

**A SURVEY OF EMPLOYEE PREFERENCES IN THE DESIGN OF A
PERFORMANCE MANAGEMENT SYSTEM**

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By

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Declaration

I, Hiten Keshave, hereby declare that this research is my own original work, all references have been accurately acknowledged and reported and, this research has not in its entirety or in part, previously been submitted to any Institution in order to obtain an academic qualification.

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Date: 31 January 2016

Abstract

This thesis begins with an introduction to performance management and the intended aim and objective of the research. Thereafter literature findings relative to performance management and performance management systems are discussed. In the review of literature, three processes that could be implemented in a performance management system were highlighted, namely; (1) the planning process, (2) the monitoring and development process, and (3) an annual summative and feedback process. Performance management functions deemed important to employees during each process of the performance management system were identified and discussed.

Subsequent to the literature review, the research methodology was described and involved the implementation of quantitative research within a post-positivist paradigm in the form of a close-ended survey questionnaire. Analysis of the data involved a gap analysis and needs analysis. The gap analysis study was based on the opinion of management respondents in comparison to the opinion of non-management respondents. Results of the gap analysis were determined based on the calculation of an importance score for each sub-group. The needs analysis study was based on the overall opinion of all respondents, and results were determined based on the calculation of an overall importance score.

In light of the literature review that was conducted to inform the questionnaire design, the survey results supported the literature review of each discussed performance management function with no evident contradictions. The results of the gap analysis and needs analysis were satisfactorily met for each performance management function. On the basis of these findings, it was assumed that all the performance management functions identified in the literature are important and could be implemented in the design of a performance management system. The results highlighted the importance of a performance plan and development plan to underpin the performance management system.

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Contents

Declaration	i
Abstract	ii
Acknowledgements	iii
List of Figures.....	vii
List of Tables.....	ix
Chapter 1: Introduction.....	1
1.1. Overview	1
1.2. The research site	1
1.3. Statement of the research problem	2
1.4. Aim and objective of the research.....	2
Chapter 2: Literature Review.....	4
2.1. Introduction	4
2.2. Employee Performance.....	5
2.3. Performance Management.....	6
2.3.1. Benefits of Performance Management	7
2.3.2. Challenges to Performance Management	9
2.4. Performance Management Systems	10
2.4.1. Processes in a Performance Management System	11
Chapter 3: Research Methodology.....	26
1.1. Introduction	26
1.2. Research Procedure	26
1.3. Paradigm.....	27
1.4. Quantitative research.....	27
1.5. Questionnaire (Appendix A)	27
1.6. Sample Design.....	28
1.7. Research Quality.....	28

1.8. Analysis of data.....	29
1.9. Ethical Issues.....	30
1.10. Concluding Remarks.....	30
Chapter 4: Results.....	31
4.1. Introduction	31
4.2. Analysis of results	31
4.2.1. Performance Management Function 1.....	31
4.2.2. Performance Management Function 2.....	33
4.2.3. Performance Management Function 3.....	35
4.2.4. Performance Management Function 4 and 5.....	37
4.2.5. Performance Management Function 6 and 7.....	39
4.2.6. Performance Management Function 8.....	41
4.2.7. Performance Management Function 9.....	42
4.2.8. Performance Management Function 10.....	43
4.3. Conclusion	44
Chapter 5: Discussion	46
5.1. Introduction	46
5.2. Discussion of results	46
5.2.1. Performance Plan and Development Plan	46
5.2.2. Meaningful Rewards	47
5.2.3. Informal Meetings	48
5.2.4. Coaching and Training.....	48
5.3. Conclusion	48
Chapter 6: Conclusion.....	49
6.1. Introduction	49
6.2. Summary of main findings.....	49
6.3. Recommendations	49

6.4. Limitation of this research	51
6.5. Recommendations for future research	52
6.6. Concluding remarks	53
References.....	54
Appendix A: Survey Questionnaire	64
Appendix B: Confidentiality Agreement	71
Appendix C: Data Analysis	75

List of Figures

Figure 1: Performance Management System (Aguinis and Pierce, 2008; Aguinis, <i>et al.</i> , 2011; de Waal and Counet, 2009).....	12
Figure 2: PMF ₁ – Planning: Interactive Formal Meeting	75
Figure 3: PMF ₁ – Planning: Performance Plan - “Specific”	76
Figure 4: PMF ₁ – Planning: Performance Plan - “Measurable”	76
Figure 5: PMF ₁ – Planning: Performance Plan “Achievable”	77
Figure 6: PMF ₁ – Planning: Performance Plan - “Relevant”	77
Figure 7: PMF ₁ – Planning: Performance Plan - “Time Bound”	78
Figure 8: PMF ₁ – Planning: Performance Plan - “Job Description”	78
Figure 9: PMF ₁ – Planning: Performance Plan - “Financial KPI’s”	79
Figure 10: PMF ₁ – Planning: Performance Plan - “Non-Financial KPI’s”	79
Figure 11: PMF ₁ – Planning: Development Plan “Achievements”	80
Figure 12: PMF ₁ – Planning: Development Plan “Competencies”	80
Figure 13: PMF ₁ – Planning: Development Plan “Goals”	81
Figure 14: PMF ₁ – Planning: Development Plan “Objectives”	81
Figure 15: PMF ₁ – Planning: Development Plan “Skills”	82
Figure 16: PMF ₁ – Planning: Development Plan “Clear Timeline”	82
Figure 17: PMF ₁ – Planning: Development Plan “Necessary Resources”	83
Figure 18: PMF ₁ – Planning: Development Plan “Measurements”	83
Figure 19: PMF ₂ – Meaningful Rewards: Annual Meeting	84
Figure 20: PMF ₂ – Meaningful Rewards: Salary Increase	84
Figure 21: PMF ₂ – Meaningful Rewards: Bonus Payment	85
Figure 22: PMF ₂ – Meaningful Rewards: Incentive Scheme	85
Figure 23: PMF ₂ – Meaningful Rewards: Promotion	86
Figure 24: PMF ₃ – Monitoring and Development: Performance and Development Plan – Formal Meeting	86
Figure 25: PMF ₃ – Monitoring and Development: Performance Plan – Clear Concise Feedback: Achievements	87
Figure 26: PMF ₃ – Monitoring and Development: Performance Plan – Clear Concise Feedback: Underperformance.....	87
Figure 27: PMF ₃ – Monitoring and Development: Performance Plan – Flexibility	88
Figure 28: PMF ₃ – Monitoring and Development: Development Plan – Clear Concise Feedback: Achievements	88

Figure 29: PMF ₃ – Monitoring and Development: Development Plan – Clear Concise Feedback: Underperformance.....	89
Figure 30: PMF ₃ – Monitoring and Development: Development Plan – Flexibility....	89
Figure 31: PMF ₃ – Monitoring and Development: Timing of formal meeting	90
Figure 32: PMF ₄ – Monitoring and Development: Performance Plan – Informal Meeting: Management.....	90
Figure 33: PMF ₄ – Monitoring and Development: Performance Plan – Informal Meeting: Employees.....	91
Figure 34: PMF ₅ – Monitoring and Development: Development Plan – Informal Meeting: Management.....	91
Figure 35: PMF ₅ – Monitoring and Development: Development Plan – Informal Meeting: Employees.....	92
Figure 36: PMF ₆ – Monitoring and Development: Coaching - Performance Plan.....	92
Figure 37: PMF ₆ – Monitoring and Development: Coaching - Development Plan	93
Figure 38: PMF ₇ – Monitoring and Development: Training - Performance Plan	93
Figure 39: PMF ₇ – Monitoring and Development: Training - Development Plan	94
Figure 40: PMF ₈ – Monitoring and Development: Career Opportunities	94
Figure 41: PMF ₉ – Monitoring and Development: Innovation	95
Figure 42: PMF ₁₀ – Annual Summative Feedback and Appraisal: Management and Employee Participation.....	95
Figure 43: PMF ₁₀ – Annual Summative Feedback and Appraisal: Performance and Development Plan – Clear Concise Feedback: Achievements	96
Figure 44: PMF ₁₀ – Annual Summative Feedback and Appraisal: Performance and Development Plan – Revision	96
Figure 45: PMF ₁₀ – Annual Summative Feedback and Appraisal: Performance and Development Plan – Clear Concise Upward Feedback.....	97
Figure 46: PMF ₁₀ – Annual Summative Feedback and Appraisal: Meaningful Rewards	97

List of Tables

Table 1: Planning Process - Performance Management Function 1: Survey Results	31
Table 2: Planning Process - Performance Management Function 2: Survey Results	34
Table 3: Monitoring and Development Process - Performance Management Function 3: Survey Results.....	35
Table 4: Monitoring and Development Process - Performance Management Function 4: Survey Results.....	37
Table 5: Monitoring and Development Process - Performance Management Function 5: Survey Results.....	37
Table 6: Monitoring and Development Process - Performance Management Function 6: Survey Results.....	39
Table 7: Monitoring and Development Process - Performance Management Function 7: Survey Results.....	39
Table 8: Monitoring and Development Process - Performance Management Function 8: Survey Results.....	41
Table 9: Monitoring and Development Process - Performance Management Function 9: Survey Results.....	42
Table 10: Annual Summative and Feedback Process - Performance Management Function 10: Survey Results.....	43

Chapter 1: Introduction

1.1. Overview

The objective of performance management is to positively enhance employee performance (Abdul Rashid, *et al.*, 2003; Aguinis and Pierce, 2008; Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a; Peterson, 2009; Samson and Challis, 2002). It is therefore important to understand the employee importance of each performance management function. Performance management functions refers to the required responsibilities management need to carry out, in order to enhance employee performance (Aguinis and Pierce, 2008; Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012c).

The focus of this research is to conduct a review of the literature to identify the functions of a performance management system and then to administer a questionnaire to ascertain employee priorities. By conducting this, the organisation can then prioritise the performance management functions to be included in a performance management system. Designing a performance management system that meets these requirements should enhance employee performance, and promote acceptance of the performance management system (Aguinis and Pierce, 2008; Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012c).

The importance of the functions to employees contributes to the effectiveness of a performance management system. The focus of this research is therefore on identifying the necessary functions management need to implement, in order to develop an effective performance management system. Employee performance is positively enhanced when these functions are appropriately identified and an effective performance management system is implemented (Abdul Rashid, *et al.*, 2003; Aguinis and Pierce, 2008; Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a; Peterson, 2009; Samson and Challis, 2002).

1.2. The research site

The research was conducted in the local branch of an international organisation. The local branch is in the process of understanding performance management requirements from their employees' perspective, prior to introducing a performance management system. The local branch has an employee grading system from one to

fifteen; where grades one to seven are blue-collar workers; and grade eight upwards are specialised skilled positions. The understanding of performance management from an employee's perspective, and subsequent introduction of a performance management system within this local branch is focused on employees in grade eight and above. Performance management and performance management systems in this research focuses on employees in specialised skilled positions.

1.3. Statement of the research problem

Understanding the necessary performance management functions of importance to employees supports the implementation of an effective performance management system (Ochurub, *et al.*, 2012). Performance management functions may be ineffective when implemented without the understanding of an employee's preference to which function are important (Aguinis, *et al.*, 2012a). In this respect, by providing employees the opportunity to provide feedback as to which performance management functions are of importance to them, an organisation may be able to more effectively implement and utilise a performance management system.

The literature review identifies and describes functions of a performance management system. The importance of each of the functions to employees is thereafter analysed, and may assist in the future design of a performance management system.

The analysis to be performed is based on understanding employees' opinions as to the level of importance that they attach to each of these. By understanding and analysing this, the organisation mitigates the risk of failure and the risk of an ineffective performance management system.

1.4. Aim and objective of the research.

The aim of the research, which is exploratory in nature, is to identify the priority functions of a performance management system from an employee perspective. This aim can be broken down into two objectives. Firstly, from a review of the literature, the functions of a performance management system, including the managerial tasks that need to be performed, will be identified. The second objective is to understand the importance of these functions to employees. Should the local branch of the organisation (where this research was carried out) design and implement a

performance management system, the results of the research could be significant to the local branch.

Chapter 2: Literature Review

2.1. Introduction

Performance management is the joint responsibility of both management and employees (Aguinis, *et al.*, 2012c; Samson and Chillis, 2002; Vance, 2006). As employees forms part of a stakeholder relationship (Kytte and Ruggie, 2005; Meding, *et al.*, 2013; Wilkes, *et al.*, 2011), performance management does not ignore an employee's personal objectives and expectations (Aguinis and Pierce, 2008; Heslin, *et al.*, 2009; Samson and Chillis, 2002). An ideal system therefore adopts a holistic approach (Samson and Chillis, 2002; Vance, 2006) whereby both organisational success, and an employee's objectives and expectations are mutually accounted for (Hill, 2007; Simonet and Tett, 2012).

Performance management systems are the link between employee performance and organisational success (i.e. the translation of planning into execution in order to deliver successful results) (Aguinis and Pierce, 2008; Aguinis, 2009; Broadbent and Laughlin, 2009; Silverman and Muller, 2009). Performance management systems focus on the design, development and measurement of performance plans, as well as development plans to enhance employee performance (Ferreira and Otley, 2009; Fracaro, 2013; Kinicki, *et al.*, 2013; Yadav and Sagar, 2013) for organisational success (Aguinis, 2009; McMahon, 2010; Politan, 2003).

Understanding what employees view as the important functions of a performance management system and building this into the design mitigates its failure (Aguinis, *et al.*, 2012c; Mucha, 2009; Sessa, *et al.*, 2009; Wilkes, *et al.*, 2011). Locke and Latham (2002; cited in Buchner, 2007) explain that employee participation in identifying the key performance management functions strengthens employee performance, which can result in improved organisational success. Farndale and Kelliher (2011) propose that soliciting employee opinions on the fairness of the system influences employee commitment and builds a management-employee relationship of trust.

2.2. Employee Performance

The success and survival of an organisation is dependent on its employees (Krishnan, 2013; Meding, *et al.*, 2013). Employees are integrated in an organisation's social and psychological structure as employees are no longer viewed in terms of their job descriptions only (Clark, 2009; Duggan, 2008; Gruman and Saks, 2011; Sharkie, 2009). Employees are stakeholders (Kytte and Ruggie, 2005; Meding, *et al.*, 2013), who play a pivotal role in organisational success (Hult, *et al.*, 2011; Samson and Challis, 2002; Smith, 2003). An increased focus on understanding and improving employee performance can result in improved organisational success (Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012b; Belout and Gauvreau, 2004). Employee performance may influence a customer's attitude as "positive customer attitudes lead to lower costs; improved financial positions through higher customer retention and is an indicator of future organisational success" (Macaulay and Cook, 1994; Phelps, 2005; Yadav and Sagar, 2013). The identification of competent, talented and enthusiastic employees may influence a positive customer attitude (Aguinis, *et al.*, 2012b; Clark, 2009; Nawab and Shafi, 2011).

In conclusion, understanding employee performance at a detailed level reduces the high costs of staff turnover (i.e. new recruitment costs, training costs, lost productivity costs amongst other costs) (Aguinis, *et al.*, 2012b; Krishnan, 2013; Tangen, 2005). Employee performance therefore determines whether an employee's existing skills and knowledge and future skills and knowledge fit into organisational success (Heslin, *et al.*, 2009; Sharkie, 2009).

2.3. Performance Management

Being a continuous communication process, alignment of sustainable organisational success with employee performance is key (Brudan, 2010; Hanson, *et al.*, 2011; Jain, 2014; Schiemann, 2009; Stanlinski and Downey, 2012; Tippins and Coverdale, 2009) as employees contribute to organisational success. An understanding of the alignment between performance management functions and such success is required (Abbasi, *et al.*, 2012; Brudan, 2010; Buchner, 2007; Chamberlain, 2011; Schiemann, 2009). Performance management is therefore a principle of managing through agreement and learning rather than managing by command (Ana-Maria, 2009; Brudan, 2010).

As employee performance impacts organisational success (Busi and Bititci, 2006; Tippins and Coverdale, 2009; Yadav and Sagar, 2013), performance management can prepare employees to positively contribute to organisational success (den Hartog, *et al.*, 2004; Gruman and Saks, 2011; Schiemann, 2009). To achieve this, management is required to understand their employees' capabilities (Ana-Maria, 2009; den Hartog, *et al.*, 2004; de Waal, 2007), and communication between management and employees is important to this (Aguinis and Pierce, 2008; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a; Heslin, *et al.*, 2009; Phelps, 2005; Schiemann, 2009). It is the combined responsibility of management and employees to achieve this (Aguinis, *et al.*, 2012a; de Waal, 2007; Hill, 2007; Peterson, 2009; Samson and Chillis, 2002; Vance, 2006).

Performance management, if effectively implemented, should consider the personal performance expectations of an employee (Aguinis and Pierce, 2008; Heslin, *et al.*, 2009; Samson and Chillis, 2002; Wilkes, *et al.*, 2011). This may assist in aligning the expectations of employees contributing to organisational success with any personal expectations of an employee from the organisation. This may create an environment of improved employee motivation and commitment to an organisation (Gruman and Saks, 2011). Effective performance management builds leader-employee relationships, improves employee engagements, promotes superior employee performance, and aids retention of highly skilled and talented employees (Aguinis, *et al.*, 2012b; Gruman and Saks, 2011; Krishnan, 2013; Phelps, 2005). Several scholars (Aguinis and Pierce, 2008; Aguinis, *et al.*, 2012c; Krishnan, 2013) reiterate that

performance management is a valuable tool in ensuring the retention, identification and development of high performance and talented employees into future leaders.

In the context of employee performance relative to performance management and for the purpose of this research, it is necessary the reader understands the following:

From a management perspective, it is important that employees are aware and understand the necessary work, efforts, duties and responsibilities required of them to successfully achieve organisational success (Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a; Schiemann, 2009). In the context of this research, this is expressed in an employee's *performance plan*.

From an employee's perspective, it is important that a manager is aware of an employee's desired career goals, opportunities, achievements, skills and competency requirements (Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012c; Ferreira and Otley, 2009). In the context of this research, this is expressed in an employee's *development plan*.

2.3.1. Benefits of Performance Management

A strategic business advantage is gained when performance management is utilised effectively (Aguinis, 2009; Kanyane and Mabelane, 2009; Srivastava and Sushil, 2013). Various benefits arise when performance management is effectively executed. The following benefits can be identified:

2.3.1.1. Employee perspective:

- Improved employee self-esteem and motivation towards successfully achieving the expected key performance areas in the performance plan (Aguinis, 2009; Aguinis, *et al.*, 2011; Ana-Maria, 2009).
- Employees gain a better understanding of the behaviours and roles required of themselves (Aguinis, *et al.*, 2011; Buchner, 2007; Peterson, 2009).
- The strengths that should be maximised, and the weaknesses that should be minimised are easily identifiable by employees (Becom and Insler, 2013; Rao, 2008; Saxena, 2010). By identifying the strengths and weakness, employees may better master their tasks, activities and responsibilities (Bracken and Church, 2013; Saxena, 2010; Sessa, *et al.*, 2009).

2.3.1.2. Management perspective:

- Management gain a better understanding of the behaviours and roles required of themselves to assist employees in successfully achieving the performance plan and development plan (Aguinis, *et al.*, 2011; Buchner, 2007; Peterson, 2009).
- Management may identify growth and development areas required of themselves to positively contribute towards organisational success (Becom and Insler, 2013; Brudan, 2010; Nudelman, 2008).
- High performance employee portfolios become evident (Aguinis, *et al.*, 2011; Becom and Insler, 2013; Rao, 2008). This can allow for a better-engaged management-employee relationship, hence a better understanding of employee expectations, and improved communication with employees (Aguinis, *et al.*, 2011; Bracken and Church, 2013; Gruman and Saks, 2011).
- Management is able to distinguish high performers and poor performers (Aguinis, *et al.*, 2011).

2.3.1.3. Organisational perspective:

- Organisational goals, objectives, missions, visions and strategies become clearer and more accurate to management and employees (Buchner, 2007; Cokins, 2004; Jesuthasan, 2013).
- Employee misconduct may be minimised through constructive and objective feedback that increases employee commitment to organisational success (Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a; Saxena, 2010).
- Performance management when effectively utilised may assist in the retention of skilled and talented employees who have shown their worth in effectively sustaining organisational success (Aguinis, *et al.*, 2012b; Ahmed and Kaushik, 2011; Jesuthasan, 2013).

2.3.2. Challenges to Performance Management

Challenges are evident when performance management is ineffectively utilised. The following may arise:

- In the absence of a performance management policy, management utilise performance management practices based on their own discretion which can create inconsistency as each manager may have different approaches towards managing employee performance (de Waal and Counet, 2009; Direction, 2006; Kinicki, *et al.*, 2013; Lee, 2005; Schiemann, 2009).
- A poor performance culture may develop in the absence of effective performance and development plans (de Waal and Counet, 2009; Direction, 2006; Saxena, 2010; Schiemann, 2009; Wilkes, *et al.*, 2011).
- Organisations are unclear on the type of coaching sessions and training activities required to improve employee performance (Aguinis and Pierce, 2008; Becom and Insler, 2013; de Waal and Counet, 2009).
- Performance management is merely treated as an administrative activity to be completed, and therefore management and employees perceive it as a waste of time and resources (de Waal and Counet, 2009; McMahon, 2010; Silverman and Muller, 2009).
- Management and employees, individually and collectively do not understand the benefits of performance management (Armitage and Parrey, 2013; Buchner, 2007; de Waal and Counet, 2009; Peterson, 2009).
- Management do not provide accurate feedback on poor employee performance due to a fear of ruining management-employee relationships (Aguinis, 2009; Aguinis, *et al.*, 2012a; Hesling, *et al.*, 2009).
- Employees feel uncomfortable in discussing their development needs, which may create a poor work ethic (Farndale and Kelliher, 2011; Gruman and Saks, 2011; Lee, *et al.*, 2013).
- With a lack of fair and accurate performance management processes, counterproductive employee performance reviews may occur (Bae, 2006; de Waal and Counet, 2009; Heslin, *et al.*, 2009).
- Incomplete performance feedbacks and appraisals (Bae, 2006; Collins and Bell, 2013; Schiemann, 2009).

In summary, performance management can result in ineffective utilisation of employee talent or even a loss of talent (Aguinis, *et al.*, 2012b; Phelps, 2005; Silverman and Muller, 2009) if not adequately implemented. This may result in poor work quality, increased work costs and increased levels of business risk with other stakeholders (Aguinis, *et al.*, 2012b; Godfrey, *et al.*, 2009; Hillson, 2006) which could hinder organisational success (Aguinis, *et al.*, 2012b; Godfrey, *et al.*, 2009; Hillson, 2006; Silverman and Muller, 2009).

The loss of experienced and talented employees may result in a period of unproductivity due to a need to recruit and train new employees (Aguinis, *et al.*, 2012b; Krishnan, 2013). Talented individuals may be reluctant to be employed by an organisation with instability (i.e. a high employee turnover rate) (Aguinis, *et al.*, 2012b; Krishnan, 2013).

From a performance management perspective, management and employees may mitigate failure, sustain and improve organisational success and enhance employee performance if they understand the processes of a performance management system, and the key performance management functions in each process. The subsequent section discusses performance management systems, and identifies key performance management functions within the identified processes of a performance management system.

2.4. Performance Management Systems

Performance management systems should be designed to integrate and clearly communicate the understanding of both the organisation's and an employee's goals (Aguinis and Pierce, 2008; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012c). Employee opinions as to the importance of various performance management functions in the system can assist in this regard.

Each employee's role in achieving organisational success differs (Fracaro, 2013; Jesuthasan, 2013; Lee, *et al.*, 2013). Managers and employees therefore need to have a clear understanding of the contents in a performance plan and development plan (Aguinis, 2009; de Waal and Counet, 2009; Gruman and Saks, 2011). Locke and Latham (2002; cited in Buchner, 2007) explain that employee participation in performance management functions strengthens employee performance. Farndale

and Kelliher (2011) further explain that employee perceptions of the fairness of the system impacts employee commitment and leader-employee trust.

Providing for an employee's insight into performance management systems (Fracaro, 2013; Gruman and Saks, 2011; Schiemann, 2009) can assist management to understand how each individual employee's performance can contribute effectively towards organisational success (den Hartog, *et al.*, 2004; Gruman and Saks, 2011; Schiemann, 2009). This allows a mutual holistic understanding (Ahmed and Kaushik, 2011; Becom and Insler, 2013; Yadav and Sagar, 2013), whereby management and employees understand the expected requirements in their respective roles for organisational success (Chamberlain, 2011; Gruman and Saks, 2011; Ochurub, *et al.*, 2012; Sessa, *et al.*, 2009).

2.4.1. Processes in a Performance Management System

Performance management systems are a key method of achieving success, and it is a process that takes time, effort, and determination to introduce (Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012c). The identified performance management functions in this section are intended to achieve the following (Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012c; Krishnan, 2013; Tippins and Coverdale, 2009):

- Increase managerial control over work and results.
- Increase managerial ability to identify problem areas.
- Link individual objectives to organisational objectives
- Provide more accurate feedback to employees.
- Ensure a clear understanding of management expectations, through enhanced communication.
- Reward employees for achievements relative to their performance and development plans.

Several scholars (Aguinis, 2009; Aguinis and Pierce, 2008; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a; den Hartog, *et al.*, 2004; Gruman and Saks, 2011; Kanyane and Mabelane, 2009; Krishnan, 2013; Tippins and Coverdale, 2009; Wilkes, *et al.*, 2011; Yiannis, *et al.*, 2009) have discussed processes in performance management systems. Three common integrated processes are identified, namely: 1) Planning, 2) Monitoring and Development, and 3) Annual Summative Feedback and Appraisal.



Figure 1: Performance Management System (Aguinis and Pierce, 2008; Aguinis, *et al.*, 2011; de Waal and Counet, 2009)

The system in Figure 1 represents a continuous cycle of the management of employee performance, whereby the three cogs move in sequence. The processes of the performance management system for employee performance are as follows: 1) The planning process upon completion moves to a monitoring and development process; 2) the monitoring and development process upon completion moves to an annual summative feedback and appraisal process, and 3) The feedback and appraisal process moves back into the planning process. The latter shift is for the focus of future improved employee performance based on learnings from past performance (Buchner, 2007; de Waal and Counet, 2009; Kanyane and Mabelane, 2009; Kinicki, *et al.*, 2013; Tippins and Coverdale, 2009). These three processes are discussed in detail in the subsequent sub-sections.

Aguinis and Pierce (2008) explain that performance appraisal has generally been a separate process from that of performance management. Aguinis, *et al.* (2011)

explain performance appraisal as a non-continuous portrayal of employees' agreed upon performance deliverables completed once a year. Aguinis (2009), Aguinis, *et al.* (2011), and Aguinis and Pierce (2008) further explain that due to the appraisal being completed on an annual basis, it does not enable ongoing communication amongst management and employees.

Based on the above, ongoing communication and feedback (inclusive of appraisals on achievements) is accounted for in the monitoring and development process, and this is discussed in the subsequent subsections. The arguments in the previous paragraph are therefore not disregarded, but integrated into the monitoring and development process.

In the context of this research regarding performance management systems, performance appraisals cannot be limited to an annual completion timeframe. Appraisals can potentially stimulate and enhance employee performance and therefore performance appraisals are required to be maintained throughout the monitoring and development process (Bae, 2006; Fracarò, 2013; Gruman and Saks, 2011; Schiemann, 2009; Sessa, *et al.*, 2009; Srivastava and Sushil, 2013).

Performance management is an ongoing interactive process which affects future planning, and therefore formal performance appraisals should be considered (Buchner, 2007; de Waal and Counet, 2009; DeNisi and Pritchard, 2006; Tippins and Coverdale, 2009). The annual summative feedback and appraisal process therefore summarises an employee's performance regarding progress on the performance plan and development plan (Buchner, 2007; DeNisi and Pritchard, 2006; Gangwani, 2012; Tippins and Coverdale, 2009). The following three subsections identify performance management functions that could be implemented in the design of an effective performance management system.

2.4.1.1. Planning Process

Performance management begins when management recruits a new employee (Aguinis, 2009; Aguinis, *et al.*, 2011; Buchner, 2007; Kinicki, *et al.*, 2013). The recruitment process should ensure that organisational success and employee performance is understood and agreed to by both the manager and his/her employees (Aguinis, 2009; Aguinis and Pierce, 2008; Gruman and Saks, 2011).

Interpersonal trust between management and employees is essential in planning (Farndale and Kelliher, 2011; Stanlinski and Downey, 2012; Yiannis, 2009). If there is no mutual agreement amongst management and employees during the planning process, organisational success may not be sustained (Armitage and Parrey, 2013; Collins and Bell, 2013; Heslin, *et al.*, 2009; Schiemann, 2009). An annual meeting should therefore be considered whereby management and employees draft a performance plan and a development plan (Aguinis, 2009; Aguinis, *et al.*, 2012a). The following performance management function is proposed:

PMF₁: Managers participate annually in an interactive formal meeting with an employee to draft a performance plan and development plan.

Planning requires management and employees to understand their relevant individual responsibilities related to the performance and development plans (Aguinis, 2009; Aguinis and Pierce, 2008; Srivastava and Sushil, 2013).

