

**THE DEVELOPMENT AND IMPLEMENTATION OF A
PERFORMANCE MANAGEMENT SYSTEM: A CASE STUDY**

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By

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DECLARATION

I, Alexandra Whittington-Jones, hereby declare that this research thesis is my own original work, that all reference sources have been accurately reported and acknowledged, and that this document has not previously, in its entirety or in part, been submitted to any University in order to obtain an academic qualification.

A. Whittington-Jones

31 January 2005

ABSTRACT

After a review of the literature relevant to performance management systems both over time and across different types of organizations, this thesis confines its research to a case study of the development and implementation of a performance management system in a non-governmental organization (NGO), the Public Service Accountability Monitor (PSAM).

Collation of the relevant data is followed by a discussion of the development and implementation of the performance management system at the PSAM over a 5-year period from 1 June 1999 to 31 May 2004. This is considered in terms of the PSAM's achievement of commitments to Funders and the concurrent development of the performance management system. Next an analysis of major themes that emerged from the research, in terms of important items for consideration in the development and implementation of a performance management system in an NGO, and areas for possible future improvements to the system is presented

After analyzing the relevant information, it became apparent that the performance management system has no direct bearing on the ability of the PSAM to achieve its stated commitment to Funders. However, these short-term focused expectations of the performance management system are outweighed by the positive contributions that have been made by its introduction, specifically in the area of training and development. This important aspect of capacity building and staff empowerment speaks to the long term sustainability of the organization.

Although the PSAM's performance management system undergoes continual improvement, significant inroads have been made into providing a sensible, clear and dynamic solution to the problem of rewarding efficient and effective performance. The PSAM has indeed benefited from the introduction of the performance management system in a number of ways. It is evident that these benefits could be applicable to other NGOs.

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CHAPTER 1: INTRODUCTION

1.1 Background

Despite many authors' (Brown & Armstrong, 1999; Rademan & Vos, 2001; Furnham, 2004; Hazard, 2004; Institute of Management & Administration (IOMA), 2004) criticisms and concerns regarding the efficacy of performance management systems, it is acknowledged (Viedge, 2003), in the Western world, that these systems can and do make a useful contribution to the efficiency and effectiveness of an organization. Since their earliest beginnings as mere performance appraisal systems, they are now widely incorporated into an organizations overall strategic planning and assist with the achievement of organizational objectives. Performance management systems have become more important in recent years because "managers, be they in the public or private sector, are under constant pressure to improve the performance of their organizations" (Holloway, Francis & Hinton, 1999: 351). Much literature is available on the necessity of performance management systems to the large corporate organization. Over time however, there has been an increase in the use of performance management systems in sectors such as the public sector (Curtis, 1999; Hoque, Arends & Alexander, 2004; Radnor & McGuire, 2004; SA Government, 2004) and the academic sector (Kapp, 2001). There has even been some movement towards the incorporation of performance management systems in the larger non-profit sector (Andrew, 2004). Noticeably however, much of the information available regarding the usefulness of the performance management system relates to large corporations.

This study intends to broaden the field for the potential use of tailored performance management systems in other environments, particularly in this instance a small non-governmental organization (NGO), the Public Service Accountability Monitor (PSAM).

1.2 The PSAM

The PSAM is a small unit based at Rhodes University, which advocates for good governance and transparency by monitoring corruption and maladministration in the Eastern Cape Province, South Africa. The PSAM runs three different projects within

the unit – Performance Monitoring (which monitors the performance of the government in accordance with their service delivery promises), Case Monitoring (which maintains a database of reported cases of corruption, and reports on any corrective action taken against perpetrators) and MyRights (which is a website designed to assist civil society to register their complaints and monitor the governments response to these complaints).

1.2.1 Adopting a Performance Management Approach

The PSAM was initiated in 1999 by the current Director, Colm Allan, with the services of a single researcher. Mr. Allan also contracted the services of a skilled Information Technology consultant to begin work on the design of the PSAM databases and websites. Initially part of the department of Sociology (where Mr. Allan was a lecturer), in 2000 the PSAM moved into its own office space, and was formally launched in September of 2000. By early 2001, the Director had noted difficulties in motivating his employees to achieve the results that the PSAM had promised to Funders. At the time, staff (largely researchers) more or less supervised themselves. As the PSAM grew, the problem of not meeting commitments to Funders was exacerbated and during 2001 the Director instituted a Work Reporting system, whereby each staff member was required to fill in a daily time sheet on an internal database and submit it weekly to the Director. This was supported by a weekly plan in which the staff noted what they would be doing in the week ahead. This system did not seem to have the desired effect of enabling the PSAM to deliver more effectively on commitments to Funders through focusing the efforts of the staff, and by the end of 2001, the Director had hired external consultants to develop and implement a generic performance management system for the PSAM.

Once this system had been initiated, with the consultants setting up a performance management cycle, a disciplinary and grievance procedure, and job profiles for the existing jobs within the organization, the Director hired a Human Resource (HR) Advisor (the researcher) on a contract basis, to monitor the system and to report on its effectiveness. It became apparent that more time needed to be spent on the system, particularly on developing it specifically for the PSAM and in September of 2001 the permanent position of Office Manager (including the HR Advisor component) was

created. Since then many changes and improvements to the performance management system have been made. Throughout the process of implementing and maintaining an effective performance management system constant reassessment of the system has been necessary. It has had to change with the needs of the individual and of the organization, as well as in response to the external environment. These developments and improvements to the performance management system will be discussed in more detail in section 4.1, whilst section 4.2 provides a thematic description of the issues faced during the development and implementation phases.

The PSAM case will highlight potential problems and benefits associated with the development and implementation of performance management systems in other NGOs. This advice will be presented as part of Chapter 5.

1.2.2 The Role of Funders

Although the PSAM is housed and hosted by Rhodes University, and was initiated with seed money from the University, PSAM has been entirely reliant on external funding since the initial grant from Rhodes in early 1999. Prior to its official launch in September 2000 the PSAM operated under the auspices of a private research project within the Department of Sociology at Rhodes University, initiated by the Director. Currently, the Director invests a considerable amount of time attracting Funders' attention, and to date has raised approximately R9 million. His ability to attract and retain this level of funding is obviously impacted upon by the ability of the PSAM to achieve stated objectives and contribute to the portfolio of the Funders.

Since its inception the PSAM has received money from a variety of Funders including initially, Transparency International, the Friedrich Naumann Foundation, Anglo American and the Ford Foundation (FF) in 1999. Once the initial funding contracts were fulfilled, FF offered a further one year funding cycle, and another organization, the Open Society Foundation (OSF), also became a PSAM Funder in 2001. Since then FF and OSF have been the staple Funder's of the PSAM, with FF working in 3-year funding cycles and the OSF in 1-year periods.

Funding cycles since inception include the following:

Rhodes University:	Seed money, early 1999
Transparency International:	1 June 1999 to 30 September 1999
Friedrich Naumann Foundation:	1 June 1999 to 30 September 2000
Anglo American:	1 June 1999 to 31 May 2000
Ford Foundation:	1 June 1999 to 31 May 2000
	1 June 2000 to 31 May 2001
	1 October 2002 to 30 September 2004
	1 October 2004 to 30 September 2007
Open Society Foundation:	1 June 2001 to 31 May 2002
	1 June 2002 to 31 May 2003
	1 June 2003 to 31 May 2004
	1 June 2004 to 31 May 2005

A chronological review of all funding proposals and report backs is presented in section 4.1.

1.3 Research Objectives

The goal of the research is to describe and analyze the development and implementation of a performance management system in an NGO, specifically the PSAM, from its inception to date. This is primarily to enable the PSAM to review and consider all aspects of the performance management system, in order to revise where necessary and to improve overall achievement of Funders' objectives by the PSAM.

The following research objectives have been defined:

- Describe the development of the PSAM in terms of its achievement of Funder's objectives,
- Describe the development and implementation of the performance management system.
- Analyze the development and implementation of the performance management system.
- Assess potential areas for future development of the PSAM's performance management system

These objectives and the main purpose of the research will be addressed in Chapter 4.

Other concomitant purposes of the research are to:

- Advise on areas for consideration in the development and implementation of performance management systems for NGOs and,
- Advise on the potential pitfalls and benefits of performance management systems to other NGOs wishing to run efficiently and effectively.

Advice for NGOs is presented as part of Chapter 5.

1.4 Thesis Outline

The study is divided into five Chapters which include, after this introductory chapter, Chapter 2, which is a review of the literature relating to performance management, Chapter 3, in which the research methodology is described, Chapter 4, which provides a detailed chronology of results obtained from the PSAM and an analysis of these results in terms of the literature presented, and Chapter 5, which contains conclusions and recommendations for further study.

CHAPTER 2: PERFORMANCE MANAGEMENT THROUGH THE AGES

This chapter provides an outline of performance management, in terms of its historical context, purpose and criticisms, as well as an initial consideration of its applicability to non-corporate organizations. This is followed by a discussion of developmental issues, a review of the components of an effective performance management system and an example of the successful implementation of a performance management system.

2.1 Performance Management

In this section an overview of performance management is presented. Firstly, a historical perspective provides background information on the evolution of performance management from its primitive origins. Thereafter, the main purposes of performance management and the many and varied criticisms thereof are discussed. Because this study is focused on an NGO, this is followed by an introduction to the applicability of performance management in a non-corporate environment.

2.1.1 The Historical Context of Performance Management

Performance management has been a necessary part of organizational life for as long as there have been organizations. The ancient Egyptians had to ‘encourage’ their workers to build the great pyramids – and, unwittingly, they utilized performance management systems to do so. Their system revolved around whipping those workers who did not perform as required, to achieve their goals. This worked effectively for them as evidenced by the splendid pyramids that they built. There is evidence that other ancient civilizations such as Rome and AD China also had performance management systems (Furnham, 2004). However, over time, as our understanding of human nature and the environment in which we exist has changed, the importance of managing performance to align individual goals to a common vision has been recognized as being vital to an organization’s success. The necessity of an effective holistic performance measurement and appraisal system, therefore, became apparent.

For the purposes of this case study the author has distinguished between performance measurement and performance management. Confusingly performance management can be applied to either organizational performance or individual performance, and the terms performance measurement and performance management are often used interchangeably. In this instance performance measurement has been used to describe the “act of measuring the performance” (Radnor & McGuire: 2004, 246) which is usually at an organizational or organizational business unit level, and performance management is used to mean a system that “aims to react to the ‘outcome’ measure using it in order to manage the performance” (Radnor & McGuire: 2004, 246) which is usually at an individual level. It has been noted that performance measurement as we know it now can be recognized as having started in the mid 1800’s with the cost and management accounting profession (Radnor & McGuire, 2004). This came about due to recognition that tasks that occurred within these, mainly industrialized, organizations could be measured in terms of the time taken to perform a task as well as the budget required to perform the task. Performance measurement was not necessarily linked to individual performance appraisal but rather to assessing the profitability of the organization as a whole. Performance measurement could be seen to be concentrated simply on measuring specific activities, rather than measuring them with the aim of providing support and facilitating improved performance, as is the case with performance management (Radnor & McGuire, 2004). Performance measurement seems to have been quite a clear cut choice for businesses to implement for two reasons – firstly, it was driven by the cost and management accounting profession with their focus on measuring financial indicators, particularly in terms of direct labour costs and direct material costs (Neely, Gregory & Platts, 1995) and secondly, because it is easier to measure performance than to manage it.

After much work from the cost and management side in refining the available measures (resulting in the introduction of activity based costing (abc) in the mid 1980’s (Cooper, cited in Neely *et al.*, 1995)) and from the financial accounting side in terms of measures such as Return on Investment (ROI) and Return on Equity (ROE), it became clear that accounting indicators on their own were not necessarily clear predictors of the success or failure of an organization. By the early 1980’s the growing trend to move away from viewing capital assets as the most important to

understanding that intellectual or human capital would be the way of the future, had been identified (Peters & Waterman, 1995). Those companies that had a strong belief in their people, not necessarily only their financial indicators, were turning out to be the top companies. Examples of such companies would be Hewlett-Packard with their 'the HP way', which included mutual trust and confidence expressed in terms of, for instance, their flexible working hours and open door policy (Peters & Waterman, 1995), and Disney's description of staff as 'cast members' with all staff being recognized on a first name basis from the President down, and all staff being part of 'the show' (Peters & Waterman, 1995). These examples show how working with people was infiltrating to the very core of a companies internal operations and how this commitment was reaping rewards in terms of the companies' bottom line.

By the mid to late 1980's traditional organizational performance measurement systems had many critics (Neely, 1999). For example, it seems that a focus on purely accounting performance measure might have promoted a culture of short-termism (Neely *et al.*, 1995) resulting in managers trying to achieve financial targets to meet their performance measurement objectives, at the expense of long-term sustainability. It was at around this time that Kaplan & Norton (1992) developed and proposed a balanced scorecard to include the measurement of indicators other than financial ones. They proposed four areas of importance including financial but in addition, customer, internal business processes and learning and growth. They felt that these provided a more holistic picture of an organizations' performance. Kaplan & Norton (1996) then postulated that these scorecards could then be linked to and be drivers of strategy. They maintained an ultimate focus on financial objectives, though, saying "ultimately, causal paths from all measures on a Scorecard should be linked to financial objectives" (Kaplan & Norton, 1996:15).

Performance management as a more holistic complex measurement and management system arose out of a combination of performance appraisals (which have been noted by Furnham (2004: 83) as early as being "in both Britain and America in the eighteenth and nineteenth centuries") and of performance measurement systems. According to Furnham (2004: 84) "by the 1950s in America and the 1960s in Europe, around a half to two-thirds of bigger companies had some performance appraisals

process”, and since then this has increased further. Organizations performance management systems were becoming increasingly complex, taking factors other than financial indicators into consideration and were aimed at the long-term sustainability of the organization. Since the mid-1990’s there has been a marked increase in research of both an academic and a practical nature (Thorpe & Beasley, 2004; Neely, 1999) into the areas of organizational performance measurement and performance management of both the organization as well as the individual.

There are many reasons for the current trend to focus on performance management as a whole. As our society changes and these changes become apparent, it is clear that to be a successful organization requires some form of measurement system. To ensure that the results of these measures are managed and improved upon, performance management needs to be in everyday organizational life. In many ways it is a natural progression of our understanding from the importance of performance measurement to the philosophy of performance management. It also arises because of the environment in which we are operating, with its focus on ‘living your best life’ and ‘being all that you can be’ and the trend towards self improvement/development, emotional intelligence (Goleman, 1996), a knowledge economy with knowledge workers (Tobin, 1998) and transformational leaders (Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw & Oosthuizen, 2001).

Perhaps because of these changes, individuals and organizations have learned the importance of the role of people in an organization, and how the success of the organization depends on its people. The shift in mindset from “organization man to individualized corporation” (Bartlett & Ghoshal, 1995: 133) has resulted in a situation where an organizations people are its greatest assets. Performance management in today’s knowledge economy is a vastly important system that contributes to the success of an organization in finding and retaining the right people, training and developing these individuals to realize their and the organizations full potential, and as a system of evaluating and rewarding individuals within the organization. In fact the ‘old’ way of operating and the ‘Organization Man’ model (Bartlett & Ghoshal, 1995) are not able to achieve the results required for success in our constantly changing world. In the ‘old’ way, according to Bartlett & Ghoshal (1995: 134)

“workers’ tasks were well defined, measured, and controlled. With the objective of making people as consistent, reliable, and efficient as the machines they supported”. This meant that systems and procedures in place were designed to control workers. However, employees are individuals and this type of forced system neither brought out the best in individuals nor fostered employee motivation and commitment. As noted by Maritz (1995) it is underlying cultural supports that provide a basis for excellent performance by an individual within an organization. A high performance culture facilitates and rewards potential through factors such as a strong system of values and a credible leadership. Today’s performance management systems are more refined and are based on the understanding that the dynamic, creative employees that an organization desires and requires today cannot be fitted in to a one-size-fits-all model.

“The new paradigm recognizes that, as suggested by the science of chaos theory, we live in a complex world characterized by randomness and uncertainty and that small events often have massive and far-reaching consequences” (Daft, 1999:9). It is being realized that a synergistic solution can be gained from discussions with different minded people, that teamwork and collaboration increase productivity and efficiency and that doing the right things right, is critical. There is a move towards a management philosophy that encourages a sense of purpose, a partnership with people and a variety of processes that empower and enable the people to accomplish creative and competitive results. Bartlett & Ghoshal (1994:81) sum this up as “creating an organization with which members can identify, in which they share a sense of pride, and to which they are willing to commit”.

Because of the turbulent and volatile, technologically-based, global society, many organizational attributes that were once considered competitive advantages are now easily eroded. Competitive advantages have the traits of being hard to copy, durable, competitively superior, not having an available substitute and not being appropriated (Collis & Montgomery, 1995). Many organizations now feel that their people can provide that competitive advantage. The importance of recognizing that successful organizations are those that are able to keep ahead of the competition, i.e. that are continuously able to produce sustainable growth of above average returns, now often

depends on the ability of the organization to attract and retain high calibre knowledge workers (Staude, 2002). Due to the realization that people are the most valuable asset to an organization, the importance of performance management has been pushed to the fore.

2.1.2 The Purpose of Performance Management

Performance Management encompasses all those aspects of human resources management that are designed to improve the efficiency and effectiveness of both the individual and the organization. Brown & Armstrong (1999) consider performance management to be anything that an organization does to improve its total performance. They postulate that it has four primary purposes. Performance Management assists organizations in providing a basis for managing both organization and employee expectations. This is achieved by enabling individuals and organizations to clarify the nature of the psychological contract (Argyris, 1960; Schein, 1970) between them. It also aims to provide a framework which facilitates the integration of corporate and individual objectives, beginning with the communication and integration of the organizations core values. Performance management systems aim to motivate towards established and clearly communicated expectations, and also, to provide a developmental process for the organization by setting guidelines that assist in establishing future needs and outcomes.

A performance management system typically involves “the setting of performance objectives, the measurement of performance against these objectives, the identification of developmental support and a review process to develop performance and subsequent objectives” (Brewster, Carey, Dowling, Grobler, Holland & Wörnich, 2003: 261). The performance management system is a way of providing a measurement of the performance of the organization, the team and the individual through a variety of performance measurement techniques (Price, 2000). As has already been shown, the performance management system depends on performance measurement, but has a wider role in evaluating and developing individuals to encourage improved performance results, and assisting in managing for these results. Later in this chapter, performance measurement and performance management systems will be considered in more detail.

Bennett & Minty (cited in Nel, Gerber, van Dyk, Haasbroek, Schultz, Sono & Werner, 2002: 516) argue that there are “three major purposes of performance management:

- it is a process for strategy implementation
- it is a vehicle for culture change
- it provides input to other human resources systems, such as development and remuneration”

From the above definitions, the main purpose of performance management in organizations can be seen to be to enhance the achievements both of the organization and the individual. Performance management systems are “concerned not only with *what* is achieved but also with *how* it is achieved” (Price, 2000: 177). All effective generic performance management systems have certain specific components in common, without which the system would be ineffective. These are the principle steps that must be implemented to ensure the effective functioning of the system. According to Price (2000:181) “in every case, effective performance management requires an organization to do three things well

- Define the characteristics of good – as opposed to average or bad – performance
- Facilitate employees to perform well by removing obstacles
- Encourage performance through reward, praise or promotion”

The main reason for having a performance management system in operation in an organization is proposed by Armstrong & Baron (cited in Price, 2000) as being that people perform best when they know what is expected of them and have helped in setting the expectations. People are better able to perform and realize expectations that are set within their capability levels, and within a supportive organizational structure (i.e. they have access to resources and training where necessary). A performance management system provides a communication channel that can motivate staff and improve their attainment of objectives through the use of reward-based systems. These systems, if implemented in a well-designed and fair manner, can be empowerers and enablers, making the difference between an average organization and an excellent one, through the use of the all important asset: people.

2.1.3 Criticisms of Performance Management

A number of authors (Brown & Armstrong, 1999; Rademan & Vos, 2001;Furnham, 2004; Hazard, 2004; IOMA, 2004) have levelled criticisms at performance management systems including, amongst other things, staff demotivation, unfair application, too subjective, unclear, unethical and very time consuming.

Another noted criticism of performance management systems is that although it might be easy to devise a good performance management process on paper, the reality of that system might be vastly different, and it might actually be very difficult to implement (Brown & Armstrong, 1999; Furnham, 2004). Performance appraisals, as part of the performance management system, can be seen to be time-wasting and having no value as the information received during the appraisals is just filed afterwards and not utilized fully (Alfred & Potter, 1995; Rademan & Vos, 2001) – that is, the theory behind the system might be relevant but in practice it does not work effectively.

