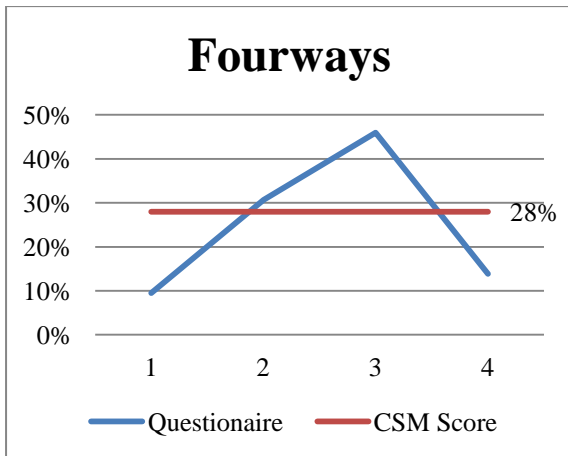
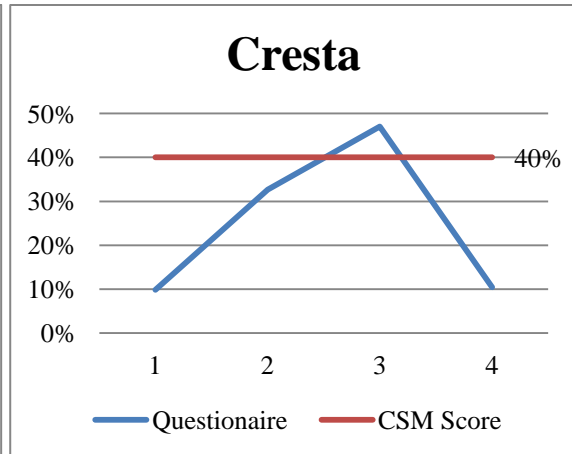
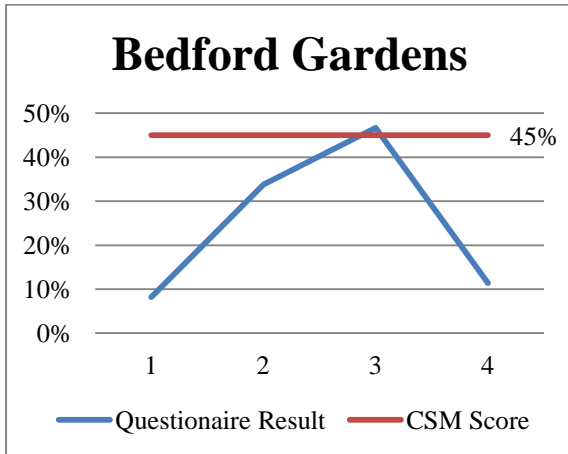
	PART II – Goals & Performance measures	Strongly agree	Agree	Disagree	Strongly disagree
12	The division in which I am employed has clear goals and objectives				
13	Each of my objectives are clearly discussed				
14	Each of my objectives count equally in my PD document				
15	My performance is measure fairly and accurately				
16	I have a clear understanding of the level of performance that is expected from me				
17	My manager communicates with me frequently about my performance				
18	Priorities in term of my objectives are reviewed during the performance review meeting				
19	Customer service is a clear measurement on my PD document				
20	As a service industry, immense focus is placed on customer service during my performance reviews				
21	The current performance management programme, makes me more accountable for my own results				
22	I am clear on what my job responsibilities are				
23	Customer service is my main objective and measurement on my performance				
24	I was given proper feedback on the positive aspects of my performance				
25	I look forward to my performance discussions				
26	Problems influencing my performance have been eliminated				
27	I am clear on how the standards of my work will be judged				
28	I was given clear feedback on those aspects of my performance which could be improved				
29	I feel that the performance development process is affective				
30	There is a direct link between my performance and customer service in the branch				
31	I understand the organisations' expectations from me				

APPENDIX B

HIGH CSM SCORES



LOW CSM SCORES



APPENDIX C

GOOD CSM SCORE					
ORGANISATION	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	22%	64%	12%	2%	
LEADERSHIP	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	17%	62%	18%	4%	
CUSTOMER	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	20%	55%	20%	5%	
TEAMWORK	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	20%	64%	14%	2%	
INDIVIDUAL	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	16%	62%	18%	3%	

BAD CSM SCORE					
ORGANISATION	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	18%	43%	33%	6%	
LEADERSHIP	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	4%	30%	55%	12%	
CUSTOMER	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	16%	32%	41%	10%	
TEAMWORK	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	5%	48%	44%	3%	
INDIVIDUAL	Strongly agree	Agree	Disagree	Strongly disagree	TOTAL
Percentage	6%	30%	49%	15%	