Management and employees discuss goals, missions, objectives and targets in the planning process and finalise this in the form of a performance plan and a development plan (Aguinis and Pierce, 2008; Aguinis, *et al.*, 2012c; Brudan, 2010). Employees are thereafter expected to assist in the achievement of these agreed upon goals, missions, objectives and targets (Abbasi, 2012; Adler, 2011; Aguinis, 2009; Aguinis, *et al.*, 2011; Chamberlain, 2011). The content to these goals, missions, objectives and targets requires as much precise level of detail as possible (de Waal and Counet, 2009; Srivastava and Sushil, 2013). The performance plan and development plan therefore enables a platform of discussed expectations (de Waal, 2007; Ferreira and Otley, 2009) for management and employees.

Performance Plan

A basis for precise level of detail in the performance plan involves the SMART approach being implemented (Ana-Maria, *et al.*, 2009; Broadbent and Laughlin,

2009; Krishnan, 2013; Wilkes, *et al.*, 2011). The following criteria is proposed to be included in the performance plan: An organisation's goals, missions, objectives and strategies are cascaded down to personal goals for an employee that are:

- Specific – stating what an employee needs to achieve in the business.
- Measurable– stating how an employee is to be measured so that s/he know that s/he achieves the goals and objectives.
- Achievable – identifying goals that an employee can achieve in a realistic manner.
- Relevant – how an employee will help the business succeed based on the job related requirements expected of her/him?
- Time bound – setting expected timelines for an employee to achieve the expected performance areas in the performance plan.

Management and employees need to contribute actively in providing inputs when documenting the roles and responsibilities expected from an employee (Aguinis, 2009; Broadbent and Laughlin, 2009; Fracaro, 2013; Gruman and Saks, 2011; Nudelman, 2008). In this regard, if required, updating job descriptions needs to be fair and equitable (de Waal, 2007; Farndale and Kelliher, 2011; Gruman and Saks, 2011). The following is proposed to be included in the performance plan:

- A job description with clear, concise, detailed roles and responsibilities

Employees are required to understand key performance indicators (financial and non-financial) relative to their roles and responsibilities which are critical for organisational success. Performance plans should include these key performance indicators (Aguinis, 2009; Ana-Maria, 2009; Broadbent and Laughlin, 2009; de Waal, 2007; Ferreira and Otley, 2009; Krishnan, 2013; Wilkes, *et al.*, 2011). The following is proposed to be included in the performance plan:

- Key performance indicators (financial) in relation to an employee's roles and responsibilities critical for organisational success.
- Key performance indicators (non-financial) in relation to an employee's roles and responsibilities critical for organisational success.

Development Plan

Precise level of detail in the development plan should consider an employee's personal desired list of achievements, competencies, goals, objectives and skills (Aguinis, 2009; Aguinis, *et al.*, 2011). Measurements relating to these achievements, competencies, goals, objectives and skills is important (Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012c). Furthermore, timelines (Aguinis, *et al.*, 2012c; Ferreira and Otley, 2009) and necessary resources to assist in achieving the development plan (Aguinis, 2009; Aguinis, *et al.*, 2011) need to be considered. The following is proposed to be included in the development plan:

- A list of an employee's desired achievements, competencies, goals, objectives and skills.
- A clear timeline for the development plan.
- Necessary resources made available that can assist an employee in achieving the development plan.
- Measurements relating to the achievements, competencies, goals, objectives and skills.

Meaningful Rewards

Employees may lack motivation and enthusiasm if not rewarded meaningfully when successfully achieving the expected performance areas in their performance plan (Farndale and Kelliher, 2011; Gruman and Saks, 2011; Phelps, 2005). The identification of meaningful rewards may influence effective employee performance which can contribute to improved organisational success (Farndale and Kelliher, 2011; Gruman and Saks, 2011; Phelps, 2005). Previous studies (Aguinis, 2009; Krishnan, 2013; Schiemann, 2009; Tate, 2005) have identified a variety of meaningful rewards that positively influence employee performance. These studies (Aguinis, 2009; Krishnan, 2013; Schiemann, 2009; Tate, 2005) identified the most common rewards to be salary increases, bonus payments, incentives and job promotions. The following performance management function is proposed:

PMF₂: An annual meeting where management actively discuss and identify rewards which are meaningful for an employee.

The following rewards may be linked to an employee's performance:

- Salary increases, bonus payments, incentives and promotions in a job level.

2.4.1.2. Monitoring and Development Process

Monitoring and development is a process of contributing to maintaining efficiency in employee performance and preventing derailment of sustainable organisational success (Armitage and Parrey, 2013; Broadbent and Laughlin, 2009; Ferreira and Otley, 2009). Monitoring involves identifying that an employee's performance plan and development plan has not deviated from the initial agreements at the planning process. Monitoring also identifies the true sources of failure (Cokins, 2004; Duggan, 2008). Development entails practices that are implemented for organisational success (Cokins, 2004; Duggan, 2008).

This process requires management to continuously observe an employee's execution of agreements discussed in the planning process (Aguinis and Pierce, 2008; Aguinis, *et al.*, 2011). Management assesses the actual performance of the employee versus the expected performance discussed in the planning process (Aguinis and Pierce, 2008; Nudelman, 2008). The following performance management function is proposed:

PMF₃: Managers participate in an interactive formal meeting with an employee to discuss the performance plan and development plan. The periods for the formal meeting proposed could either be a:

- Quarterly basis (Gomez, 2007), or
- Bi Annual basis (Cokins, 2009).

At times in the performance management process it may be important to discuss performance plans and development plans immediately rather than through a formal process (Cardy and Leonard, 2011; Frear and Paustian-Underdahl, 2011). In this aspect, informal meetings should not be ignored (Cardy and Leonard, 2011; Frear and Paustian-Underdahl, 2011) as it mitigates lost opportunities that can enhance employee performance (Cardy and Leonard, 2011; Frear and Paustian-Underdahl, 2011). The following performance management functions are proposed:

PMF₄ Performance Plan: Informal Meetings

- Should it be required, management should be able to arrange an interactive informal meeting with an employee to discuss the employee's performance plan.
- Should it be required, employees should be able to request an interactive informal meeting with management to discuss the employee's performance plan.

PMF₅ Development Plan: Informal Meetings

- Should it be required, management should be able to arrange an interactive informal meeting with an employee to discuss the employee's Development Plan.
- Should it be required, employees should be able to request an interactive informal meeting with management to discuss the employee's Development Plan.

Monitoring

Monitoring may assist in rectifying poor employee performance identified, and further assist in identifying improved employee performance (Aguinis, 2009; Ana-Maria, 2009; Ariyachandra and Frolick, 2008). Constructive monitoring of employee performance (Phelps, 2005; Sessa, *et al.*, 2009) strengthens employee interaction (Busser, 2012; Krishnan, 2013), which improves employee performance, resulting in improved organisational success (Aguinis and Pierce, 2008).

Formal and/or informal meetings allows management the opportunity to provide clear, concise feedback related to employee achievements relative to the performance plan and development plan (Aguinis, 2009; Aguinis, *et al.*, 2011).

Management may therefore provide interim employee appraisals that can possibly improve organisational success (Aguinis, *et al.*, 2011; Armitage and Parrey, 2013; Gruman and Saks, 2011; Sessa, *et al.*, 2009). The following is proposed in the performance plan and the development plan related to PMF₃:

- Clear, concise feedback relating to an employee's achievements in the performance plan.

- Clear, concise feedback relating to an employee's achievements in the development plan.

Monitoring further accounts for unforeseen events (Heslin, *et al.*, 2009; Schiemann, 2009; Sessa, *et al.*, 2009) that may arise which may change initial agreements held during the planning process (Armitage and Parrey, 2013; Krattenmaker, 2009).

These could relate to changes in performance plans, and/or changes in development plans (Aguinis, 2009; Gruman and Saks, 2011; Kanyane and Mabelane, 2009; Sessa, *et al.*, 2009). Monitoring therefore allows for communication in amendments to the initial performance plan and development plan (Aguinis, 2009; Cokins, 2004; Peterson, 2009; Yadav and Sagar, 2013). The following is proposed in the performance plan and development related to PMF₃:

- Flexibility for change in an employee's performance plan.
- Flexibility for change in an employee's development plan.

In summary, quality employee relationships are important in the monitoring process, as management is accountable for overall organisational success (Collins and Bell, 2013; Kanyane and Mabelane, 2009; Schiemann, 2009), and employees are accountable for their personal success (Gruman and Saks, 2011; Sessa, *et al.*, 2009; Silverman and Muller, 2009). This provides an opportunity to develop and sustain open, honest and trustworthy relationships (Aguinis, 2009; Cokins, 2004; Farndale and Kelliher, 2011; Stanlinski and Downey, 2012).

Development

The purpose of development is the continuous improvement in organisational success and employee performance (Aguinis, 2009). Ongoing constructive performance feedback and learning interventions amongst many others methods form part of the development process (Aguinis and Pierce, 2008; Buchner, 2007; Gruman and Saks, 2011; Krishnan, 2013; Peters, 2015). Management may hinder organisational success and employee performance (Aguinis and Pierce, 2008; Krishnan, 2013) should this process not be acknowledged.

During development, management may inform an employee about their current poor performance, and thereafter provide remedial actions to address this (Aguinis, 2009; Ana-Maria, 2009; Busser, 2012; Schiemann, 2009) which may contribute to the

development of improved employee performance (Busser, 2012; Fracaro, 2013; Sadri and Seto, 2011; Schiemann, 2009). This prevents possible opportunity costs of poor organisational success. Proactive behaviour is thus promoted (Armitage and Parrey, 2013; Busi and Bititci, 2006; Cokins, 2004; Fracaro, 2013). The following is proposed in the performance plan and development plan related to PMF₃:

- Clear, concise feedback relating to underperformance in an employee's performance plan.
- Clear, concise feedback relating to underperformance in an employee's development plan.

Development of employees entails addressing underperformance, and broadening career opportunities for high performance individuals (Aguinis, *et al.*, 2011; Sessa, *et al.*, 2009). If not addressed timeously, inefficiencies of underperformers may increase, and high performers may become de-motivated (Nudelman, 2008; Peters, 2015). To address this, management can provide employees with the necessary resources (i.e. one-on-one coaching sessions and on and off the job training activities) (Aguinis, *et al.*, 2012c; Gruman and Saks, 2011; Khan, 2012; Sessa, *et al.*, 2009) to excel in their achievements of the performance plan and development. The financial costs of coaching and training should be aligned with organisational success, whereby the financial investment in coaching and training may improve employee performance, and therefore improve future organisational success (Peterson, 2009). The following performance management functions are proposed:

PMF₆: Coaching

- One-on-one coaching sessions that assist an employee in achieving the performance plan.
- One-on-one coaching sessions that assist an employee in achieving the development plan.

PMF₇: Training

- On and off the job training and development activities that assist an employee in achieving the performance plan.

- On and off the job training and development activities that assist an employee in achieving the development plan.

Development may assist management further by identifying challenges and interests in an employee's job roles and responsibilities beginning to fade, which inherently may result in poor employee performance (Aguinis, *et al.*, 2012b; Ahmed and Kaushik, 2011). Development prevents this, as management and employees interactively communicate career development changes (Kinicki, *et al.*, 2013; Krattenmaker, 2009; Peters, 2015). The following performance management function is proposed:

PMF₈: Career Opportunities

- Managers identify career development opportunities for employees.

In conclusion, Clark (2009) and Schiemann (2009) explain that recognition of employee opinions, suggestions and innovations during project tasks is important and this recognition is underutilised in improving organisational success (Fracaro, 2013; Nudelman, 2008; Sessa, *et al.*, 2009). The following performance management function is proposed:

PMF₉: Innovation

- Employees are given the opportunity to generate and present innovative business proposals.

2.4.1.3. Annual Summative Feedback and Appraisal Process

This is the final process in the performance management system.

Even though feedback and appraisal occurs in the previous process, a final summary of progress with regards to performance plans and development plans should be considered (Kanyane and Mabelane, 2009; Rachman-Moore and Kenett, 2006; Tippins and Coverdale, 2009). Management should carry out this function annually (Busser, 2012; Jawahar, 2010; Kanyane and Mabelane, 2009; Tippins and Coverdale, 2009). It is essential management and employees consolidate progress in terms of the performance plan and development plan throughout the year. The following performance management function is proposed:

PMF₁₀: Managers participate in an interactive annual summative feedback and appraisal meeting with an employee.

Feedback and appraisals should be based on the measurement of results when employees control the results of their work (Aguinis, *et al.*, 2012a; Heslin, *et al.*, 2009; Silverman and Muller, 2009).

As the performance management system is a continuous process, planning is linked to feedback and appraisal. Information from the feedback and appraisal process may then be integrated into future planning (Buchner, 2007; DeNisi and Pritchard, 2006; de Waal and Counet, 2009; Kinicki, *et al.*, 2013; Tippins and Coverdale, 2009).

Feedback

Feedback should be based on the initial performance plan and development plan agreements reached during the planning process, and any amended agreements made to both these plans during the monitoring process (Krishnan, 2013; McMahon, 2010). This may be a challenging process and hence may require careful preparation in order for feedback to be considered constructive (Heslin, *et al.*, 2009; Rachman-Moore and Kenner, 2006; Sadri and Seto, 2011). Management should demonstrate support to employees (Bae, 2006; Busser, 2012; Fracaro, 2013; Heslin, *et al.*, 2009) through constructive feedback (Aguinis, *et al.*, 2012a; DeNisi and Pritchard, 2006). The purpose of performance feedback is to improve employee performance, employee engagement, motivation, job satisfaction and future organisational success (Aguinis, *et al.*, 2012a; DeNisi and Pritchard, 2006; Sadri and Seto, 2011).

Constructive feedback allows management to criticise employees in a positive manner by suggesting methods to improve employee performance (Aguinis, *et al.*, 2012a; Krishnan, 2013; Lee, 2005). Succession planning towards continuous sustainable organisational success emphasises the understanding of current performance in the performance plan and development plan to determine future performance in the performance plan and development plan (Aguinis and Pierce, 2008; Aguinis, *et al.*, 2011; Krishnan, 2013; Sessa, *et al.*, 2009). Management should discuss achievements and shortfalls based on the initial and amended performance plan and development plan agreements (Aguinis and Pierce, 2008). This provides for consistency, avoids conflicts of opinion, maximises accuracy and

may be perceived as factual and unbiased feedback (Bae, 2006; Jawahar, 2010; Nudelman, 2008; Peters, 2015). The following is proposed in the annual summative feedback and appraisal meeting (PMF₁₀):

- Clear, concise feedback on achievements in relation to an employee's performance plan and development plan.

Feedback is paramount to employee performance, as it provides for a more accurate benchmark in future succession planning (Busser, 2012; DeNisi and Pritchard, 2006; Gangwani, 2012; Peters, 2015). Providing negative feedback (Sadri and Seto, 2011; Tippins and Coverdale, 2009) on shortfalls may be referred to as a "weakness based approach" (Aguinis, *et al.*, 2012a). This can cause resentment and defensiveness, which may decrease future employee performance (Heslin, *et al.*, 2009; Sadri and Seto, 2011). Aguinis, *et al.* (2012a) suggest a "strengths based approach" be implemented, where management provide positive and constructive feedback on employee successes and shortfalls (Gruman and Saks, 2011; Schiemann, 2009; Tippins and Coverdale, 2009). In this instance, revised performance plans and development plans (Armitage and Parrey, 2013; Busser, 2012; Kanyane and Mabelane, 2009; Peters, 2015) are discussed and agreed with employees, and thereafter drafted (Aguinis, 2009; Schiemann, 2009; Sadri and Seto, 2011; Sessa, *et al.*, 2009). Implementing this can increase the desire of employees to improve their level of performance due to a supportive atmosphere (Bae, 2006; Busser, 2012; Jawahar, 2010; Sadri and Seto, 2011). The following is proposed in the annual summative feedback and appraisal meeting (PMF₁₀):

- The revision of an employee's performance plan and development plan.

Three hundred and sixty degree feedbacks assists in improving the quality and effectiveness of performance management (Bae, 2006; Bracken and Church, 2013; Chamberlain, 2011). 360-degree feedbacks allow employees an opportunity to critically assess the effectiveness of management behaviour (Aguinis, *et al.*, 2011; McMahon, 2010; Peterson, 2009; Silverman and Muller, 2009) which can assist in improved future employee performance (Adsit, *et al.*, 1994; Haines and St-Onge, 2012; Latham, *et al.*, 2005; Peterson, 2009; Sadri and Seto, 2011).

The following is proposed in the annual summative feedback and appraisal meeting (PMF₁₀):

- Clear, concise upward feedback regarding management's performance.

Feedback may enrich the attitude, experience, and skills of the future performance of an employee (Ahmed and Kaushik, 2011; DeNisi and Pritchard, 2006; Krishnan, 2013). Providing feedback on an employee's performance plan and development plan assists management with a broader outlook on employee performance (Busser, 2012; DeNisi and Pritchard, 2006; Gangwani, 2012)

Appraisal

Appraisals concerning a performance management system is the acknowledgement of good performance with meaningful tangible or intangible rewards (DeNisi and Pritchard, 2006; Gruman and Saks, 2011; Schiemann, 2009) that enable employees to believe their time and effort towards organisational success is appreciated (DeNisi and Pritchard, 2006; Haines and St-Onge, 2012; Jain, 2014; Silverman and Muller, 2009).

Rewards should be fair and equitable (Bae, 2006; Farndale and Kelliher, 2011; Tippins and Coverdale, 2009). A benefit of this is increased motivation in employee performance (Aguinis, *et al.*, 2011; Ahmed and Kaushik, 2011; Gruman and Saks, 2011; Jain, 2014; Schiemann, 2009). Rewards should be based on an individual employee's motivator factors (i.e. employee recognition, pay raise, bonus payments, promotions in job level) but not limited to these as rewards vary with every employee (Fracaro, 2013; Kline and Sulsky, 2009; Tippins and Coverdale, 2009). This inherently may result in positive improvements in future employee performances (Ahmed and Kaushik, 2011; Gruman and Saks, 2011; Haines and St-Onge, 2012).

Employees may judge the achievements of their performance plan and the personal reward they earn from their achievements (Kline and Sulsky, 2009; Kwenin, *et al.*, 2013; Terera and Ngirande, 2014). Employee rewards are therefore important in the appraisal of an employee's achievement towards the performance plan as they have a lasting impression on the employee and substantiates the employee's perception of their value to the organisation (Kwenin, *et al.*, 2013; Terera and Ngirande, 2014). Therefore, providing employees with rewards is aligned to an employee's

performance in relation to the initial performance plan held at the planning process, or any amended performance plans made during the monitoring process (Kwenin, *et al.*, 2013; Terera and Ngirande, 2014). The following is proposed in the annual summative feedback and appraisal meeting (PMF₁₀):

- Awarding employees with the meaningful rewards identified in performance management function 3 once s/he has successfully achieved the key performance areas set in s/he's performance plan.

In summary, effective performance management systems can provide benefits to organisational success and employee performance (Busi and Bititci, 2006; Jain, 2014; Peterson, 2009). To design an effective performance management system that is embraced by employees, organisations should consider understanding the level of importance of each performance management function to an employee (Ochurub, *et al.*, 2012).

As there are negative and positive employee attitudes towards a performance management system (Aguinis, 2009; Gruman and Saks, 2011), the identification of performance management functions of importance to employees is regarded as significant (Aguinis, *et al.*, 2012c; Mucha, 2009; Vance, 2006). By identifying these performance management functions, a performance management system may enhance the achievement of both organisational and individual employee goals (Aguinis, *et al.*, 2012c; Samson and Chillis, 2002; Sessa, *et al.*, 2009). Therefore, to implement an effective performance management system, employee opinions to the system may need to be considered prior to implementation (Aguinis, 2009; Armitage and Parrey, 2013; Farndale and Kelliher, 2011; Gruman and Saks, 2011).

The subsequent chapters discuss the research methodology and results of the employees opinions relating to the proposed performance management functions identified in this chapter.

Chapter 3: Research Methodology

1.1. Introduction

Creswell (1994) describes research as the search for new knowledge, which entails a specific purpose using a precise manner from which existing knowledge is available for re-interpretation. Research involves identifying existing literature (Pahuja, 2014); collecting, organising and evaluating data (Pahuja, 2014); making necessary deductions where required, and finally concluding on results (Pahuja, 2014). Research therefore entails an original contribution to the existing body of knowledge by making an advancement to it (Pahuja, 2014).

The aim of this research was to identify the priority functions of a performance management system from an employee perspective. This was broken down into two objectives. Firstly, from the review of the literature in Chapter 2, the functions of a performance management system, including managerial tasks were identified. The second objective was to understand the importance of these functions to an organisation's employees. This inherently facilitates the design of a performance management system for future implementation.

Understanding the necessary paradigm, research type, questionnaire design, sampling methodology, data collection technique and ethical issues related to this research formed the basis of completing the second objective discussed above. The subsequent subsections in this chapter elaborates further on these topics.

1.2. Research Procedure

The following procedures were followed to accomplish the objectives of this research:

- A literature review to identify performance management functions which may be of importance to employees;
- Obtaining the approval of the Rhodes Ethical Standards Review committee to proceed with the research;
- Developing a questionnaire based on the literature review;
- Distributing the survey questionnaire to the selected sample of possible respondents;

- Obtaining empirical data by means of the survey questionnaire developed by the researcher, and
- Analysing, interpreting and discussing the empirical data with the literature findings.

1.3. Paradigm

Collis and Hussey (2003) describe research paradigms as a human belief or assumption that informs practice, therefore forming a basis as to how research can be conducted.

This research adopts a post positivist paradigm based on the following:

- Human knowledge is based on conjectures drawn from previous studies (Cooper, 1997; Ryan, 2006).
- The research emphasises a creation of new knowledge based on the drawn conjectures (Cooper, 1997; Ryan, 2006).
- The research is constructed as a dialogue whereby results may emerge contradictory to the literature review discussed in chapter two (Cooper, 1997; Ryan, 2006).
- The research interprets employee opinions, yet recognises these opinions can be known only imperfectly and probabilistically (Cooper, 1997; Ryan, 2006).

1.4. Quantitative research

In terms of this research, the post positivist paradigm using a quantitative method (Creswell, 2013; Johnson and Onwuegbuzie, 2004) has been implemented. The research used a quantitative method as it aims to investigate the opinions of employees (Pahuja, 2014; Ryan, 2006) in the form of a survey utilising closed ended questions. The quantitative method was determined to be the most appropriate as it most accurately assists in understanding employee importance to the identified performance management functions (Winter, 2000). This inherently determines the final design of the performance management system.

1.5. Questionnaire (Appendix A)

As exploratory research, the review of the literature in chapter 2 informed the design of the questionnaire, which was administered as an employee survey to identify the performance management functions of greatest importance to employees.

The contents of the questionnaire consisted of (1) biographic questions i.e. employees were required to disclose their positions as managerial or non-managerial (No additional personal information was requested to ensure anonymity); and (2) the performance management functions and relevant tasks identified in the literature as presented in chapter 2.

A 5-point interval Likert scale was used as a guideline for employees to rate the level of importance of each function and managerial task presented in the questionnaire. Participants were requested to provide their opinion on the level of importance for each performance management function choosing a response on the following scale: 1) Not Important, 2) Little Importance, 3) Average Importance, 4) Important or 5) Very Important.

1.6. Sample Design

A sample is a microcosm of the total population tested (Brus and De Gruijter, 2003). Two main sample types can be identified, namely a probability and non-probability sample (Brus and De Gruijter, 2003; Doherty, 1994). For the purposes of this research, no sampling was applied, as the questionnaire was distributed to the entire population of 172 salaried employees on a voluntarily participation basis. Fifty-eight responses were received, forty-five of which were in non-management positions and thirteen of which were in management positions. All fifty-eight respondents confirmed participation on a voluntarily basis.

1.7. Research Quality

Executive management of the organisation provided written consent to conduct the research at the organisation's local branch premises. Furthermore, the researcher declared that the research is of his own original work and all references were accurately acknowledged and reported. Lastly, in the cover letter of the questionnaire, the following quality factors were prepared to assist respondents in better understanding the purpose of the survey:

- The aim of the research was briefly explained.
- The importance of the employee's participation was explained.
- An understanding to the purpose of the performance plan and development plan in the survey was briefly explained.

- Employees were assured all information would be kept anonymous.
- Employees were requested to confirm whether their participation was voluntary or not, and no personal biographical data was requested.

1.8. Analysis of data

The data from this research was analysed for a gap analysis and needs analysis study. An understanding of this data could assist in the identification of performance management functions which could be incorporated into the design of an effective performance management system (Aguinis and Pierce, 2008; Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a) and thereby enhance employee performance (Aguinis and Pierce, 2008; Aguinis, 2009; Aguinis, *et al.*, 2011; Aguinis, *et al.*, 2012a).

The gap analysis compares the perspectives of the forty-five non-management respondent opinions with the thirteen management respondent opinions. Given the small sample sizes, inferential statistics were not done to test the significance of the differences in results of the managerial and non-managerial sub-samples.

Consequently, the gap analysis results should be interpreted with caution. The needs analysis is presented to aggregate the opinions of both non-management respondents and management respondents, and therefore further solidify whether there is an overall importance of the performance management function to all employees combined.

Results of each performance management function in the gap analysis was calculated using an *importance score*. The importance score for *non-management respondents* was calculated as “the sum of all non-management respondents in the Important and Very Important interval scale categories, as a percentage of the total number of non-management responses”. The importance score for *management respondents* was calculated as “the sum of all management respondents in the Important and Very Important interval scale categories, as a percentage of the total number of management responses”. The performance management function was deemed to be of importance if the percentage score was greater than 50% for both management and non-management respondents.

Results of each performance management function in the needs analysis was calculated using an *overall importance score*. The overall importance score for each

performance management function was calculated as “the sum of all respondents in the Important and Very Important interval scale categories, as a percentage of the total number of responses”. The performance management function was deemed to be of importance if the percentage score was greater than 50%.

1.9. Ethical Issues

An ethics approval form was completed and submitted to Rhodes University. The researcher and the local branch of the organisation this research was carried out at are independent persons, with no conflicts of interest. A confidentiality agreement (Appendix B) was signed by the researcher and the organisation, stating that any information obtained from the research relating to the organisation shall be published anonymously. Furthermore, the survey questionnaire advised respondents of their right to participate voluntarily in the survey.

1.10. Concluding Remarks

In this chapter, the paradigm and research methodology was discussed and outlined. A post-positivist paradigm with a quantitative research was pursued with the distribution of a close-ended quantitative survey questionnaire to the employees of the organisation. No specific sampling methodology was required as the questionnaire was distributed to the entire population of 172 employees. Any ethical issues were mitigated with the researcher signing an ethics approval form, and confidentiality agreement. The following chapter will focus on the presentation of the research results.

Chapter 4: Results

4.1. Introduction

In chapter 2, the first objective of this research was addressed. That is, through the literature review, performance management functions which may be of importance to employees were identified.

The second and final objective of this research entails understanding the importance of the identified performance management functions to employees. The objective of this chapter is to present and analyse the results of the research in terms of this second research objective. Microsoft excel was used to analyse and graphically and statistically present the results of the gap analysis and needs analysis. The full set of graphical and statistical results of the survey questionnaire are presented in Appendix C.

4.2. Analysis of results

The results of the importance score and overall importance score are summarised in tables 1 to 10, such that each table is specific to a performance management function and the questions relative to that performance management function. This is systematically consistent with the survey questionnaire as per Appendix A. Each table headlines the performance management process and the necessary performance management function relative to the process.

4.2.1. Performance Management Function 1

Table 1 below presents the survey results of performance management function 1.

Table 1: Planning Process - Performance Management Function 1: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Interactive Formal Meeting	85%	100%	(15%)	88%
Performance Plan - "Specific"	87%	100%	(13%)	90%
Performance Plan - "Measurable"	87%	100%	(13%)	90%
Performance Plan "Achievable"	87%	92%	(5%)	88%
Performance Plan - "Relevant"	84%	92%	(8%)	86%

Performance Plan - "Time Bound"	87%	100%	(13%)	90%
Performance Plan - "Job Description"	91%	100%	(9%)	90%
Performance Plan - "Financial Key Performance Indicators"	80%	92%	(12%)	83%
Performance Plan - "Non-Financial Key Performance Indicators"	78%	92%	(14%)	81%
Development Plan - "Achievements"	89%	100%	(11%)	91%
Development Plan - "Competencies"	91%	100%	(9%)	93%
Development Plan - "Goals"	91%	100%	(9%)	93%
Development Plan - "Objectives"	91%	100%	(9%)	93%
Development Plan - "Skills"	89%	100%	(11%)	91%
Development Plan - "Clear Timeline"	91%	92%	(1%)	91%
Development Plan - "Necessary Resources"	89%	92%	(3%)	90%
Development Plan - "Measurements"	91%	100%	(9%)	93%

Gap Analysis

Results indicated that the annual meeting to draft a performance plan and development plan was of importance to both non-management employees and management. Similarly, all the discussed fundamentals to be included in drafting the performance plan and development plan was of importance to both non-management employees and management.

The following notable variances between non-management employees and management's opinion were identified relative to the performance plan:

- A 5% variance on survey question "organisation's goals, missions, objectives and strategies being cascaded down to personal goals for an employee's job that are: Achievable - identifying goals that an employee can achieve in a realistic manner". This may suggest non-management employees and

management jointly consider this fundamental to this performance management function.