Performance management systems need to be developed along ethical lines (Brown & Armstrong, 1999; Rademan & Vos, 2001). Brown & Armstrong (1999) propose an ethical framework that should be considered in the designing of a performance management system. Items such as “(1) respect for the individual, (2) mutual respect, (3) transparency of decision-making and (4) procedural fairness” (Brown & Armstrong, 1999: 263) need to be adhered to. The ethical component is very important, particularly given the reliance on the judgement of the appraiser, and the relationship between the appraisee and appraiser. It is an issue that the appraiser comes with their own set of biases, and judgement systems, which affects the outcome of the appraisal. In fact, higher than average ratings can be attributed to factors such as preserving morale, avoiding confrontation, and the perceived image of the management of an underrated department (Price, 2000). Alfred & Potter (1995) and Rademan & Vos (2001) similarly noted that a person’s appraisal could be subjective (i.e. based on the relationship between the person interviewing and the person being interviewed). According to Pettinger (2002: 28) issues also “arise when the appraiser-appraisee relationship is not honest, or if the scheme is known, believed or perceived to be a bureaucratic or punitive exercise”.

Because performance management systems are implemented for many reasons they are often overburdened with expectations. If the reason for the performance management system is to reward individuals, then staff will expect their pay to be linked to their performance. Senior staff might be told that the performance management system will enable them to identify and make provision for achievers and underperformers. They will expect that the system is able to assist them in making these identifications. Directors might feel that the performance management system will improve organizational effectiveness, and will then expect it to do so. Whilst a performance management system can do all of these things, the main purpose of the system must be clearly stated and communicated within the organization. Links to pay, succession planning, organizational strategy and performance and many others (Furnham, 2004, lists as many as 16 different reasons for implementing a performance management system) must be made clear, but users of these systems must be wary of relying on performance management systems to do everything as systems can become overloaded and then expectations can not always be met (Murphy and Cleveland, 1995; Pettinger, 2002).

Despite the fact that these performance managements systems are utilised almost universally (Furnham, 2004), there are many and varied criticisms of these systems. To give a performance management system a fair chance of success there must be management buy in and support from the top management. The system in place must be developed ethically, implemented fairly and accurately and its expectations must be effectively communicated to all concerned. It is necessary to use the information collected and to feedback to staff. The data from these systems can primarily be used for two main purposes – either to develop people through training or to evaluate people's performance (Fischer, 1997). The performance management system must clearly reward behaviours and achievements that actually contribute to the improved efficiency and effectiveness of the organization, thus playing both an evaluative and developmental role. Systems must be 'living documents' i.e. they must be adaptable, particularly in our turbulent rapidly changing environment and with the advent of the knowledge worker (Tobin, 1998).

2.1.4 Performance Management in Non-Corporate Organizations

Much of the relevant literature discussed thus far is based on information gathered in, and applicable to, corporate environments. It is evident from the initial focus on performance measures from the cost and management accounting perspective, that the initial performance measurement and indeed, even performance management systems, were designed to measure success in terms of profitability. Even when it became clear that a more balanced approach was necessary, for example the balanced scorecard (Kaplan & Norton, 1992), the reason was ultimately to improve financial business results. Because the performance in non-corporate environments is not usually focused on the profit objective, performance measurement systems did not easily translate from a corporate to a non-corporate environment. The same cannot be said for performance management. Since non-corporate organizations are made up of a group of individuals aiming to achieve specific targets (perhaps improved service delivery within the public sector, more research publications within an academic department or better monitoring of public service delivery by an NGO), often within a set budget, a system for managing individuals within the organization is very relevant.

A non-corporate environment is therefore, not necessarily that different from a corporate environment. Despite the fact that the *raison d'être* is unlikely to be to make a profit, the organization will still include a number of individuals working together to achieve an organizational goal. For example, although the details of the psychological contract (Argyris, 1960; Schein, 1970) might vary from that of a corporate environment, there will still be a psychological contract. In the public sector for example, significance is attached to efficient and effective service delivery and spending. It has been postulated (Radnor & McGuire, 2004) that there are no specific reasons identified indicating that performance management systems cannot be applied in the public sector. And in fact, the South African Government White Paper on Human Resource Management in the Public Service (1997) includes a subsection on performance management specifically encouraging its use in Government. Despite profitability and financial measures not being useful performance indicators in NGOs, provided there are measurable indicators, it seems that performance management systems are becoming recognized as being valuable. In fact in many countries such as South Africa (South African Government, 1997), Britain (Furnham, 2004) and

Australia (Hoque *et al.*, 2004), there is legislation governing the implementation of performance management systems in the public sector.

Similarly in the academic arena i.e. Higher Education, profitability is not the key performance indicator. In drafting a successful performance management policy in an organizational context where the bottom-line is not the focus of performance, the relevant performance criteria need to be objectively stated and clearly communicated. The performance appraisal is an important aspect of performance management system, particularly in terms of communication.

It has been noted (Fischer, 1997) that the reasons for performance appraisal can be considered twofold. They can have an evaluative slant (as in they can retrospectively consider performance for the purpose of evaluating it against a standard or norm and awarding monetary rewards in the form of increase or bonuses from the outcome) or developmental (i.e., they focus on the unique personal development plan of the individual and are attuned to individual's needs and wants, most rewards being non-monetary). It is becoming accepted that performance management systems (which include performance appraisals), are a necessity for progressive universities (Kapp, 2001). Neely (1999: 212) gives an example of academic institutions where one of the research performance indicators was number of "publications per research-active member". As institutions realized that they could increase their share of the budget by producing papers, many more papers were produced and disseminated, and targets were met. What was noted however was that the quality of the papers was not necessarily as rigorous as it could have been. In setting new targets, the quality of the papers was incorporated into the performance target. This might have read, for example, the number of publications in internationally recognised journals, per research-active member.

NGOs also fall outside of the corporate, profit-making sector. Historically, the undesirable perception of many NGOs is that they are non-performers. Bearing in mind that it is becoming apparent that performance management systems have their place in other non-corporate settings as described above, it appears as if their relevance in the NGO sector should be determined. Notably, it seems that many large,

international NGOs such as the Red Cross Society, Scouts and Guides, and The Duke of Edinburgh's International Award Association have performance management systems in place (Andrew, 2004).

Organizational culture within the non-governmental sector also needs to be considered. Daft (2004:361), defines culture as “the set of values, norms, guiding beliefs, and understandings that is shared by members of an organization”. Because many NGOs are initiated from an altruistic motive, they have “relied upon high moral purpose, good will, hard work, and common sense to make them successful. Until recently the application of effective management techniques, and in some instances even the acquisition of technical competence, has not been seen as relevant to their purposes” (Korten cited in Lewis, 2001: 84). The culture is often fluid and focused on the cause rather than the procedures and systems necessary to achieve organizational goals. It means that employees are often enthusiastic about their work and motivated by it (Drucker, 1994), but as a cohesive unit working together towards a common goal, the NGO often lacks systems that would enable it to have more of an impact. Lewis (2001: 85) however, also notes the tendency of some NGOs to “import the latest management techniques (usually from the private sector) in an attempt to address organizational problems through the application of a managerialist quick fix”. Whilst it is evident that an NGO as an organization of individuals working towards organizational goals can benefit from certain practices that originate in the private sector, it is not necessary to try each and every passing management fad, or to assume that each tool will work in each organization. Gibb (2002:37), for example, concludes that the KPI method can be used to achieve “value for money initiatives in the public sector”, but other management techniques might not be as transferable.

2.2 The Development of an Organization's Performance Management System

The following section provides insight into both the reasons for the development of a performance management system within an organization, and highlights important aspects for consideration in the development of a performance management system. It begins by noting some of the various approaches that can be utilized in deciding what

type of organizational performance management system is best suited to your organization.

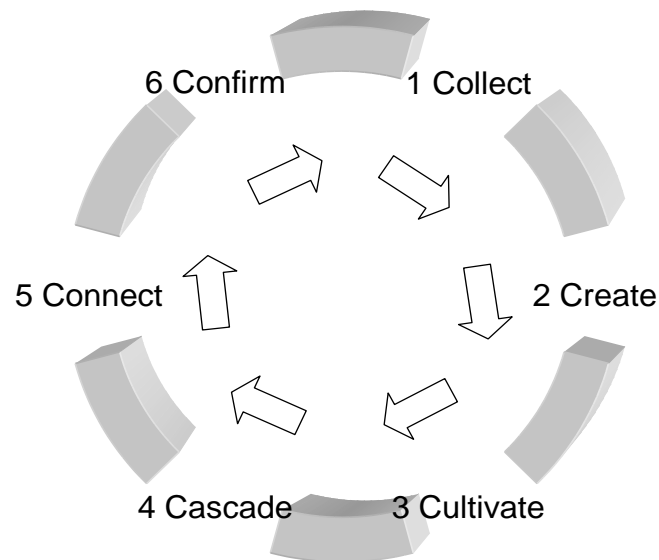
2.2.1 Approaches Applicable to Developing a Performance Management System

Over the period of the last 20 years a number of frameworks have been presented that are aimed at assisting organizations to develop and implement performance management systems within their organizations. Following, selected relevant frameworks are considered, each representing different ways of perceiving a performance management system. This will ultimately affect the development and design of the performance management system to suit a particular organization.

a) Balanced Scorecard

The balanced scorecard (Kaplan & Norton, 1996), is one framework for performance management that is often utilized by organizations. “A performance scorecard is a selected set of measures that provides a balanced and timely view of business performance specific to an area of responsibility” (Chang & Morgan, 2000: 9). Despite the fact that the concept of the balance scorecard was developed as an organizational performance management system, it can also be filtered down through the organization, providing a departmental balanced scorecard, or one for a unit or team, or even for an individual. In fact, Robert Fulton of The Chatfield Group consulting firm (cited in IOMA, 2004: 4) says “when organizations adopt a strategic scorecard, the intent is to create excitement and commitment, communicate a shared vision, stretch aspirations and risk-taking, and provide every employee with a scorecard”. Chang & Morgan (2000) introduce the concept of ‘cascading’ where the goals and objectives of the organization cascade down through the various organizational levels, ending with individual balanced scorecards that are linked to the original strategic plans of the organization, as set out in Figure 1.

Figure 1: The Performance Scorecard Management Cycle



Source: Chang & Morgan, 2000: xxiv.

Chang & Morgan (2000) use the diagram shown in Figure 1 to reflect the continuous nature of the performance scorecard. Beginning with the collection of information from the strategic goals of the organization, and other important business goals, the scorecard is then created based on a variety of key results areas (such as financial success or employee development). Once created, the scorecard is cultivated, by monitoring on an ongoing basis the usefulness of the targets you have set. These can be refined through a review process. The procedures then need to cascade down through the organization, enabling the establishment of scorecards for departments or teams that are in line with the overall scorecards for the various performance areas. These are in turn, connected to individuals within the organization in the form of their individual performance plans and assistance and support in the achievement of their performance targets, through coaching and counselling. Time should then be spent confirming (validating) the effectiveness of the measures. During the process outlined

above, the links between the various performance measures become clear, and it is easier to see how movement in one area affects results in another.

This cycle is intended to be continuously implemented, resulting in a continual improvement in organizational effectiveness. In order for this type of performance management system to work effectively, senior management must be involved in the 'collect' (ensuring the collection of relevant information to form the basis for setting strategically sound goals and objectives) and 'create' (designing the balance scorecard to accurately measure the correct performance targets) phases. This is because they are required to assist in the initial setting of performance areas (i.e. identifying which areas need to be measured), and to motivate other staff to support and utilize the system.

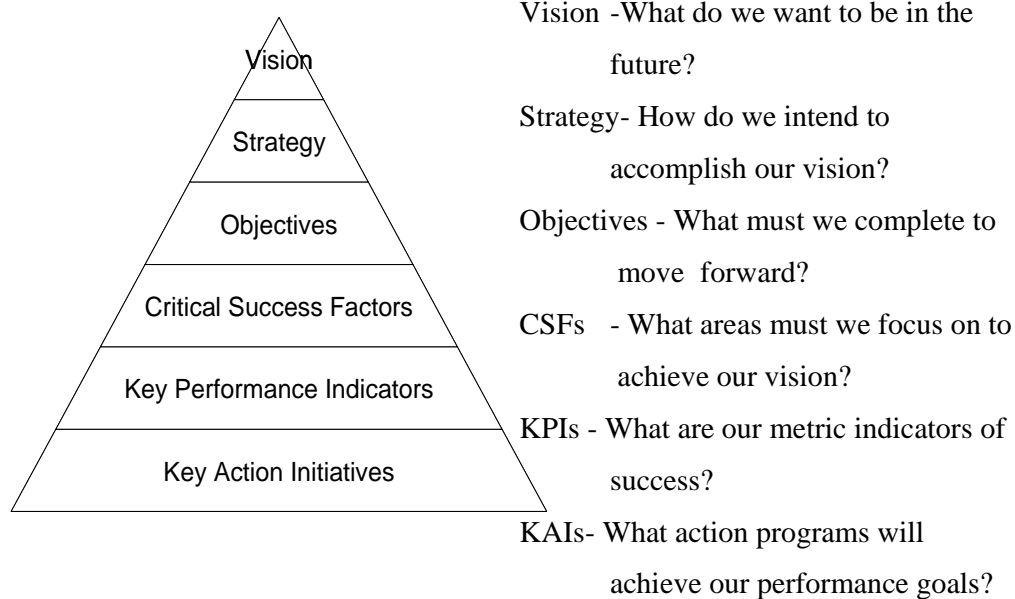
Kaplan & Norton (1996:3) state that "the balanced scorecard provides executives with a comprehensive framework that can translate a company's vision and strategy into a coherent and linked set of performance measures". They believe that the balanced scorecard reflects a common vision for the future of the organization, that it provides a general guide to those areas of the organization's performance that require commitment in the interest of long term sustainability, and that it encourages a 'learning organization'.

Other approaches to be discussed include the Key Performance Indicators (KPIs) approach and the Management by Objectives (MBO) approach.

b) Key Performance Indicators (KPIs)

KPIs can be defined as "quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. They will differ depending on the organization" (Reh, date not available (a): 1). It is important that the KPIs that are chosen by the organization are specifically designed to help focus the organization (through its employees) on what it needs to do in order to succeed. In fact Bauer (2004:64) notes that "KPIs must emanate from the vision level and cascade through the organization" as shown in Figure 2.

Figure 2: The Strategic Alignment Pyramid



Source: Bauer, 2004: 63

KPIs need to be measurable, so it is necessary for a KPI to be clearly defined, and then to be defined the same way over a number of years in order to perform comparisons between years measured. Once KPIs have been established, measurement is focused on targets for each KPI. For example, if a KPI is set out as being ‘number of new clients’, then a target could be written as ‘a 5% increase in the number of new clients by the end of the financial year’. This, providing there is accurate data available for collection of the statistics on new client retention rates, provides a benchmark for future improvements on this KPI. Because there are many things that are measurable in an organization it is easy to get sidetracked by those that are not critical success factors. However for a KPI to make an impact on the long term sustainability of the organization, only critical success factors should be considered for this purpose. Bauer (2004: 63) notes that “selection of the wrong KPIs can result in counterproductive behaviour and suboptimized results”.

Reh (date not available (b)) also notes that once measurable KPIs have been defined, the organization is in a position to use them in an individual's performance agreement as part of a performance management system. They can be utilized as a reward indicator and a motivator. As a clearly defined target, with predetermined measurement criteria, it becomes a small task to link the attainment of targets into your performance appraisal. The performance appraisal is the method that the organization utilizes to evaluate and reward the performance of the individual employees within its organization. If KPIs have been set at an organizational or team level, it is possible to clearly define the individuals' tasks that need to be accomplished. It then becomes inherent in the performance management system that you are rewarding the attainment of organizational goals, through the achievement of KPIs. It sets clear expectations for staff and communicates the importance of the KPIs.

c) Management By Objectives (MBO)

This theory was put forward initially by Drucker (1961), and is a "technique aimed at tying performance ratings to unambiguous, measurable and relevant personal objectives" (Price, 2000: 187). What occurs in these types of systems is that realistic goals are set, plans are laid out to show how the goals will be achieved, and with employees participate actively in both the goal-setting and action-planning stages. There is then a regular review of individual progress towards the goal. This differs from the KPI methodology in that the items are not necessarily quantifiably measurable for example a KPI might be set as '3 quality assured widgets to be manufactured per day', whilst an MBO goal might be 'Recruitment and Selection procedures to be checked and updated by 30 November 2004'. The latter goal is not as specific a quantifiable measure (as there is no record of how many items have been checked and updated) but it is a quantifiable measure, i.e. it is possible to say at the end of the performance period whether or not the goal has been achieved. A goal that is set such as 'Do Filing' is not a measurable goal because it is continuous.

The main concerns with this type of performance measurement are that often individuals cannot be held solely responsible for their objectives as they rely on other

parties to achieve them. They are also administratively burdensome, and may have a tendency to over quantify, rather than to accept the softer aspects of a situation which might be more successful in the long run. It is also crucial that there is a clear link between the organizations objectives and the individuals objectives, otherwise motivation towards the goals might be problematic (Price, 2000). One of the main failings of MBO (Viedge, 2003) is that it became a paper chase, where completing the forms became, in many instances, the main purpose of the system and the cascading of corporate objectives and other real benefits of the system were side-lined.

d) A Brief Comparison of Approaches

All 3 systems can be applied at both the organizational and individual level. All 3 recommend the cascading down of objectives from the organization to the individual. All 3 require goal-setting (the theory of which forms part of the theory of motivation), top management buy-in, and focus on the importance of developing indicators that measure the right things in the first place. They each use rating systems as part of their evaluation method during performance appraisal and each utilise the same generic components of an effective performance management system. They differ primarily in the type of objectives that are set, and the way of measuring performance against those objectives.

2.2.2 Considerations in the Development of a Performance Management System

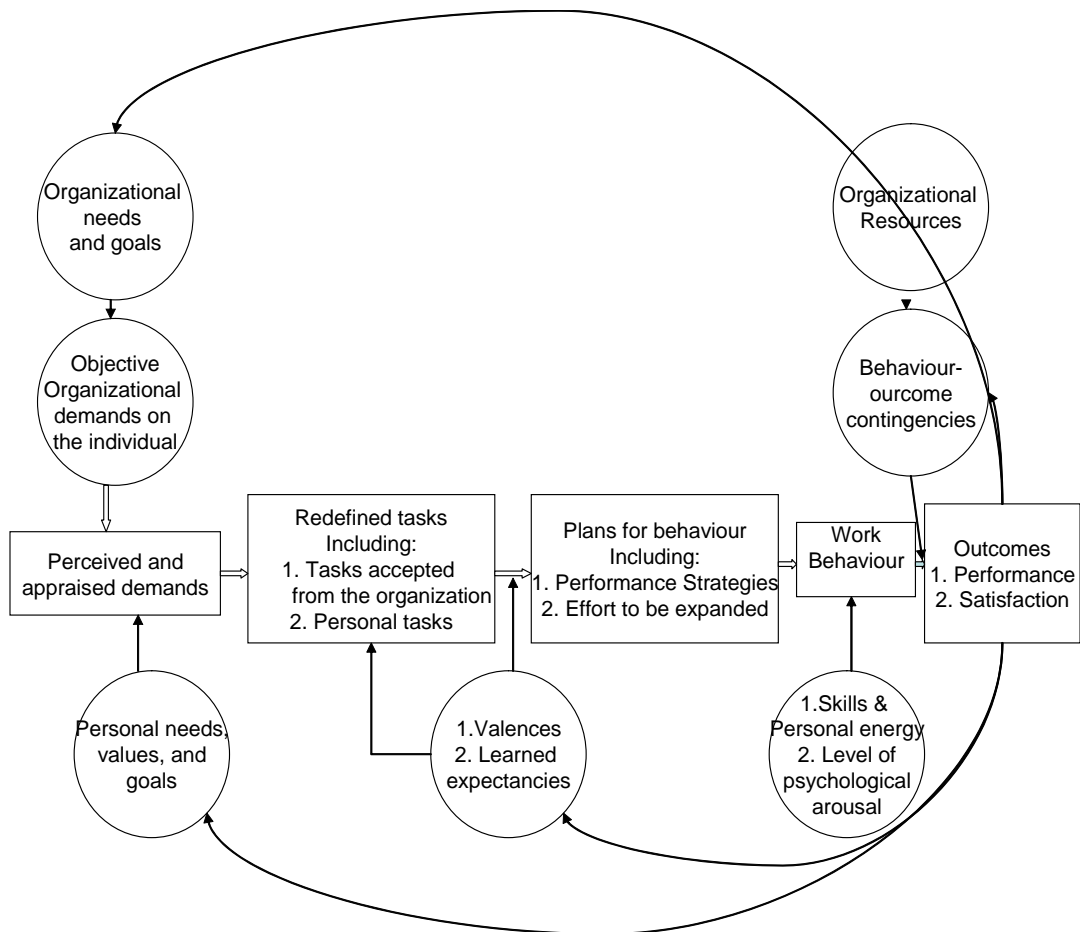
Irrespective of what framework (Balanced Scorecard, KPIs or MBO) is utilised for developing a performance management system, the following aspects will need to be taken into account.

a) Managing Expectations

When an employee starts work at an organization, they have certain expectations of their role there (Porter, Lawler & Hackman, 1987). Porter *et al.*, (1987) provide a useful model of individual performance in organizations (Figure 3) where they show that an individual's performance in an organization is based on factors such as personality and skills, expectations and valences as well as in the form of personal needs, values and goals. For example, an individual may expect a certain salary, an

enriching job and a safe work environment. On the other hand, on hiring an employee an organization has certain expectations too. They require an individual to fulfil a certain role within the organization. They expect a person who is able and willing to do the designated job and, who will attend work during the required hours. These expectations are known formally as a psychological contract.