- An 8% variance on survey question “organisation's goals, missions, objectives and strategies being cascaded down to personal goals for an employee’s job that are: Relevant - how an employee will help the business succeed based on the job related requirements expected of the employee”. This may suggest non-management employees and management jointly consider this fundamental to this performance management function.
- A 9% variance on survey question “a job description with clear, concise, detailed roles and responsibilities”. This may suggest non-management employees and management jointly consider job descriptions are fundamental to this performance management function.

The following notable variances between non-management employees and management’s opinion were identified relative to the development plan:

- A 1% variance on survey question “a clear timeline for the development plan”. This may suggest non-management employees and management jointly consider this fundamental to this performance management function.
- A 3% variance on survey question “necessary resources are made available that can assist an employee in achieving the development plan”. This may suggest non-management employees and management jointly consider this fundamental to this performance management function.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 1.

Needs Analysis

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of performance management function 1.

4.2.2. Performance Management Function 2

Table 2 below presents the survey results of performance management function 2.

Table 2: Planning Process - Performance Management Function 2: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Meaningful Rewards: Annual Meeting	84%	92%	(8%)	86%
Meaningful Rewards: Salary Increase	91%	77%	14%	88%
Meaningful Rewards: Bonus Payment	89%	69%	20%	84%
Meaningful Rewards: Incentive Scheme	82%	54%	28%	76%
Meaningful Rewards: Promotion	96%	77%	19%	91%

Gap Analysis

Results indicated that an annual meeting to actively discuss and identify rewards of significance to an employee was of importance to both non-management employees and management.

The following notable variances between non-management employees and management's opinion were identified relative to the proposed meaningful rewards:

- Non-management employees' opinion outweighed that of management with regards to salary increases, bonus payments, incentive schemes and job promotions. This may suggest management are reluctant in providing non-management employees with the necessary rewards that are meaningful to employees.
- A 28% variance relative to incentive schemes, with non-management employees' opinion outweighing that of management. This may negatively affect non-management employee performance in an organisational perspective as these employees deem incentive schemes as important when linked to performance; however, management is assumed reluctant to reward incentive schemes.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 2.

Needs Analysis

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of performance management function 2. It should be noted that incentive schemes in comparison to the other three proposed rewards was of least importance to employees with a variance range of 8% to 15% when compared to the other three rewards.

4.2.3. Performance Management Function 3

Table 3 below presents the survey results of performance management function 3.

Table 3: Monitoring and Development Process - Performance Management Function 3: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Performance and Development Plan – Formal Meeting	84%	100%	(16%)	88%
Performance Plan – Clear Concise Feedback: Achievements	91%	100%	(9%)	93%
Performance Plan – Clear Concise Feedback: Underperformance	91%	100%	(9%)	93%
Performance Plan – Flexibility	84%	92%	(8%)	86%
Development Plan – Clear Concise Feedback: Achievements	89%	92%	(3%)	90%
Development Plan – Clear Concise Feedback: Underperformance	91%	92%	(1%)	91%
Development Plan – Flexibility	84%	92%	(8%)	86%
Timing of formal meeting – Quarterly	67%	54%	13%	64%
Timing of formal meeting – Bi Annual	33%	46%	(13%)	36%

Gap Analysis

Results indicated that an interactive formal meeting to discuss the performance plan and development plan during the monitoring and development process of a performance management system was of importance to both non-management employees and management. Similarly, all the fundamentals to be discussed in the meeting relative to the performance plan and development plan was of importance to both non-management employees and management.

The following notable variances between non-management employees and management's opinion were identified relative to the performance plan and development plan:

- A 3% variance on survey question “clear, concise feedback relating to achievements in the development plan”. This may suggest non-management employees and management jointly consider this fundamental to this performance management function.
- A 1% variance on survey question “clear, concise feedback relating to underperformance in the development plan”. This may suggest non-management employees and management jointly consider this fundamental to this performance management function.
- 100% of management agreed to survey question “clear, concise feedback relating to achievements in the performance plan”, whilst only 92% of management agreed to survey question “clear, concise feedback relating to achievements in the development plan”. This may suggest the work, effort, duties and responsibilities expected from an employee in an organisational perspective outweighs the personal desired development plan of the employee.
- 100% of management agreed to survey question “clear, concise feedback relating to underperformance in the performance plan”, whilst only 92% of management agreed to survey question “clear, concise feedback relating to underperformance in the development plan”. This may suggest the work, effort, duties and responsibilities expected from an employee in an organisational perspective outweighs the personal desired development plan of the employee.

Results relative to the timing of the formal meeting appeared indecisive. Both the quarterly meeting proposal and bi-annual meeting proposal indicate a variance of 13%, whereby non-management employees prefer quarterly meetings, whilst management prefer bi-annual meetings.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 3.

Needs Analysis

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of performance management function 3, with the timing of quarterly formal meetings.

4.2.4. Performance Management Function 4 and 5

Table 4 and table 5 below presents the survey results of performance management function 4 and performance management function 5.

Table 4: Monitoring and Development Process - Performance Management Function 4: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Performance Plan – Informal Meeting: Management	87%	92%	(5%)	88%
Performance Plan – Informal Meeting: Employees	78%	85%	(7%)	79%

Table 5: Monitoring and Development Process - Performance Management Function 5: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Development Plan – Informal Meeting: Management	80%	92%	(12%)	83%
Development Plan – Informal Meeting: Employees	78%	85%	(7%)	79%

Gap Analysis

Results indicated that an interactive informal meeting to discuss the performance plan and development plan during the monitoring and development process of a performance management system was of importance to both non-management employees and management.

The following notable variances between non-management employees and management's opinion were identified relative to the performance plan and development plan:

- A 7% variance on survey question “employees should be able to request an interactive informal meeting with management to discuss the performance plan and development plan”, management's opinion outweighing that of non-management employees. This could suggest non-management employees deem management are unavailable when required, or otherwise management may be unapproachable due to unknown reasons.
- 87% of non-management employees agreed to survey question “management should be able to arrange an interactive informal meeting with an employee to discuss the performance plan”, whilst 80% of non-management employees agreed to survey question “management should be able to arrange an interactive informal meeting with an employee to discuss the development plan”.

This may suggest the meaningful rewards given to employees based on the necessary fundamentals of the performance plan are of greater importance than the employee's personal development plan. This is complemented with the results from performance management function 2, whereby non-management employee opinions outweigh that of management regarding the importance of meaningful rewards based on performance.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 4 and 5.

Needs Analysis

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of

performance management function 4 and 5. It may be noted that 87% of employees prefer “management should be able to arrange an interactive informal meeting with an employee to discuss the performance plan”, whereas 80% of employees prefer “management should be able to arrange an interactive informal meeting to discuss the development plan”. This may suggest the meaningful rewards given to employees based on the necessary fundamentals of the performance plan are of greater importance than the employee’s personal development plan. This is complemented with results from performance management function 2, whereby the needs analysis’ overall importance score for each identified reward was satisfactorily met.

4.2.5. Performance Management Function 6 and 7

Table 6 and table 7 below presents the survey results of performance management function 6 and performance management function 7.

Table 6: Monitoring and Development Process - Performance Management Function 6: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Coaching - Performance Plan	93%	100%	(7%)	95%
Coaching - Development Plan	91%	92%	(1%)	91%

Table 7: Monitoring and Development Process - Performance Management Function 7: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Training - Performance Plan	91%	92%	(1%)	91%
Training - Development Plan	93%	100%	(7%)	95%

Gap Analysis

Results indicated that “one-on-one coaching sessions that assist an employee in achieving the performance plan and development plan” and “on-and-off the job training and development activities that assist an employee in achieving the performance plan and development” during the monitoring and development process

of a performance management system was of importance to both non-management employees and management.

The following notable variances between non-management employees and management's opinion were identified:

- A 2% difference in non-management employees' opinion between survey question "one-on-one coaching sessions for the performance plan" and survey question "one-on-one coaching sessions for the development plan". This may suggest non-management employees consider one-on-one coaching sessions important for both the performance plan and development plan.
- 100% of management agreed to survey question "one-on-one coaching sessions that assist an employee in achieving the performance plan, whilst 92% of management agreed to survey question "one-on-one coaching sessions that assist an employee in achieving the development plan". This may suggest the work, effort, duties and responsibilities expected from an employee in an organisational perspective outweighs the personal desired development plan of the employee.
- A 2% difference in non-management employees' opinion between survey question "on-and-off the job training and development activities for the performance plan" and survey question "on-and-off the job training and development activities for the development plan". This may suggest non-management employees consider on-and-off the job training and development important activities for both the performance plan and development plan.
- 100% of management agreed to survey question "on-and-off the job training and development activities that assist an employee in achieving the development plan", whilst 92% of management agreed to survey question "one-on-one coaching sessions that assist an employee in achieving the development plan". This may suggest management are reluctant in investing personal time towards employees' development plans.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 6 and 7.

Needs Analysis

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of performance management function 6 and 7.

4.2.6. Performance Management Function 8

Table 8 below presents the survey results of performance management function 8.

Table 8: Monitoring and Development Process - Performance Management Function 8: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Career Opportunities	84%	100%	(16%)	88%

Gap Analysis

Results indicated that “career development opportunities for employees” during the monitoring and development process of a performance management system was of importance to both non-management employees and management.

The following notable variance between non-management employees and management’s opinion was identified:

- A 16% variance with management’s opinion outweighing that of non-management employees. This may suggest non-management employees do not foresee future career development opportunities within the organisation; or management may have not yet exposed non-management employees to any existing career development opportunities.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 8.

Needs Analysis

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of performance management function 8.

4.2.7. Performance Management Function 9

Table 9 below presents the survey results of performance management function 9.

Table 9: Monitoring and Development Process - Performance Management Function 9: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Innovation	82%	100%	(18%)	86%

Gap Analysis

Results indicated that “employees generating and presenting innovative business proposals” during the monitoring and development process of a performance management system was of importance to both non-management employees and management.

The following notable variance between non-management employees and management’s opinion was identified:

- An 18% variance with management’s opinion outweighing that of non-management employees. This may suggest management may have not yet exposed non-management employees to generating and presenting business proposals, or otherwise non-management employees do not foresee any personal benefit by generating and presenting business proposals for the organisation’s benefit.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 9.

Needs Analysis

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of performance management function 9.

4.2.8. Performance Management Function 10

Table 10 below presents the survey results of performance management function 10.

Table 10: Annual Summative and Feedback Process - Performance Management Function 10: Survey Results

<u>Survey Question</u>	<u>Gap Analysis:</u> Importance Score: Non-Management (a)	<u>Gap Analysis</u> Importance Score: Management (b)	<u>Difference (a – b):</u>	<u>Needs Analysis:</u> Overall Importance Score
Annual Meeting: Management and Employee Participation	89%	100%	(11%)	91%
Performance and Development Plan – Clear Concise Feedback: Achievements	98%	100%	(2%)	98%
Performance and Development Plan – Revision	93%	100%	(7%)	95%
Performance and Development Plan – Clear Concise Upward Feedback	84%	100%	(16%)	88%
Meaningful Rewards	89%	100%	(11%)	91%

Gap Analysis

Results indicated that the annual summary feedback and appraisal meeting was of importance to both non-management employees and management. Similarly, all the fundamentals to be discussed in the meeting was of importance to both non-management employees and management.

The following notable variances between non-management employees and management's opinion were identified:

- A 2% variance on survey question “clear, concise feedback on achievements in relation to your performance plan and development plan”. This may suggest non-management employees and management jointly consider this fundamental to this performance management function.
- A 16% variance on survey question “clear, concise upward feedback regarding management's performance”, with management's opinion

outweighing that of non-management employees. This may suggest non-management employees deem management are rigid or unapproachable based on their current management style; whilst management may believe otherwise. A similar trend was identified in performance management function 4 and 5 whereby non-management employees' opinion was outweighed by management with regards to "employees requesting an interactive informal meetings to discuss the performance plan and development plan".

- An 11% variance on survey question "awarded meaningful rewards once you have successfully achieved the key performance areas set in your performance plan", with management's opinion outweighing that of non-management employees.

During the planning process, results of performance management function 2 identified that non-management employees' opinion outweighed that of management for each identified meaningful reward, and it was suggested that management may be reluctant to reward non-management employees with the necessary rewards. During the annual summative and feedback process, results may now suggest management are actually willing to reward non-management employees with the necessary identified rewards in performance management function 2 should the key performance areas be satisfactorily achieved in the performance plan.

In summary, in terms of the *importance score*, both non-management employees and management show evident agreement to the importance of performance management function 10.

[Needs Analysis](#)

In an organisational perspective based on the *overall importance* score result as a needs analysis; employees show evident agreement to the importance of performance management function 10.

4.3. [Conclusion](#)

The objective of this chapter was to interpret the analysis of the findings from the survey questionnaire. The interpretation of the results as a gap analysis revealed both non-management employees and management were in mutual agreement to the importance of each identified performance management functions. The

interpretation of the results as a needs analysis revealed all employees agreed to the importance of each identified performance management function. Even though each of the performance management functions met both scores, deviant cases were identified and discussed.

Chapter 5: Discussion

5.1. Introduction

In chapter 2 of this research, the literature review discussed and identified ten performance management functions of importance to employees. Chapter 4 thereafter discussed the results of the empirical data received from the quantitative survey questionnaire that was distributed to employees to obtain their opinion regarding the importance of each proposed performance management function. The objective of this chapter is therefore to explain how the research findings have answered the research question and entails a comparison of the results with the literature.

5.2. Discussion of results

All the results from the survey supported the literature findings of each performance management function, and therefore no contradictions to the literature findings were identified. The subsequent subsections discuss the literature findings that were supported by the survey results.

5.2.1. Performance Plan and Development Plan

The design and measurement of performance and development plans are an important component in performance management (Ferreira and Otley, 2009; Kinicki, *et al.*, 2013). The survey results indicated that employees acknowledge the importance of performance and development plans.

During the planning process of the performance management system, the employee's performance plan should be drafted according to the guidance of the SMART approach to ensure planning occurs at a precise level of detail (Ana-Maria, 2009; Broadbent and Laughlin, 2009). This was supported by the survey results; however in addition results suggest that of the five fundamentals of the SMART approach, *specific, measurable and time-bound* organisation goals, missions, objectives and targets are of greater importance when compared to the characteristics of *achievable and realistic*.

The importance of management and employees contributing towards the documentation of an employee's roles and responsibilities (Aguinis, 2009; Broadbent

and Laughlin, 2009; Fracaro, 2013) in the form of a job description (de Waal, 2007; Farndale and Kelliher, 2011) was supported by the survey results.

An employee's desired achievements, competencies, goals, objectives and skills should be documented in detail when drafting the development plan (Aguinis, 2009; Aguinis, *et al.*, 2011) was supported by the survey results.

The importance that (1) measurements relative to employee achievements in the development plan (Aguinis, 2009; Aguinis, *et al.*, 2011), (2) clear timelines (Aguinis, *et al.*, 2012c; Ferreira and Otley, 2009) and (3) necessary resources (Aguinis, 2009; Aguinis, *et al.*, 2011) to successfully achieve the development plan was supported by the survey results.

Management providing clear, concise feedback and interim appraisals related to employee achievements (Aguinis, 2009; Aguinis, *et al.*, 2011) was supported by the survey results. Furthermore, management identifying poor employee performance and thereafter discussing the identified poor performance areas with remedial actions to address this poor performance (Aguinis, 2009; Ana-Maria, 2009; Busser, 2012) was supported by the survey results.

Research findings acknowledge management discussing achievements and shortfalls in the annual summative and feedback meeting (Aguinis and Pierce, 2008). The need for management to provide clear, concise feedback on employee achievements in the performance plan and development plan is therefore important.

5.2.2. Meaningful Rewards

Employees may lack motivation and enthusiasm when not rewarded meaningfully when successfully achieving the expected performance areas in their performance plan (Farndale and Kelliher, 2011; Gruman and Saks, 2011; Phelps, 2005). The identification of meaningful rewards may influence effective employee performance which can contribute to improved organisational success (Farndale and Kelliher, 2011; Gruman and Saks, 2011; Phelps, 2005). Common rewards identified based on studies (Aguinis, 2009; Krishnan, 2013; Schiemann, 2009; Tate, 2005) include salary increases, bonus payments, incentives and job promotions.

The survey results supported the literature findings, whereby employees acknowledged that each reward discussed in the literature is important. The survey

results also suggests incentive schemes is the least popular reward when related to an employee's performance (Aguinis, 2009; Krishnan, 2013; Schiemann, 2009; Tate, 2005).

5.2.3. Informal Meetings

The survey results acknowledges that in emergency circumstances, performance plans and development plans should be discussed in informal meetings (Cardy and Leonard, 2011; Frear and Paustian-Underdahl, 2011). However, the survey results in the perspective of the gap analysis study indicated that this is preferably management's responsibility rather than an employee's responsibility. Research findings also suggest management's leadership type and people management skills is an important contribution to effective employee performance (Cardy and Leonard, 2011; Frear and Paustian-Underdahl, 2011).

5.2.4. Coaching and Training

Research findings acknowledge one-on-one coaching sessions and on-and-off the job training activities (Gruman and Saks, 2011; Khan, 2012; Sessa, *et al.*, 2009) may assist employees to excel in their achievements of the performance plan and development.

5.3. Conclusion

All the survey results that supported the literature findings was outlined in this chapter. All the proposed performance management functions as per the literature findings are important to employees should a performance management system be implemented.

Chapter 6: Conclusion

6.1. Introduction

The objective of this chapter is as follows: (1) present a summary of the findings of this research, (2) propose relevant recommendations from the survey results of this research, (3) discuss the limitations encountered in this research and (4) propose recommendations for further research.

6.2. Summary of main findings

Results from the survey carried out indicated that each of the identified performance management functions are important to employees. Both the gap analysis importance score and needs analysis overall importance score were satisfactorily met for each performance management function. Based on these findings, it could be assumed these performance management functions are important and could be implemented in the design of a performance management system.

The performance plan and development plan was an important component during each of the three processes in the performance management system. Both survey results and literature supported the importance of a performance plan and development plan (including all components related to each plan) through each process in a performance management system.

Lastly, management and employees were in agreement with the importance to all performance management functions. Recommendations based on the research findings are proposed in the next section.

6.3. Recommendations

The importance of the identified performance management functions was analysed against the gap analysis importance score and the needs analysis overall importance score. Results indicated that the importance score and overall importance score for each performance management were satisfactorily met, and it therefore may be assumed employees are of the opinion that all the performance management functions are important. It is therefore recommended that the organisation implement the three-process performance management system with the identified performance management functions; however, the following should be considered:

- Through each of the three processes in the performance management system, there is greater level of importance towards the performance plan rather than the development plan. However, it is recommended the development plan be not disregarded, as there is a high level of importance for clear timelines in achieving the development plan and necessary resources dedicated to achieving the development plan.
- Job descriptions with clear, concise, detailed roles and responsibilities are of high importance to employees. Therefore it is recommended job descriptions that are clear, concise with detailed roles and responsibilities are provided to employees.
- During the planning process of the performance management system, management should pay attention to the importance of identifying meaningful rewards to employees. Per the results, management seem reluctant to identify meaningful rewards, whilst employees believe there is a high level of importance to receiving meaningful rewards. Employees may interpret this reluctance as follows: “Should I successfully achieve the performance areas in my performance plan, I may not be rewarded”. Consequently, this results in a possible risk where employees purposefully do not meet the key performance areas, and this may be a detriment to the organisation’s success.
- Amongst the identified types of meaningful rewards, incentive schemes were of least importance to employees. Of all the identified rewards, incentive schemes had the largest gap analysis importance score variance. It could therefore be disregarded as a reward. However, salary increases, bonuses and job promotions are recommended as rewards that employees can be given.
- During the monitoring and development process, management show a preference to providing clear, concise feedback on achievements and underperformance in the employee’s performance plan. Management need to be aware employees consider the development plan an important component of the performance management system, and should not ignore providing clear, concise feedback on achievements and underperformance in the employee’s development plan.

- During the monitoring and development process, it is recommended that quarterly formal meetings are held when discussing the performance plan and development plan with employees.
- Employees seem reluctant to provide clear, concise upward feedback to management during the annual summative and feedback process. Management are recommended to attend people management and leadership training courses as this may eliminate the reluctance of employees providing clear, concise upward feedback.
- Management show a preference for employees having on-and-off the job training rather than providing employees with one-on-one coaching sessions on the employee's development plan. On-and-off the job training is recommended as employees are more likely to successfully achieve their development plans through training rather than coaching sessions. Furthermore, this may improve management's productivity towards improving employee performance, which can be more effective for organisational success.
- Management's opinion to the importance of career opportunities outweighs that of non-management employees. An analysis should be done as to whether existing career opportunities are available for employees, and if future career opportunities will be available. This could assist with better career management of employees and defining clearer career paths for employees.
- Executive management should assess opportunities that are available, which can allow employees to present innovative business proposals. Furthermore, identifying how these employees can be rewarded if these business proposals are successfully implemented needs to be considered. These innovative business proposals may improve organisational success, as innovation can encourage greater employee interaction, whilst it may have other positive benefits for the organisation.

6.4. Limitation of this research

The scope of this research was limited by the response rate as only fifty-eight responses out of the possible one hundred and seventy two were received. It could be assumed that the findings of this research may have been different had a larger

response rate or otherwise all one hundred and seventy two respondents been received.

In terms of the gap analysis, given the small sample sizes, inferential statistics were not done to test the significance of the differences in results of the managerial and non-managerial sub-samples.

A further possible limitation to the research is that the organisation presently does not have a performance management system implemented. This may limit employees understanding the intended purpose of a performance management system in an organisational perspective, and the benefits of the performance management system to employees themselves.

6.5. Recommendations for future research

The organisation where this study was conducted is in the process of understanding performance management from an employee perspective. It is therefore recommended that the organisation does further research in understanding what performance management is about, and how it is able to effectively influence employee performance. The organisation should thereafter inform employees about the possible introduction of a performance management system, and provide employees insight into understanding performance management in an organisational perspective and an individual employee's perspective. Subsequent to this, the organisation could then conduct another performance management survey questionnaire to determine any differences with results from the survey questionnaire designed in this research.

A future recommendation concerning administering the questionnaire is that the researcher be onsite whilst distributing the same survey questionnaire as per this study, and requesting employees to complete it for immediate collection. This could improve the response rate and provide a more representative result. Lastly, it is recommended that future researchers consider connecting the performance management literature with variables such as leadership and organisational culture to investigate their effect on performance.

6.6. Concluding remarks

The research has identified performance management functions of importance to employees', with the possible introduction of a performance management system implementing these performance management functions. Performance management may be used to improve employee performance, and therefore assist in improved organisational success. Results from the research indicate the identified performance management functions could allow for the focus of detailed performance plans in an organisation's benefit, and detailed development plans in an employee's personal interest. The performance management functions implemented within the three-process performance management system (after considering the recommendation per the research findings, and recommendations for future research) provides an opportunity for improved organisational success and improved employee performance.

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Appendix A: Survey Questionnaire

EMPLOYEE SURVEY: THE PERCEIVED IMPORTANCE OF THE COMPONENTS OF A PERFORMANCE MANAGEMENT SYSTEM

Dear Participant,

This questionnaire is designed to understand which functions of a performance management system are important to employees.

Performance management systems are designed to integrate and clearly communicate the understanding of both an organisation's and an employee's requirements. An effective performance management system can therefore not be implemented without gaining an understanding of which functions are of importance to employees.

The feedback provided by you (the employee) will allow for a better understanding in the possible implementation of an effective performance management system in your organisation. Your feedback will assist in identifying the necessary functions of a performance management system that will effectively identify and address the requirements of both the organisation and you (the employee).

All information **IS ANONYMOUS**, and therefore I request you to please respond to the questions honestly.

Please pay attention to the following definitions when answering the questionnaire:

- **Performance planning**- refers to those activities related to planning the work, effort, duties and responsibilities expected from you as an employee.
- **Development planning** - refers to those activities related to planning your (the employee's)desired career goals, achievements, skills and competency requirements; inclusive of training, coaching, and related developmental activities.

The rating scale for the questionnaire is as follows:

1 - NOT IMPORTANT

2 - OF LITTLE IMPORTANCE

3 - OF AVERAGE IMPORTANCE

4 - IMPORTANT

5 - VERY IMPORTANT

Please note consent has been provided by Executive Management to carry forward this research. This is a close ended questionnaire, and no disclosure of personal information is requiredand so the data will be handled anonymously. Please tick the following box to indicate that you are participating in this survey voluntarily.

Are you participating in this survey of your own accord?	Yes, I am participating voluntarily in this survey	No, I am not participating voluntarily in this survey
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Upon completion, please place this questionnaire in the relevant box that is located in the HR Administrator's office.

PLANNING PROCESS

Are you in a management post?

YES

NO

PERFORMANCE MANAGEMENT FUNCTION 1:

Performance Plan and Development Plan

	In your opinion, how important is it that ...	1	2	3	4	5
1	"Managers participate in an interactive formal meeting with an employee to draft a Performance Plan and Development Plan"?					

With regards to your **Performance Plan**:

	In your opinion, how important is it that ... "The Organisation's goals, missions, objectives and strategies are cascaded down to personal goals for my job that are:"	1	2	3	4	5
2	Specific – stating what I need to achieve in the business?					
3	Measurable– stating how I am to be measured so that I know that I am achieving them?					
4	Achievable – identifying goals that I can achieve in a realistic manner?					
5	Relevant – how I will help the business succeed based on the job related requirements expected of me?					
6	Time bound – identifying timelines that I can achieve successfully?					

With regards to your **Performance Plan**:

	In your opinion, how important is it to have...	1	2	3	4	5
7	A job description with clear, concise, detailed roles and responsibilities?					
8	Key performance indicators (financial) in relation to your roles and responsibilities?					
9	Key performance indicators (non-financial) in relation to your roles and responsibilities?					

With regards to your **Development Plan**:

	In your opinion, how important is it to have a list of desired...	1	2	3	4	5
10	Achievements?					
11	Competencies?					
12	Goals?					
13	Objectives?					
14	Skills?					

With regards to your **Development Plan**:

	In your opinion, how important is it to have...	1	2	3	4	5
15	"A clear timeline for the development plan"?					
16	" <u>Necessary</u> resources made available that can assist you in achieving the Development Plan"?					
17	"Measurements relating to the achievements, competencies, goals, objectives and skills"?					

PERFORMANCE MANAGEMENT FUNCTION 2:

Meaningful Rewards

	In your opinion, how important is...	1	2	3	4	5
18	"An annual meeting with your manager to actively discuss and identify rewards which are meaningful for you"?					

	In your opinion, how important is it to link the following types of rewards to your performance...	1	2	3	4	5
19	A Salary increase?					
20	A Bonus payment?					
21	An Incentive scheme?					
22	A Promotion in job level?					

MONITORING AND DEVELOPMENT PROCESS

PERFORMANCE MANAGEMENT FUNCTION 3:

Performance Plan and Development Plan: Formal Meeting

	In your opinion, how important is it that...	1	2	3	4	5
23	"Managers participate in an interactive formal meeting with an employee to discuss the Performance Plan and Development Plan"?					

With regards to your **Performance Plan**:

	In your opinion, how important is...	1	2	3	4	5
24	"Clear, concise feedback relating to your <u>achievements</u> in the Performance Plan"?					
25	"Clear, concise feedback relating to <u>underperformance</u> in your Performance Plan"?					
26	"Flexibility for change in your Performance Plan"?					

With regards to your **Development Plan**:

	In your opinion, how important is...	1	2	3	4	5
27	"Clear, concise feedback relating to your <u>achievements</u> in the Development Plan"?					
28	"Clear, concise feedback relating to <u>underperformance</u> in your Development Plan"?					
29	"Flexibility for change in your Development Plan"?					

For the interactive formal meeting in the **Performance Management Function 3**, which time periods would you propose as best suitable (PLEASE TICK THE RELEVANT BOX):

☐ Quarterly Basis?

☐ Bi-Annual Basis?

PERFORMANCE MANAGEMENT FUNCTION 4:**Performance Plan: Informal Meeting**

	In your opinion, how important is the following...	1	2	3	4	5
30	"Should it be required, <u>management</u> should be able to arrange an interactive informal meeting with an employee to discuss the employee's Performance Plan"?					
31	"Should it be required, <u>employees</u> should be able to request an interactive informal meeting with management to discuss the employee's Performance Plan"?					

PERFORMANCE MANAGEMENT FUNCTION 5:**Development Plan: Informal Meeting**

	In your opinion, how important is the following...	1	2	3	4	5
32	"Should it be required, <u>management</u> should be able to arrange an interactive informal meeting with an employee to discuss the employee's Development Plan"?					
33	"Should it be required, <u>employees</u> should be able to request an interactive informal meeting with management to discuss the employee's Development Plan"?					

PERFORMANCE MANAGEMENT FUNCTION 6:**COACHING**

	In your opinion, how important are...	1	2	3	4	5
34	"One-on-one coaching sessions that assist an employee in achieving the <u>Performance Plan</u> "?					
35	"One-on-one coaching sessions that assist an employee in achieving the <u>Development Plan</u> "?					

PERFORMANCE MANAGEMENT FUNCTION 7:**TRAINING**

	In your opinion, how important are...	1	2	3	4	5
36	"On and off the job training and development activities that assist an employee in achieving the <u>Performance Plan</u> "?					
37	"On and off the job training and development activities that assist an employee in achieving the <u>Development Plan</u> "?					

PERFORMANCE MANAGEMENT FUNCTION 8:**CAREER OPPORTUNITIES**

	In your opinion, how important is it that...	1	2	3	4	5
38	"Managers identify career development opportunities for employees"?					

PERFORMANCE MANAGEMENT FUNCTION 9:**INNOVATION**

	In your opinion, how important is it that...	1	2	3	4	5
39	"Employees are given the opportunity to generate and present innovative business proposals"?					

Annual Summative Feedback and Appraisal Process

Even though feedback and appraisal has taken place in the Monitoring and Development Process, a final summary of progress regarding performance plans and development plans is required.

PERFORMANCE MANAGEMENT FUNCTION 10:**FEEDBACK AND APPRAISAL**

	In your opinion, how important is it that...	1	2	3	4	5
40	"Managers participate in an interactive annual summary feedback and appraisal meeting with an employee"?					

With regards to the annual summative feedback and appraisal meeting:

	In your opinion, how important is...	1	2	3	4	5
41	Clear, concise feedback on achievements in relation to your Performance Plan and Development Plan?					
42	The revision of your Performance Plan and Development Plan?					
43	Clear, concise upward feedback regarding management's performance?					
44	<u>It to be awarded Meaningful rewards</u> (Performance Management Function 2) once you have successfully achieved the key performance areas set in your performance plan?					

Thank you for completing this questionnaire.

Please place this questionnaire in the relevant box that is located in the HR Administrator's office.

Appendix B: Confidentiality Agreement

confidential

and

HITEN KESHAVE
an adult male in his private capacity
Identity Number 8706015040086
("HK")

CONFIDENTIALITY AGREEMENT (the "Agreement")



1. THE PARTIES

The Parties are:

1.1.

and

1.2. Hiten Keshave, an adult male, with identity number 8706015040086 ("HK");

collectively the "**Parties**" and individually, a "**Party**".

2. BACKGROUND AND PURPOSE

2.1. HK intends conducting research on performance management systems driven by leadership behaviour focussing on employees who are employed at grade 8 level and higher (the "**Employees**") as part of his MBA dissertation (the "**Academic Work**"), at Rhodes University ("**Purpose**").

2.2. The information to be collected by HK:

2.2.1 contains private and personal information as defined by the Protection of Personal Information Act, 4 of 2013 ("**POPI Act**"), and which information has been collected by in connection with its legitimate needs or interests, or with those of the Employees ("**Personal Information**");

2.2.2 is confidential and proprietary to the disclosure of which will prejudice ("**Confidential Information**");

collectively, the "**Information**".

2.3 Personal Information means personal information in relation to Employees and any information, data, documents, or voice recordings including, but not limited to, that which relates to, and Employees, such as, but not limited to:

2.3.1 basic personal information such as name, address, identity number, telephone numbers and other contact information;

2.3.2 information for recruitment purposes, such as educational records, employment history, psychometric tests, job references, credit references and criminal records;

2.3.3 information for the administration of the employment relationship, such as sickness leave, maternity leave, religious leave and other absence records, working hours, disciplinary records, performance reviews, bank account numbers, salary, trade union membership, deductions and benefits;

2.3.4 information relating to affirmative action or employment equity obligations, such as gender, disability and race; and

2.3.5 employment-related personal information that is stored or transferred using secure computer infrastructure that may be outside South Africa, such as data held in 'cloud'-based applications.

confidential

- 2.4 The Parties wish to set out the terms on which the Information will be provided to HK.

3 CONFIDENTIALITY

- 3.1 HK shall not disclose the Information in any way whatsoever except as specifically permitted in terms of this Agreement.
- 3.2 HK may use the Information only for the Purpose and shall ensure that the Information is de-identified prior to use in the Academic Work. Accordingly, HK undertakes not to publish the name of in the Academic Work. HK undertakes that any reference to in any publication of the Academic Work shall be "XYZ (Pty) Ltd".
- 3.3 In addition, HK undertakes that all Personal Information or any other information, presented in any form, which may enable any person to identify the Employees, shall be de-identified prior to use in the Academic Work.
- 3.4 Confidential Information is provided as-is and all representations and warranties, express or implied, including fitness for a particular purpose, merchantability and non-infringement, are hereby disclaimed.
- 3.5 No Party shall, without the prior written consent of the other Party, make any announcement, public or otherwise, regarding this Agreement or any subject matter relating to this Agreement.
- 3.6 HK shall, at the election of return or destroy any Confidential Information (and any other information) furnished to HK hereunder and all copies and extracts thereof promptly upon the earlier of the termination of this Agreement or, written request.

4 DURATION

This Agreement shall continue to be in effect until the Academic Work is complete, however, the obligations of confidentiality shall survive the expiry and/or termination of this Agreement.

5 GENERAL

- 5.1 **Notices** – For the purpose of this Agreement, including the giving of notices and the serving of legal processes, the Parties choose their domicilium at their respective addresses set-out on the first page of this Agreement. A Party may at any time change its domicilium by written notice to the other Party, provided that the new domicilium consists of or includes a physical address at which process can be served. Any notice given in connection with this Agreement shall be deemed to have been duly given on the date of delivery if sent by courier service to the domicilium, if sent by telefax to the telefax number contained in the domicilium, be deemed to have been given on the day the telefax is transmitted or, if such transmission does not take place on a business day, on the first business day following the day on which it is transmitted.
- 5.2 **Law** – This Agreement is governed by and construed in accordance with the laws of South Africa, being the agreed jurisdiction of the Parties in respect of the subject matter of this Agreement and all dealings in respect of this Agreement shall be undertaken in the English language.
- 5.3 **Assignment** – No Party may cede, assign or delegate any of its rights or obligations in terms of this Agreement without the prior written approval of the other Party.

- 5.4 **Severability** – If any provision or part thereof contained in this Agreement, for any reason whatsoever is or becomes unenforceable, invalid or illegal, the remaining provisions of this Agreement shall remain in full force and effect as if this Agreement had been executed without such provision or such part thereof.
- 5.5 **Entire Agreement** – This document contains the entire agreement between the Parties in respect of the subject matter hereof and replaces any previous undertakings and/or agreements whether written or verbal. No variation or amendment of this Agreement shall be of any force or effect unless reduced to writing and signed by both Parties.

6 SIGNATORIES

	Hiten Keshave
Signature: <u></u>	Signature: <u></u>
Name: <u>AP MARRAS</u>	Name: <u>HITEN KESHAVE</u>
Designation: <u>SENIOR EXECUTIVE SA OPS</u> (who by his / her signature hereto warrants his / her authority)	Designation: <u>RESEARCHER</u> (who by his / her signature hereto warrants his / her authority)
Date: <u>5/6/2015</u>	Date: <u>13 APRIL 2015</u>
Place: <u>East London Port Elizabeth</u> <u>AP</u>	Place: <u>EAST LONDON</u>

Appendix C: Data Analysis

Figure 2: PMF₁ – Planning: Interactive Formal Meeting

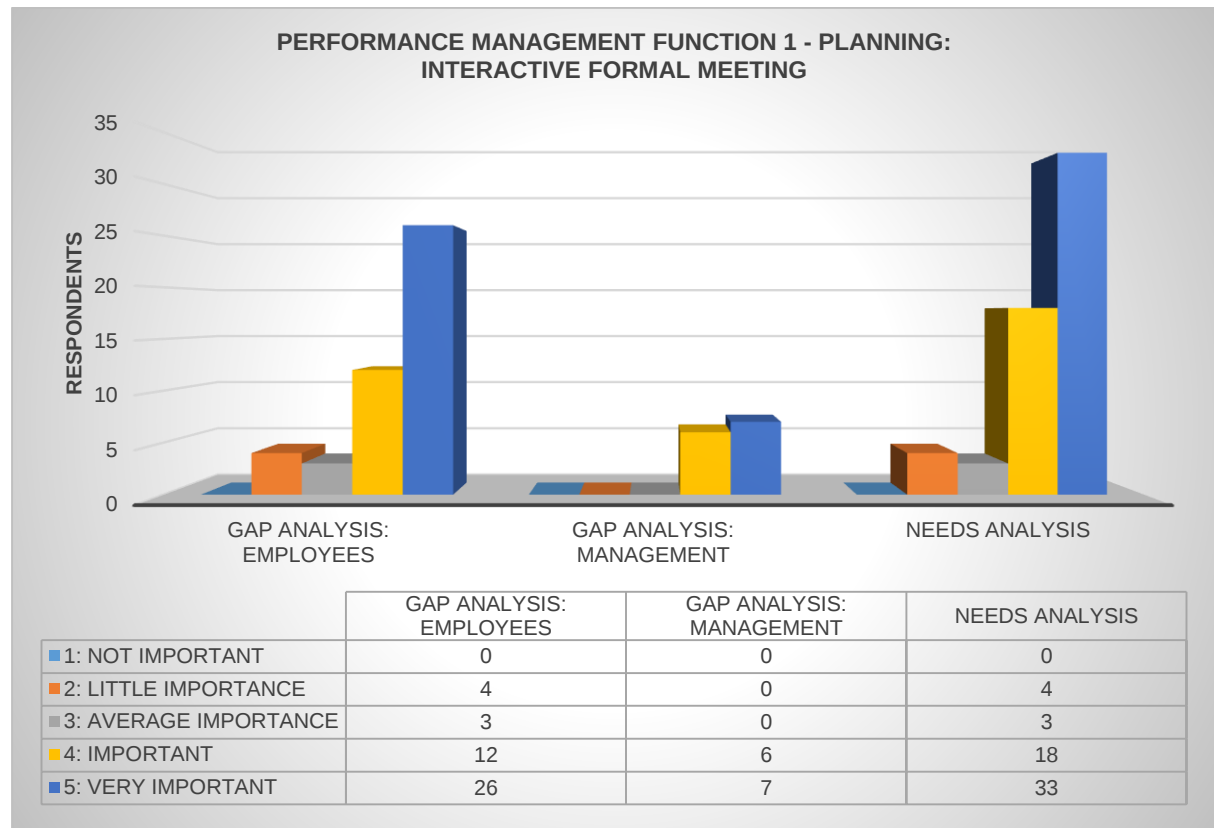


Figure 3: PMF₁ – Planning: Performance Plan - “Specific”

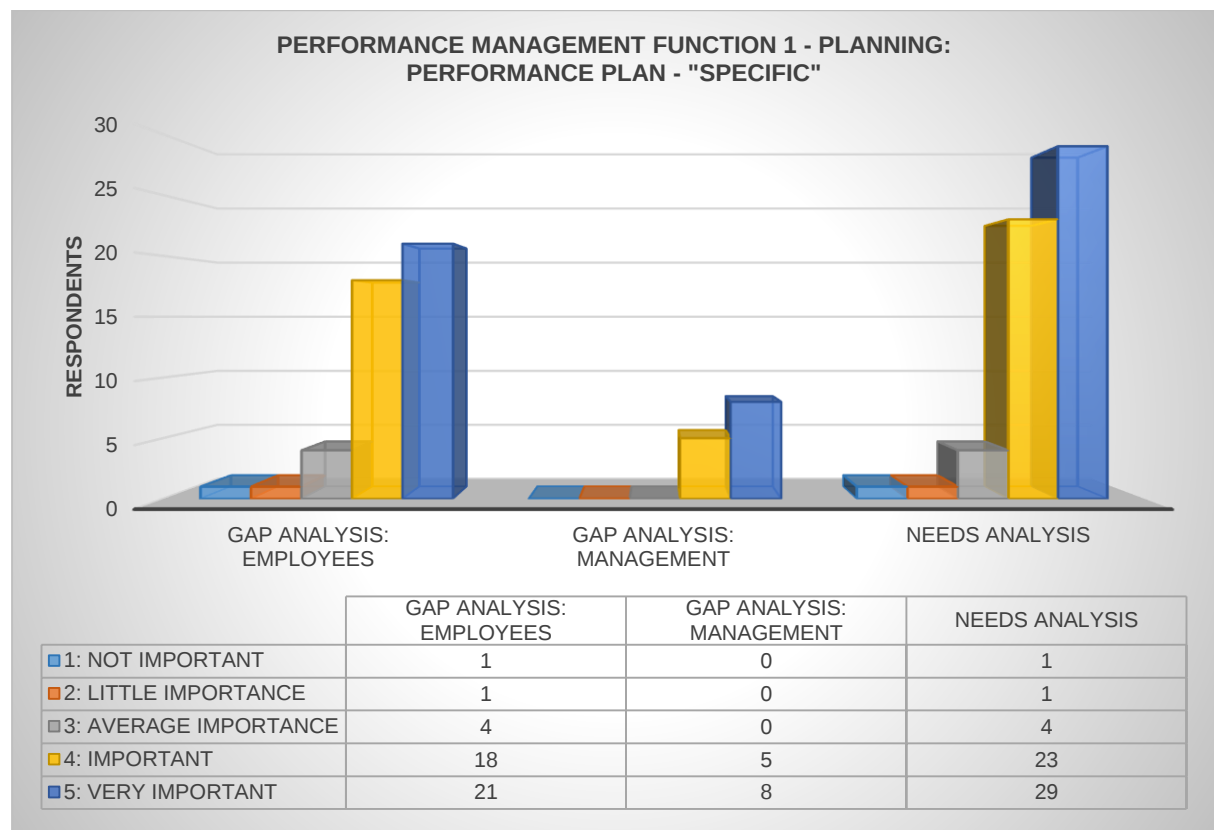


Figure 4: PMF₁ – Planning: Performance Plan -“Measurable”

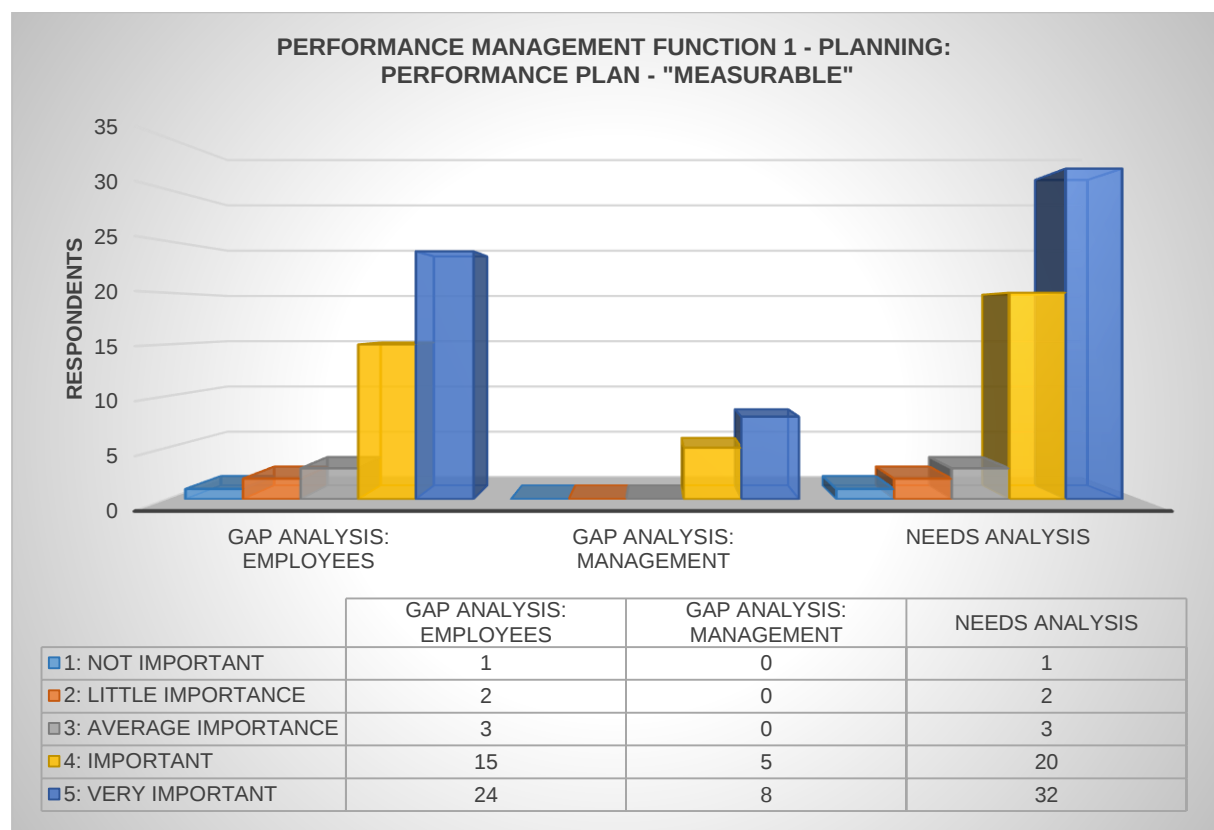


Figure 5: PMF₁ – Planning: Performance Plan “Achievable”

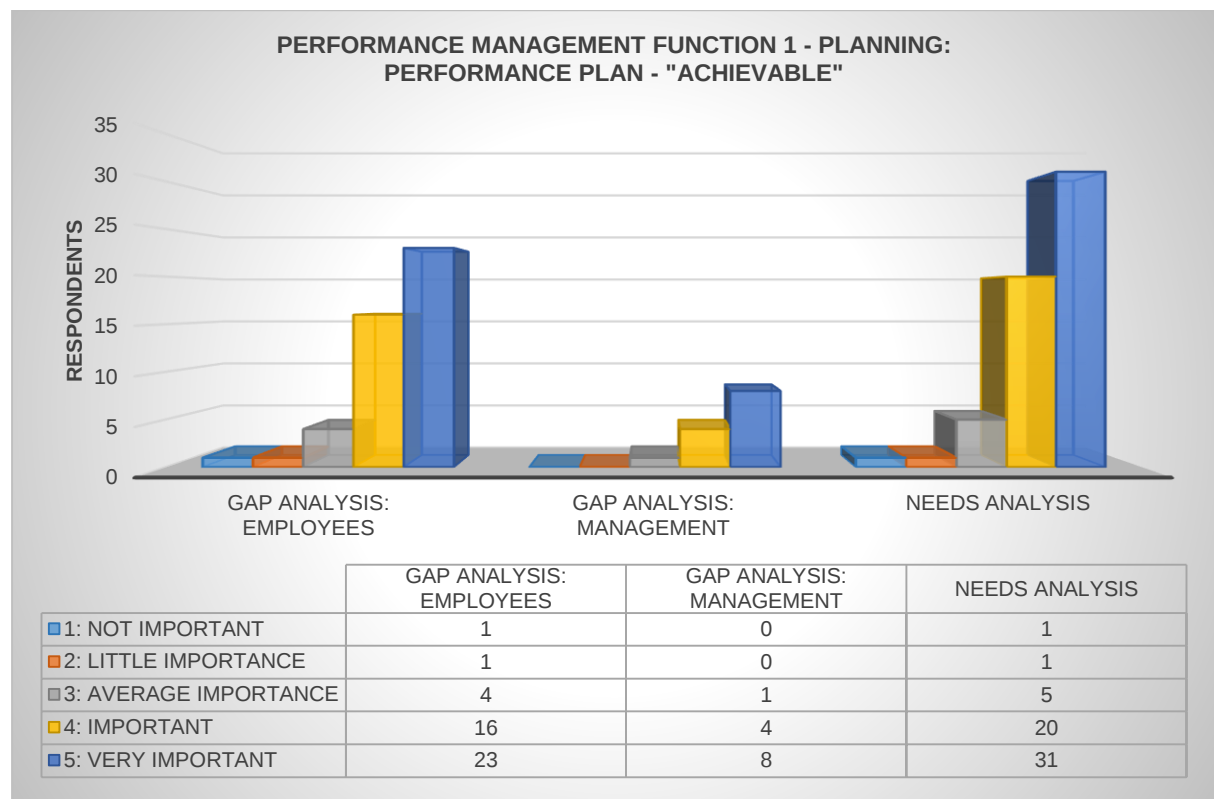


Figure 6: PMF₁ – Planning: Performance Plan - “Relevant”

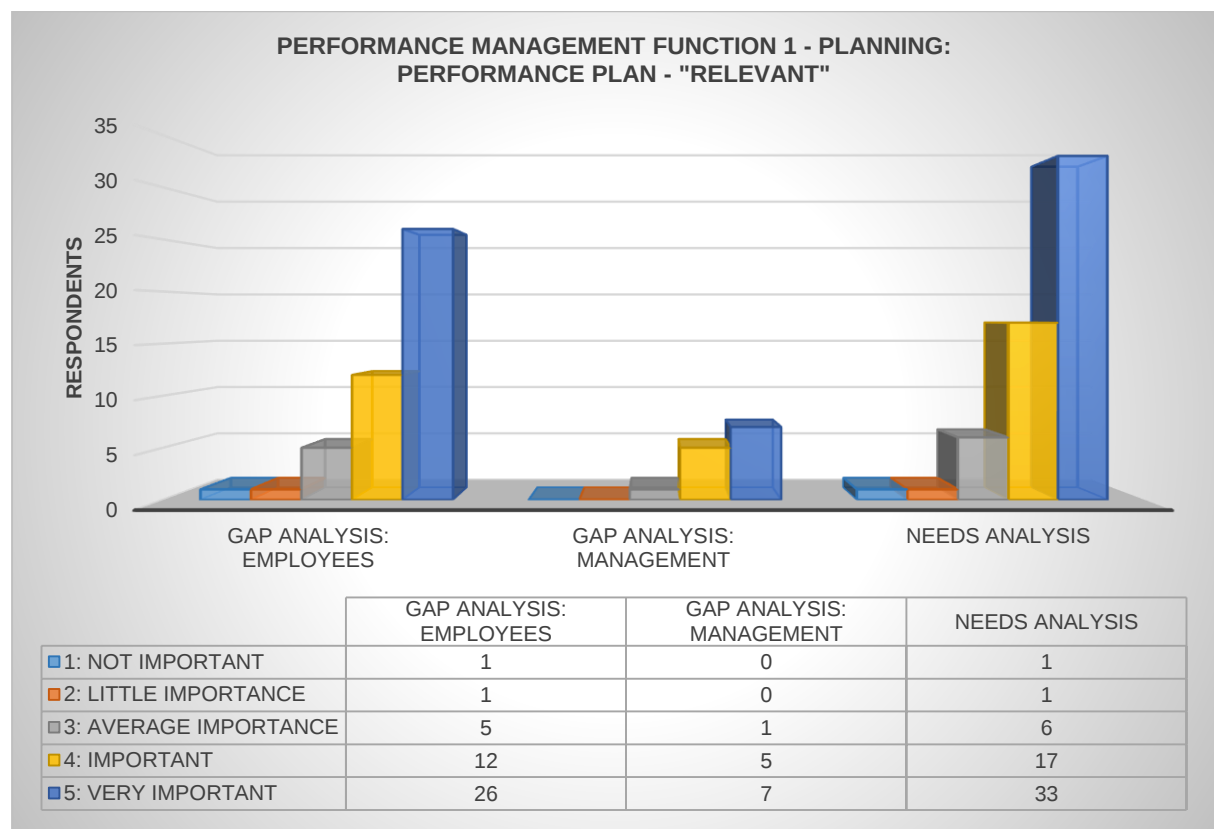


Figure 7: PMF₁ – Planning: Performance Plan - “Time Bound”

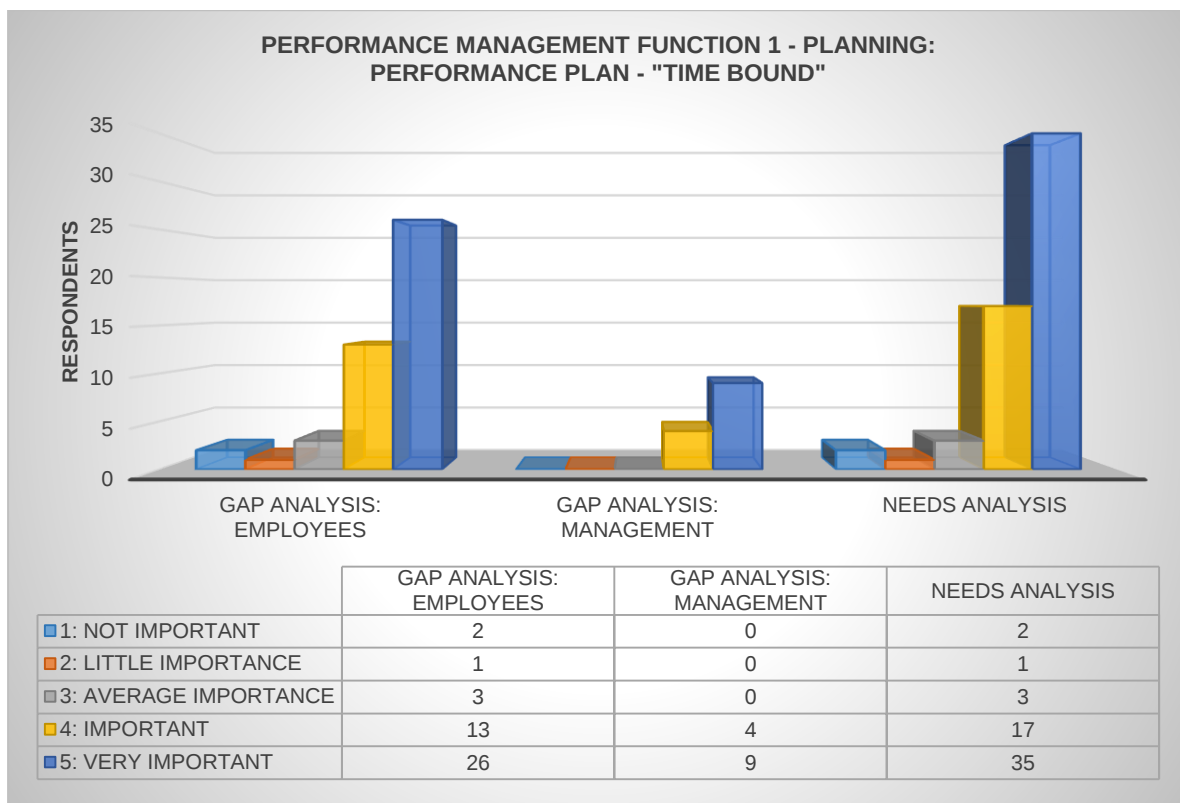


Figure 8: PMF₁ – Planning: Performance Plan - “Job Description”

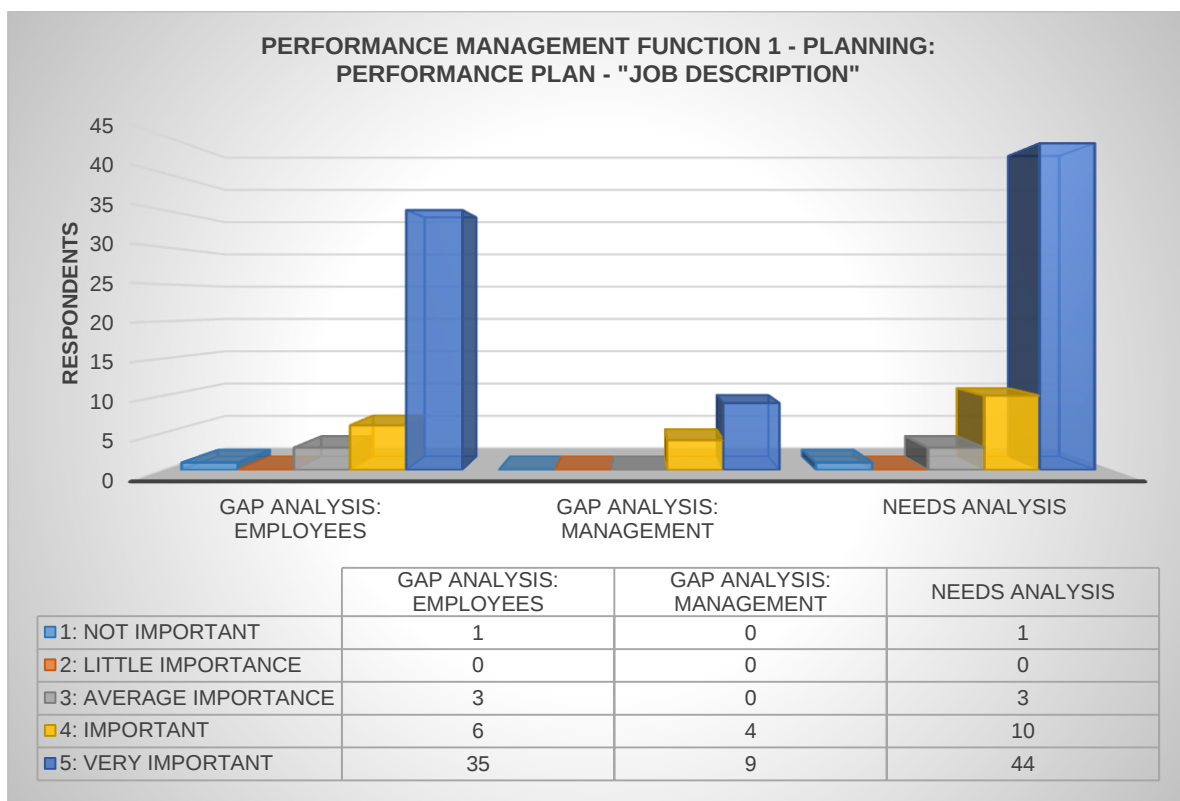


Figure 9: PMF₁ – Planning: Performance Plan - “Financial KPI’s”