Figure 3: A Model of Individual Performance in Organizations



Source: Porter *et al*, 1987: 121.

A psychological contract is the relationship between the two parties (employer and employee), based on an understanding of the expectations of both sides. It is dynamic and, therefore, changes over time. But it must be clear. Problems occur when there is a difference between what an employee thinks he will be giving to the organization, and getting in return, and what the organizations thinks it is getting and giving in return. These differences may lead to problems ranging from low productivity and effectiveness to absenteeism and increased turnover (Nel *et al.*, 2001). An effective performance management system must begin by ensuring that the expectations of both parties are clear and well understood. Due to the changing nature of the role of Human Resource Management within organizations (Ulrich, 1998), it can be seen that the nature of the psychological contract is also changing. Employees no longer necessarily desire secure life time employment, with steady promotion opportunities, they now seem to favour the opportunity to give of their best to the organization and to be rewarded for their contribution through effective and fair reward strategies (Bartlett & Ghoshal, 1994; Mullins, 2002). Due to the nature of the environment in which we work, the knowledge worker also aspires to be developed and to maintain a high set of transferable skills (Bartlett and Ghoshal, 1994), so the developmental aspect of performance management systems becomes important (Fischer, 1997).

It is important that from the outset of an employees integration into a performance management system, there is common understanding between employee and the organization with regard to the main aim of the performance management system. A successful performance management system must include individual objectives and goals that are clearly defined and measurable (Price, 2000) – as would be included in both the MBO and KPI approaches.

b) Integrating Organizational and Individual objectives

Because the environment in which both the organization and the individual operate is constantly changing the psychological contract between them is dynamic (Argyris, 1960; Schein, 1970; Porter *et al.*, 1987). “The individual and the organization are thus in constant interaction with each other, with the aim of attaining their mutual goals” (Nel *et al.*, 2001: 37). Another aspect of the psychological contract as indicated by Pettigrew (2002: 29) is that “it must be a participative process between appraiser and

appraisee to ensure that the wider behavioural objective of mutual commitment is achieved". When an individual subordinates his personal development and other goals, in favour of achieving organizational goals, the result may be demoralization and poor work performance. But the responsibility lies not only with the organization to provide a performance management system that encourages and supports employees through coaching and mentoring, but "it's the employees' own task to see what they want, and to see current reality clearly – including the organization's need for what they might have to offer" (Senge, Roberts, Ross, Smith & Kleiner, 1995: 222).

However, an organization with clear goals and strategies, as well as with strongly communicated core values, facilitates the alignment of individual and organizational goals. This encompasses integrating "corporate and individual objectives so that what individuals and teams are expected to do flows from and supports what the organization is aiming to do. It can integrate the core competencies of the organization with the skills and behaviours teams and individuals need to display, so that, again, people understand what the organization has to be good at doing and therefore, what they have to be good at doing" (Brown & Armstrong, 1999: 242). Effective performance management systems must be designed to ensure support of alignment between individual and organizational goals.

c) Motivation

Once expectations have been clarified, and individual and organizational goals outlined and integrated, the individual needs to be motivated to achieve these goals. There are a variety of Motivation Theories. For example, Maslow's (1954) needs hierarchy is a theory based on the notion of individual differences. Maslow (1954) concludes that every person is unique, and due to his or her differences responds differently to specific motivators. In fact something that motivates one person might be either a non-motivator or could even be a de-motivator of another person. Herzberg's two-factor theory was developed around the concept that motivational factors are either hygiene factors or motivating factors. Hygiene factors are factors such as work environment and conditions which do not motivate, but their absence could cause dissatisfaction. Motivating factors are factors such as the actual job and

the opportunity to develop and grow. An employees' performance can be rewarded in two ways. Extrinsic rewards are those that can be supplied by an organization through their performance management system. These include an increase in salary, a bonus, a promotion, profit sharing etc. Intrinsic rewards are those that give the employee satisfaction for example, feeling like they have done a good job. It is crucial that an effective performance management system rewards the type of behaviour that leads to increased performance. This means that the behaviour, the performance criteria (as detailed particularly by the MBO and KPI theories), and the reward must be clearly defined and linked. It is also important that the rewards on offer are of value to the specific employee. If they are not valued, they can act as a demotivator.

Reinforcement theory is based on the ability of managers to provide means of motivating employees to achieve their goals. The Porter-Lawler Integrated Expectancy theory (Porter *et al.*, 1987), notes that "employees will exert effort when they believe that increased effort will lead to a reward, and that the reward is something they value" (Hellriegel *et al.*, 2001: 278). Their performance is not only affected by their effort, but also their abilities, their traits and their perception of what is required to do the job successfully.

The Human Resources manager needs to consider the above theories of motivation, plus others, in designing an effective performance management system (Hellriegel, *et al.*, 2001). It is clear that the way a manager links rewards to performance is a motivating factor for employees. However in designing the performance management system, certain considerations need to be borne in mind. For example, some factors that need to be taken into account include designing jobs with the ability to motivate staff to consistently undertake the required tasks, clearly outlining which behaviours and results will be rewarded and how they will be rewarded, ensuring that the rewards are aligned with the core values of the employees and that they are fair, and instilling a strong culture of communication, in order to provide outlets for constructive feedback (Hellriegel *et al.*, 2001). Care should be exercised with regards to seeing motivation in isolation though, as according to Viedge (2003: 74), "there is often a mistaken belief that all that is needed to improve performance is that staff are committed and motivated. Merely having inspired staff does not guarantee

performance, as there is no direct link between human effort and effective performance”.

d) A Developmental Process

Because effective performance management systems have regular feedback and review terms, and encompass the factors mentioned above, they can also provide the organization and the individual with the opportunity for forward-planning. Future objectives can be determined, and the requisite skills and knowledge can be clearly defined. Should the individual need to acquire new skills and knowledge to achieve the required objectives, these can be organized through training and development, before the critical time. Individuals' areas of weakness, including areas where the incumbent might not have the ability to do the job, can be identified before they become substantial problem areas, and training around such weaknesses can be implemented timeously or other solutions to the issues can be found. Organizations, in setting forward-looking goals, may also discover new core competencies that are necessary for a future competitive advantage and the sustainable growth of above average returns, and these can be planned for and managed through the effective performance management system.

In fact, Quintilla & Sánchez-Runde (2000) indicate that in our turbulent and ever-changing world it is becoming more and more important that our workforce responds to change. They view the Human Resource management function, as being vital in enabling organizations to adapt to a new way of organizing their work force. In this new type of organization the developmental and improvement aspect of performance management system becomes crucial. This is because the flatter hierarchical structures show tendencies towards rewarding people, not so much for their job position and profile, but for their skills. This encourages staff to expand their skill base, making them ideal workers for the knowledge economy.

e) Improved Business Results

The reason many organizations (particularly corporate) wish to institute performance management systems is to see a positive impact on their bottom line. Whilst this will be part of the impact of designing such a system, it is quite a short-term approach to

performance management. Performance management systems have also been identified as a strategic tool that can assist with the implementation of strategy, and the achievement of strategic goals. With the move towards triple-bottom-line reporting (including financial, as well as environmental and corporate social responsibility accountability and reporting) and towards a more holistic and long-term vision for the organization, it can be seen that a performance management system can provide so much more than just an increase in short-term profits. In South Africa, the draft King Report (2001:8) on corporate governance states “corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals...the aim is to align as nearly as possible the interests of individuals, corporations and society”. Performance management systems already assist the alignment of individuals and organizations in the best interests of both, perhaps an area of growth for these systems would be towards facilitating and integrating societal objectives with the organizations.

The following example illustrates that the effective management of performance is a crucial factor in an organizations ability to achieve growth and high performance. The alignment of the goals of the individual and the organization, with clear communication and strong motivation, can lever an organizations scarce resources, to the point where they are able to achieve far more than was originally anticipated. Effective performance management occurs when the expectations of the employee and the organization are successfully managed, their objectives are aligned, employees are motivated, and a developmental process is instigated. It is not a stagnant system and must continue to adapt and be flexible, as the needs of both the organization and the employees change over time. In organizations where effective performance management is in place, the ability of the organization to focus on critical goals without undermining the needs of the individual staff members, is offset by the employees desires to achieve the organizations goals, which are also part of their individual goals. With both parties working to achieving the objectives of both parties, a synergistic solution is often found, and these companies tend to excel and to attract a motivated work force.

British Airways plc (BA) (Karami, 2002) in mid 1997, in the face of stiff competition, carrying a budget deficit in the millions of pounds from the early 1980's, and in a global climate of economic decline sought to improve their situation. Their performance management system part of which was made up of their 'Profit Share Scheme' (resulting in 66% of staff holding shares in BA), and their 'Savings Related Share Option' scheme was designed to motivate staff to feel pride in their company i.e. above average company performance was rewarded by the awarding of a percentage of shares to staff.

The performance management system that inspired staff in this instance, had a strong non-pay related constituent. Non pay-related rewards were offered in the form of an 'Awards for Excellence' programme (to recognize outstanding excellence in a variety of areas) and 'Premier Awards' (for the best of the best – who get to join the Director on a luxury weekend away), and the 'Brainwaves' suggestion scheme was acknowledged with the best ideas being entered into the UK's Association of Suggestion Schemes ideas competition. BA also focused on the development of women managers, and set up an Equal Opportunities Steering Group to ensure that minorities and the disabled got fair treatment. BA also is strongly in favour of the training and development of its employees – with both in-house and external training being well supported. They also ensured that each employee's performance was linked to pay. A dire financial performance situation was rescued by the staff's high motivation levels, which were linked to the strong performance management system that had been designed by BA to foster loyalty and commitment.

By the end of 1998, according to the ratio salaries/turnover, BA was improving its performance, and by the end of the 1990's BA was in a profit situation (Karami, 2002). Without the complete buy-in of their staff, morale would have continued dropping and BA would not have been able to make a come back. Through pervasive support from all areas of Human Resources (HR) strategy, employees were motivated to produce their best efforts for the company.

f) Other considerations

One additional benefit is the link to emotional intelligence (EI). In the past it was considered that the person who was most intelligent, or with the highest technical skill or intelligence quotient (IQ), would be the person who would achieve most significantly within an organization. Loehr (2001: 120) proposes an integrated theory of performance management, which “addresses the body, the emotions, the mind, and the spirit. We call this hierarchy the performance pyramid. Each of its levels profoundly influences the others, and failure to address any one of them compromises performance”. This theory known as ideal performance state (IPS) concludes that for an individual to sustain performance, intellect, physical and social, spiritual and emotional aspects all have a role to play.

According to Goleman (2001:14) EI can be defined as “the abilities to recognize and regulate emotions in ourselves and in others”. His EI model includes the four main areas of self-awareness, self-management, social awareness and relationship management. The impact of EI on organizations can be far reaching. Goleman (2001) gathered data from several hundred organizations, and found that although IQ could predict with much success the technical competency of an individual, it did not necessarily accurately reflect the success of the candidate in the work place. This was because EI was not taken into account, and it was these emotional competencies that differentiated between those who would make a success of the job, and those who wouldn't, given the same level of technical proficiency. EI enables individuals to deal effectively with each other, to build strong emotionally aware teams, to respond and adapt quickly to changing situations, and to handle conflict with composure.

This means that it is crucial that Human Resources managers become involved in selecting and recruiting emotionally intelligent individuals, and become attuned to the needs of the individuals within the organization whose EI competencies can be developed. Hartle (cited in Jacobs, 2001: 179) “recommends that performance management systems operate in an integrated process, incorporating elements such as performance objectives, coaching and counselling, performance review, skills training, performance-related pay, and training and development. When performance management integrates setting objectives, ongoing coaching, and training and development in a yearlong process, it can also afford an excellent opportunity to

assess emotional intelligence competencies that ultimately lead to outstanding performance, provide feedback on them, and support their development”.

Goleman (1996) and Goleman, Boyatzis & McKee (2002) in their works on EI, shows time and again, how an individual's intelligence or technical skill are the prerequisites for a particular job, and how it is the emotionally intelligent person that succeeds in excelling in a given situation. These factors need to be considered in the development and implementation of the performance management system, as the system should encourage and facilitate growth in all areas of the individual and organizational behaviour. Individual development needs for example, should not focus only on the attendance of technical courses, but should include exposure to more holistic aspects including emotional intelligence and execution intelligence (XQ) (FranklinCovey Planner, 2005).

Another area for consideration in the development of a performance management system is the knowledge environment in which we live. “When a company learns to utilize and foster the growth of the knowledge and skills of all employees across all functions and levels, integrate learning activities into every employee's work, encourage and reinforce all modes of learning, and align all of this learning with the company's strategic business directions, it becomes a knowledge-enabled organization. The knowledge-enabled organization meets or exceeds its goals, for the company as a whole and for the individual employee” (Tobin, 1998: 39). In our competitive global environment, with its fast paced technological change, the retention of knowledge within the organization become paramount, and the development of a company's human or intellectual capital and its ability to learn may mean the difference between success and failure. Knowledge, however, is capricious in nature - it can be hard to succinctly transfer, as it is dynamic and difficult to pinpoint.

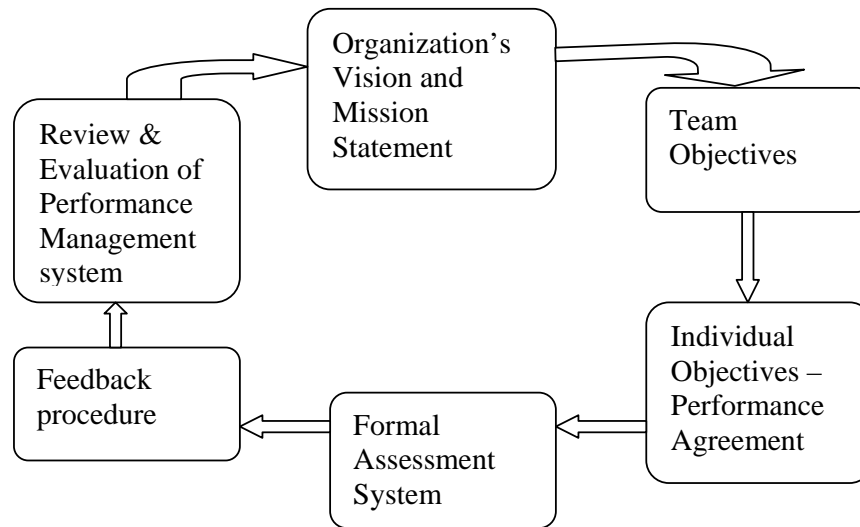
Explicit knowledge is knowledge which individuals gain through formal education, which has been learnt and is more easily transferable through training and written documents. Tacit knowledge, on the other hand, is the knowledge that a person has at their fingertips, gained through experience, and yet cannot be easily defined or

communicated to others (Mann, 1998). Both types of knowledge need to be captured, although it will be a far more complex task to capture tacit knowledge. It is clear that in such a turbulent environment an effective performance management system should encourage and strengthen a knowledge-enabled learning organization. Knowledge Management (KM) is more than just a database of information, and can be defined as “enhancing the use of organizational knowledge through sound practices of information management and organizational learning” (McInerney & leFevre, 2000: 3). A performance management system that rewards individual and organizational learning as well as the design and implementation of KM systems and infrastructure, would assist in the retention of knowledge within the organization. Since learning and developing would be rewarded, this type of performance management system enhances the organizations’ perceived commitment to the employees, and encourage those who wish to develop (the intellectual capital) to stay. Although the development of knowledge is a good start, it needs to be clear that the knowledge needs to be useful, and that it needs to be shared internally for any competitive advantage to be derived from it.

2.3 The Components of an Effective Performance Management System

Although it is difficult to separate out the development of a performance management system from its implementation, in this case study the researcher has approached the development of a performance management system as being dependant on the framework followed (Balanced Scorecard, KPIs, or MBO) as an overall starting point for the system. Each approach requires the same generic components in order for it to function properly. These have been set out based on the model of performance management systems considered by Bevan & Thompson and English (Price, 2000), presented below in Figure 4, and will be considered in more detail thereafter. The implementation of a performance management system focuses rather more narrowly on the actual procedures used to ensure individual performance is achieved. To illustrate this more clearly the next section will include an example from Skandia Life Assurance Company (Ltd) (Skandia, 2000).

Figure 4: Components of an Effective Performance Management System



Source: Price, 2000: 181

2.3.1 Vision and Mission Statement

An organization's vision should encompass the organization's reason for being or *raison d'être*. It should provide a clear purpose and overarching sense of what the organization is about. Collins & Porras (1996: 66) consider that "a well-conceived vision consists of two major components: *core ideology* and *envisioned future*". They further break this down to show that core ideology is made up both of the core values and core purpose of an organization, whilst the envisioned future is set out in terms of long term BHAG's (Big Hairy Audacious Goals) and a vivid description.

The mission statement should follow on from an organization's vision. It should be a concise document that reflects the way in which an organization intends to accomplish its vision. Although the development of the vision and mission need to be

included and considered in the development section of the performance management system, they are also part of the implementation process. The implementation of the performance management system starts with the process of defining the vision and mission and translating these into actionable goals and objectives for the organization.

2.3.2 Team Objectives

Once an organization's vision and mission statement have been clearly identified and communicated to the employees, the various teams (departments/programmes) within the organization can begin to work on the goals that they need to reach in order to attain the organizational objectives laid out in the mission statement. Team objectives are a more recent development in the MBO approach to performance management systems (Price, 2000) – essentially operating under the same principles but with objectives that are set for teams (departments/programmes) rather than for individuals. The team-based systems work by focusing the individual's attention on the attainment of common goals. As employees realize that in order to achieve their common objectives they need to work together, team goals foster communication and interdependence. This prevents one of the criticisms that is aimed at performance management systems that are solely based on individual performance, occurring. This criticism is that, on occasions individuals might aim to achieve their targets at all costs, which can hinder the overall efficiency of the organization. By combining both team and individual objectives into the performance management system, a more rounded, holistic approach to organizational effectiveness is achieved.

2.3.3 Individual Objectives – Performance Agreement

Team objectives can be broken down further into individual objectives, which are laid out in a document known as a performance agreement or performance contract (Viedge, 2003). Starting with this type of top down (from organizational objectives to team objectives to individual objectives) approach allows an employee the security of knowing that their individual goals are in alignment with team goals and with the organizations strategic objectives. This can be a motivating factor in individual performance.

Another valuable aspect of individual performance assessment is that an individual can be benchmarked against a pre-determined set of standards. By comparing the individual's performance against the standards, shortfalls can be addressed. These could be known as the "training gap"- indicating that the employee needs further knowledge and skills training in that particular area (Erasmus & Van Dyk, 2003: 145).

Gibb (2002) gives a more comprehensive guideline on individual performance gaps, noting that although training might be indicated by the gap, there are other factors that need to be considered before making this assessment. Factors such as providing the relevant information, giving the individual the right level of responsibility and authority, providing feedback, communicating sufficiently well and other factors, may affect an individual's performance. These need to be addressed before training is embarked upon.

A performance agreement is an agreement between an employee and their line supervisor clearly setting out the performance targets that need to be attained in a specific time period. It is valuable to encourage the employee to draft the initial performance agreement and to bring it to the supervisor for discussion. Furthermore, they will need to negotiate any changes with their line supervisor. In this way, the employee takes ownership of the tasks that are set out for the coming period. It is important that the performance agreement specifies targets that are S.M.A.R.T (specific, measurable, achievable, realistic, and time specific). This enables the employee to feel a sense of accomplishment, as it is easy to check whether a target has been attained.

At the end of a predetermined period, the line supervisor and employee will meet to discuss the achievements that have been met according to the targets set on the performance agreement. Other measures of an individual's performance can be included in this performance assessment. In fact some thinking goes so far as to say that "360-degree feedback has, arguably, revolutionized performance management for the better" (Peiperl, 2001: 142). This method of assessment relies on the views of others. It is motivated by the consideration of an individuals' Johari window (BevServ, 2004) i.e. the

fact that there is an area of ourselves that is unknown to us (or 'hidden'), but known to others with whom we come into contact. Most often what occurs is that an individual is assessed by his peers, subordinates, superiors, and potentially others who might come into contact with him in his work environment (customers etc). The 360-degree feedback system is designed to get a bigger picture of the employee at work. Although difficult to implement, the rewards of a 360-degree feedback system can be a commitment to the type of continuous improvement that would be seen in a learning organization.

2.3.4 Formal Assessment – Performance Appraisal

There are a variety of ways of ensuring that a performance management system runs smoothly. It is helpful to ensure that the organizations' Human Resources policies and procedures underpin and support the system. This starts initially in the organization's recruitment and selection policies, and can equally be seen in the time allocated for individual performance assessments. A generic performance assessment cycle could include 2 or 3 relatively short meetings at the beginning of a six-month assessment period, in order to set targets and sign a performance agreement. This could be followed up by monthly informal meetings between the employee and their line supervisor in which any general problems could be discussed and targets adjusted in line with unexpected activities that might have occurred. At the end of the six-month period, a formal assessment meeting should be held. Notes from all previous discussions should be brought to the meeting and a formal assessment of the achievement of the specific targets should be entered into. This should include an end result, such as a performance bonus for good performance or performance counselling sessions for poor performers. At the end of the meeting the employee should understand and agree to the review of how well they performed over the last 6 months, areas for training and development should be identified, and an early discussion about the next 6-monthly agreement should have been started.

2.3.5 Feedback Procedure – Ongoing Training and Development

It is important in this system that employees who fail to achieve as expected are not made to feel inadequate, particularly if there are extenuating circumstances. At the end of the meeting any inadequacies should be discussed and the organization should offer support to the employee, particularly in terms of the relevant resources to do the

job properly and the identification of areas for training and development. Only after the organization has fulfilled their duty to the employee can the poor performance be laid at the feet of the employee. Making an employee feel inadequate can set them up for failure. Should the line managers attitude be communicated to the employee (even as a perception through actions), the line manager might be subconsciously 'writing off' that employee. This might result in the line manager not passing along any opportunities or areas of responsibility to the incumbent. The incumbent then feels that they are not valued and start underperforming even further, and the cycle becomes a self fulfilling prophecy.

It is also important to note that training and development are not necessarily the answers to performance related problems. Whetten & Cameron (1998), use the model of performance that states $\text{performance} = \text{ability} \times \text{motivation}$, where $\text{ability} = \text{aptitude} \times \text{training} \times \text{resources}$, and $\text{motivation} = \text{desire} \times \text{commitment}$. Using this as a guideline, it becomes clear that if an employee lacks either of the motivational factors, or aptitude or resources, training might not have the expected impact in terms of closing the noted performance gap. Other items such as increasing motivation, improving communications, encouraging access to information and offering support in the form of resources also have a place in the cycle. However, what the continuous feedback process enables management to do is to note areas where skills are lacking through doing a training needs assessment, and recommending training or other strategies for improved performance where necessary.

2.3.6 Review and Evaluation of the Performance Management System

Another important aspect of this system is its ongoing nature. A performance management system is not the type of system that can be drafted once and then utilized into the future. It is important to get feedback from both line supervisors and employees as to the efficacy of the system. Does it fulfil their expectations? Is it useful? Is it achieving the required results? Suggestions and improvements can be integrated into the system, so that it is being continuously upgraded to cater for the changing needs of the organization and its staff.

Because a performance management system is a process (Price, 2000), in order to be effective it needs to contain all of the components of an effective performance management system shown in Figure 4 (Pg 33). It is important that the standards of above-average performance are clearly stated, and that the organization is intent on assisting employees to achieve superior performance by providing a supportive, empowering environment as well as other extrinsic motivators.

Brown & Armstrong (1999) raise various issues relating to the evaluation of a performance management system. They indicate (amongst other things) that it is important that what is being managed can actually be measured in a consistent and accurate manner. So it might be useful to periodically check that measurements are accurate and useful.

Another method of evaluation of a performance management system is described by Gibb (2002) as the 'ABC' (Antecedents, Behaviour, and Consequences) model. This 'ABC' model can also assist in the design and implementation of a performance management system. Gibb (2002) recognizes that in order to have a successful performance management system, it is necessary to understand individuals' behaviours. He (Gibb,2002) notes that the causes of behaviour manifest in actual visible behaviour, which then results in consequences. When a performance gap is indicated, rather than more training being required, what might be necessary is work to modify the behaviour of the employees by adjusting the consequences that occur. In reviewing and evaluating the performance management system, it is necessary to check that the correct behaviours and their consequences are being manifested and rewarded or disciplined.

One of the main reasons for undertaking continuous review and evaluation of a performance management system is to ensure that staff perceive the process to be fair (Rademan & Vos, 2001). A common criticism of performance management systems is that they are perceived to be unfairly applied. It has been noted that "individuals are most likely to trust and cooperate freely with systems - whether they themselves win or lose by those systems - when fair process is observed" (Chan & Renée, 1997: 70). Chan & Renée (1997) conclude that having fair process within an organization shows

respect and value for individual employees. They consider three principles of fair process – in the form of engagement (allowing communication and discussion around ideas, throughout the organization), explanation (after a decision has been made, feeding back to employees as to why that decision was taken,) and expectation clarity (clear targets and milestones that radiate from a decision).

2.4 The Implementation of an Organization's Performance Management System

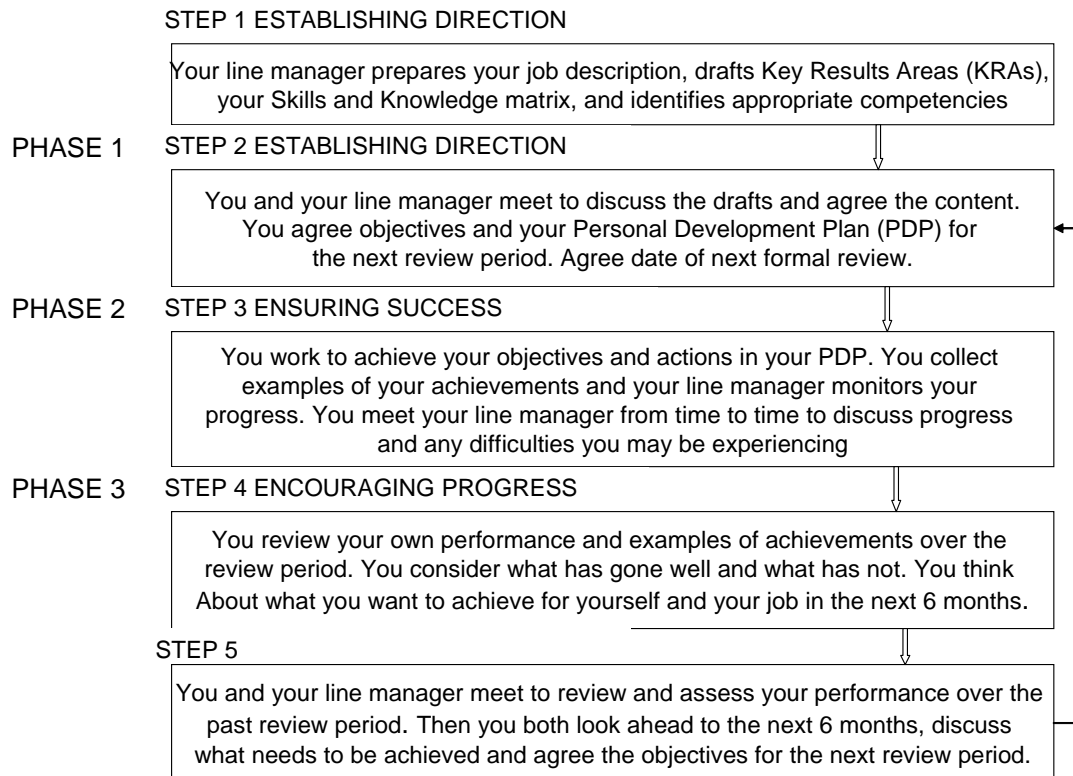
The researcher considers the implementation of an organization's performance management system for the purposes of this study, to include items such as the intricacies of evaluation and reward. It constitutes the actual nuts and bolts of performance management systems and covers aspects such as the paperwork (or computer records) to be completed, the meetings to be held and rating methods utilized. The Skandia Life Assurance Company's Partners in Performance Model (Skandia, 2000) will be presented as an overview of the successful implementation of a performance management system.

2.4.1 Skandia Life Assurance Company's Partners in Performance Model

Skandia Life Assurance Company in the United Kingdom (UK) researched and developed a Partners in Performance Model (PIP) which it rolled out in 2000/2001 (Skandia, 2000). With over 3000 employees country wide every effort was made to ensure a system that facilitated improved performance within the work place. During the roll-out phase each staff member was required to attend a workshop session detailing what would be expected of them in the coming months. Line Managers and other supervisors who would be required to appraise other staff attended more detailed work shops where they were briefed on the PIP system.

During the work shop phase each employee was presented with a file (Portfolio) in which to keep all the information relevant to PIP. The Portfolio covered many aspects beginning with a detailed introduction that outlined how the system worked (Figure 5).

Figure 5: How Partners in Performance Works in Practice



Source: Skandia, 2000: 9467.99/10/1

As each staff member had their own Portfolio, all relevant information was at their fingertips, including numbers for the help desk should there be any problems. The PIP system involved a lot of paperwork. Each employee had a job description, key results areas (KRAs), core competencies, and a personal development plan – these were all brought to the performance review, where the appraiser completed a separate form which was handed to the appraisee for their Portfolio upon completion of each performance review meeting. The Portfolio also included material on the core competencies and skills and knowledge, detailing how these had been ascertained during the development phase and how they would be measured during the implementation phase.

Other sections were designed for the employee to keep up to date and these included the personal development plan, a training log, an achievements sheet, a page for examples of performance, a career history sheet and a star sheet. All these were designed to encourage each employee to record instances throughout the review period where they had performed successfully. They could complete the form and get their supervisor's comments at each specific occasion. This would then build up a complete picture for revision at the formal Performance Review meeting. However, if the individual did not record information they would be less able to support performance claims made during the review meeting. For this system to work onus was placed on the employees to complete the relevant forms and keep pertinent information up-to-date.

Despite its many good points and much time spent designing the system and communicating it clearly to staff, what was noted after rollout, was that appraisors and appraisees felt that the time burden was onerous. To keep one's Portfolio up-to-date took much effort and commitment, and to appraise an entire team (usually more than 10 staff requiring ad hoc monthly meetings (usually about 1 ½ hours in length) and formal Performance Reviews 6-monthly (at about 2 hours each)) required planning and forethought. The system was not designed to be linked directly to reward, that is, performance bonuses were not based on the outcomes of the performance review sessions as bonuses were awarded on a percentage basis per job grade depending on the profit made by the company. It was however, linked to development through recommendations for training, promotion, succession planning and career profiling.

2.5 Summary

This chapter has presented information pertaining to the development and implementation of performance management systems. A brief history of performance management was outlined, followed by its main purpose, criticisms of and an introductory look at performance management systems in NGOs. Three approaches that could be utilised for the development of a performance management system – Balanced Scorecard, KPIs and MBO were discussed – followed by an indication of

the essential considerations to be taken into account in developing a performance management system. After developmental issues had been discussed, attention was drawn to the components of an effective performance management system. To illustrate implementation issues, the Skandia Partners in Performance (PIP) model was then presented.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research Objectives

In Chapter 1 the main purpose of this research was detailed as ‘to describe and analyze the development and implementation of a performance management system in a non-governmental organization (NGO), specifically the Public Service Accountability Monitor (PSAM), from its inception to date’. The primary rationale behind this purpose was to explore whether the development and implementation of the performance management system had contributed in any way towards the PSAM’s overall performance, specifically in terms of their achievement of Funder’s objectives, and to enable the PSAM to revise their current performance management system to further improve the overall achievement of Funder’s objectives. In order to achieve this purpose, this study was broken down into more detailed objectives that would allow the purpose to be fulfilled.

These objectives are as follows:

- Describe the development of the PSAM in terms of its achievement of Funder’s objectives,
- Describe the development and implementation of the performance management system.
- Analyze the development and implementation of the performance management system.
- Determine potential areas for future development of the PSAM’s performance management system

After considering the relevant literature and case study information, it was noted that the potential value of this research could be to contribute to the body of available knowledge on performance management systems in NGOs by proposing, in the form of other concomitant purposes of the research,:

- Advice on areas for consideration in the development and implementation of performance management systems for NGOs, and
- Advice on the potential pitfalls and benefits of performance management systems to other NGOs wishing to run efficiently and effectively.

This chapter is concerned with the methodology utilised to achieve the aims of the research detailed above. This will be discussed in the remainder of this chapter. Firstly the research paradigm and the case study methodology will be considered. Background information about the PSAM case itself will then be discussed, including population and sample size. A detailed account of both data collection techniques and data analysis and interpretation will also be presented. Issues of the validity and reliability of the study will be detailed. Ethical issues will be discussed and limitations on the research will be clarified. Finally a summary of the research plan will be outlined.

3.2 Case Study Methodology and Research Paradigm

Yin (1984:23) defines a case study as “an empirical enquiry that: investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”, a definition which is supported by Stake (1995). Mitchell (2000:169) states that the “case study refers to an observer’s data: that is, the documentation of some particular phenomenon or set of events which has been assembled with the explicit end in view of drawing theoretical conclusions from it”.

The reason for utilizing the case study methodology is that it allows for an in-depth, detailed understanding of a specific phenomenon within a bounded system. Of relevance is the uniqueness of the case and this is applicable to the PSAM which is a unique “single bounded system” (Welman & Kruger, 2001: 182). Case studies can be either quantitative or qualitative in nature, but due to the interpretive nature of this research, a qualitative methodology (Guba & Lincoln, 1994) has been adopted.

A variety of case study purposes have been identified such as descriptive, explanation, evaluation and exploratory (Winegardner, date unknown). Descriptive research is that which seeks to identify themes within a case through a ‘rich’ or ‘thick’ description encompassing as much of the case study detail as possible. Robson (cited in Winegardner, date unknown: 6) “defines the purpose of descriptive research as the portrayal of an accurate profile of persons, events, or situations; this in turn requires extensive knowledge of the research subject in order to identify appropriate aspects on

which to gather information”. Exploratory research “answers questions of how and why”. This study is a combination of these two main purposes, with a strong focus on describing the situation, but due to the lack of appropriate reference material, also to begin to provide answers on how to set up a performance management system in the context of an NGO and why it would benefit this type of organization and its individuals.

The epistemological orientation of this researcher is interpretive (Winegardner, date unknown), that is, the researcher has started with the “set of questions to be answered by the research”.

3.3 Population and Sample Size

Currently the PSAM has thirteen permanent staff as detailed in the Organogram (Appendix 12), including the Director, an Office Manager (the researcher), Project’s Coordinator, a Media Liaison Manager, a Senior Research Editor, a Programme Head, five Researchers, an Office Administrator and a General Assistant. Three of the Researcher positions are new appointees who will only take up their positions in January 2005. The PSAM is funded entirely by external Funder’s (OSF and Ford), and although the salaries function and finance function are performed by Rhodes University, the PSAM’s Office Manager operates as both the Accountant and the HR Manager.

This is a single-case case study, where the entire organization constitutes the case study. The sample size from within the case consists of the entire current staff (not including the 3 new appointees), and selected past staff. Other than the Office Manager, the Director, and the three new staff of January 2005, the entire current staff complement of the PSAM (8) completed a questionnaire. One current staff member abstained from completing Section B of the questionnaire. The Director of the PSAM was interviewed by the researcher. Since Winegardner (date unknown, 8) notes that “the within-case sample can be selected randomly”, the researcher chose the sample as the 5 most recent resignations since 1 January 2003. For the purposes of this study certain past staff were not invited to complete the questionnaire. This included 2 employees who left within a very short time of starting work at the PSAM as their

experience of the PSAM's Performance Management System was negligible. Staff who had resigned prior to the introduction of the system were also excluded from the study. Out of the 5 past staff who were sent questionnaires, 3 responded in full.

3.4 Data Collection

The data for this case study was collected using "multiple sources and techniques" (Soy, 1997:2). For this case study the research was carried out through a process of document analysis, unstructured and structured interviews and questionnaires, and participant observation.

3.4.1 Organizational Performance

Document analysis (Smith, 2002) plays an important role in providing a description of the development of the PSAM over time. The development of both the PSAM in terms of its achievement of Funder's objectives and the development and implementation of the performance management system have been well documented. In this research, only the contracts from the Ford Foundation (FF) and the Open Society Foundation (OSF), PSAM's two largest Funder's, will be considered. These are the core Funder's and achieving their objectives is vital for the continued success of the PSAM. The following documents were accessed in order to describe the development of the PSAM in terms of its achievements of Funder's objectives.

- Funding Proposals
 - FF: Initially submitted annually (1999, 2000, 2001), but now 3-yearly (2004).
 - OSF: Usually submitted annually by 31 January. The funding proposals from 2001 to 2004 were reviewed.
- Report backs to Funders (completed at the end of the grant period, and at the end of any rollover grant period)
 - FF: Initially submitted annually (2000, 2001), but now 3-yearly (2004)
 - OSF: 2002 to 2005 were reviewed

Each contract from these Funder's for the period from 1 June 1999 to 31 May 2004, was retrieved from the Finance Department at Rhodes University, and examined in terms of both the amount of money (to gain an initial understanding of project priority) allocated to each project, as well as the broad line items (for example Travel, Project Administration) within each budget proposal. These have been detailed in tabular form, and compared to the Director's Reports to Funder's detailing the outputs (in comparison to preset objectives) produced in each funding cycle. This is in order to determine the level of funding generated by each project as well as the level of return in terms of output achieved per project. It is noted though, that due to the difficulty in measuring the 'impact' of an advocacy organization the above information will not necessarily lead to a definitive conclusion regarding the effectiveness of the PSAM in raising public awareness about the issues of accountability, corruption and maladministration. This segment of the study is designed to focus narrowly on the achievement of predetermined objectives.

The following documents were accessed in order to describe the development and implementation of the PSAM's performance management system.

- Minutes to Annual Strategic Planning Sessions (Indabas) held annually during August of each year (2001 -2003)
- Policy documents including:
 - PSAM's Performance Management Policy
 - PSAM's Disciplinary and Grievance Procedures
 - PSAM's Core Values
 - PSAM's Vision and Mission Statement

To supplement the information collated in both sections above, other relevant material was accessed as and when necessary. These included:

- Minutes to Board Meetings: Held Quarterly in February, May, August and November of each year since 1999.
- Minutes to Staff Meetings: Held every Monday morning from 1999 – 2004.
- Notes from Senior Staff Meetings: Held from June to September 2004.
- Notes from Staff performance appraisal meetings (both formal and informal) from 2001 to 2004.

- PSAM's Annual Report 1 March 2003 to 30 April 2004.

All the above documents were reviewed in a chronological sequence, and analyzed in terms of the researcher's interpretation of their input to the development and implementation of the performance management system at the PSAM.

3.4.2 Staff Opinion

Data was collected from PSAM staff using questionnaires, with the exception of the Director. A structured interview where "the interviewer puts a collection of questions from a previously compiled questionnaire, known as an interview schedule, to a respondent face to face and record's the latter's responses" (Welman & Kruger, 2001: 160), was held with the Director. The questionnaires (Appendices 9 and 10) and interview questions (Appendix 11) were developed based on research of the available literature, of particular importance in this instance were Gallups Workplace Audit Statement (adapted from Caulkin, cited in Price, 2000), and Questionnaire on working at Rhodes University: Support Staff (Rhodes University, 2004). It covers aspects of the performance management system, including developmental phases and the implementation of the system. Although structured interviews may have been preferable to questionnaires to enable the researcher to bring out rich details (Mak'Ochieng, 2003), it would have meant that the anonymity of the respondents was compromised. Questionnaires were distributed via e-mail or printed copy to staff through the Office Administrator (see Organogram: Appendix 12) and collected by her on the due date and submitted in one batch to the researcher.

The researcher further collected information by noting ad hoc comments made during unstructured interviews with staff. During the last quarterly meetings (September 2004) that the researcher as Office Manager held with the staff an open-ended question such as "How do you feel about the performance management system?" was asked, and staff members were allowed to talk freely i.e. "spontaneous development" (Welman & Kruger, 2001: 188). The information received was used to triangulate (Trochim, 2002) the data gathered from the questionnaires and is incorporated into the analysis and discussion section of the research.

The questionnaire distributed to current and past staff members was designed to gauge an initial impression of each staff member's attitude towards working at the PSAM, particularly in relation to the Performance Management System. The responses to the questions are detailed in tabular form with Table 1 (Chapter 4, Page 76) being the responses from current staff, expressed as a total out of 9 and Table 2 (Chapter 4, Page 77) being the responses from past staff, expressed as a total out of 3. The Director's interview schedule was also designed to gauge an initial impression of the Director's attitude towards his role at the PSAM, particularly in relation to the performance management system. Detailed in tabular form in Table 3 (Chapter 4, Page 78) are his responses to the interview schedule questions. The information gathered from all staff is based on their attitudes and opinions, and allowed the researcher to gain a more detailed and in-depth understanding of the juxtaposition of the performance management system and the PSAM, by providing a 'rich picture' (Smith, 2003a).