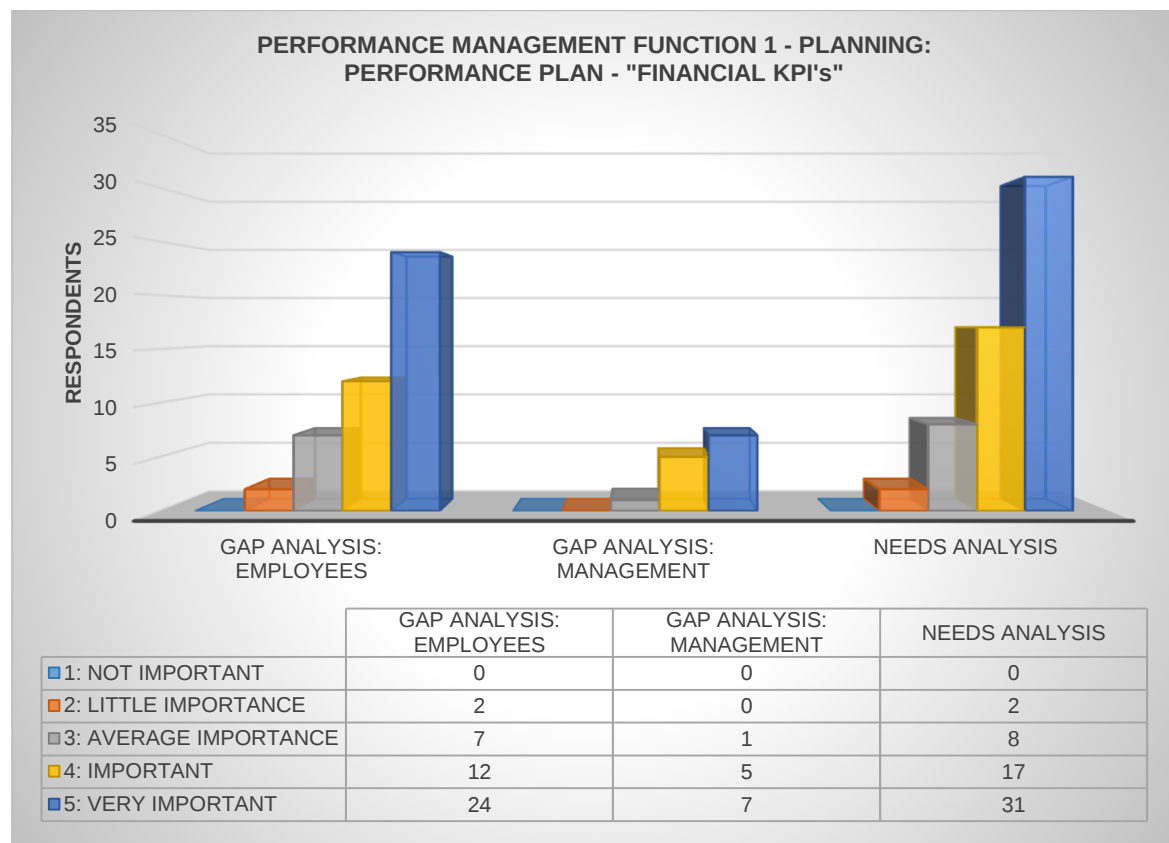


Figure 10: PMF₁ – Planning: Performance Plan - “Non-Financial KPI’s”

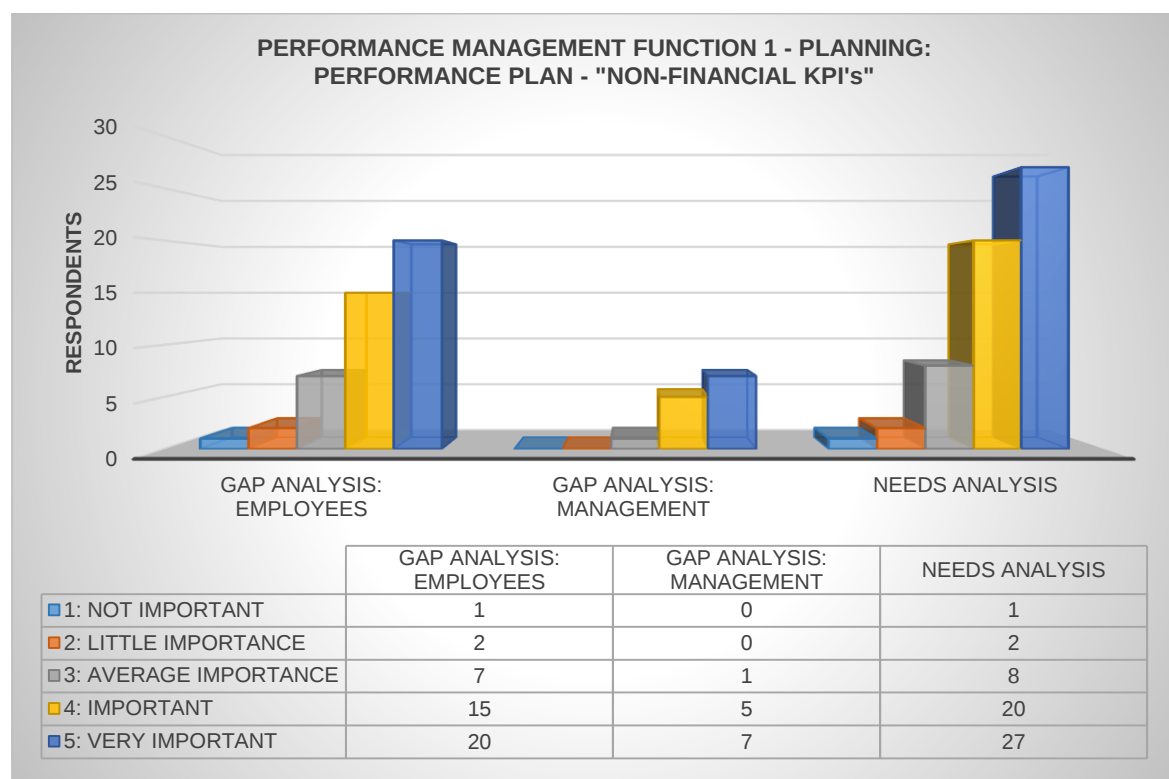


Figure 11: PMF₁ – Planning: Development Plan “Achievements”

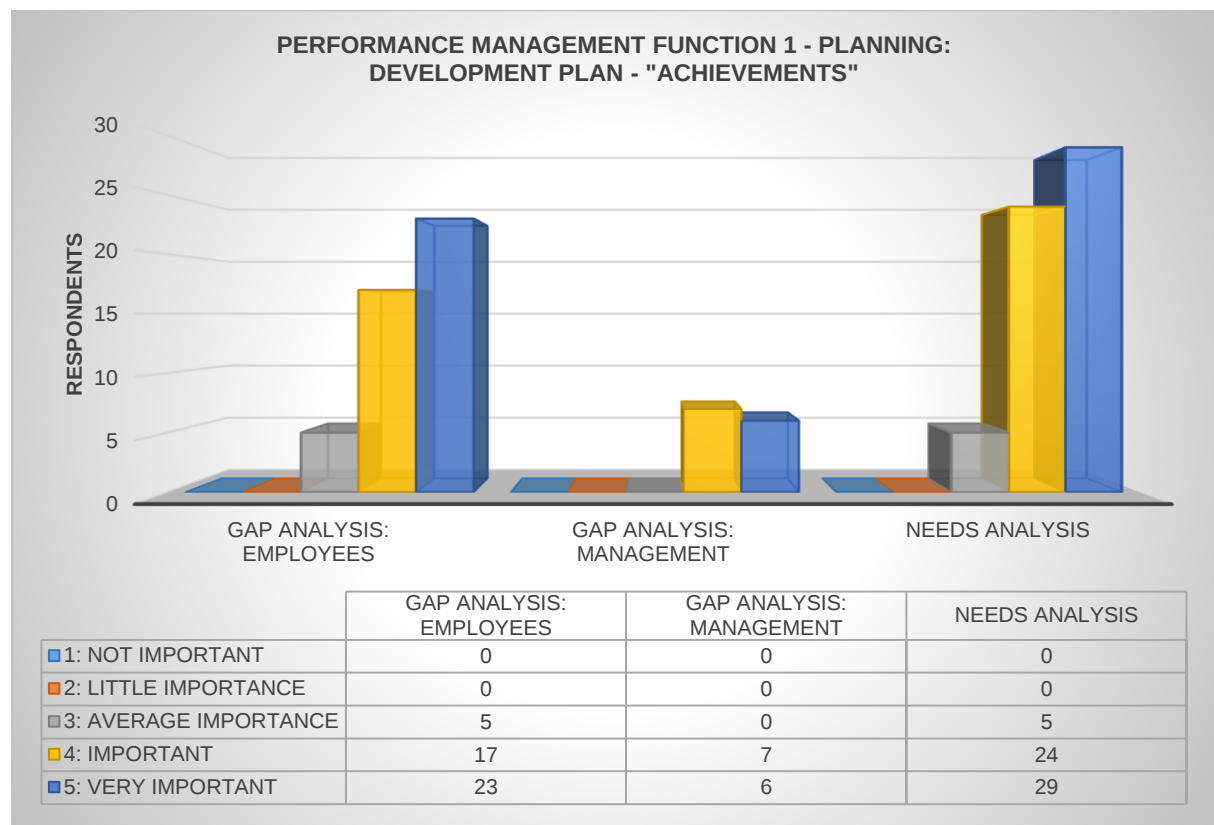


Figure 12: PMF₁ – Planning: Development Plan “Competencies”

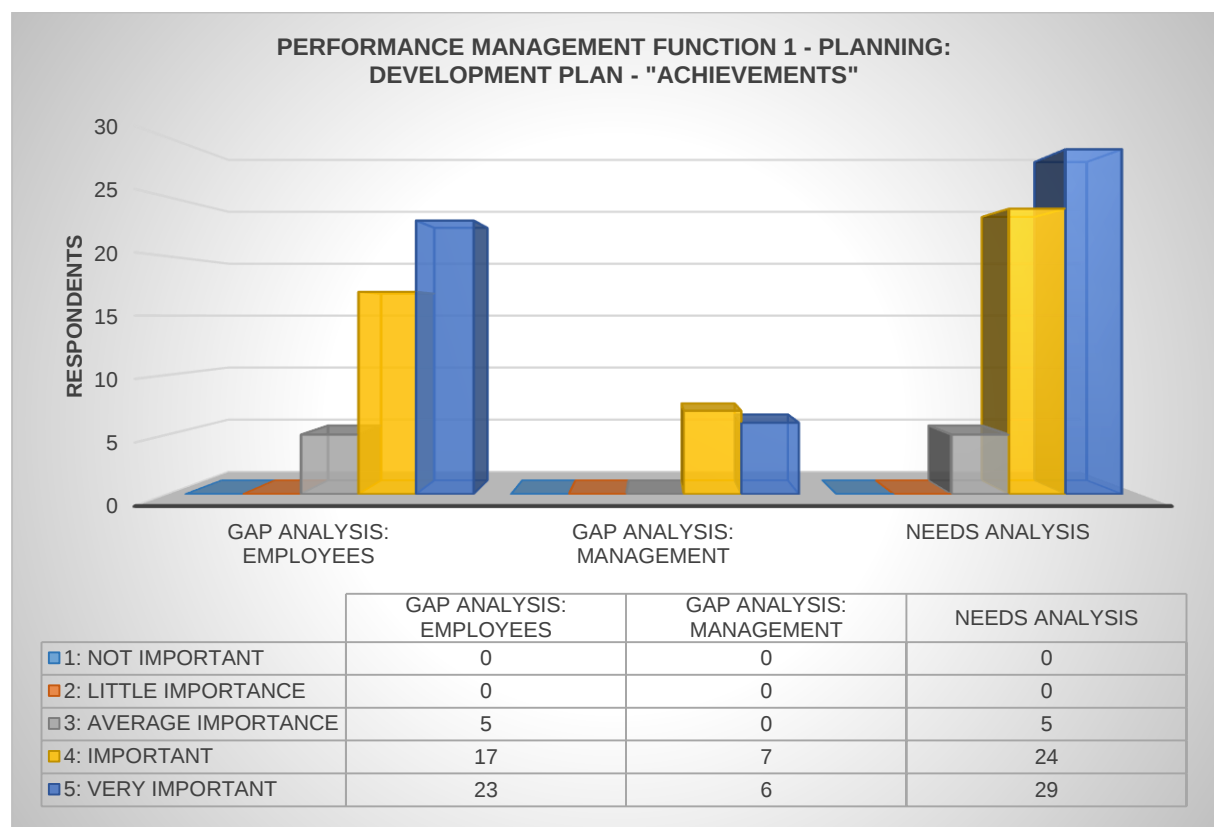


Figure 13: PMF₁ – Planning: Development Plan “Goals”

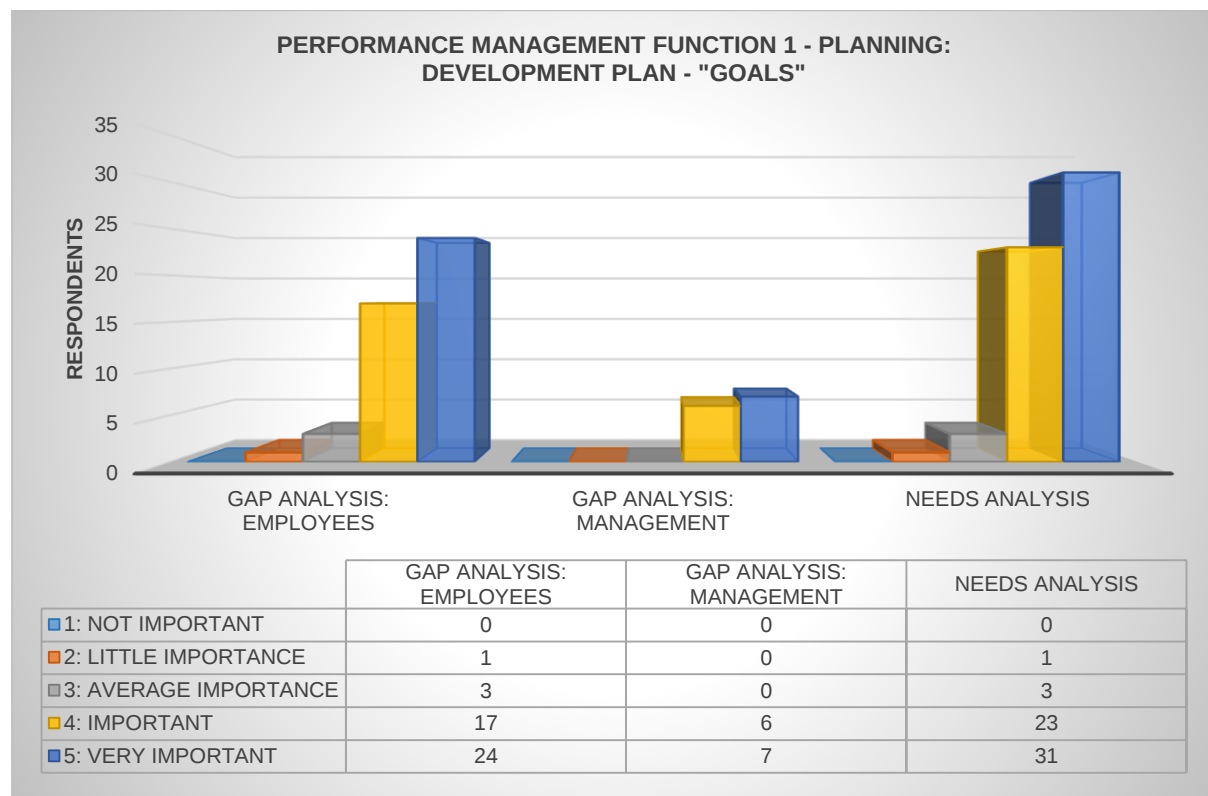


Figure 14: PMF₁ – Planning: Development Plan “Objectives”

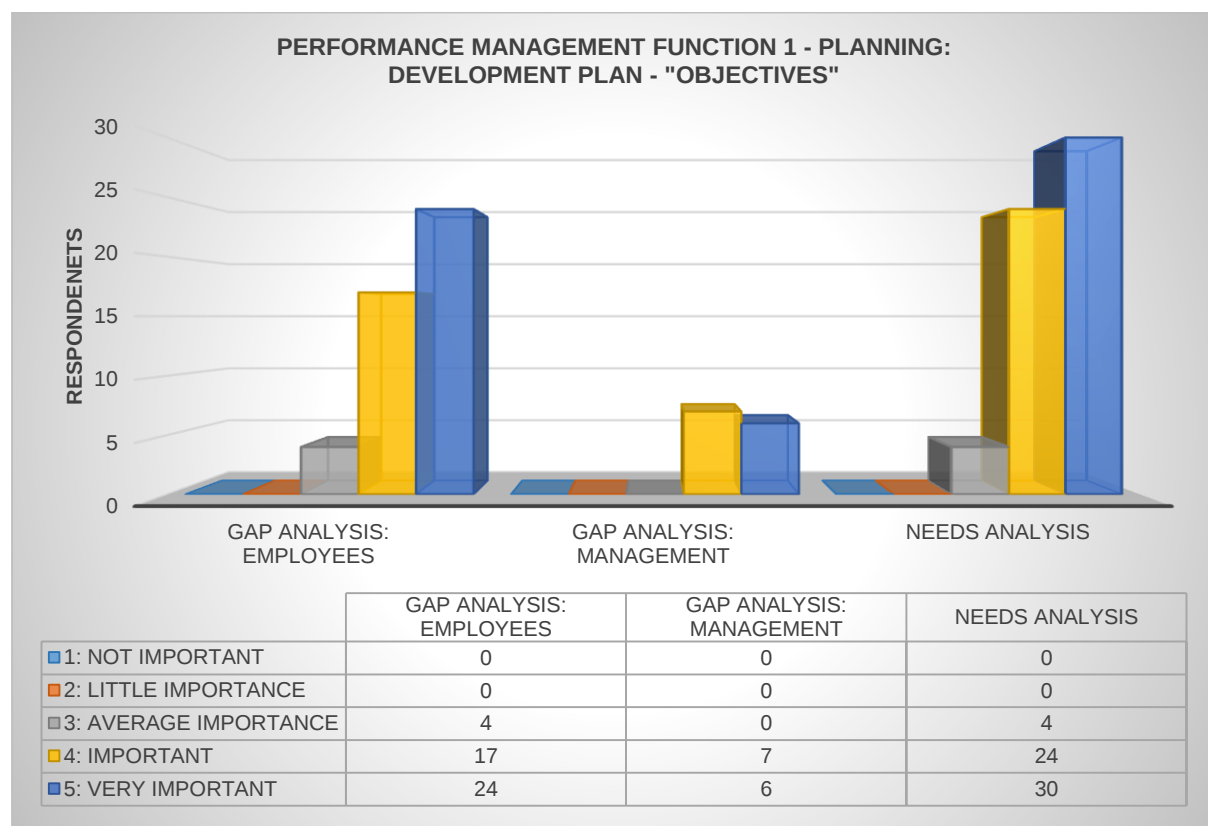


Figure 15: PMF₁ – Planning: Development Plan “Skills”

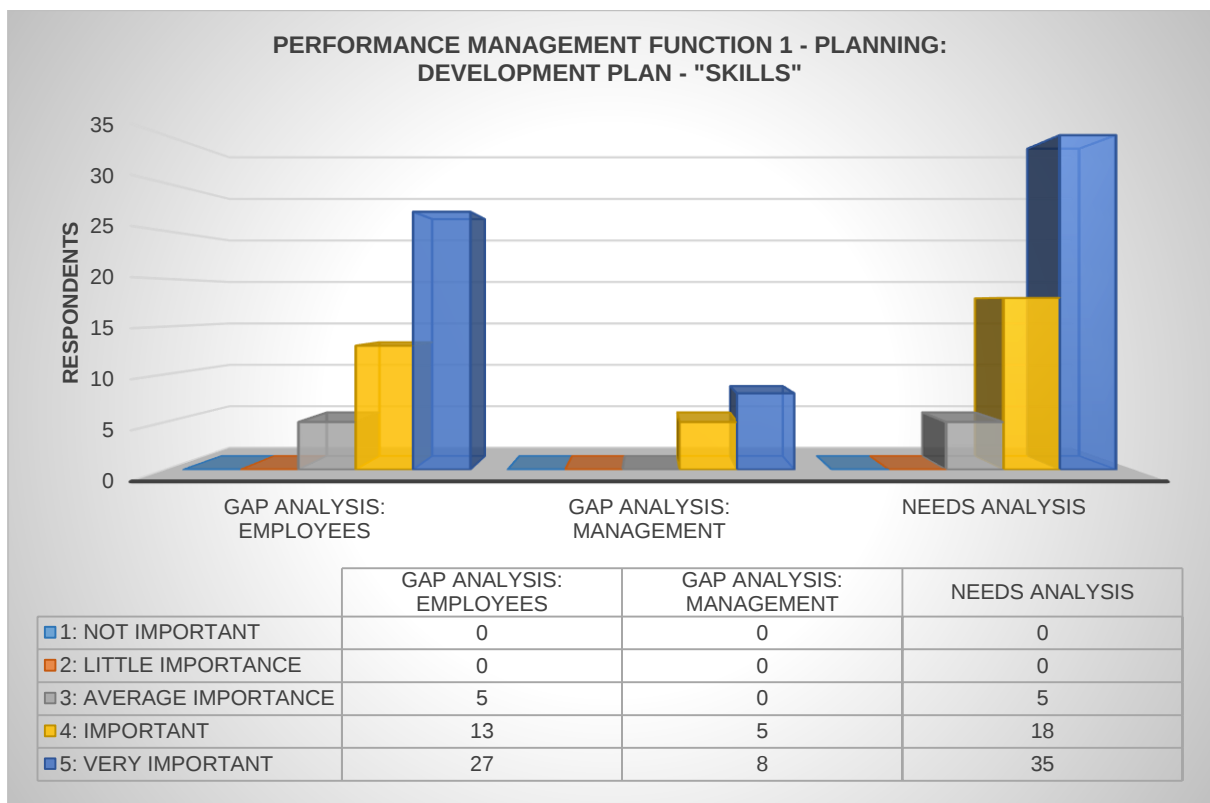


Figure 16: PMF₁ – Planning: Development Plan “Clear Timeline”

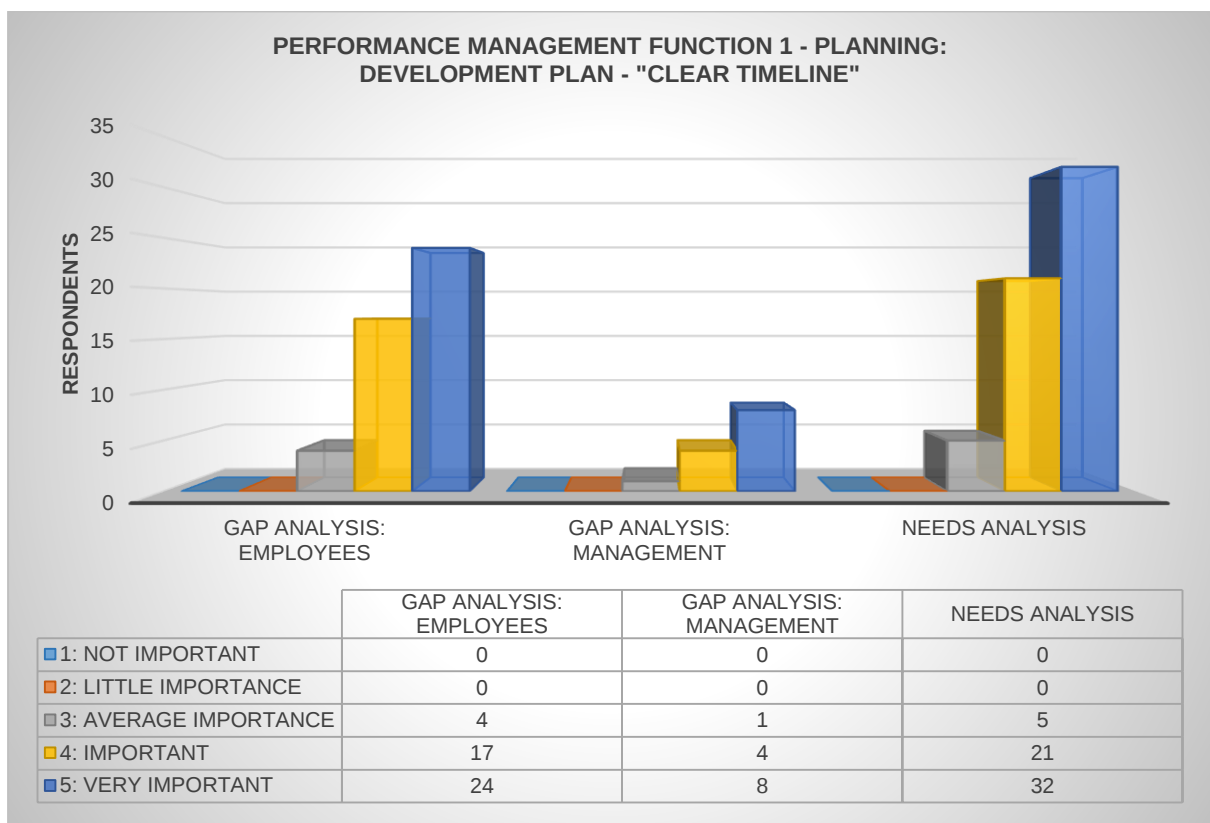


Figure 17: PMF₁ – Planning: Development Plan “Necessary Resources”

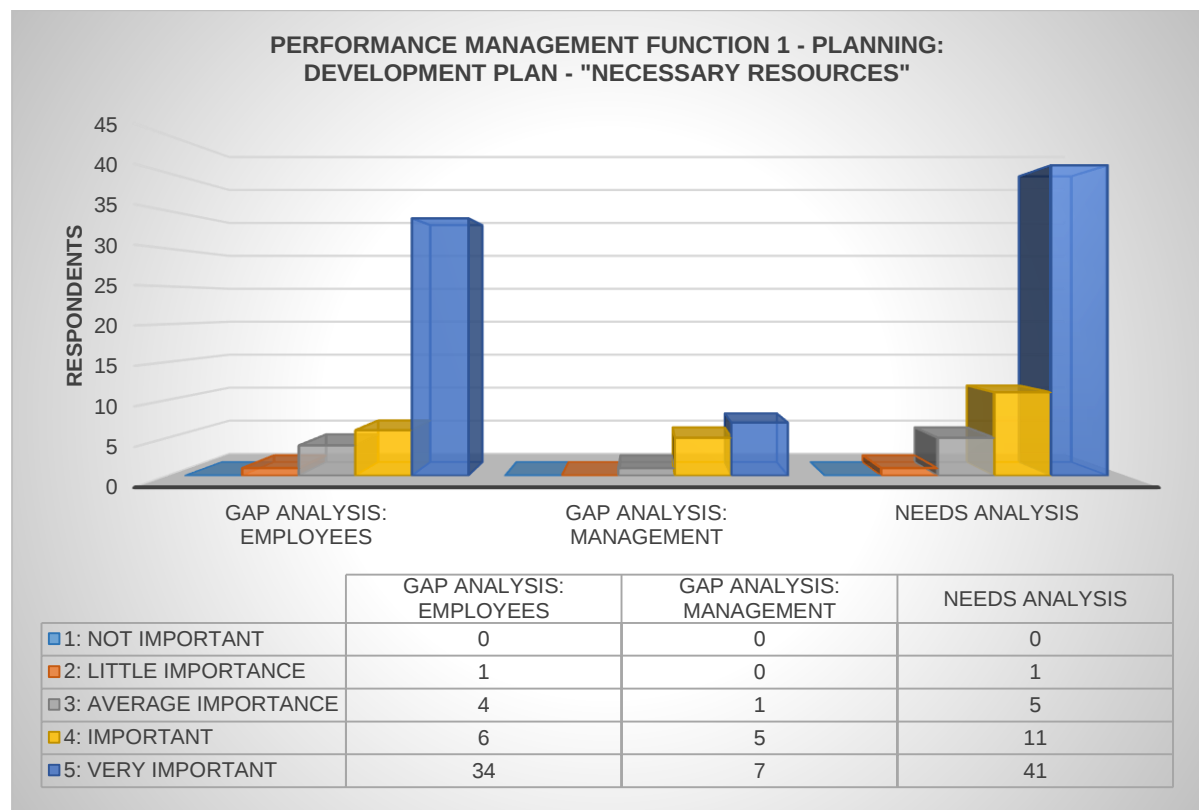


Figure 18: PMF₁ – Planning: Development Plan “Measurements”