From Section B (Appendices 9,10 & 11), questions 1 - 13 of the questionnaire or interview schedule were designed to gain insight into the development of the Performance Management System over time, as well as to inform any decisions on future developmental recommendations. Questions 14 - 21 of the questionnaire or interview schedule were designed to gain insight into the implementation of the Performance Management System, and enabled staff to provide feedback with regard to the regularity and administrative issues surrounding the performance management system.

3.4.3 Observation

Observation is defined by Smith (2003b: 1) as "describing or representing a setting". The observation method utilised in this case was unstructured and informal (Robson, 1993). It consisted of the researcher taking notes at any time when she felt it was necessary or of importance for instance, during a staff meeting. Staff members were aware of the fact that the researcher was conducting research into the development and implementation of the performance management system, but were not necessarily aware of each instance in which the researcher took observation notes. The main reason for collecting data using the observation method was to enhance the validity

and reliability of the study through triangulation. Because much of the staff information was collected in the format of questionnaire with written answers, the researcher wanted to ensure that the written answers corresponded to the behaviour and verbal communications of the staff in their every day environment. The researcher is a complete participant, with the express difference being that the researcher did not have to 'go native' as she was already an integral part of the group. As noted by Mak'Ochieng (2003:92) "while the presence of the researcher can help bring out rich details of the study through probing and establishing rapport, there is great potential for interview bias to crop up". In this case study the bias was not particularly related to interview situations, but to the presence of the researcher at the case study site at all times, however this was dealt with through triangulation (Trochim, 2002) of the data.

3.5 Data Analysis

In a case study data analysis usually occurs simultaneously with data collection (Winegardner, date unknown). This is because themes and insights present themselves as the data is collected. The method utilised for analysing data gathered during the current study was predominantly interpretational (Winegardner, date unknown). That is, the researcher has considered the information presented and organized it thematically. The themes or categories which the researcher has used to analyze the data are a combination of established categories often utilized in discussing performance management systems, and other categories that emerged from the research and which might be applicable only in the non-corporate sector. The information gathered from the multiple sources considered previously is both descriptive, in that it enables a chronological description of the events that occurred at the PSAM from 1 June 1999 to 31 May 2004 to be drawn up, and inductive, as the researcher looked for "recurring patterns and consistent regularities" (Welman & Kruger, 2001: 184).

The findings from the participant observation, questionnaire answers, structured and unstructured interviews were documented and content analysed (Soltani, van der Meer & Gennard, 2003) for themes in terms of suggestions for future changes,

problems inherent in the system and problems encountered in using the system. The data is presented in a narrative format (Winegardner, date unknown). Interpretational analysis enables the researcher to “build up interpretations from the experience, perceptions, and beliefs of those involved” (Hoque *et al.*, 2004: 62). Included in the narrative discussion of the performance management system is detail both in terms of the type and content of the system in place during each funding cycle, and also in terms of the value ascribed to the performance management system by the staff members.

3.5.1 Validity and Reliability

Because of the importance of the reliability of the data gathered, particularly in this instance where the researcher is also a staff member at the PSAM, triangulation of the data is very important. To this end the researcher will ensure that evidence provided is corroborated by at least 3 sources (for example participant observation, semi-structured interview and documentary evidence) which provides validity to the research in terms of triangulation (Trochim, 2002; Welman & Kruger, 2001; Winegardner, date unknown). According to Trochim (2002) qualitative validity can be judged by the criteria of credibility, transferability, dependability and confirmability rather than against some external objective standard. Winegardner (date unknown,10) also indicates that “reliability is less a function of replicability and more a function of credibility of the researcher’s knowledge claims and acknowledgement of his or her central role, relationship and biases in the research”. In order for the research to be credible, dependable and confirmable, it should clearly reiterate the views of the participants, the data should be triangulated and the description should be ‘rich’ or ‘thick’ (Smith, 2003a). Confirmability will also be assessed by noting whether the written records, interviews/questionnaires and participant observation (triangulation) all lead to similar conclusions being drawn.

Transferability can also be described as generalization. It is often thought that the inferences and conclusions drawn from a single case study cannot be generalized. Mitchell (2000: 183) notes however, that “the validity of the extrapolation depends not on the typicality or the representativeness of the case but upon the cogency of the

theoretical reasoning”. Thus, any generalizations from this research should be based on the theoretical framework applied.

3.6 Ethical Considerations

Consent was given by the Director for the entire project and specifically for the questionnaires to be distributed to the PSAM staff, both present and past. Each participant was made fully aware of the nature and purpose of the research and that their anonymity would be ensured. The Director however, was made aware that the information provided directly by him through his interview would be attributed to him, and so anonymity was not possible. These conditions were acceptable to all staff including the Director. Undertakings were made to the Director that no information would be made public without his prior consent, after he had been provided with an opportunity to review the findings of the research. The final research report will be made available to any PSAM past or current staff member who expresses an interest in reading it, and will also be available from the Rhodes University library.

3.7 Research Limitations

One of the noted limitations of descriptive case study research is the possibility that the researcher simply describes everything. Yin (1984) cautions against this, and puts the onus onto the researcher to ensure that only selected focused items are considered. In this study 14 broad themes emerged from the research, and the researcher consciously avoided the inclusion of less common issues.

In this case, the researcher is also a staff member of the PSAM and as the Office Manager has been and is, very involved in the development and implementation of the performance management system. The researcher was aware of the limitations (Welman & Kruger, 2001) of being the research instrument and carefully kept observation notes, and avoided summarizing information where possible.

3.8 Conclusion

This study used a qualitative case study approach to describe and analyze the development and implementation of a performance management system at the PSAM. The research was designed from an interpretive paradigm. Information was gathered

from multiple sources and analyzed using interpretational techniques. Validity and reliability was ensured through triangulation of data gathered.

The following chapter (Chapter 4.1) provides a chronological account of the development of the PSAM in terms of its achievement of Funders objectives which includes a detailed narrative account of the development and implementation of the PSAM's performance management system. Chapter 4.2 contains an account analysed using interpretational data analysis techniques, of the concerns encountered whilst developing and implementing a performance management system at the PSAM. Chapter 4.3 provides insight into areas recommended for future development of the performance management system. Advice for other NGO's is presented as part of Chapter 5.

CHAPTER 4: ANALYSIS AND DISCUSSION

This chapter is divided into 3 main sections. The first section is a response to the first 2 objectives of the research that is: to describe the development of the PSAM in terms of its achievement of Funders' objectives, and to describe the development and implementation of the performance management system. This is done by a chronological review of the Funding proposals and report backs, which are complemented by an insight into the state of the performance management system at the time. The second section is an interpretational thematic content analysis of the development and implementation of the performance management system, which provides an answer to the third objective of the research. From the information presented in section 4.2, an assessment of potential areas for future development of the PSAM's performance management system is determined, fulfilling the fourth research objective.

4.1 The Chronological Development of the PSAM's Performance Management System from June 1999 to May 2004

Following is the chronological presentation of data based on Funding requests sent to Funder's and report back's to Funder's, followed by a brief analysis of the achievement of objectives detailed to Funder's for which funding was obtained, in terms of both goals reached and budget allocation spent. This is then followed by a narrative account of the reasons, in each funding cycle, why the PSAM developed its performance management system. This information was collated from Minutes to Indaba's, Staff Meetings, Performance Appraisals, and Board Meetings, and is supplemented by the researcher's own observation.

PSAM Funding Proposal to Ford Foundation pre May 1999

(Grant 995-1436: 1 June 1999– 31 May 2000)

PSAM – Core Funding R 301 895 (\$ 50 000)

PSAM Project Outputs:

- Case Monitoring database and website
- Performance Monitoring database
- Public Administration survey

The Case Monitoring database and website were not completed during the reporting cycle, but the website was launched in September of 2000. From an initial 2 cases in 2000, the website currently shows information on 613 reported cases of alleged misconduct (as at 15 December 2004). Work continued on the conceptualization and design of the performance monitoring database, which was not completed during the funding period – although early versions of the database were drafted. The design of the Public Administration Survey questionnaire was completed during the grant period, and by the end of the period sampling was underway.

The funding granted by the Ford Foundation (FF) was not spent timeously during this reporting period. At the end of the grant period a rollover request of R46 743 was submitted by the PSAM. This was granted for a further 4 month period until the end of September 2000 by which stage all outstanding monies except R2 854 had been spent. This represented an initial rollover of 15.48%, and a repayment to Ford Foundation of 0.95%.

PSAM Funding Proposal to Ford Foundation pre May 2000

(Grant 1000-1566: 1 June 2000– 31 May 2001)

PSAM – Core Funding R695 000 (\$ 100 000)

Case Monitoring Project Outputs

- a searchable public access database available on www.psam.ru.ac.za providing a list of reported cases of corruption and the disciplinary responses to these cases
- a scorecard and analysis for each case that has been actively followed-up rating the performance of the MEC, Head of Department, Chief Financial Officer and departmental accountant in compliance with their prescribed duties (available under current cases on www.psam.ru.ac.za)
- a number of publications on cases of corruption and levels of transparency and accountability within provincial departments

Funding from FF is specifically used to fund the Case Monitoring project which is not funded by Open Society Foundation (OSF). Money from this grant is also used to supplement the OSF funding within the other projects. Because the funding had not been completely utilized during the finding period, the Director requested a further 2 month period (to the end of July 2001) in which to spend the remaining funds. This was granted and the money was duly expended in the extended timeframe. The Case Monitoring database was developed and implemented during this period, and the PSAM web site was launched. The scorecard and publications outputs were not achieved during this time frame. With an amount of R461370 spent by the end of March, an amount of R 29 861 (4.30%) was still outstanding at the end of the grant period, which was then duly spent by the end of the requested rollover period.

It was during the period of early 2001 after completing a strategic planning exercise with the management board, the Director noted that he had experienced some difficulties in motivating his employees to achieve the results that the PSAM had promised to the Funder's, due in part to "the lack of effective Human Resource planning" (Allan, 2001). Inferences drawn from the under-spending of FF Grant 995-1436 and FF Grant 1000-1566 and the slower than expected achievement of results underpinned the Director's feeling that staff were not focused on the strategic goals and objectives of the organization. According to Viedge (2003), the inferences that improved motivation means improved performance is invalid. However the researcher concludes that the Director meant a combination of motivating his staff and assisting them to perform more effectively.

PSAM staff at this point in time, were largely Researchers, and more or less supervised themselves. As the PSAM grew, the problem was exacerbated because there were more staff members each focusing on their own priorities. In essence the problem involved misunderstanding and miscommunication between the different programmes, with Researchers not sharing crucial information and often focusing on the task at hand without a more holistic perception of what was occurring within the PSAM. What occurred was that the Director would focus his attention on a particular Project in order to fulfil an obligation or achieve an objective, and this Project would flourish, but the other Projects would sit on the backburner with very little activity

other than the routine maintenance of databases. Once the critical goal had been achieved the Director would move to the next objective within possibly another Project and it would begin to achieve results to the detriment of the other Projects. It was recognized during this period, that the PSAM needed to make a concerted effort to co-ordinate its operations, and that the Director could not be the only person at the PSAM able to drive a Project.

Irrespective of the approach utilized (Balanced Scorecard, KPIs or MBO) in a performance management system, the setting of organizational objectives which should then cascade down (Drucker, 1961; Chang & Morgan, 2000; Bauer, 2004) to the project and/or individual level is a common fixture. This might have been an appropriate time to bring this process of alignment (Veidge, 2003). Instead, in an initial attempt to address this problem, during 2001, the Director instituted the Work Reporting system, whereby each staff member was required to fill in a daily time sheet on an internal database and submit it weekly to the Director. He also instituted a system of weekly staff meetings, where staff were required to inform the Director (and each other) of their activities from the previous week and their plan for the week ahead. This was designed to ensure that the Director had some knowledge of the activities of his staff, and that he had more control over and input into their activities.

According to Furnham (2004) one of the main purposes of performance management systems is to assist in individual performance improvement by the setting and measuring of achievement of goals, and the work reports and staff meetings constituted the PSAM's first attempt to assist individuals by providing a process for them to keep track of their goals and progress towards meeting them. It did not, however, assist in the overall alignment of objectives. It paved the way for better communication between the Projects as the different Projects shared information about their work weekly. This sharing of information had some beneficial results. For example, if the Researchers from a Project were having a meeting in Bhisho that week and they mentioned it in the staff meeting, another Project might realize that instead of driving there themselves too, the first group could collect documents for them, thereby saving time and money. However, there were still big communication gaps, much overlap between the researchers work, a lack of clarity as to the overall

objectives of the PSAM, and a heavy reliance on the Director. These are all issues that an effective performance management system would begin to address.

Towards the end of the year, by October of 2001, the Director of the PSAM realized that to operate more effectively (i.e. to achieve more of the PSAM's stated objectives and to spend funders money more effectively) a performance management system was needed, and in October of 2001 the PSAM's first Performance Management Policy (Appendix 1) was work shopped by external consultants. This involved the consultants interviewing the staff individually and drafting job descriptions based on the outcomes of the interview sessions. They also provided a grievance and disciplinary procedure, as well as the Performance Management Policy. This latter document covered the goals and objectives of the performance management system, as well as the process to be followed. It advocated a 1-year reward cycle, with two 6-monthly reviews in that period. Based on Management By Objectives (MBO) (Drucker, 1961) principles the Policy outlined the importance of having an organizational strategy in place, which could be linked to an individuals' performance through the setting of specific objectives. Informal meetings were to be scheduled between the Director and the employee as and when required, with formal meetings being held monthly between supervisor and employee. Categories of performance were set down, and after appraisal these ratings were to be adhered to.

A noted criticism of performance management systems is the difference between the system on paper and its application within the organization (Brown & Armstrong, 1999; Furnham, 2004). This occurred at the PSAM. Although the logic of the policy was clear, and the PSAM desired a performance culture, many practicalities did not work in reality for the PSAM. Since the draft was drawn up by external consultants, and monitored by the researcher, also operating as an external consultant, it failed to take into account the actual way in which the PSAM operates, and the relationships between the staff members (in effect, the PSAM's organizational culture). Because of the reporting structure, with the HR Advisor (as the researcher's role was at that time) being external, as well as the reporting procedure being onerous on the staff (in the form of the Work Reporting database mentioned above), the policy met with some resistance. Employees felt that it was a tool of control, over their time, their methods

and their goals. Since Supervisors were in short supply, the Director also felt that he would not have enough time to meet with each individual monthly, and to assess the entire staff's performance. After considering the theory, and realizing that for the system to be effective it needed to have the full buy-in of the staff, the HR Advisor proposed certain changes to the system.

PSAM Funding Proposal to OSF April 2001

(Grant 01874:1 June 01 – 31 May 02)

The Director PSAM requested funding per project within the PSAM. The projects are:

Project 1 – Case monitoring	R 740 000 (\$ 105 714)
Project 2 – Performance monitoring	R 635 000 (\$ 90 714)
Project 3 – Public administration survey	R25 000 (\$ 3 571)
Project 4 – Civic empowerment	R115 000 (\$ 16 428)
Total requested budget for 1 June 2001 – 31 May 2002	R1 515 000 (\$216 427)

The PSAM submitted an application for project funding to the OSF on 20 April 2001. The OSF agreed to provide funding of R775 000 (in two tranches of R387 500) for three PSAM projects with a starting date of 1 June 2001 and a completion date of 31 May 2002. This grant does not cover Project 1 (Case Monitoring). The difference in funding requested and funding received for Projects 2 to 4, was made up by FF Grant 1000-1566 (Pg 54), which included core funding. Core funding is funding that is not necessarily specific to a Project but is to support the ongoing existence of the grantee.

Performance Monitoring Project Outputs:

- a public access database available on the world wide web providing indicators on the performance of Eastern Cape departments for the 2000/2001 financial year
- an analysis of the performance of provincial departments in respect of their levels of service delivery, compliance with regulations and the effectiveness of their financial management procedures during this period, published on the web site. Future performance will be benchmarked against these standards
- a number of newspaper articles and research publications on the performance of provincial departments and their levels of service delivery

At the end of the grant period, the first output listed above had not yet been achieved (the website being eventually launched in May 2003), whilst the second two listed outputs were broadly interpreted as being achieved through a process of ongoing monitoring, public commentary and policy analysis.

Public Admin Survey Project Outputs:

- Workshops with officials from the Premier's Office and the Legislature to discuss findings prior to publication.
- Glossy booklet containing survey findings and PSAM analysis.
- A number of papers and short publications analyzing various aspects of the survey findings.

At the end of the grant period, the survey had not yet been completed. During the course of the year the researcher primarily responsible for conducting the survey resigned from the PSAM. The final publication of the findings was initially moved to the end of January 2002. However upon closer examination of the preliminary findings it was realized that further work was required and the estimated date of the first published monograph shifted to the end of June 2002. The Survey was finally published and launched in November of 2002, with the workshops with officials being held in September and October of 2002.

Civic Empowerment Project Outputs:

- Public access web page containing information on citizens rights, public official's responsibilities and a template for registering complaints about poor service and for reporting acts of corruption and misconduct.

This output was not achieved during this grant period. However a draft manual had been drawn up containing a list of citizens' rights in respect of public service delivery and responsibilities of public officials drawn from the Public Service Act (1994). The web page was launched in November of 2002.

Due to project delays, the money awarded by the OSF was not spent timeously. At the end of the grant period a rollover request of R107 000 was submitted by the PSAM to the OSF. This was granted for a further 6-month period until the end of November 2002 by which stage all outstanding monies had been spent and most project targets achieved. This represented a rollover of 13.81%. By the end of the next 6-month period the main output still outstanding was the new Performance Monitoring website. However it was during this same timeframe that PSAM made some important advocacy deliverables, including a critical analysis on the connections between the Coega Industrial Development Zone and the Arms Deal, as well as highlighting some major cases of corruption and maladministration involving senior public officials, MEC's and the provincial Premier at the time. These high impact advocacy interventions were well received by the Funders. However, these advocacy interventions had not been included as PSAM strategic objectives at this time.

PSAM Funding Proposal to OSF April 2002

(Grant 02022: 1 June 2002 – 31 May 2003)

Project 1 – Case monitoring (Funded by FF)

Project 2 – Performance monitoring R915 000 (\$ 91 500)

Project 3 – Public administration survey R25 000 (\$ 2 500)

Project 4 – Civic empowerment R168 500 (\$ 16 850)

Total requested budget for 1 June 2002 – 31 May 2003 R1 108 500 (\$110 850)

OSF provided funding of R1 108 500 (in two tranches of R554 250) for three PSAM projects running from 1 June 2002 - 31 May 2003. This grant does not cover Project 1 (Case Monitoring), which is funded by FF.

Performance Monitoring Project Outputs:

- a public access database available on www.psam.ru.ac.za providing indicators on the performance of Eastern Cape and selected national departments for the 2000/2001 and 2001/2002 financial years.
- an analysis of the performance of selected departments in respect of their access to resources, planning, management of resources, service delivery output, compliance with regulations and reporting requirements. All this

information will be published on www.psam.ru.ac.za. Future performance will be benchmarked against these standards.

- a number of newspaper articles and research publications on the performance of selected departments and their levels of service delivery.

The PSAM's new website, including the Performance Monitoring portal was launched on 19 May 2003 with information from the 13 Eastern Cape provincial departments for the 2000/2001 financial year. There was therefore, a delay with regards to the publication of information about the performance of national departments and the publication of information on the performance of provincial departments for the 2001/2002 and 2002/2003 financial years. New time-frames were then set for the publication of this information toward the end of November 2003. However due to a high staff turnover in this project, decisions around the streamlining of certain information had to be taken. Currently, this information is still not available on the website, with the focus now being on Monitoring Briefs focusing on the big service delivery departments – 12 provincial and 4 national.

Public Admin Survey Project Outputs:

The findings of the public administration survey were workshopped with the relevant public officials during September and October 2002. A research publication containing these findings called "Government corruption seen from the inside. Public official's perceptions of corruption in the Eastern Cape" was released in Grahamstown on 20 November 2002. Copies of the survey findings were distributed to the relevant government officials both provincially and nationally.

Civic Empowerment Project Outputs:

- Public access web site at www.myrights.org.za containing information on citizens rights, public officials' responsibilities and a template for registering complaints about poor service and for reporting acts of corruption and misconduct.
- Hard copy of advice manual.

The MyRights website was launched in East London on 13 November 2002. By the end of December 2002, 8 genuine complaints had been received via the MyRights online complaints template and 23 complaints had been received by fax from advice offices mostly in rural areas of the province which do not have access to the internet. However, the completion of the *Know Your Rights* booklet was delayed. By the end of the grant period, a first draft was complete and work was continuing on the final product. It had also been decided after consultation with interested parties, to translate seventy percent of the copies of the booklet into isiXhosa. This version would be entitled *Wazi Amalungelo Akho* and was produced and launched during November 2003.

Due to project delays the money awarded by the OSF was not spend timeously during this reporting period. At the end of the grant period a rollover request of R173 547 was submitted by the PSAM to the OSF. This was granted for a further 6-month period until the end of November 2002, by which stage all outstanding monies had been spent and the majority of project targets achieved. The OSF also allowed the PSAM to retain an amount from this rollover budget for legal expenses for future litigation. This amount does not have to be spent within any specified time frame as it is conditional upon future litigation expenses. This represented a rollover of 15.66%. The targets for both the Public Admin and Civic Empowerment projects were met by the end of the rollover period. Due to human resource constraints the outputs initially detailed for the Performance Monitoring project were shelved and new, more focused targets were set for the next funding cycle.

PSAM Funding Proposal to OSF Jan 2003

(Grant 02107: 1 June 2003 – 31 May 2004)

Project 1 – Case monitoring (Funded by FF)	
Project 2 – Performance monitoring	R1020000 (\$102 000)
Project 3 – Civic empowerment	R 196600 (\$ 19 660)
Project 4 – Advocacy and Communications	
Total requested budget for 1 June 2003 – 31 May 2004	R1 216 600 (\$121 660)

The OSF agreed to provide funding of R1 216 600 (in two tranches of R608 300) for two PSAM projects (and the additional Advocacy and Communications project) with a starting date of 1 June 2003 and a completion date of 31 May 2004. This grant does not cover Project 1 (Case Monitoring), which is funded by FF.

Performance Monitoring Project Outputs

- A public access database available on www.psam.org.za providing performance information (structured to provide answers to 6 basic questions) on the performance of Eastern Cape and selected national government departments for the 2000/2001 and 2001/2002 financial years.
- The publication of annual Scorecard evaluations for 12 Eastern Cape and 4 national government departments published on www.psam.org.za. Future performance will be benchmarked against these scores.
- A number of meetings/workshops with Eastern Cape Legislature Standing committees and national Parliamentary Portfolio Committees to discuss performance related problems and PSAM scorecard evaluations

The key outputs for this project shifted during the previous reporting cycle, both due to a lack of staff and a realization that a more strategically focused effort would have more impact. The focus of the project shifted to the production of short-reports on critical service delivery issues effecting the 12 Eastern Cape and 4 national government departments. Due to ongoing problems with staff retention within this project it was subsequently decided that the project would focus on the production of *Monitoring Briefs* on the strategic planning of selected provincial and selected national departments, and subsequent sets of *Monitoring Briefs* on their performance. The first set of *Monitoring Briefs* were due to be released during August 2003.

This project did however maintain a high impact profile with both monitoring and advocacy activities and a range of media interventions in the Eastern Cape. The project was also responsible for the coordination and presentation during July 2003 of a series of road-show presentations across the Eastern Cape on “Building Democracy”.

Civic Empowerment Project Outputs

- Public access web site at www.myrights.org.za containing information on citizens rights, public official's responsibilities and a template for registering complaints about poor service and for reporting acts of corruption and misconduct.
- Hard copy of MyRights advice manual.

The main change in focus during this period for the Civic Empowerment programme was the shift from the more routine maintenance of the MyRights website, to active involvement with partner civil society organizations (CSOs) in order to engage in the selective monitoring of the public service delivery in the Eastern Cape. The Civic Empowerment booklet in English and isiXhosa was released during November 2003. In August 2003 this project turned its focus to the administration of grant pay points, and embarked on a project to inspect facilities, and administer a brief questionnaire to grant beneficiaries, at a selection of pay-points across the province.

In previous years the PSAM's advocacy impact had been noted to the Funders subsequent to the event. That is, the PSAM did not request funding specifically for advocacy interventions, and advocacy interventions were not included as strategic objectives for the PSAM. However, with a high media profile, and a clearer understanding of the role of the PSAM as an advocacy organization, in the funding proposal to OSF during 2003 a specific budget was requested for the advocacy arm of the PSAM's work.

Advocacy and Communications Project Outputs

- Weekly newspaper column, the *Accountability Monitor*, published in Eastern Cape Provincial newspapers (currently published in Daily Dispatch, East London)
- Regular press releases in line with the key objectives of the project
- A number of opinion/ comment and analysis pieces in line with the key objectives of the project
- Regular press and radio interviews in line with the objectives of the project

Despite much hard work on the part of the staff at the PSAM, it became clear that in order to make an impact it would be necessary to disseminate research findings to a wider audience – and so the Advocacy and Communications Project was established. This project aims to disseminate the information from the other projects through a variety of media interventions in the form of, amongst other things, press releases, opinion pieces, the Accountability Monitor column (weekly in the Daily Dispatch) and both radio and television interviews. This project has significantly raised the media profile, and therefore the impact, of the PSAM as a whole.

Due to project delays the money awarded by the OSF was not spend timeously during this reporting period. At the end of the grant period a rollover request of R181 421 was submitted by the PSAM to the OSF. This was granted for a further 6 month period until the end of November 2003 by which stage all outstanding monies had been spent and the majority of project targets achieved. This represented a rollover of 14.91%. The targets for both the Civic Empowerment and Advocacy and Communications projects were met by the end of the rollover period. Performance Monitoring continued to under perform, and currently the amount of Monitoring Briefs has been reduced to 6 provincial and 4 national, with the provincial Briefs being edited during November 2004.

PSAM Funding Proposal to Ford Foundation 27 August 2001

(Grant 1000-1566-1: 1 October 2001– 30 September 2004)

PSAM – Core Funding R2 282 140 (\$ 200 000)

Case Monitoring Project Outputs

- a searchable public access database available on www.psam.ru.ac.za providing a list of reported cases of corruption and maladministration and the disciplinary responses to these cases
- a scorecard and analysis for each case that has been actively followed-up rating the performance of the MEC, Head of Department, Chief Financial Officer and departmental accountant in compliance with their prescribed duties (available under current cases on www.psam.ru.ac.za)

- a number of publications on cases of corruption and maladministration and the disciplinary responses of departments

From the written report-backs to Funders, it is noted that this project also experienced HR issues. It had been difficult to attract a Project Head for this project, and whilst a candidate was appointed in October 2003, he subsequently resigned citing a reluctance to take on the onerous project and human resource management issues as the reason. The project continued with only a single researcher. A second researcher has been appointed to the project from 15 November 2004, and it is hoped that this will enable the project to reach its full potential. The database and website remain a significant achievement, with much strategic repositioning occurring and a new website being launched during May 2003. By this time 401 cases had been entered on the database, following a strategic decision taken during 2002 to shift the focus of the project from providing scorecards to providing a more general indication of departmental responses to all reported misconduct cases.

In terms of the PSAM's internal allocation of funds, since the full amount was received from FF up front, the PSAM budgeted to spend the amount in 3 equal tranches per each year of the grant. However due to staffing issues which affected the amount of travel and project expenditure, the equally apportioned annual budgets were not an accurate reflection of budgetary needs. However by the end of the grant period ended 30 September 2004, most of the money had been expended, with the amount of \$6 244 (R71 283.83) being requested as a rollover. This amounts to 3.12% under spending which is a significant improvement on the percentage rollover requests for the OSF.

Since OSF funding was still being under-spent within the grant period, the PSAM sought to improve its performance management policy in an attempt to achieve objectives and spend budgets timeously. The first step the HR Advisor, with the complete support of the Director, took in revising the performance management policy was to reassure employees that it was not designed to control them. Rather, it was designed to help them focus on the tasks at hand through prioritization of competing objectives, and to encourage them to determine personal development

plans (Farnham, 2004) to complement their current skills and knowledge base. It was acknowledged by Management that the system of work reporting was not conducive to staff buy-in. These discussions were time consuming so the PSAM decided to hold strategic annual Indaba's for the entire staff. At these Indabas, sessions are held on the various projects, as well as on HR issues. In August of 2002, at the PSAM's first annual Indaba, and on this occasion after two 6-monthly performance reporting periods had passed, the staff continued to express their dissatisfaction with the system.

Administrative and time burdens are two of the noted criticisms (Brown & Armstrong, 1999; Furnham, 2004) of performance management systems, and certainly in the case of Skandia Life Assurance Company (Skandia, 2000) they were an issue. The same issues presented themselves at the PSAM. The work reporting system was still in use, and it was onerous. Employees forgot to fill it in, and then put in 'estimates' of time spent on different activities. This meant that often the data did not provide a true reflection of how employees spent their time. The performance agreements that had been negotiated in the first two cycles were long winded. They included every aspect of the job profile, and many of the time frames were listed as 'ongoing'. This meant that employees felt they could never achieve a goal. This was a problem of goal setting – since we know that goals or objectives need to be Specific, Measurable, Achievable, Realistic and Time oriented– and these initial goals weren't. Employees ended up having to shift some time frames (due to 'unforeseen circumstances'), and not being able to quantify their contribution towards those that were ongoing. Because the objectives were unachievable, but the Director was still impressed by the input of the employee, the percentage bonus awarded and the notch increase given was not necessarily a reflection of the outcome of the performance agreement. This was perceived as unfair, and Rademan & Vos (2001) note the importance of perceived fairness of the appraisal process to the employees. It was difficult to know how the Director would respond to the employees work over the past 6 months, since the performance agreement was not necessarily the basis for the evaluative rating. Meetings with the Director were notoriously difficult to come by, and monthly meetings often fell by the wayside as more urgent (FranklinCovey Planner, 2005) PSAM work took priority. The use of the HR Advisor (as external consultant) as a monitor of the system was also examined, and in September of 2002,

the researcher's role became that of Office Manager, encompassing the role of HR Advisor, on a permanent but part-time basis. Consideration was given to the above mentioned complaints, typical issues in dealing with performance management systems, emanating from the employees. Over the next few months further changes to the system, based on available literature and experiences at the PSAM, were devised and implemented.

It was agreed that each position at the PSAM should be governed by a Job Profile (Example of: Appendix 2). Upon beginning work at the PSAM the incumbent would negotiate a Performance Agreement (Example of: Appendix 3) with the Director, or their line supervisor based on their Job Profile. They are also given a copy of the PSAM's Performance Management Procedure (Appendix 4), detailing the guidelines to the PSAM's performance management system. The performance agreements are negotiated twice yearly for permanent staff, in June and in December. These performance agreements were initially cumbersome and detailed, containing all the job profile information which included routine and maintenance work that had no predetermined level of output or standards. This issue was discussed further during staff meetings and it is now widely understood the Performance Agreement should contain only negotiated targets that can be reached by the individual in the next 6-month period i.e. they must be SMART. The more routine parts of the job that may remain on the job profile but are not necessarily part of the performance agreement, do not fall away, but continue to be considered as the base-line necessary for the job to function effectively. Since the PSAM's remuneration is above average (although given responses to the interview schedules presented in the next section this is not necessarily considered the case by all staff), bonuses and notch increases are not based on the achievement of the job profile, but of the job profile in addition to the goals and objectives laid out in the performance agreement. Non-achievement of the job profile is considered grounds for disciplinary action, in terms of non-performance. Achievement of the job profile alone does not mean an employee will be rewarded in any way other than their regular salary. A faulty assumption of the staff's perception of above-average remuneration could be problematic. If staff feel unfairly rewarded then the performance management system could act as a demotivator.

It was clear that setting out individual performance targets was a good way to encourage staff to improve performance, but it did not necessarily facilitate the smooth functioning of the PSAM as a whole. In some instances staff members became focused on achieving a 100% bonus, and would not assist colleagues in need, choosing rather to spend their time on their own goals. In fact, the worst case scenario was that some employees worked on achieving their objectives at the expense of their colleagues needs. In terms of Brown & Armstrong's (1999) perception of an effective performance management system, this is where the area of integrating individual and organizational goals, whilst communicating the core values that the organization intends to uphold is vital. To overcome this problem, meetings were held and a set of Core Values (Appendix 5) were drafted, and later agreed upon, for the PSAM. These were designed to focus employees away from solely achieving their individual performance agreement objectives, towards an understanding of the importance of working together to strive for common organizational goals. Because staff felt that the measurement of core values might be too subjective, more detail on their evaluation was discussed (Appendix 6).

Another concern that was mentioned by staff was that they felt overwhelmed by the task of keeping track of what they had to achieve and how to manage their time, so a 1-day workshop facilitated by the FranklinCovey Institute, was organized. This gave staff some insight into how to prioritize their tasks into important or urgent categories, and left them with their FranklinCovey Planners, which are to be used to capture work related information. The Monday mornings PSAM staff meeting became less of an opportunity for the Director to exercise control over the activities of the staff, and more about employees making strategic interventions on their various projects. They are, however, still encouraged to detail any progress towards their performance agreements, and any targets achieved. The Office Administrator records and details the proceedings including staff member's achievements in the minutes.

To further assist staff to keep track of their progress towards their targets, a Project's Co-ordinator was appointed in December 2003. Employees also meet individually, monthly with the Project's Co-ordinator to discuss the time frames selected for the goals and objectives and any problems encountered with the achievement of their

negotiated targets. Employees are encouraged to give feedback on their objectives and to be creative in identifying solutions to any problems they may have to deal with. The Project's Co-ordinator works with the employees to solve problems, and may approach the Office Manager, if he considers a renegotiation of a specific objective necessary. Due to the appointment of the Project's Co-ordinator, the Office Manager (the researcher) no longer plays as integral a role in the minutiae of the performance management cycle, as she did initially. However, the Office Manager has not totally relinquished the role of meeting with the employees monthly, but now focuses on a more facilitative coaching role. Meetings with the Office Manager are not as regular – once a quarter and ad hoc – and focus more on the employees feelings about the performance management system in general, and their current periods targets as a whole, more specifically. It is also an opportunity for the staff members to discuss any external influences that might be affecting their work, and to ask for support or assistance in any area of their development.

Towards the end of the 6-month period an Employee Preparation Form (Appendix 7) is handed out to staff. They are requested to complete the form prior to the appraisal. The idea is to focus on the match between the employees' desires and the organizations requirements (Brown & Armstrong, 1999), as an attempt to integrate individual and organizational objectives and to facilitate the clarification of ongoing psychological contracts (Argyris, 1960; Schein, 1970). These forms assist employees to structure their thinking into specific categories, enabling them to discuss their personal development plans and organizational goals in detail during the performance appraisal. The Office Manager completes a Progress Record (Appendix 8), detailing a summary of the previous appraisal, including the date, any notches or bonuses awarded and any comments. The Office Manager consults notes from the Projects Co-ordinator re the monthly meetings and the minutes of the staff meetings and compiles a list, on the Progress Record, showing what progress has been made towards the current performance agreement, and also notes any areas of concern to discuss at the appraisal. The interventions of the Office Administrator in terms of taking the minutes at staff meetings, the Projects Co-ordinator in terms of meeting monthly with the employees, and the Office Manager in terms of meeting quarterly with employees, securing meetings with the Director on behalf of employees, and

summing up the reporting period in the Progress Record are key to the effective working of the system. These time commitments are relatively onerous for both the Project's Co-ordinator and the Office Manager.

The Office Manager also attempts to ensure that the Performance Appraisal meetings are scheduled timeously, with enough time to make each employee feel valued. The Director meets with the Office Manager (the Office Manager having met prior to this with the Projects Co-ordinator for a briefing) for half an hour before the appraisal, running through the progress record, and highlighting any concerns that need to be raised at the appraisal. At an appraisal, the director and employee discuss the overall job profile in terms of additions, deletions or other requested changes; they consider the Employee Preparation Form; they discuss the Progress Record and then go through the current performance agreement step by step. They also go through the core values which make up 20% of the total performance reward. The employee is asked to select a percentage – indicating how well they feel they've done towards their actual performance agreement and towards upholding the core values. If the Director does not agree, discussion continues until agreement is reached. If the Director feels that the achievement has been remarkable, he might also propose a notch increase. To ensure the link between performance and reward, the bonuses are now also paid out twice a year. This results in the staff being able to clearly see the monetary reward for their performance. According to IOMA (2004) the link between performance and pay is often confusing, so the twice yearly bonus payouts are designed to facilitate clarity. IOMA (2004) also mention that communicating the organization's pay strategy is vital. Staff at the PSAM are aware of the pay system, and all the relevant information is freely available on the internal network in a shared folder.

Once the performance appraisal process has been completed, the Director and employee agree on a time frame for the signing of the new performance agreement. The employee must draft the performance agreement and then consult the Director until consensus is reached as to the specific goals and time frames attached thereto. The Office Manager previously assisted at every step, attending each appraisal as well as assisting employees to draw up new performance agreements. However, with the

introduction of the Project's Co-ordinator it is now his role to attend the preparatory meetings, with the Office Manager only attending a final summary meeting before staff draw up and sign their Performance Agreements. Although great inroads have been made towards the setting up and implementing of an effective performance management system, it is understood that it needs to be continuously monitored for improvements, and updated with necessary changes. Bevan & Thompson (cited in Price, 2000) and English (cited in Price, 2000) note the importance of a continuous review and evaluation of the performance management system.

PSAM Funding Proposal to OSF Jan 2004

(Grant 02216: 1 June 2004 – 31 May 2005)

Project 1 – Case monitoring	R3 464 499 (\$ 533 000)
Project 2 – Performance monitoring	R3 564 501 (\$ 548 385)
Project 3 – Civic empowerment	R2 077 332 (\$ 319 590)
Project 4 – Advocacy and Communications	R1 013 658 (\$ 155 947)
Total requested budget for 1 June 2004 – 31 May 2007	R10 119 990 (\$1 556 922)

The response from the OSF to the new 3-year budget proposed by the PSAM was not favourable, and the submission of a 1-year budget was requested.

In terms of the updated budget request the following was proposed:

Project 2 – Performance monitoring	R500 000 (\$ 76 900)
Project 4 – Advocacy and Communications	R350 000 (\$ 53 830)
Total requested budget for 1 June 2004 – 31 May 2005	R850 000 (\$130 730)

The OSF agreed to provide funding of R850 000 (in two tranches of R425 000) for two PSAM projects with a starting date of 1 June 2004 and a completion date of 31 May 2005. The first tranche expires at the end of November 2004, and it is clear from the financials that there will have been no under spending. Again the Advocacy and Communications Programme seems to have achieved all set objectives. However, whether the Performance Monitoring Programme (Projects now being called Programmes) outputs were reached remains to be seen.

A brief analysis of the reports to Funders shows no trend in the improvement of either under-spending or the achievement of stated Funder's outputs. Rather than any specific link to the Performance Management system, it seems that for the more finite projects such as the Public Admin Survey and the Civic Empowerment Project, initial time frames indicated were too ambitious, but the projects were subsequently completed within a further 6-month period. The Advocacy and Communications project consistently delivers against objectives. The problem area seems to be the Performance Monitoring Programme. It can be noted that despite the development and implementation of a performance management system within the PSAM, this Programme continues to fail to achieve the outputs set out for Funders. It must also be noted that despite the failure to reach these objectives, the Performance Monitoring Programme continues to make high-level high-impact strategic interventions on the advocacy front. It is also worth pointing out that one of the issues that arises from this, is that perhaps the outputs detailed for Funders should be changed to include rather more advocacy interventions and more realistic timeframes in terms of data basing and website maintenance. It is also significant that up until this point in time the Director has set the objectives for the Funder's proposals without consultation with PSAM staff. One core purpose of performance management systems is the alignment (Viedge, 2003) of individual targets with organizational goals. This is difficult in instances where the reports to Funder's are not referred to as a starting point for Programme Heads performance agreements, and indicates an inherent flaw in the system. This has however been noted and in future better strategic alignment is anticipated.

PSAM Funding Proposal to Ford Foundation 14 January 2004

(Grant 1000-1566-1: 1 October 2004– 30 September 2007)

PSAM – Core Funding

R1 950 000 (\$ 300 000)

Case Monitoring Programme Outputs:

- a searchable public access database available on www.psam.org.za providing a list of reported cases of misconduct, corruption and maladministration and the corrective steps taken in response to these cases

- a number of media interventions on cases of corruption and maladministration and the disciplinary responses by government departments - including press releases, analysis pieces and contributions to PSAM's weekly *Accountability Monitor* newspaper column

With the money having recently been received for this grant, no report-backs to the Funder have yet been written. It is noted however, that the scorecard and analysis for each case that was detailed as a programme output in previous funding proposals is no longer included, with the focus being restricted to the database and website as well as the impact of the Programme, monitored and managed through media interventions. The scorecards were removed from the PSAM's objectives because the requirements of developing a score per HOD, MEC, and CFO were subsequently realized to be unrealistic. It is hoped that in this funding cycle the PSAM will improve on its 3.12% under-spending from the past 3-year cycle, and achieve more of the outputs detailed above.

After considering the information presented in the above chapter, it does not seem that the performance management system has had a direct bearing on the achievement of Funder's objectives and/or the accurate expenditure of grant funds. There seems to be no indication that the performance management system either improved or worsened the performance of the PSAM in terms of its achievement of these specific targets.