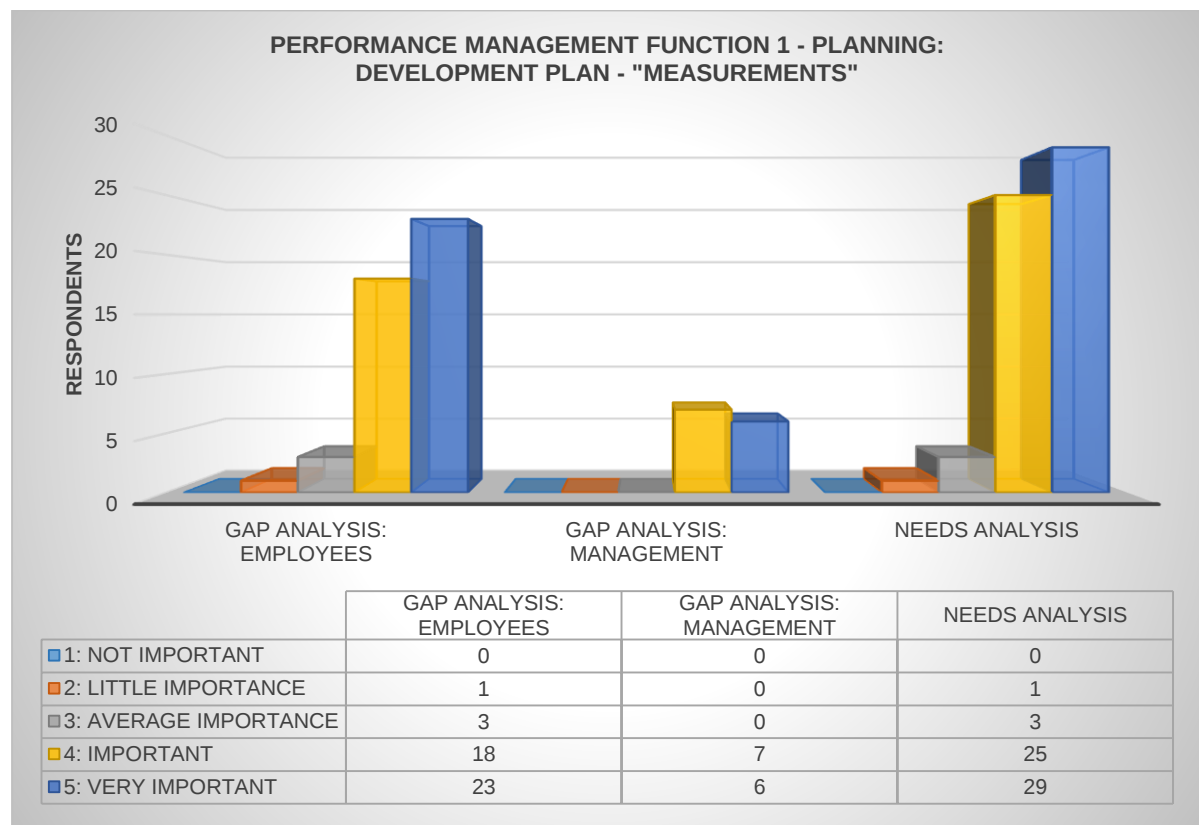


Figure 19: PMF₂ – Meaningful Rewards: Annual Meeting

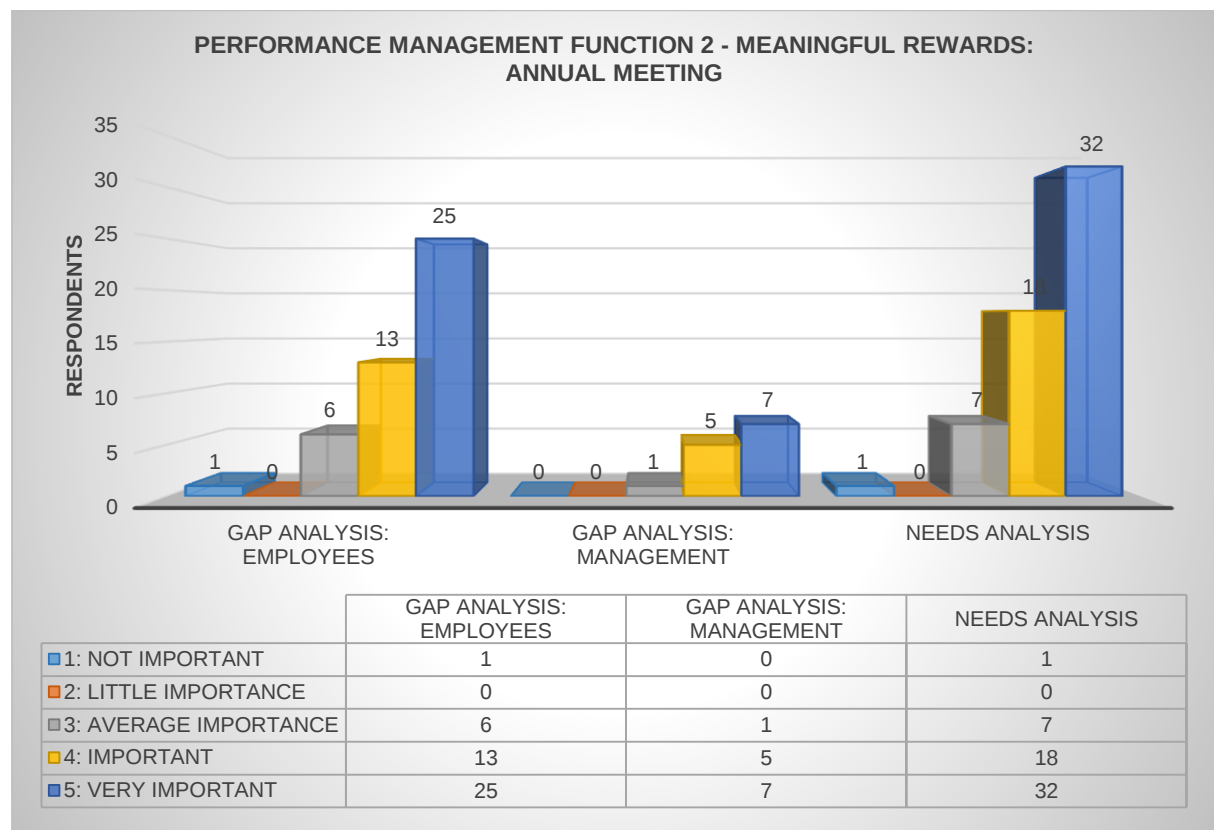


Figure 20: PMF₂ – Meaningful Rewards: Salary Increase

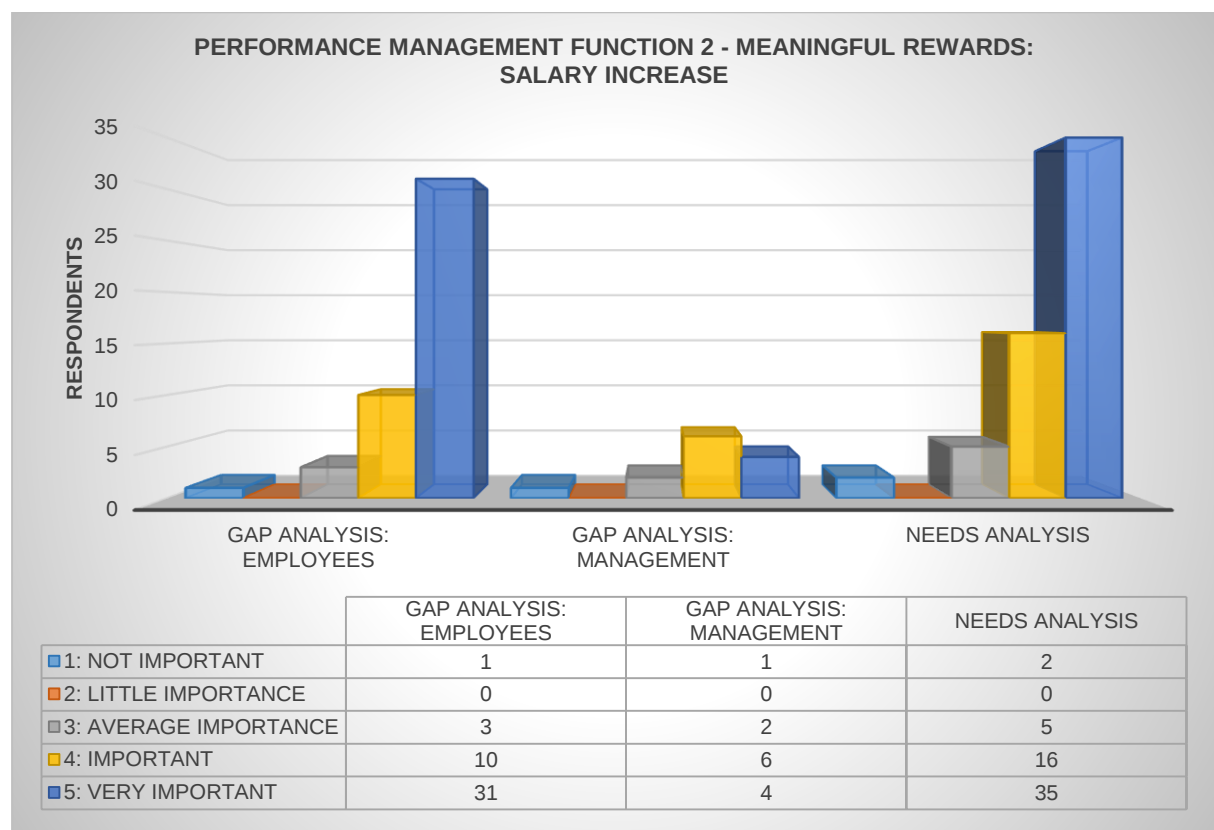


Figure 21: PMF₂ – Meaningful Rewards: Bonus Payment

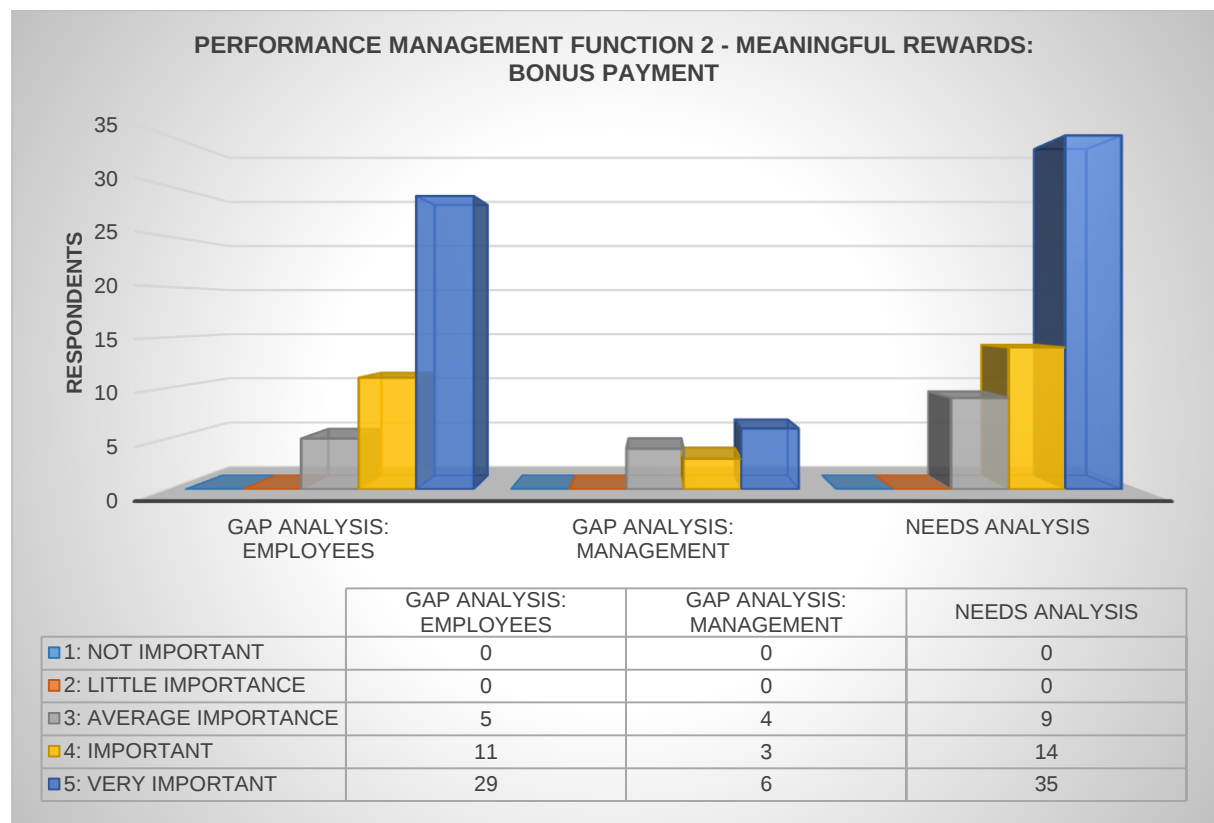


Figure 22: PMF₂ – Meaningful Rewards: Incentive Scheme

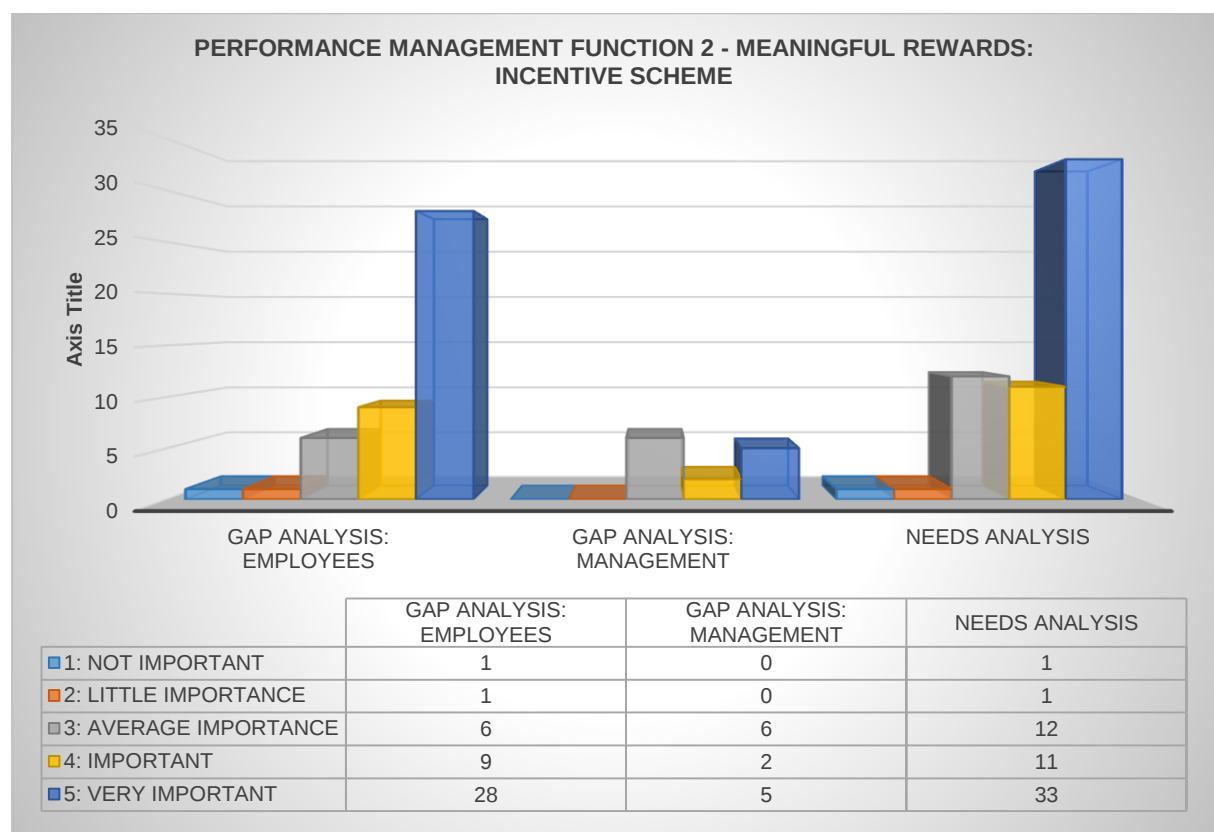


Figure 23: PMF₂ – Meaningful Rewards: Promotion

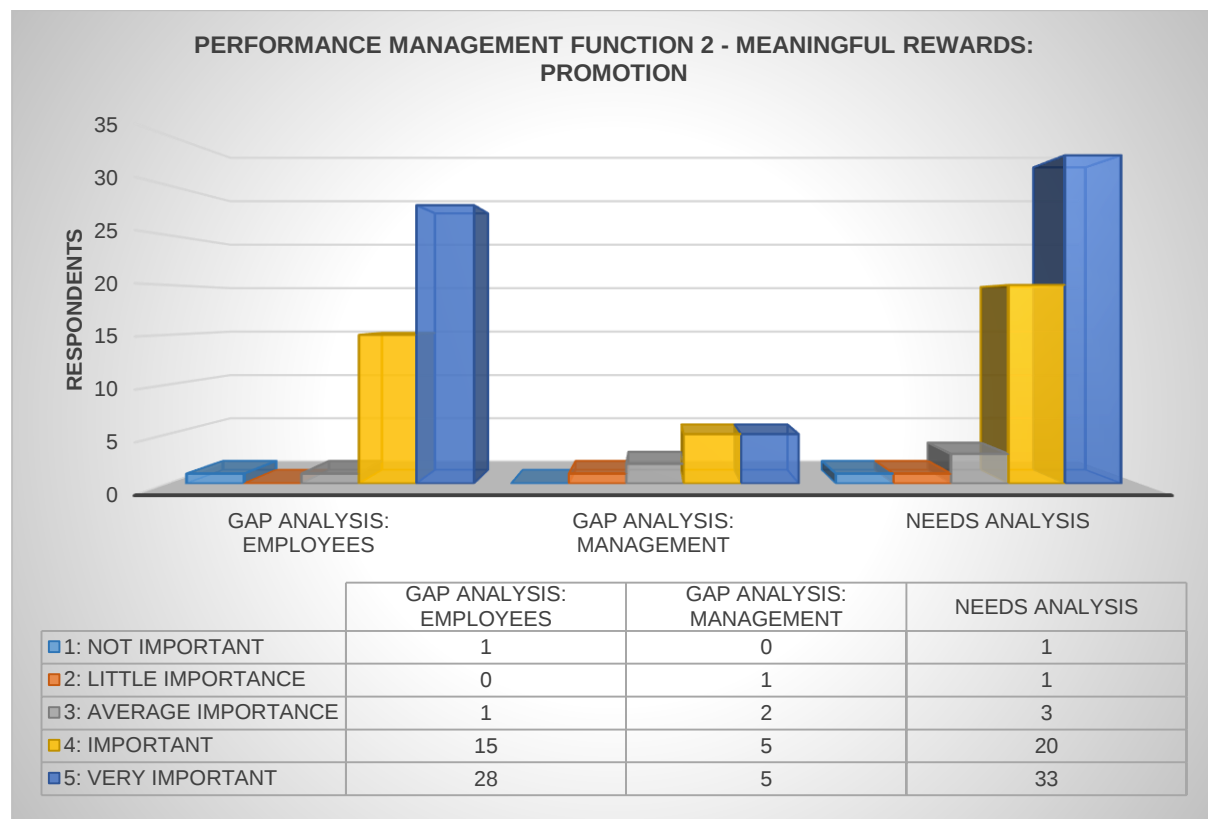


Figure 24: PMF₃ – Monitoring and Development: Performance and Development Plan – Formal Meeting

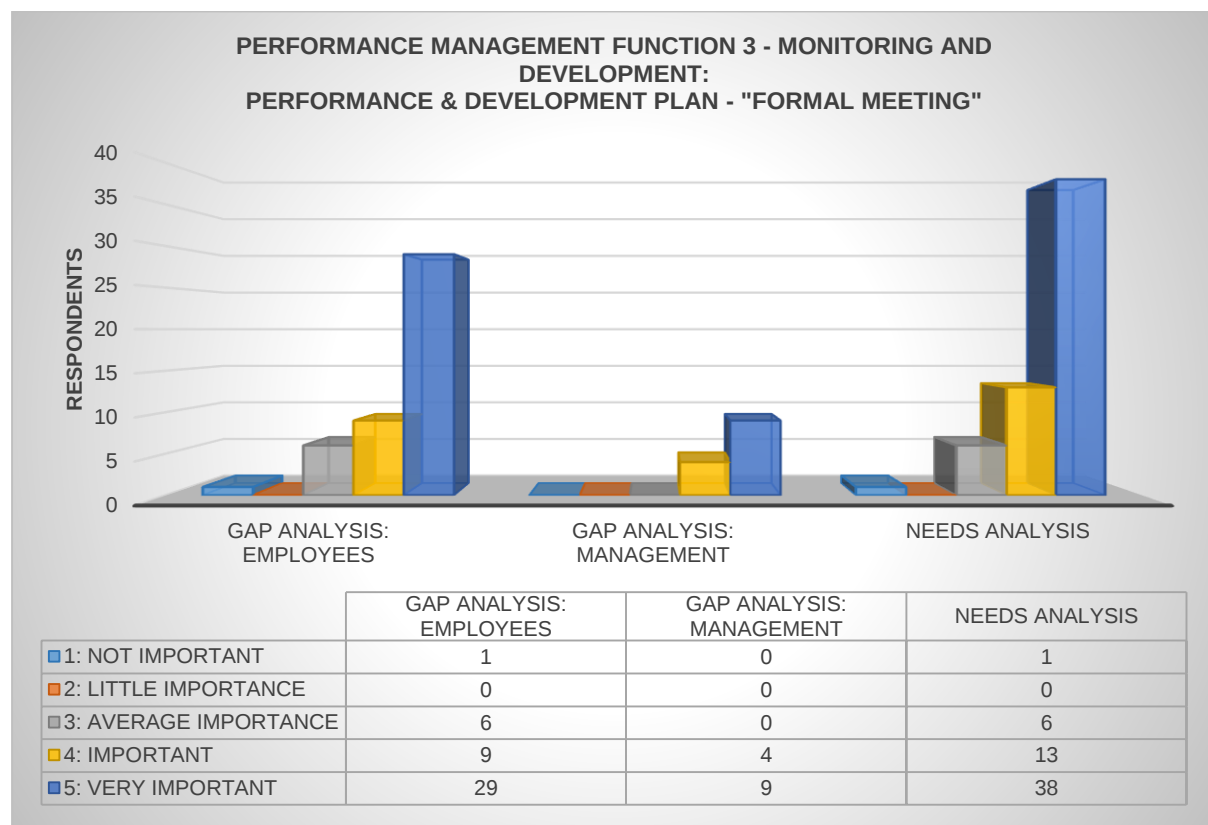


Figure 25: PMF₃ – Monitoring and Development: Performance Plan – Clear Concise Feedback: Achievements

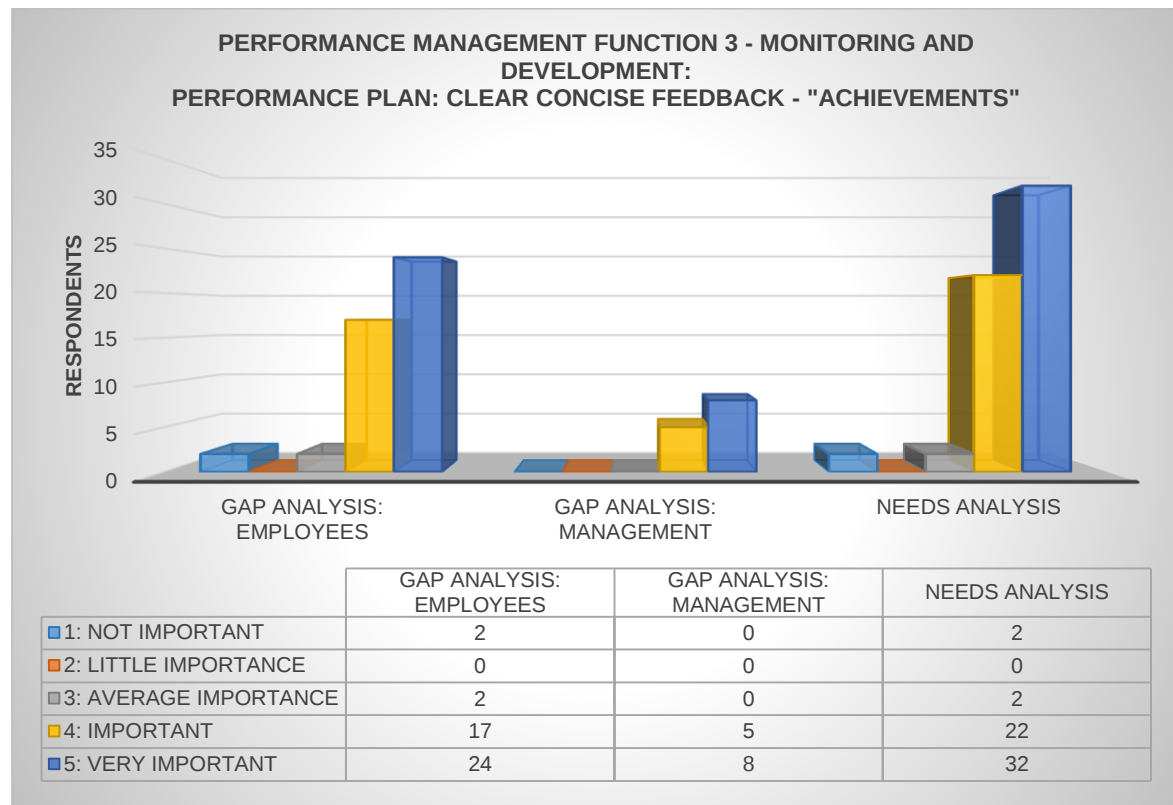


Figure 26: PMF₃ – Monitoring and Development: Performance Plan – Clear Concise Feedback: Underperformance

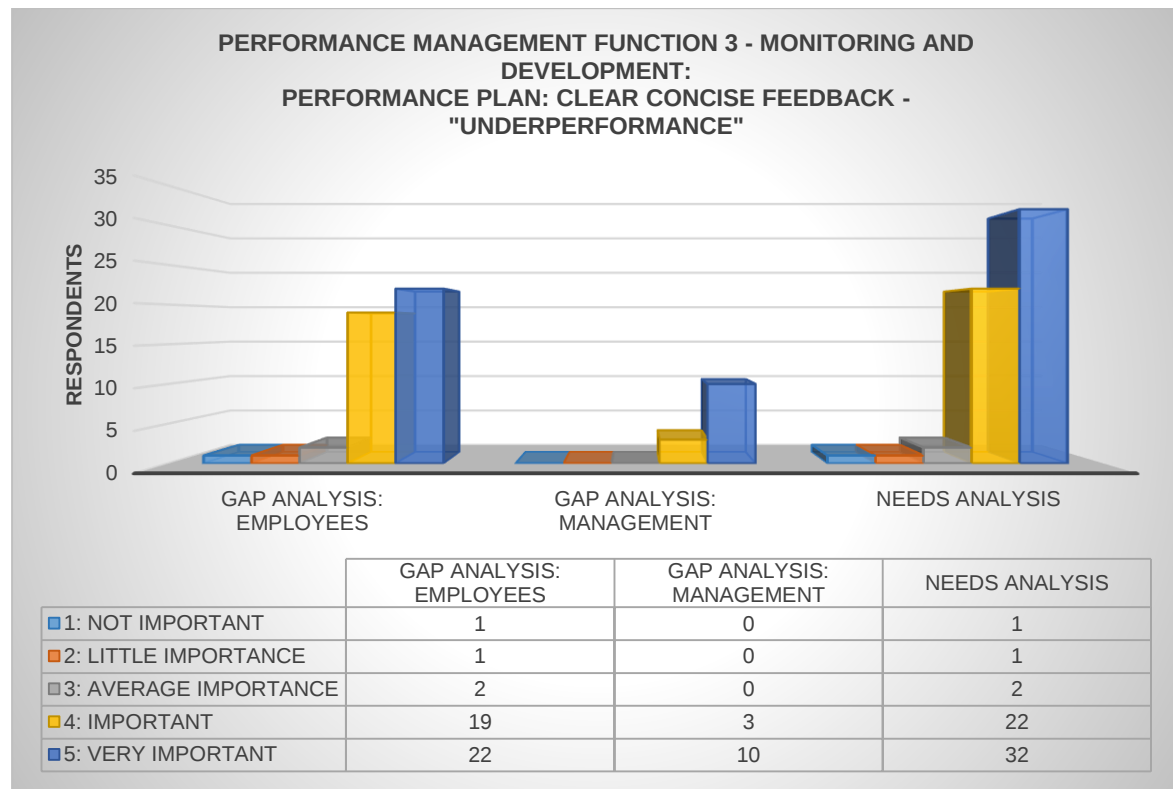


Figure 27: PMF₃ – Monitoring and Development: Performance Plan – Flexibility

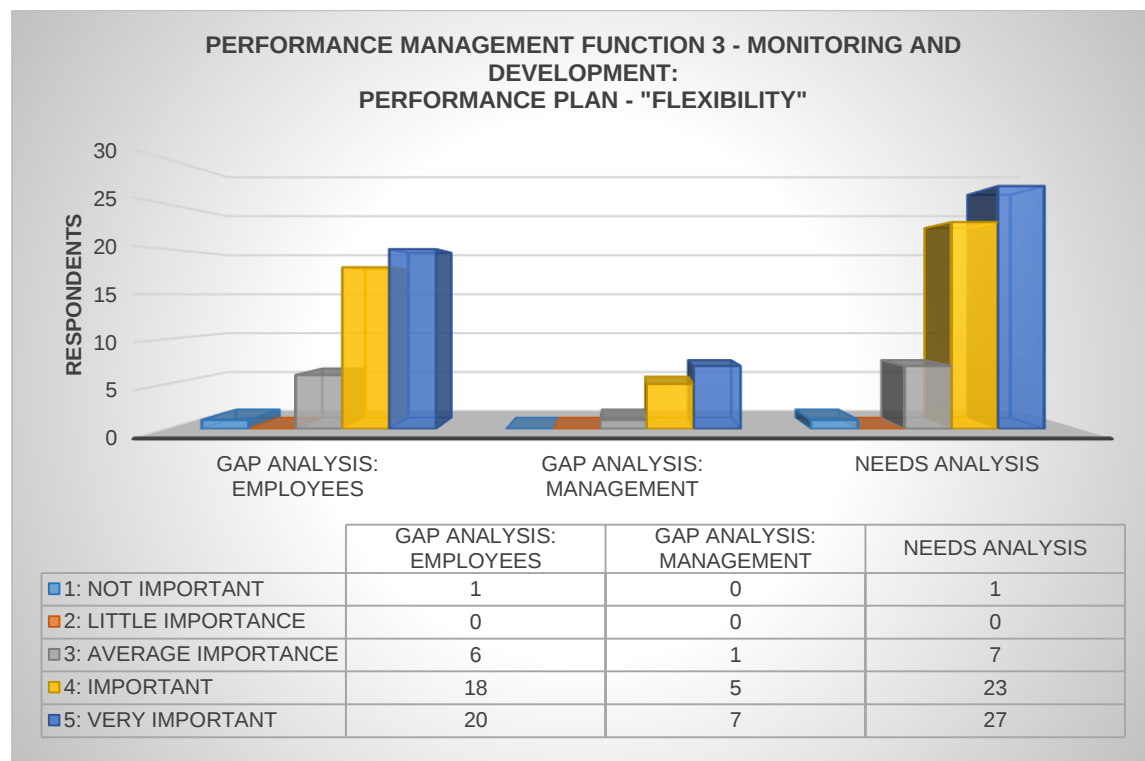


Figure 28: PMF₃ – Monitoring and Development: Development Plan – Clear Concise Feedback: Achievements

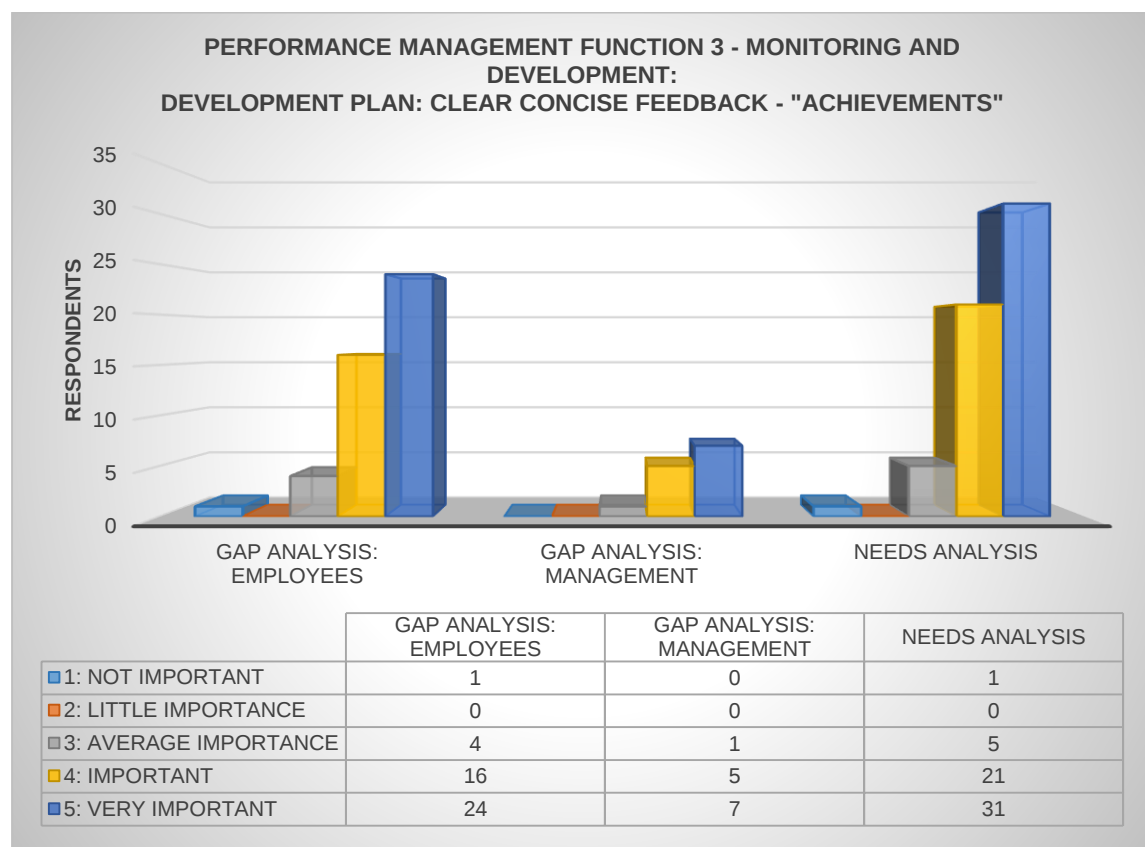


Figure 29: PMF₃ – Monitoring and Development: Development Plan – Clear Concise Feedback: Underperformance

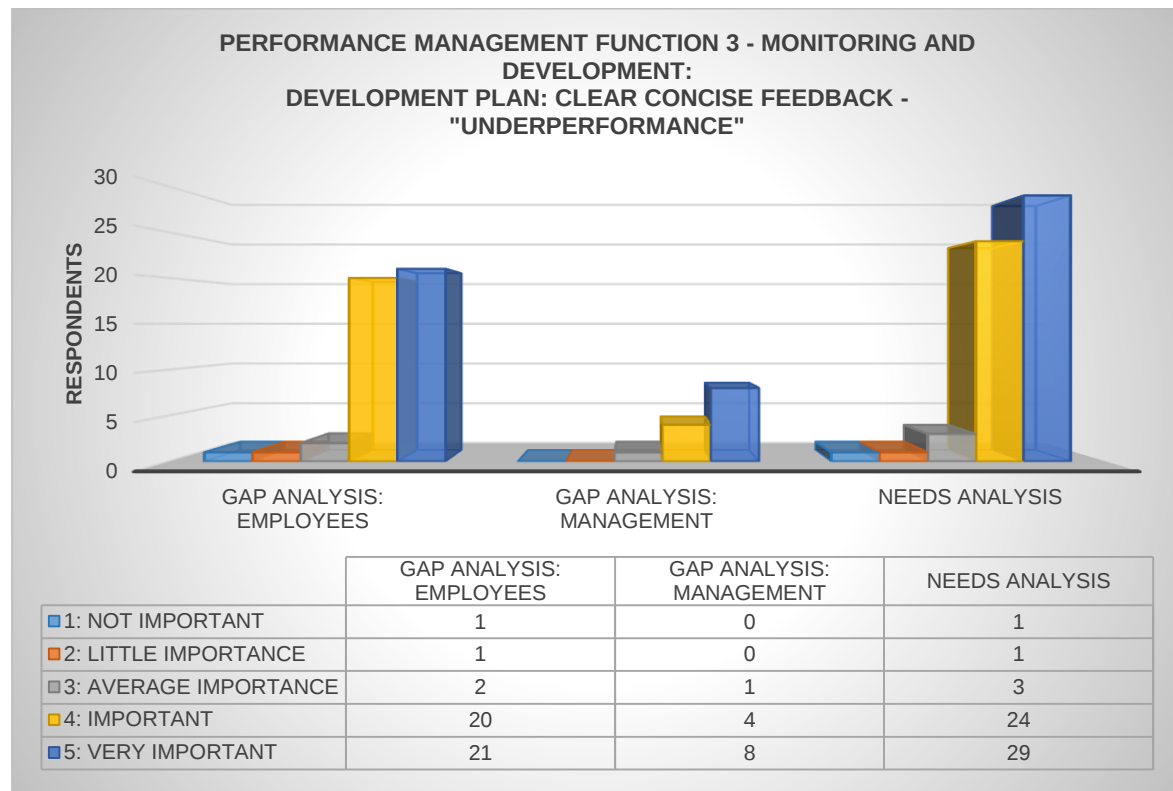


Figure 30: PMF₃ – Monitoring and Development: Development Plan – Flexibility

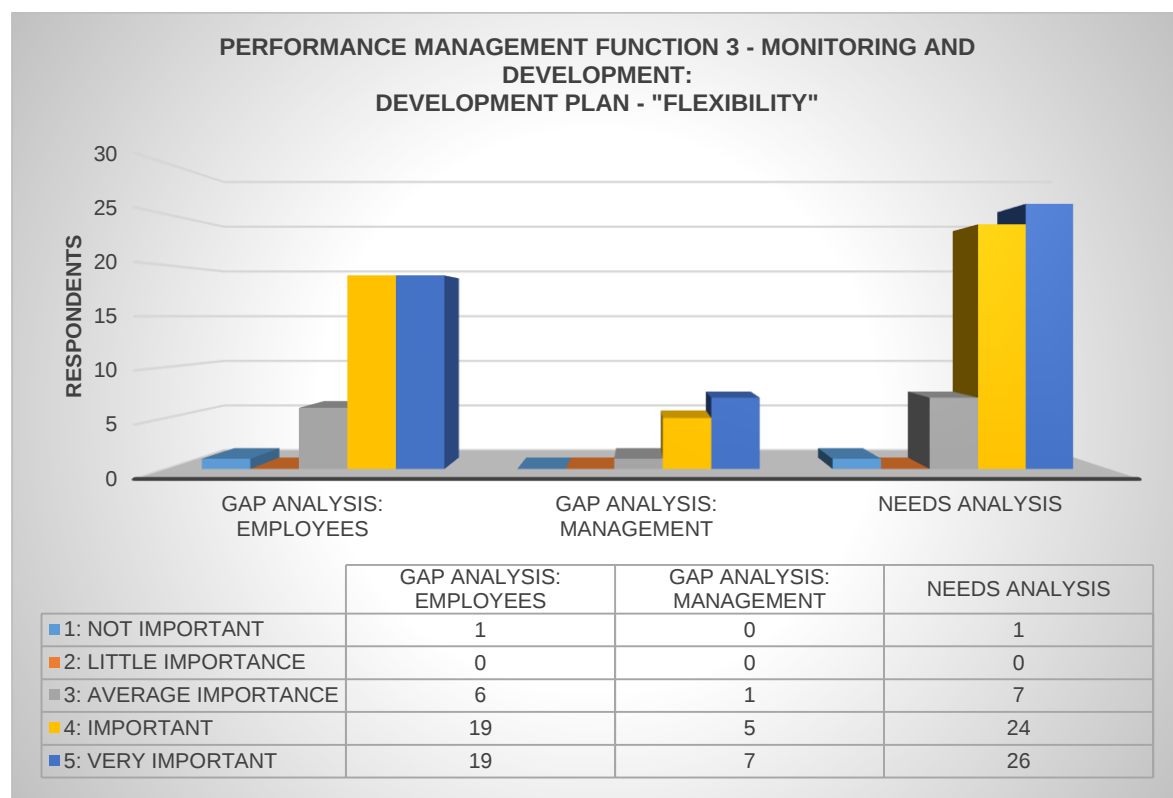


Figure 31: PMF₃ – Monitoring and Development: Timing of formal meeting

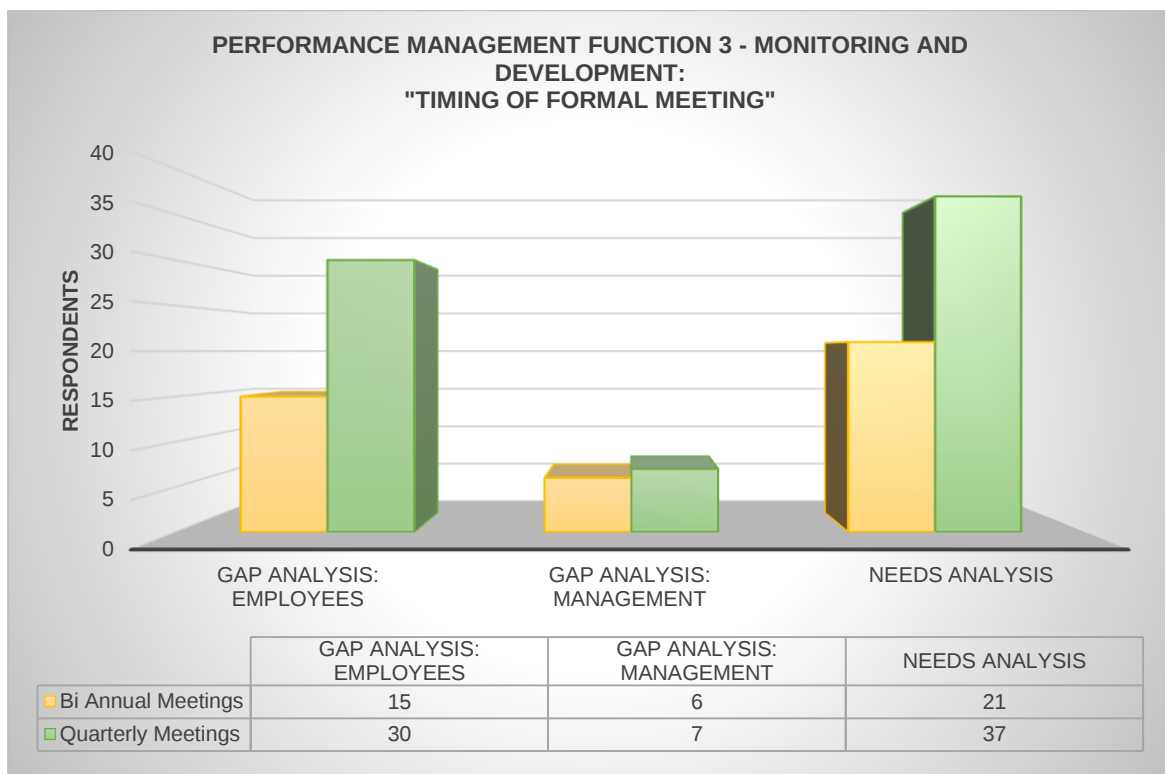


Figure 32: PMF₄ – Monitoring and Development: Performance Plan – Informal Meeting: Management

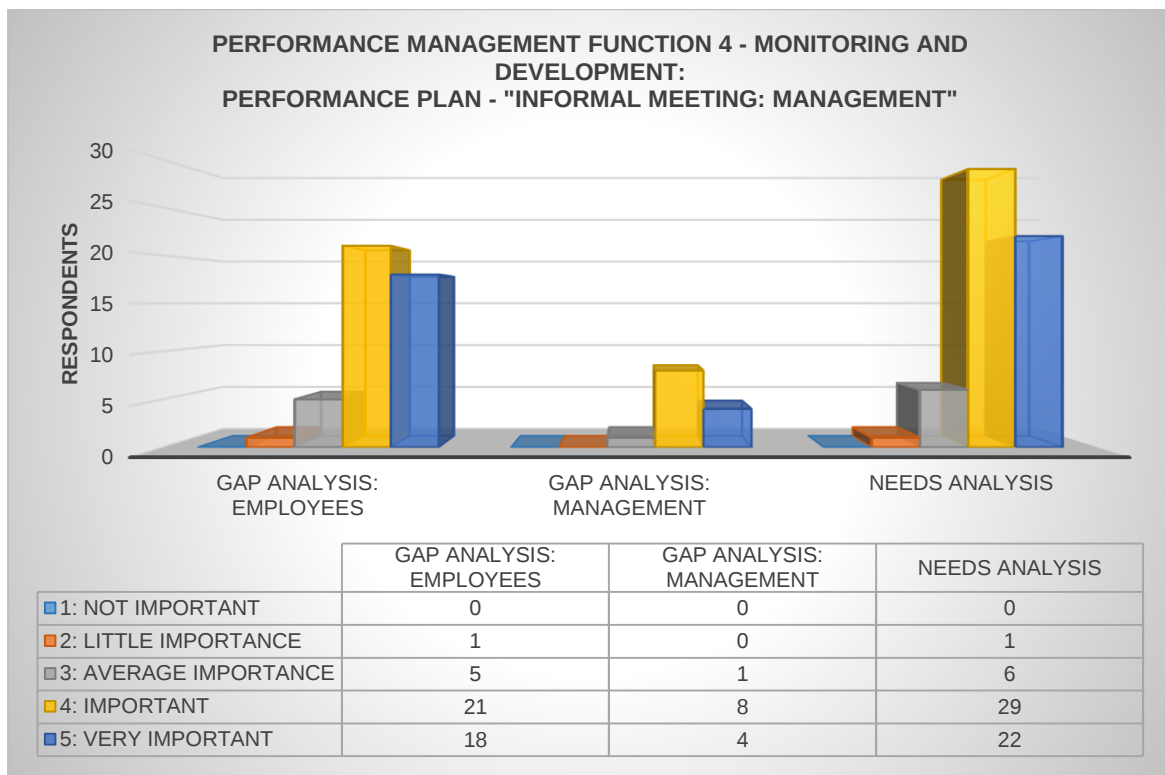


Figure 33: PMF₄ – Monitoring and Development: Performance Plan – Informal Meeting: Employees

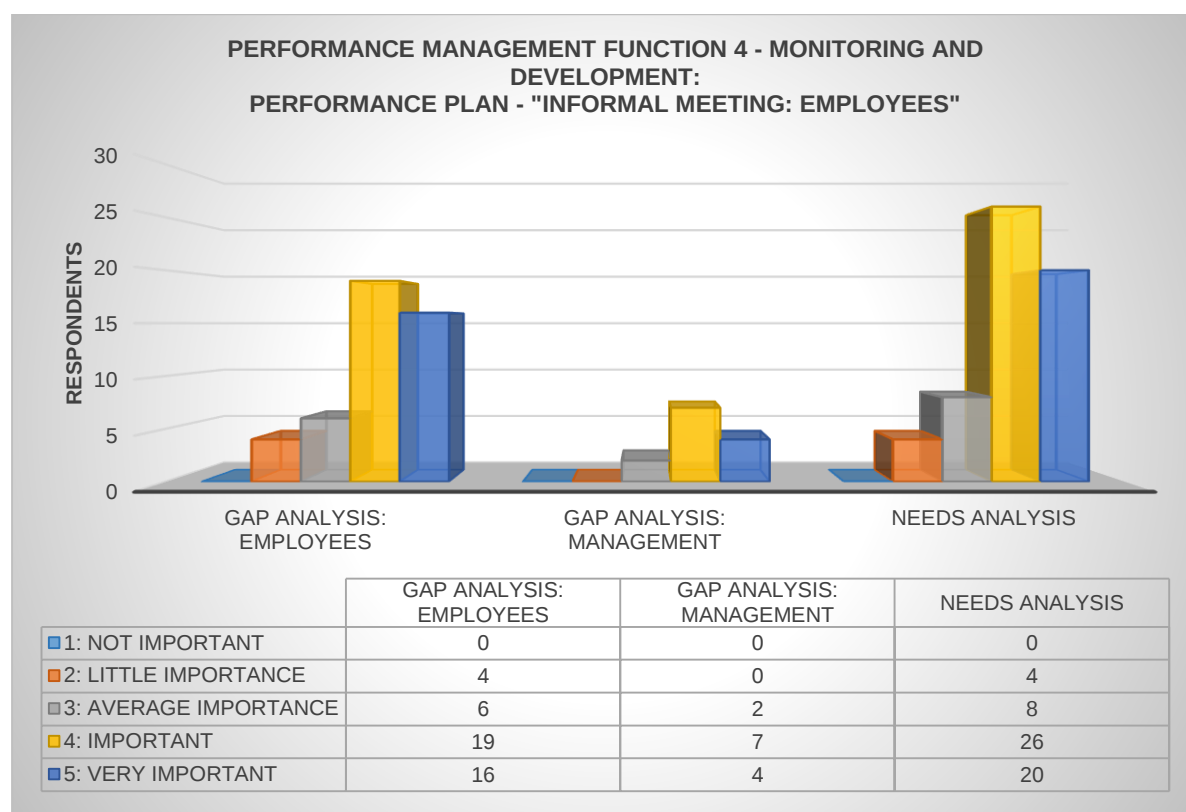


Figure 34: PMF₅ – Monitoring and Development: Development Plan – Informal Meeting: Management

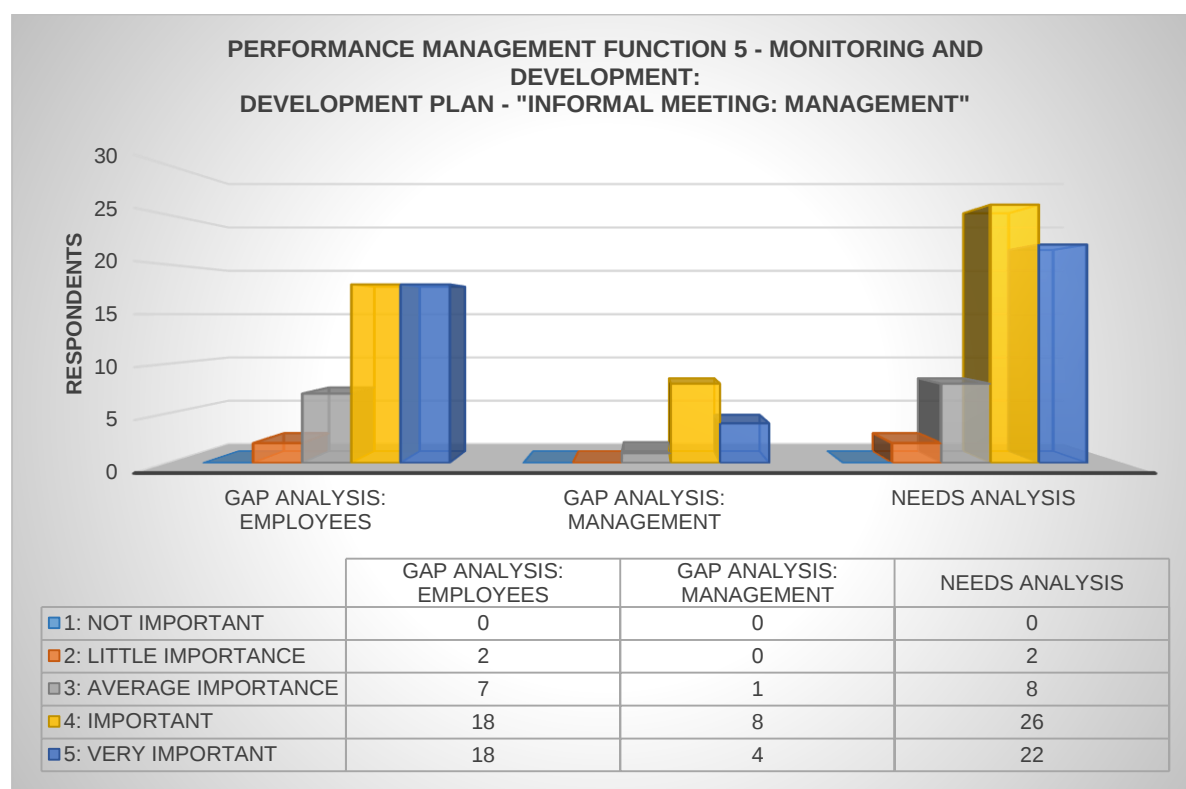


Figure 35: PMF₅ – Monitoring and Development: Development Plan – Informal Meeting: Employees