4.2 The PSAM's Performance Management System

Having discussed a chronological view of the development of the PSAM's performance management system over time, this section concerns the current generation of the PSAM's performance management system, in terms of staff perception. The information gathered for this discussion was based on Section A and B of the questionnaires with current and past staff (Appendices 9 & 10), the structured interview with the Director (Appendix 11), ad hoc interviews with staff during the last round of performance management system meetings, and supplemented by personal participant observation. Relevant themes emerging from the research will be discussed in detail below. These themes represents areas of significant importance to the staff in the development and implementation of the PSAM's performance

management system, and would need to be considered by other NGOs intending developing and implementing a performance management system.

4.2.1 PSAM's Organizational Culture

In collating the information collected from the questionnaires (Appendices 9 & 10) and interview schedule (Appendix 11) it was interesting to note the varied initial reasons that employees had for joining the PSAM, with the main reason that came very strongly from nearly all staff being the desire to work for an organization that promoted transparency and accountability in governance, during a period of transformation towards a newly democratized society. This was, on the whole, consistent with the Director's initial reasons for starting the PSAM. This is also consistent with research done on employees at NGOs, which indicates that individuals tend to work at an NGO because they feel a sense of passion and commitment for the cause of the NGO (Drucker, 1994). Mention was also made of the desire to work with the Director - his passion and enthusiasm for the work of the PSAM also provided initial motivation to join the PSAM. Staff members still with the PSAM unanimously felt that they were achieving their work's ambitions by continuing to work at the PSAM. Authors such as Lewis (2001) feel that the desire by employees to work at NGOs gives them an advantage in terms of organizational culture in that the people who choose to work there buy-in to the reason for its existence. PSAM's overall mission and vision provides most staff with a good reason to go the extra mile, as does their perception that their colleagues are also committed to producing quality work. In a description of the PSAM's organizational culture, the most often cited descriptions included 'dynamic', 'performance oriented', 'stimulating', 'focused on quality and excellence', 'participative', and 'informal'. These views were consistent between the Director and the rest of the staff. The culture is a good blend of focus on professionalism when work is the issue, but informal and friendly during in-between times.

The only negative-type comment to be included in this section was a feeling that because performance and excellence are highly valued, the staff sometimes feel 'controlled' by the system, and that results are achieved at some cost to personal relationships. Never-the-less, even outsiders have commented on the 'atmosphere' at

the PSAM, and most staff feel comfortable in their interpersonal relationships with each other. This open, dynamic environment provides the backdrop against which the performance management system operates, and, almost unanimously, staff feel able to discuss performance issues without fear of retribution. With only one exception, the staff and the Director felt that the performance management system supports the PSAM's organizational culture. Despite not having covered organizational culture in detail in the literature review, it is evident from this theme emerging from the research, that it is an important aspect for consideration in the development and implementation of a performance management system in an NGO.

4.2.2 Main Purpose of PSAM's Performance Management System

Another area that raised some questions was the main aim of the PSAM's performance management system. Whilst the Director had instituted it mainly as an enabling framework to initiate HR procedures and practices (Allan, 2001), giving the organization a more formal structure, transparency, and clarity around role expectations, staff had a wide and varied perception of the main purpose of the system. Staff cited their perceptions about the main aim of the performance management system as *inter alia* "a structured management system that rewards performance without personalizing issues", "set clear objectives for a specific period and reward good performance" and "to maintain control over employees; to protect the integrity of the organization".

Since some authors (Murphy & Cleveland, 1995; Furnham, 2004) detail extensive reasons why the performance management system should not be burdened with too many purposes, it might be necessary to clarify with the Director and current staff the main aim of the PSAM's performance management system. One common purpose for employees seemed to be the usefulness of the system in providing a focus and clarity in terms of what is expected at work. Staff in general felt that the performance management system was designed to enable them to plan more effectively, thereby allowing them to be more efficient and effective in the jobs, and to produce a higher quality and quantity of relevant work outputs. All staff (as per table 1 (pg 79), question 1) were clear on what was expected of them at work, although some were not exactly clear on what was entailed in achieving above average performance.

Interestingly, past staff (as per table 2 (pg 80), question 1) seemed less sure of both what was expected of them at work and what constituted above average performance. The author postulates that the possibility is that for these staff members the psychological contract had broken down to the extent that the individual staff and the organization were not in agreement over expectations. The Director (as per table 3 (pg 81), question 1) however, was clear in his conviction that he knew his job responsibilities and how he would characterize good performance for himself, for his staff and for the PSAM as a whole.

Table 1: Research Interview Questions, Section A: Current Staff

QUESTIONS	YES	MAYBE	NO
1. Do you know what is expected of you at work?	9		
2. Are you clear on what constitutes good/above average performance in your job?	7	2	
3. Do you have the right materials and equipment (resources) you need to do your work efficiently and effectively?	6	2	1
4. Do you see yourself employed at PSAM for the foreseeable future?	7		2
5. Do you see career opportunities for yourself at PSAM?	6	1	2
6. Are sufficient training and development opportunities offered and supported by PSAM?	7	2	
7. Are you satisfied with your pay package, in relation to your job responsibilities?	5	2	2
8. Do you believe that above average performance is adequately rewarded through bonuses and notches awarded via the performance management system?	6	1	2
9. Does the mission/purpose of the PSAM make you feel that your job is important?	8	1	
10. Are your associates (fellow employees) committed to doing quality work?	9		

Table 2: Research Interview Questions, Section A: Past Staff

QUESTIONS	YES	MAYBE	NO
1. Did you know what was expected of you at the PSAM?	1	1	1
2. Were you clear on what constituted good/above average performance in your job?	1	1	1
3. Did you have the right materials and equipment (resources) you needed to do your work efficiently and effectively?	2		1
4. Did you have sufficient training and development opportunities offered and supported by PSAM?	3		
5. Were you satisfied with your pay package, in relation to your job responsibilities?	2		1
6. Did you believe that above average performance is adequately rewarded through bonuses and notches awarded via the performance management system?	3		
7. Did the mission/purpose of the PSAM make you feel that your job was important?	2	1	
8. Were your associates (fellow employees) committed to doing quality work?	3		

Table 3: Research Interview Questions, Section A: The Director

QUESTIONS	YES	MAYBE	NO
1. Do you know what is expected of you at work?	1		
2. Are you clear on what constitutes good/above average performance in your job?	1		
3. Are you clear on what constitutes good/above average performance for all job profiles within the PSAM?	1		
4. Do you ensure that staff have the right materials and equipment (resources) to do their work efficiently and effectively?	1		
5. Are sufficient training and development opportunities offered and supported by PSAM?	1		
6. Do you feel that all staff at PSAM are fairly remunerated given their levels of responsibility?	1		
7. Do you believe that above average performance is adequately rewarded through bonuses and notches awarded via the performance management system?	1		
8. Do you believe that your associates (colleagues/subordinates) are committed to doing quality work?	1		

Further work needs to be done internally to the PSAM in terms of communicating the main aim of the performance management system. From the information provided by the staff and the Director, it emerged that a wide variety of reasons were thought to be the main aim of the performance management system. Senior staff need to ensure that they are unanimous in their understanding of what is expected from the system. This comes to the fore particularly in the light of the new roles of Senior Research Editor, and Project's Co-ordinator as it is a short step between viewing these roles as facilitative and therefore developmental, and as intrusive autocratic roles which might be considered judgmental and evaluative. It is important that there is no role ambiguity in these cases.

It is also important that it is understood by staff that the performance management system is not seen either as a solution to a whole range of problems, or in isolation

from other organizational systems. A common problem (Murphy & Cleveland, 2001; Farnham, 2004) with performance management systems is that they attempt to address too many issues thereby losing their focus and providing fewer solutions rather than more. On the other hand, viewing them in isolation runs the risk of not understanding the environment in which they operate, and not taking into account the various other systems that feed into them in terms of for example project planning, and the analysis and writing standards. Overburdening the system might ultimately make it ineffective, and so perhaps the evaluative and developmental components (Fischer, 1997) should be separated out and be recognized as two completely separate systems. The PSAM does run the risk of attempting to do too many things with the performance management system. There are many different views as to the main purpose of the performance management system, and considering it's role in judging people's performance, evaluating adherence to core values, notch increase and bonus considerations, potential for promotions decisions, training and development issues, implications for resource requirements as well as a basis for strategic organizational considerations, this system is overburdened. Separating out some of the components into different systems should be considered and the main purpose of the system should be clarified and well communicated.

4.2.3 The Dynamic Nature of the PSAM's Context

It has been noted that from the psychological contract onwards, the process of implementing and maintaining an effective performance management system is dynamic (Brown & Armstrong, 1999). It changes with the needs of the individual and the needs of the organization, as well as in response to the external environment.

Because it has been made clear to staff that the system is a living system which is designed to improve continuously, staff have had a chance to consider their suggestions for improvements to the performance management system timeously and consequently there were some useful suggestions in the questionnaire answers. These included ideas such as incorporating a priority weighting in the performance agreement so that staff were able to easily identify those targets that had been chosen as the most important, even if targets shifted the priorities would remain the same across the entire performance period. There was also some discussion around the

changing and dynamic environment in which the performance management system is set. In fact some authors (Brown & Armstrong, 1999; Furnham, 2004) criticise performance management systems in general because of the difficulty in implementing a system that might look good on paper. This occurred at the PSAM due in part to the dynamic nature of the environment.

Some staff felt that the system should be designed to be more flexible to enable it to adapt more rapidly to changes and the re-prioritization of tasks. The vast majority though, felt that prior to the Performance Agreements being signed, the priorities for the next 6-month period should be clearly communicated, and that the Performance Agreements should be detailed based on that information. It was felt that once the Performance Agreements had been signed major deviations and reprioritizations should not occur and that goal posts should not be shifted.

Another recommendation was the peer evaluation mechanism, whereby staff could evaluate and be evaluated by each other. Peiperl (2001) considers 360-degree feedback to be useful in providing a more holistic picture of the employee. At the PSAM, it had been noted by staff in previous performance periods that the Director may make an evaluation decision, but might not necessarily come into close contact with an individual's performance on a daily basis. He might therefore not have first-hand knowledge of your day-to-day activities, and the information that could be provided by colleagues through the method of 360-degree feedback might give a more realistic reflection of an individual's performance.

Whilst on the whole, staff felt that the system assisted them in focusing on the task at hand, there was a clearly expressed sentiment that the system needs to be able to adapt and change to allow for the fresh initiatives which are often undertaken at the PSAM. The staff noted with comments such as "the system can be better designed to take into account the dynamic environment within which the PSAM is situated, allowing for the flexible reprioritization of tasks", and the "system is very inflexible and doesn't take into account the numerous interruptions that take place at a dynamic institute like the PSAM", that there is room for improvement of the system in this area.

4.2.4 Strategic Links

The alignment of individual goals and organizational goals is one of the important aspects for consideration in the development of a performance management system (Senge *et al*, 1995; Pettigrew, 2002; Viedge, 2003). Some staff noted the importance of linking in the performance management system to the organizations' longer term goals. They mentioned that although the system allowed individuals to be measured it also enabled the Director to "evaluate and monitor programme/project progress in meeting broader organizational long-term objectives and goals". Mention was also made of the dependant and integrative nature of the system, where many individual goals are dependant on another individual's goals, as well as the organizations goals. The Director himself felt that the performance management system needed to be realigned to concretize project planning, effective strategic planning and commitments to Funder's performance appraisal criteria.

The Director indicated that the system had not really worked for him on a strategic level – and as noted previously, committed to aligning Funder's goals and strategic objectives into performance agreements for the next performance period. To be included in this review of the performance management system should also be a reconsideration of the organizations vision and mission statement which need to be further clarified to assist in communicating the alignment of organizational and individual goals. This will ensure that the system is able to assist the Director in achieving the stated goals and objectives of the organization. Improved business results is one of the many reasons cited for instituting a performance management system (Brown & Armstrong, 1999) and whilst it might not be the primary aim at the PSAM, efficiency and effectiveness do assist in achieving long term organizational goals.

Although the system is primarily evaluative (Fischer, 1997), the Office Manager specifically included a Personal Development Plan in the Performance Agreement in the hopes that it could be used by an individual to integrate their personal and organizational goals to facilitate the achievement of goals in the areas where these overlap, and to assist in identifying training and development needs. The Director felt, that in terms of motivating individual staff and enabling them to achieve their own

performance agreement targets, the system provided a useful framework and tool. All except one staff member felt that the system had assisted them in achieving set performance goals. They found that the way the system was implemented in terms of clearly defining targets in their performance agreements enabled them to focus on the task at hand. Staff also felt that the monthly meetings required by the system encouraged them to consider their performance targets on an ongoing basis, rather than leaving them to the last minute. This assisted with their planning for the 6-month period in terms of both time and other resources. Staff did also mention though, the numerous tasks that they become involved in during the 6-month period that are not agreed to on their performance agreement. In terms of achievement of Funder's objectives, it has been decided that a more integrative approach to commitments to Funder's vis-à-vis the performance management system should be considered. In the past the Director's funding proposals and reports were separate from the performance management system. Veidge (2003) notes that 'organizational alignment' in terms of a cascading effect within the organization from strategic goals to departmental goals to individual goals, is of vital importance within a performance management system.

4.2.5 Career Opportunities and Training and Development

From a brief analysis of the results of Section A (Table 1 (Pg 79)), it is clear that the vast majority of current staff feel that the PSAM is an 'employer of choice' in terms of the opportunities offered, and support given, as well as the clarity provided by the performance management system. Also noted was a lack of career opportunities (which is often the case in a small organization), with some staff also indicating a lack of the right resources (capital and/or labour) to do their jobs correctly. Most staff do however, seem to be committed to working for the PSAM for the foreseeable future. Training and development opportunities offered by the PSAM were also seen by most staff to be sufficient. The Director (Table 3 (Pg 81)) indicated that he was happy both with the resources provided to staff by the PSAM and with the developmental opportunities offered by the PSAM.

Whilst Fischer (1997) mentions that a performance management system can be used as a developmental tool, only one staff member out of the entire current and past staff felt that the Performance Management system might play a developmental role,

noting that it assisted in identifying “areas of strength and of weakness and identifying development needs”. Few staff actually indicated any link between the training and development offered to them at the PSAM and the performance management system. The Personal Development Plan section of the performance agreement includes areas that the staff member may wish to gain more experience or training in but from staff comments is not seen as an integrated part of the performance management system. The PSAM is committed to developing its staff, and discussions around in-house training, or the attendance of external courses may be discussed with either the Director or the Office Manager. Training and development initiatives at the PSAM range from attending external courses, workshops, academic qualifications, or internal workshops, courses or training seminars run by external consultants. However, drawing on the PSAM’s own expertise makes the inclusion of internally run seminars and/or training sessions as well as the appointment of a Senior Research Editor (whose main function is to facilitate the development of PSAM’s Researchers) a very important part of personal development at the PSAM.

The PSAM endeavours to make the work situation at PSAM as challenging and enriching as possible, not only through the performance management system, and the provision of challenging work, but through an all round interest in the development of their staff. A culture of openness and honesty is favoured and employees are often surprised at the ways in which their honesty is rewarded often through job flexibility. PSAM employees are also encouraged to develop in broader aspects towards their personal goals. Currently, one employee is registered for a Diploma in Politics, one for an M.B.A, and three for year long certificate courses. There has also been attendance by staff at all levels within the organization, at a variety of external workshops including Project Management, First Aid and Computer Courses, as well as internal workshops run by external consultants including Emotional Intelligence and Microsoft Projects. These are financially supported by the PSAM, and time off for course attendance is not begrudged, with extra time being given for study and exams. Despite all the training and development initiatives - which are very important in our constantly changing world (Qunitalla & Sánchez-Runde, 2000) – offered by the

PSAM, further work needs to be done on integrating these into the performance management procedure.

4.2.6 Communication

One comment and concern that was raised by many staff, current and past, in relation to issues within the organization, is communication. It is felt that better communication systems should be adhered to and that the same information should be timeously communicated to all. The Director's commitments to Funders were not necessarily communicated to the relevant staff in sufficient detail. It has been recognized that it would be useful to spend more time communicating the objectives outlined to Funders, and to incorporate them into the performance management system by allocating specific targets to the specific Programmes and then breaking these down further for each team member by incorporating them into their performance agreements. Since many meetings with, particularly, the Director are ad-hoc often the entire staff is not privy to the same information at the same time which sometimes causes confusion within the organization. Again, note the importance of the cascading of strategic objectives into department (Programme) or individual objectives (Drucker, 1961; Chang & Morgan, 2000; Viedge, 2003; Bauer, 2004), as well as the vital role played by communication.

Another point to note is that while the performance management system did have top management support - which is in many instances an issue with performance management systems (Fischer, 1997) - a problem encountered at the PSAM is communication of a variety of details. Starting with the point that staff do not have a common understanding of the performance management system's main purpose, and including feedback to staff about expectations and actual performance, further emphasis needs to be placed on communication at the PSAM. Communication also plays a role in managing expectations (Porter *et al.*, 1987) on both the part of the PSAM and the individual employee. Whilst performance management procedures are mentioned to potential new staff at the selection interview, perhaps short-listed candidates should be presented with more detail on the expectation that the PSAM has of them as new employees. Interview questions should also include more probing questions about the employees expectations, to better gauge suitable candidates in

terms of organizational fit. There have been instances (particularly related to staff who had started at the PSAM prior to the introduction of the performance management system) of mismatched expectations.

4.2.7 Performance Management Procedure

Employees seem comfortable with the reporting system. Staff seems to accept the role of the Projects Co-ordinator in assisting them to attain their goals by prioritizing, drafting project plans and scheduling. They are aware that his role is purely facilitative and not judgemental. The Projects Co-ordinator reports directly to the Office Manager (the Researcher). If a performance problem is suspected he reports it to the Office Manager, and either requests that she meet directly with the employee to discuss it, or asks her to sit in on a scheduled monthly meeting for clarity and guidance. Staff seem aware that the Office Manager does not judge their performance either, and that she has no input during a performance appraisal unless specifically requested by either the Director or employee, but only listens to problems and offers advice or solutions where possible. Employees know that they are ultimately responsible for their performance and will be measured against set objectives that they themselves have negotiated for.

The performance management system is made up of a number of components. Each of these must be up-to-date and accurate, in order for the system to function as it was intended to. The job profile (Example of: Appendix 2) is a comprehensive list detailing the activities that must be performed for a particular post. It includes both routine and non-routine items. It aims to set out all the varied activities that a staff member may reasonably be expected to undertake during the course of their job. These are laid out in sections entitled Key Performance Areas (KPA's). The job profile also includes other key information such as minimum educational, experience and skill requirements for the post. A job profile should only change if the essence of the job changes. Should the post be vacant, the job profile could form the basis of any advertisements for the recruitment and selection of future staff members.

The performance management system is designed to be operated as a continuous feedback loop, as per Bevan & Thompson and English (both cited in Price, 2000),

which flows from the vision and mission statement into team and then individual objectives. These are then formally assessed, feedback should occur followed by review and evaluation of the system. At the PSAM, performance goals are set at the beginning of the period arising out of consultations between the individual and their supervisor. Meetings should be held within programmes and/or with the Director as often as is necessary for the programme to realize their goals. To this end, meetings with the Projects Co-ordinator are also frequent, being held formally monthly but also on an ad hoc basis. Most staff also meet quarterly with the Office Manager for a more holistic discussion of 'how they are doing'. The results and feedback from all these sessions are noted and brought together by the Office Manager, culminating in the formal assessment at the end of the review period. Almost all staff, as well as the Director, noted that either formally or informally they had had the opportunity to discuss issues around the performance management system during the last 6-month period. Most staff feel that the monthly review periods with a 6-month formal assessment is an adequate system for their needs. As detailed in the Skandia Partners in Performance system (Skandia, 2000), 6-monthly formal assessments are evident in the successful implementation of performance management systems. At the PSAM, those that had slipped through the net and not had monthly meetings felt that they would prefer to have had them. It was noted though that in the start-up phase of a particular project, Programme staff would prefer quarterly formal assessment reviews with the Director.

The Director holds twice annual formal Performance Appraisal meetings with the Chairman of the Board. He felt that this was sufficient as he was able to judge from others staff's performance how well the PSAM was doing on the whole. He also noted that he considered the quarterly Board Meetings to be a form of indirect appraisal in terms of the PSAM's broader strategic focus.