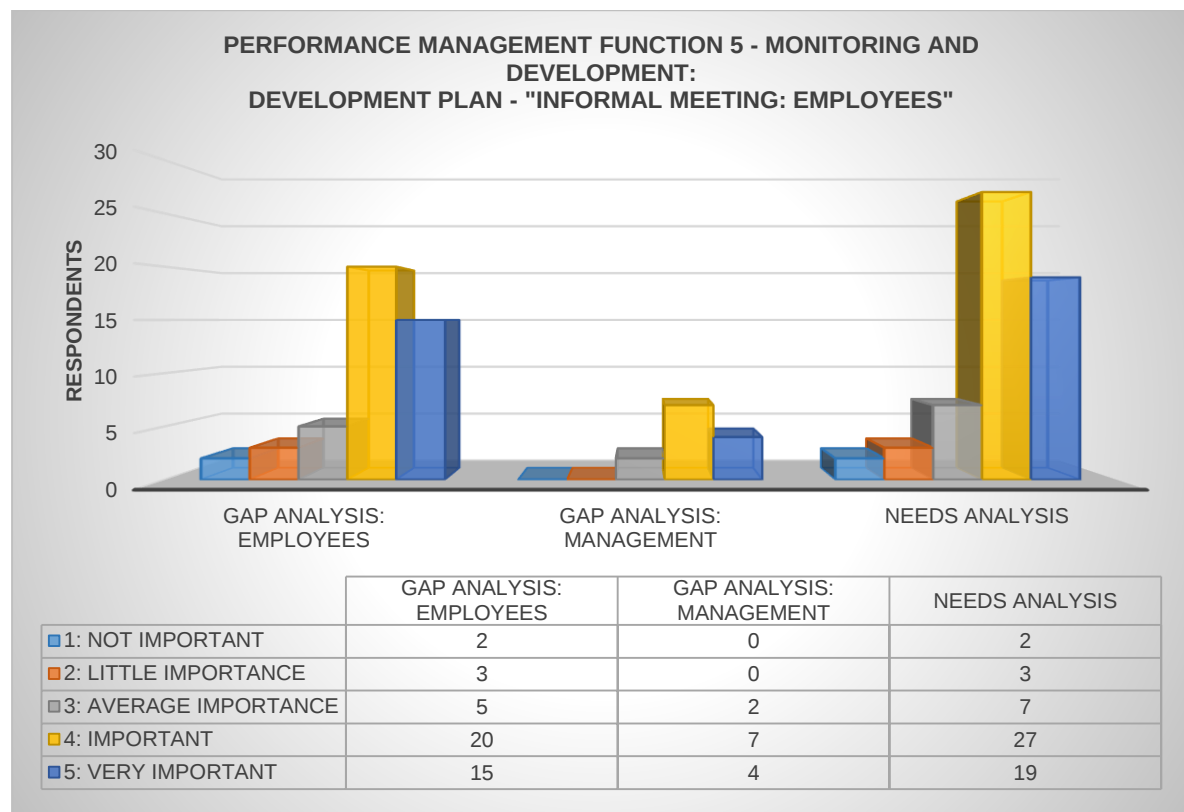


Figure 36: PMF₆ – Monitoring and Development: Coaching - Performance Plan

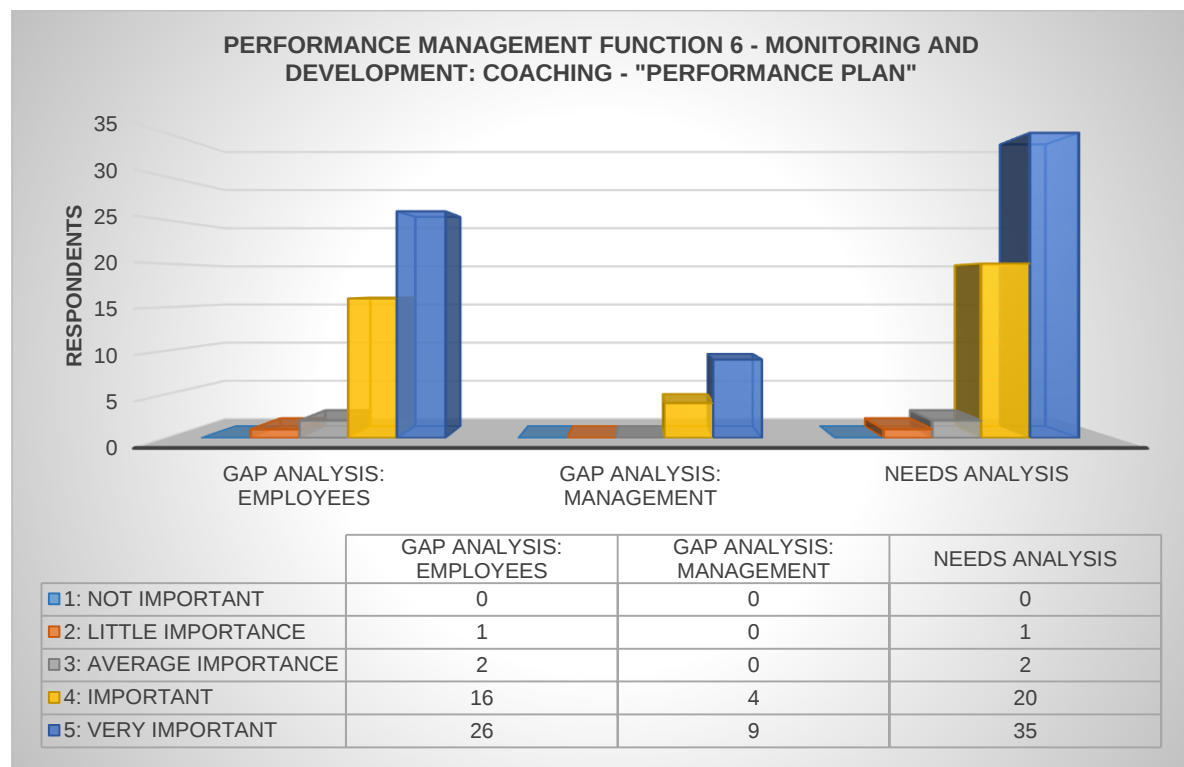


Figure 37: PMF₆ – Monitoring and Development: Coaching - Development Plan

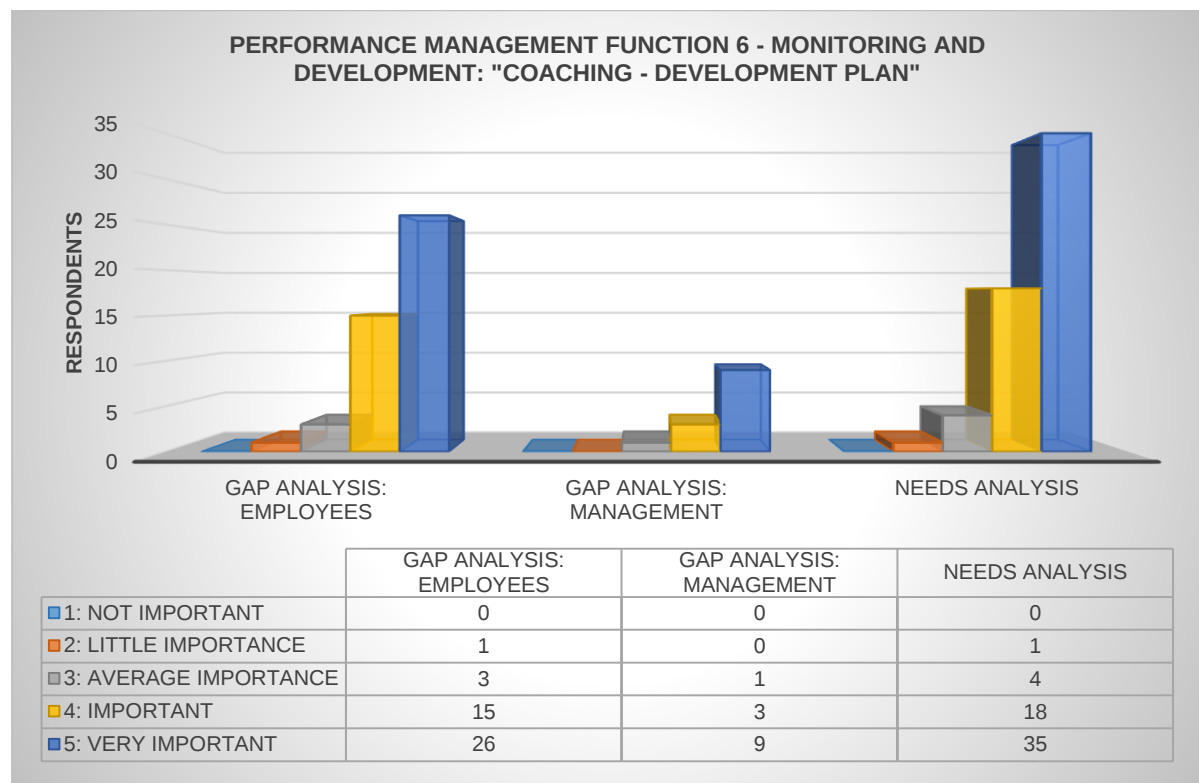


Figure 38: PMF₇ – Monitoring and Development: Training - Performance Plan

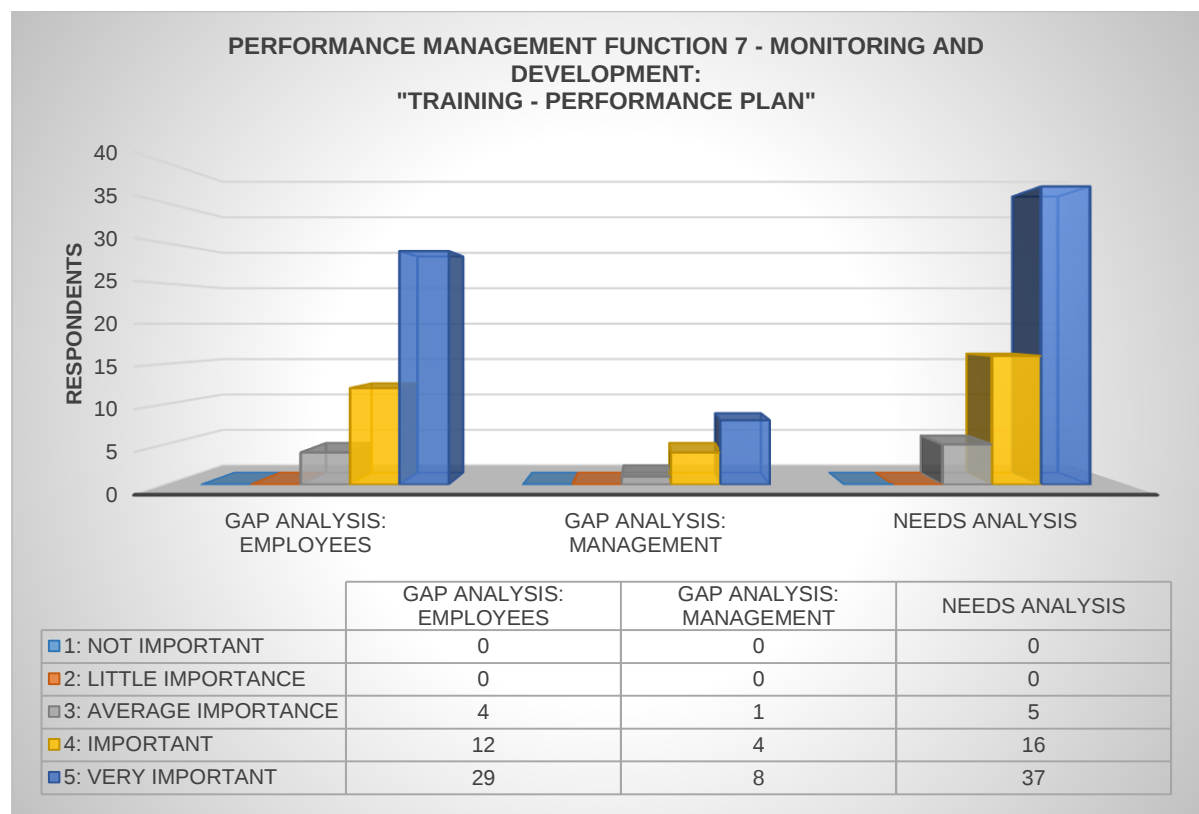


Figure 39: PMF₇ – Monitoring and Development: Training - Development Plan

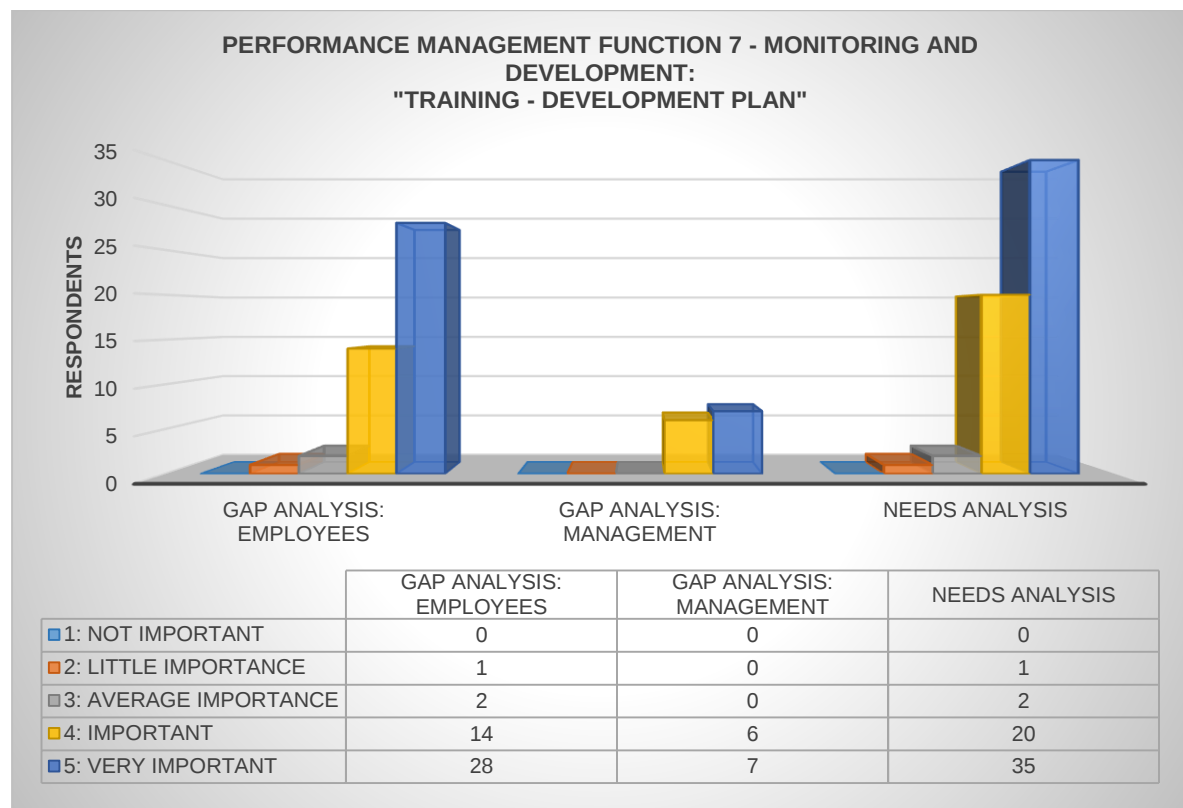


Figure 40: PMF₈ – Monitoring and Development: Career Opportunities

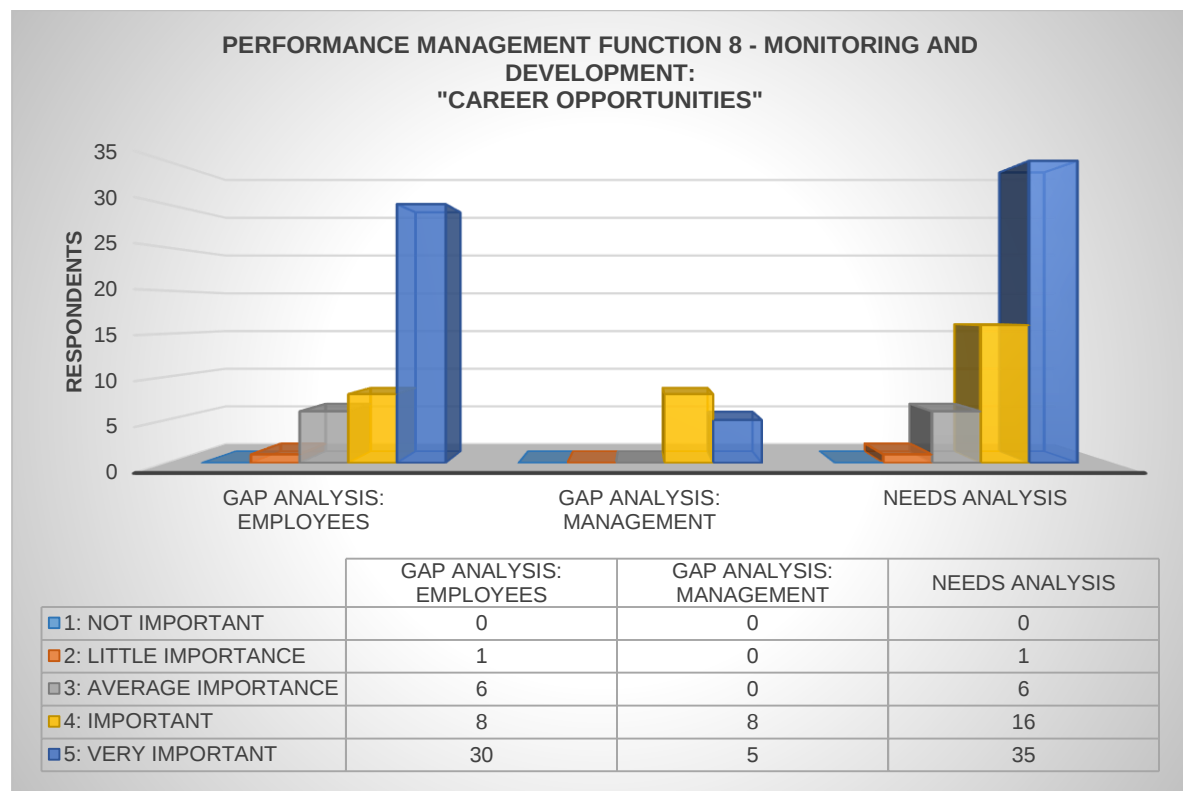


Figure 41: PMF₉ – Monitoring and Development: Innovation

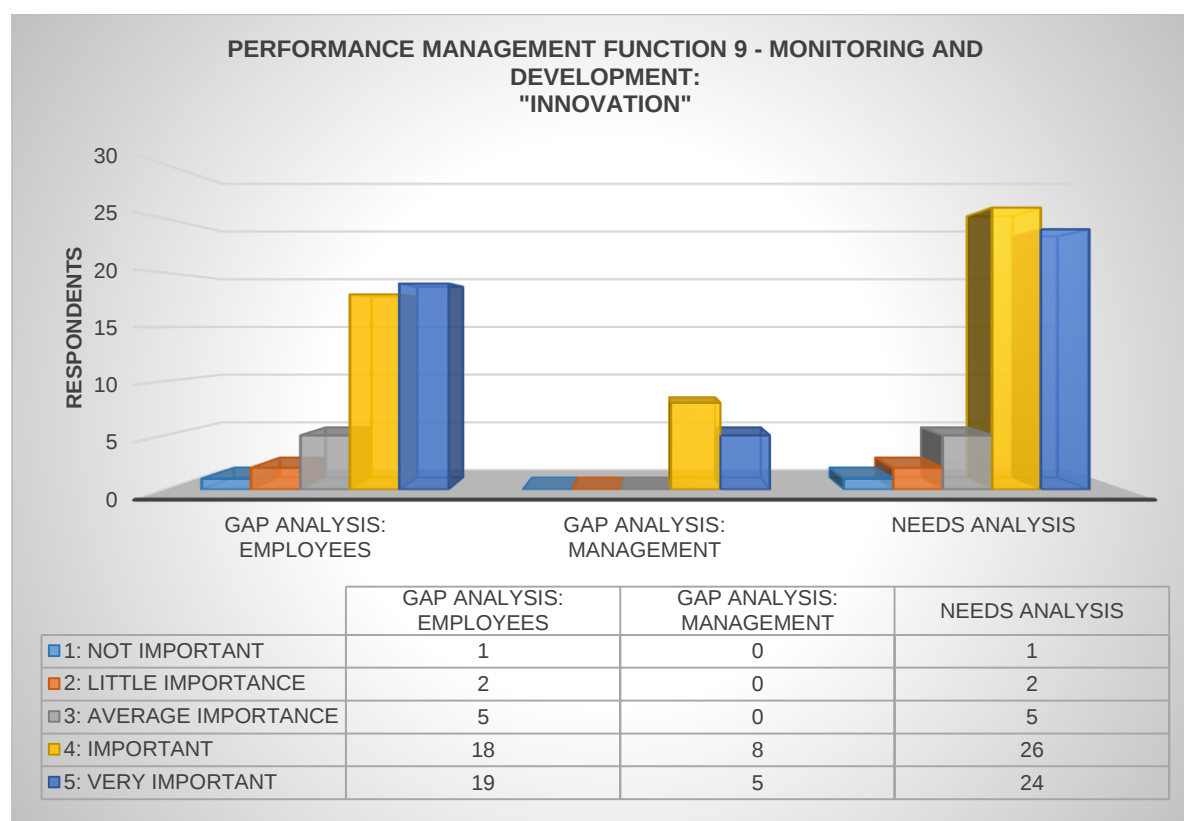


Figure 42: PMF₁₀ – Annual Summative Feedback and Appraisal: Management and Employee Participation

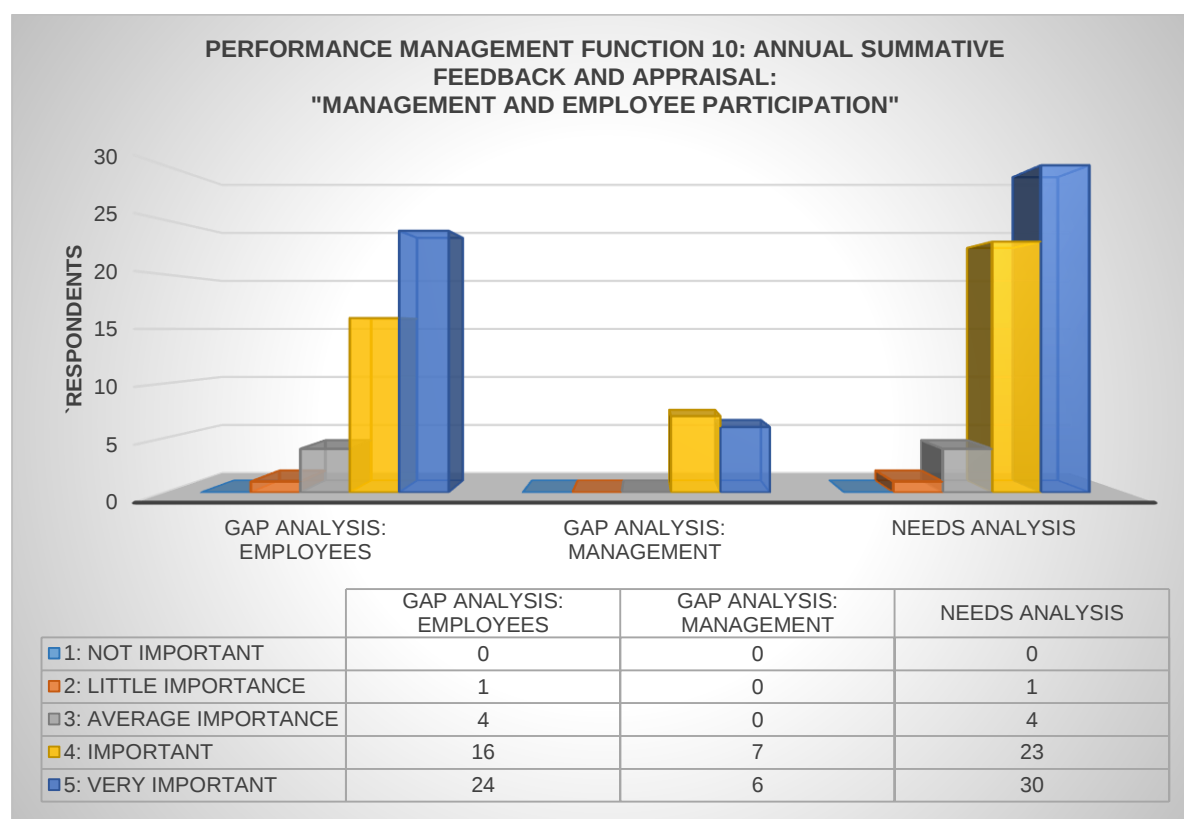


Figure 43: PMF₁₀ – Annual Summative Feedback and Appraisal: Performance and Development Plan – Clear Concise Feedback: Achievements

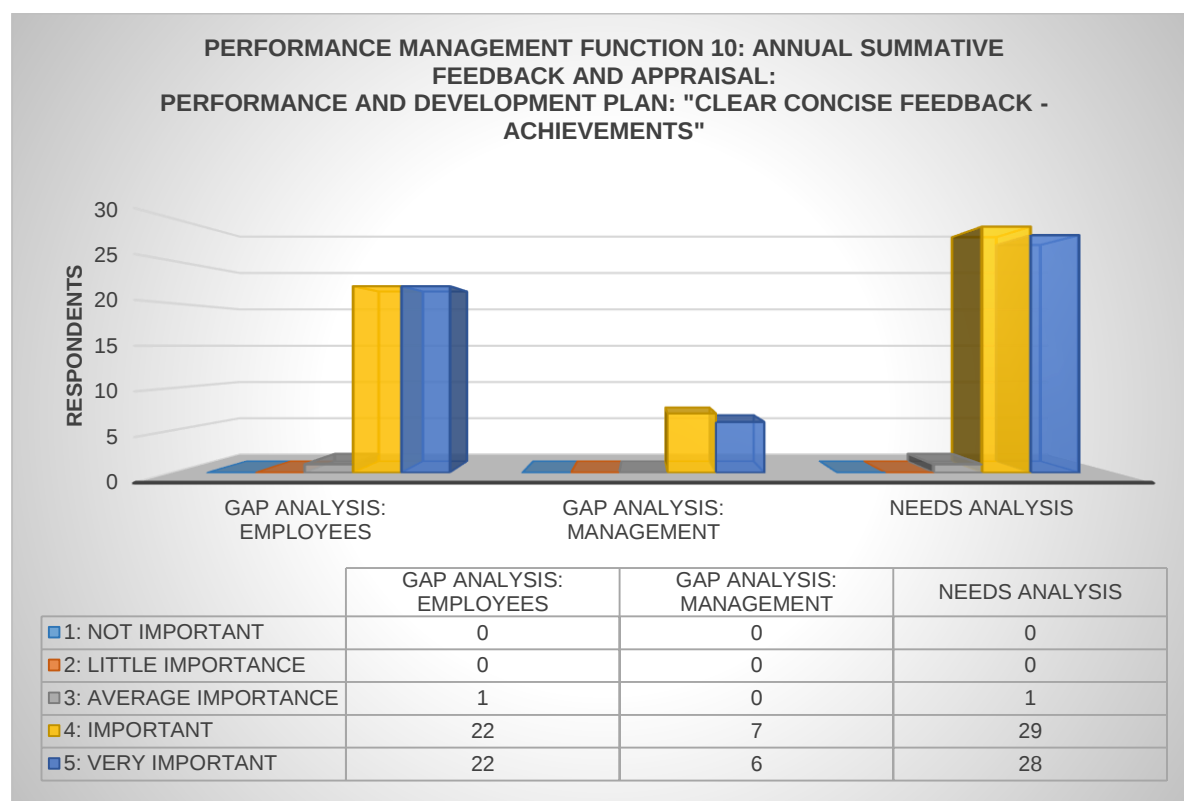


Figure 44: PMF₁₀ – Annual Summative Feedback and Appraisal: Performance and Development Plan – Revision

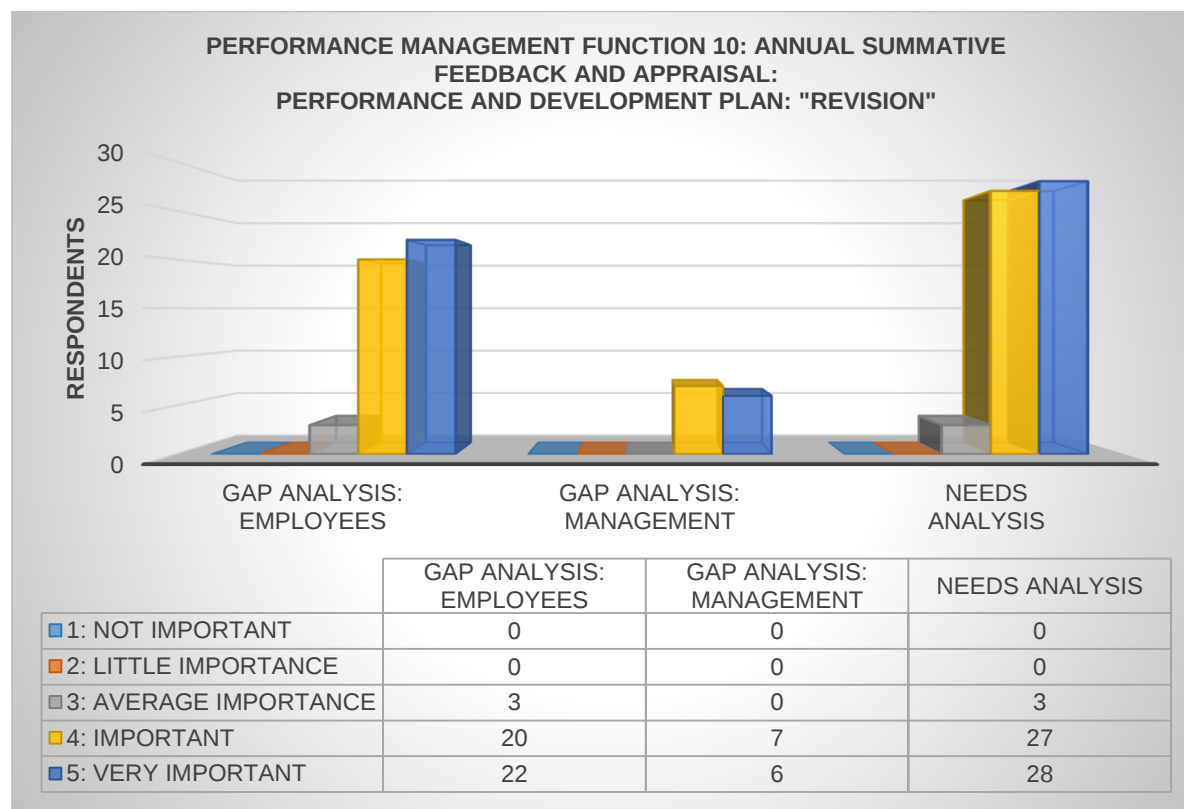


Figure 45: PMF₁₀ – Annual Summative Feedback and Appraisal: Performance and Development Plan – Clear Concise Upward Feedback

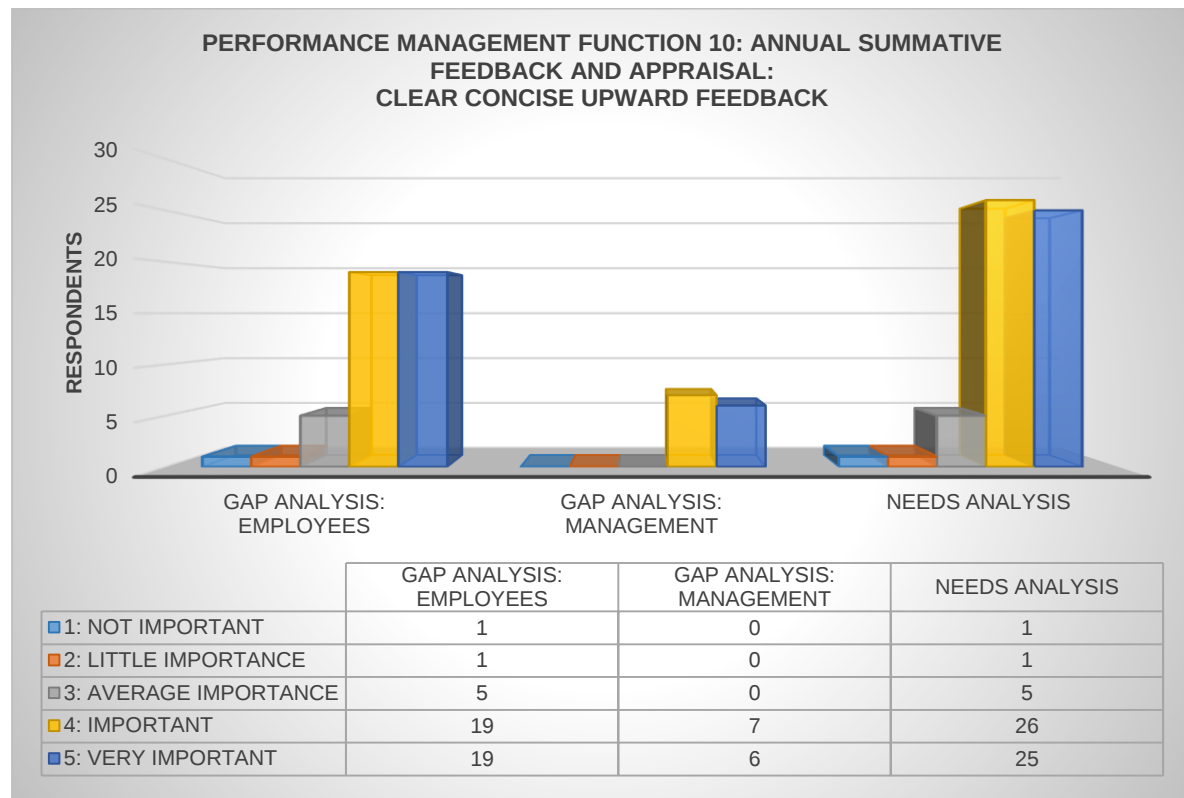


Figure 46: PMF₁₀ – Annual Summative Feedback and Appraisal: Meaningful Rewards