4.2.8 Performance Agreements

At the beginning of a performance management period (which run from 1 December to 31 May and 1 June to 30 November), a Programme Head and employee negotiate a performance agreement. It is agreed upon and signed, clearly setting out results that have to be achieved in the specific reporting period. This is an important component

of an effective performance management system (Bevan & Thompson, and English both cited in Price, 2000). An unsigned copy is made available on the internal network, and a signed copy (signed by both parties to the agreement) is distributed to the employee, the supervisor, the Projects Co-ordinator and the Office Manager. The performance agreement is set out in terms of the Key Performance Areas (KPA's) delineated in the job profile. It sets out the Key Results Areas (KRA's) for each KPA, that are designed to focus the staff members' attention on the required results specifically targeted for the performance period under review. Not all KPA's will need to be KRA's for each specific 6-monthly performance agreement, but all KRA's are drawn from the individual's KPA's as per their job profile.

4.2.9 Core Values

Another important aspect of alignment between individual and organizational goals, is the facilitating role played by well defined and integrated core values (Brown & Armstrong, 1999). At the PSAM, Core Values (for more detail see Appendix 5) - which are quality of work, flexibility, dependability, interpersonal relationships and creativity/initiative - were first identified in December 2002. They are attached to the performance agreement. The Director believes that these core values are essential for the successful continuation of the PSAM. They underpin how a person does their job, and as such, form part of the basis for performance appraisal (constituting 20% of the total mark). With most employees agreeing that the core values are an integral part of organizational life at PSAM, it was also reflected that the values are supportive of the PSAM's organizational culture. The Director commented that the core values "reinforced the culture through the performance agreement process, by encouraging people to reflect on 'how' they are performing".

Some staff felt though, that the core values had an intrinsic role in controlling employee actions. For example considering the core value of dependability (meaning that being able to rely on someone in terms of both their timekeeping and if asked to do a task, that the individual can be relied on to do it without further supervision), it could also be interpreted as meaning, as a staff member noted "you *must* arrive at work on time and be prepared to work overtime" which has negative connotations. It was noted that the focus on core values and the internalizing of these provided

external motivation for some staff. It was also noted that in all except one instance, staff felt that the performance management system reflected the commitment to the core values. In the future, specific skills and values may be included on a person's performance agreement (either from the set of core values or from other skills/values more specific to individual jobs).

There are some drawbacks with the core values, however. Some staff resent the core values, feeling that these are an infringement on their personalities. In particular, the Interpersonal Relations value, where individuals' performance is measured in terms of their relationships with other parties is viewed with some suspicion. However, some people do have poor people skills (and low emotional intelligence) and need to recognize that whilst this does not reflect poorly on their performance, it does impact on their work relationships. In this regard, the introduction of the 360° feedback system (Nel *et al.*, 2001) or other peer review mechanism, which was proposed by some staff, might be advantageous. The researcher's hesitation in utilizing this is that there are limitations to the process and individuals may feel they were being unfairly picked on, if many negative comments arose. Individuals might also seek to find out 'who said what', which would undermine the current open and honest PSAM culture. The inclusion of Core Values into a performance management system is set out as one of the most important parts of developing the system (Brown & Armstrong, 1999) but as noted from the experience at the PSAM, is difficult to get exactly right.

4.2.10 Meetings

Staff keep track of their tasks – both to do and actually done - in their FranklinCovey Planners. The Planner is a comprehensive diary /organizer where staff members can prioritize their week ahead, note meetings and important dates, keep track of progress on items that may need to be followed up, and keep a record of what they achieve. This should be used daily to record all pertinent information. The status of tasks is reported on during staff meetings. Individuals recount their achievement or postponement of tasks they committed to last week and detail their objectives for the coming week. These staff meetings are held each Monday morning, each staff member contributes and the whole meeting is usually concluded within the hour, unless 'Any other business' is mentioned. The staff meeting enables each staff

member to briefly assess their previous week's goals and comment on the achievement or non-achievement thereof, and to mention any barriers to achievement that they encountered. They note items that have been postponed and those that have been cancelled. The staff member then identifies tasks and activities that they will be carrying out in the coming week. The Office Administrator takes the minutes of these staff meetings, and these are distributed by the following morning, thus enabling staff to enter accurate meeting information and availability into their Planners. After the staff meeting, the senior staff meet to discuss items such as recruitment and selection issues and other items of a more sensitive nature.

Monthly meetings are held between the Projects Co-ordinator and each staff member monthly. These meetings are to draw the attention of the Projects Co-ordinator to any problems that the staff member might be experiencing with the achievement of any of their predetermined time frames due to issues that might have been overlooked, occurrences that were not planned for, or for any other given reason. The Projects Co-ordinator assists the staff member in rescheduling their commitments and attempts to prioritize their tasks to enable them to achieve their original objectives timeously. The Projects Co-ordinator takes notes at these meetings recording problems encountered, solutions/advice offered and new commitments/timeframes agreed to. He also reports back to the Office Manager on any issues that he feels are relevant to the achievement of targets and the performance management system as a whole. These also provide a time for the Projects Coordinator to focus the attention of the staff member to any tasks, activities or results that they may have overlooked (i.e. a two-way feedback process). These meetings take the form of an informal discussion.

Supervisors are requested to meet with their staff as often as is realistic. Within the Performance Monitoring Programme, weekly meetings occur which feed into the performance agreements. Since the Case Monitoring and Advocacy and Communications Programmes consist of only one staff member each (although a second Researcher has since started with the Case Monitoring Programme in November 2004), they liaise directly with the Director on any issues that occur. The support staff (such as the Projects Co-ordinator, the Office Administrator and the General Assistant) meet regularly with the Office Manager. These meetings are all

held with the specific aim of assessing and discussing progress towards the performance agreement and issues around the job profile, the performance management system and the core values. The Office Manager is also available for ad hoc meetings as and when necessary and attempts to meet with all staff at least quarterly for a general discussion around individual employee performance.

The formal pre-arranged meetings are supported and enhanced by ad hoc meetings between employees and their supervisors as well as quarterly meetings between all staff members and the Office Manager. Meetings between the employees and their supervisors usually focus on the 'nuts and bolts' of getting the job done right, and timeously. The meetings with the Office Manager usually focus on a more holistic overview of the employee as an individual, and their interaction with both other individuals within the organization, with the organization itself, and with other individuals external to the PSAM. These are less centred round details and more around stress levels, coping mechanisms and other pressures related to the individual.

At the end of the 6-month period, the staff member meets with the Office Manager and either their Programme Head or the Director, to discuss performance in a formal performance appraisal review. At the outcome of these meetings a percentage performance bonus and potentially a notch may be awarded.

4.2.11 Performance Appraisal

The performance appraisal is the formal assessment that takes place at the end of an assessment or review period (i.e. 6-monthly). The staff member will be assessed either by their Programme Head, or the Director, with the Office Manager present at all appraisals. Assessments will be based both on the job profile (in terms of entry level performance) and the performance agreement (including core values). Claims made by either party that show either sub par performance or excellent performance must be substantiated by the party staking the claim, through information detailed during staff meetings or monthly meetings. The staff member is asked to complete a self-assessment questionnaire (see Appendix 7) which is e-mailed to all staff a month prior to the final appraisal, and is also available to staff at any time on the shared drive. This asks individuals to reflect on the 6 months just passed, and to address

specific issues or areas for focus over the next 6 months. The questions and their answers will be discussed at the appraisal meeting.

The appraisal begins with a reflection of the job profile (Example of: Appendix 2). Any changes suggested to the job profile should be generic changes – for example, items that no longer form part of the job description, or additional items that do now form part of the job description that were not previously included. Structural changes will need to be discussed at length before being made. Job profiles should not include items that will be concluded within a short time frame. For example a job profile should not state that the incumbent will produce a specific report by a specific date. It should rather say that the writing and editing of reports as and when necessary will form part of the duties of the incumbent. The second item on the agenda in the performance appraisal will be the staff members' self-assessment. Based on their answers to the questionnaire a general discussion around their strengths and weaknesses, achievements and areas for development will be held.

Next, items on the specific performance agreement will be considered in detail. After going through the entire performance agreement and noting what has been achieved and what has not, as well as barriers to performance and items achieved not originally agreed to on the performance agreement (i.e. over and above the objectives negotiated in the performance agreement), the staff member will be asked to recommend a bonus percentage to award to him/her self. The Programme Head/Director will take this under advisement and either agree or continue to negotiate. Upon agreement the bonus will be awarded and calculated out of a total of 80. The core values will come up for discussion next, and based on the 'evaluation of core values' document (See Appendix 6), each staff member will be asked to award themselves a score within a specified range for each core value. These will be totalled up out of 20. Together the result out of 80 for the performance agreement and the result out of 20 for the evaluation of core values, will be totalled to give a result out of 100. The Office Manager is responsible for the recording of all information during the performance appraisal and also calculates the percentages as and when necessary. Once the total bonus percentage has been agreed upon, discussion turns to the notches. A notch is the next (predetermined) step up on the PSAM's salary scale, these scales and notches

are available to all staff on the internal network. The point of departure is whether in fact, any notch will be awarded. It is currently the policy at the PSAM that no notches are awarded unless performance is above average. This in fact means that adequate/average performers might not keep up with inflation if they do not receive a notch increase.

If there is to be no notch increase, the appraisal is then concluded. If a notch increase is to be awarded it is usually instigated by the Director, and the staff member accepts. There have been instances in which staff members have requested a notch increase. In cases where the employee is able to make a good case this has then been awarded by the Director. However in instances where the Director and Office Manager felt that it was not warranted, no notch was awarded. The employee is then able to appeal to the Management Board where the notch is either approved or the Director's decision is upheld and it is not approved. At the final outcome a list of bonuses and notches is drafted by the Office Manager signed by the Director and submitted to the Rhodes University Human Resources Department and Salaries Division for updating their records and actual payment of the amounts.

4.2.12 Pay-related issues

The rationale behind the decision to not offer an inflation-indexed increase is that the PSAM offers salaries that are competitive and so staff coming into the PSAM are initially offered an above-average starting salary. In order to maintain this level of salary above average performance is required. This means that an individual who does not achieve satisfactorily according to their performance appraisal does not receive a notch increase, and is therefore, worse off in real terms. There is some debate in this regard, as many staff feel that adequate performance should be rewarded by a single notch increase. Notches are calculated at a rate similar to that of inflation – usually between 7 % and 8 %. Staff feel that above average performance should be rewarded by more than a single notch increase.

Not offering inflation-based notches was designed to motivate staff to achieve performance targets. However, staff felt that this had the opposite effect - that they were awarded a notch for excellent performance, but that this only translated into a

salary which was keeping up with inflation, so for their hard work they were rewarded by being in the same position. Staff felt that this was demotivating in some instances. Maslow (1954), however, sets out that what motivates one person might be a demotivator for another. So, the performance management system at the PSAM which includes a focus on extrinsic rewards needs to ensure that the various motivational theories have been taken into account in deciding whether to implement inflation-based notch increases in future.

The lack of clarity around expectations for the performance appraisal and how this translated into bonus and notch figures was also raised as an issue. It was agreed, by most staff, that targets should be difficult to attain but realistic – in fact, S.M.A.R.T. The bonus percentage should then provide a fair reflection for how an individual is performing. As noted by a staff member “you can’t perform to an average standard and receive 75%”. There was also concern from a few staff that the Director had mentioned that “one cannot attain 100% in the performance appraisal”. There seemed to be no rational explanation for this comment.

Interestingly, the area of concern cited most often by current and past staff (tables 1 (pg 79) and 2 (pg 80)) was the pay package, which many felt was not in relation to their job responsibilities. Another area of concern seemed to be the awarding of the performance bonuses and notches which were not necessarily deemed to be an adequate reward for above average performance, as discussed above. The Director, however, felt that remuneration packages at the PSAM were fair, and that above average performance was rewarded adequately through the performance management system. Despite the fact that the PSAM views its pay structure as market-related which includes substantial rewards that are linked to performance, there was a clear indication from staff that based on their responsibility levels, many felt that either they were not in fact being paid enough, that the rewards were not enough to justify the performance required and that inflation indexed notches should be considered. More work needs to be done in this area with some suggestions being an annual inflation based notch, with further notches being indexed to performance, a ‘total pool’ form of performance bonus where a total amount available for distribution is decided on annually based on the performance of the PSAM in achieving its

objectives, of which a percentage is allocated to each individual based on their contribution, and further indexing or benchmarking of entry level salaries against other similar organizations.

Another key aspect that was noted by about half the staff was the link to the reward system. The link between the performance management system and the reward structure seemed to be clear to some staff, in terms of being rewarded for the achievement of set performance goals, but others felt that the link was rather arbitrary. Relevant literature is clear that the link between performance and rewards must be explicit (Porter *et al.*, 1987; Hellriegel *et al.*, 2001) if the rewards are to work as a motivating factor.

4.2.13 Fairness, Bias and Ethics

In terms of the extent to which the results of a formal performance appraisal fairly and accurately reflected an individual's performance, all staff (current and past) except one felt that the performance appraisal system was fair and unbiased. Many authors (Alfred & Potter, 1995; Price, 2000; Pettinger, 2002) note that issues of fairness and bias can cause problems within a performance management system. Most of these issues did not arise at the PSAM, but in a few instances they did. In terms of unfairness it was clear that staff felt that some programmes had easier targets set and were therefore able to attain them more easily. It was also noted that there was a tendency to focus on one issue in isolation during the performance appraisal (often a negative issue), rather than assessing performance over the whole period. Only one staff member felt that the appraisal results did not fairly reflect their actual performance for the period under review. Here, it was felt that the targets set had been so unrealistic and ambitious that it was well-nigh impossible for the staff member to achieve those. Never-the-less the staff member had worked hard and achieved a number of goals, but felt penalized in the actual review for not having achieved the items on the performance agreement. A comment by another staff member was "there are however no recommendations given with regards to performance", which indicates a lack of feedback and harks back to the issues surrounding communications that are frequently cited by staff at the PSAM. Staff were also aware that if there are performance problems, that the 6-monthly performance appraisal is not the time for

these to be raised for the first time. There should be nothing at a performance appraisal that comes as a surprise to either the employee or the Director/Office Manager. In some instances, staff noted that they had had 'surprises'. Both of these latter items speak to feedback and communication, with individuals wanting and needing reassurance and support where necessary. The Director noted that although he personally had felt that the results from his performance appraisals had been fair and unbiased, he recognized that these results were dependant on the Chairman's ability to refute information passed on to him through Director's Reports and therefore a degree of rigour might be lacking. However this information is presented to the entire Board quarterly and concerns or issues are raised in this forum. The Director also felt that the outcome of the appraisals was a fair reflection on his performance during the period under review but noted that because of newly instituted procedures and practices the standards were constantly changing, and, in line with all other staff members, the achievement of above average results would continuously demand more rigour.

Despite a focus by authors such as Brown & Armstrong (1999) and Rademan & Vos (2001) on developing a performance management system based on ethical principles this was not specifically considered in the development of the PSAM's system. However, based on the above results and the general comments from the staff, it seems that staff feel that the system is based on an ethical framework. Future developments should take more cognisance of this important facet of a performance management system.

4.2.14 Time Burden

The Director noted that the time and administrative burden related to keeping the system operational was "reasonably onerous". He felt that it was difficult for him to balance his time between doing the actual research work of the organization, and doing administration. He acknowledged the importance of keeping the administrative systems up-to-date, and the role of these systems in "freeing up more time in the long run by having staff that are more able to achieve their goals as determined by a well run system".

Remarkably, because authors such as Alfred & Potter (1995) and Rademan & Vos (2001) note the perceptions amongst individuals that a performance management system is time-wasting and administratively onerous, most staff did not begrudge the time that they need to spend completing the necessary paperwork, drafting performance agreements, attending monthly review meetings and attending the formal appraisal at the end of the review period. Most staff felt that the system was worth the time invested in it. Issues that were raised for discussion included the completing of the Employee Preparation Form (see Appendix 7 - where staff were unsure how much detail and honesty was required), the amount of time that is necessary for detailed planning before the performance agreement is signed, time wastage involved in redrafting and resigning when goal posts are shifted, and, in one instance a staff member felt that “monthly meetings sometimes appear irrelevant” whilst another noted “the Director did not grant proper time for meetings” which made them feel like they were wasting their time. On the whole though, staff seem to be happy with the time and administrative burden required to ensure the system is properly operationalized. The time burden is most onerous on the Office Manager and the Project’s Co-ordinator as they have to ensure the meetings are called, held and accurately documented. They must also ensure that relevant information is collated into documentation for the performance appraisal.

4.3 Future Considerations for the PSAM’s Performance Management System

One important aspect of a performance management system is that it should be continually reviewed and evaluated (Bevan and Thomas, and English cited in Price, 2000). At the PSAM, staff are aware of the Office Manager’s (the researcher) quest to continuously improve the current process. Whilst many suggestions come from staff in terms of revisions to the PSAM’s performance management system, there are large areas where complete additions to the system need to be considered. These will be discussed below. Both the new theory of emotional intelligence (Goleman, 1996) and its impact in the work place, as well as the growth of the knowledge economy (Tobin, 1998) and the importance of the retention of both knowledge and the knowledge worker given current economic and socio-political conditions, are new areas where future development will occur. In addition to this the PSAM staff have recognised the

importance of project management as a subset of the performance management system.

4.3.1 Emotional Intelligence (EI)

Setting the performance objectives, the time frame for results to be achieved, and the key performance areas that will result in the objective being achieved, are standard operating procedures within the PSAM's performance management system. Jacobs (2001) recommends that added to this are the emotional competencies that need to be developed in order for the goal to be achieved, but notes that the pay and promotion link remains to the attainment of the objective, with the development of emotional competencies being seen as a facilitative addition. The PSAM does not yet include emotional competencies in their performance agreements however, and this is one area where there is room for improvement in the effectiveness of the performance management system. Having recognized the importance of EI though, the Office Manager (the researcher) arranged for a one day workshop at the PSAM which was co-ordinated and presented by BevServe (2004). This presented an opportunity to raise awareness around the issues of EI in the work place. Most staff had never heard the concept of EI before and this turned out to be a preliminary workshop to enable staff to begin to understand the concept of EI. However, no changes to the performance management system were made, and it is clear that further work in this area is necessary.

4.3.2 Knowledge Management (KM)

KM is another area that needs further consideration. For the first time in the signing of the performance agreements in June 2003, each staff member had a new section on their performance agreement based on the retention and sharing of knowledge within the organization. For the period June to November 2003, each Researcher and the IT Manager (no longer with the PSAM), were required to draw up Standard Operating Procedures (SOP's) or User Manuals which detail their explicit knowledge of their jobs. These manuals are to be tested by external consultants, and once verified, will be utilized to train new staff members. The Office Manager (with the assistance of the Projects Co-ordinator) has been assigned the task of assisting the staff members to draw up their manuals, and checking that progress towards the manuals is being

made. The establishment of an internal networking database, to encourage employees (particularly researchers) to share their network of contacts which includes a few details of their last meeting/phone call, has also been implemented. This occurred due to the appointment of an Advocacy and Communications Manager who was able to coordinate the data-basing of networking details. However, McNerney & LeFevre (2000) indicate that KM is more than just a database of information which is the main point of departure for the PSAM KM initiative. Never-the-less it is a start, but further work needs to be done in this area to ensure a knowledge-enabled learning organization.

4.3.3 Project Management

Another great stride was taken in the recognition that Programme heads did not necessarily have training in Project Management, which was also delaying the achievement of the targets they negotiated on the performance appraisals. So a Projects Co-ordinator was recruited. He spends time with each Programme, assisting them to draft Project plans in the form of work breakdown structures and network diagrams, and will soon be ready to channel this information onto Gantt Charts for them. In this regard, the purchase of software designed to draw up work breakdown structures is being considered. This would be compatible with Microsoft Office Projects which could convert the information into Gantt Charts. Based on the number of Projects the PSAM runs concurrently, the manual drafting of this information plus all the changes that occur, would be very onerous. The Programme heads would then be able to use the Gantt charts to check how well they are sticking to suggested time frames at any given point on their project time-line.

To ensure that all Research and Support staff have a good idea of the importance of Project Management and a little insight into how it works, Mrs Brenda Mallinson from the Information Systems Department at Rhodes University was asked to design a series of lectures specifically for the PSAM. These were recently completed. The Programme Heads and Project's Co-ordinator also attended the Project Management component of the Rhodes Investec Business School MBA Programme. Future performance agreements will be bound to very specific project plans.

4.4 Summary

In this chapter information was presented based on findings from research done at the PSAM. This research was mainly in the form of documentary evidence, interview and questionnaires and personal observation. Firstly information gathered from funding proposals and report backs was covered, which was supplemented by information about the performance management system in place at the time. This was followed by a section detailing the main areas for consideration in the development and implementation of a performance management system at the PSAM. This was based on themes emerging from the research. Finally, a look at future developments to the PSAM's performance management system was presented. These three main sections were providing answers to the 4 first research objectives presented by the researcher in Chapters 1 and 3.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

This chapter represents the conclusion and recommendations of this case study. Firstly, a summary of the PSAM case study is presented. This is followed by recommendations in terms of further research that could be done into this area of study, as well as some advice for other non-governmental organizations (NGOs) that are intending to develop and implement performance management systems.

5.1 Summary of the PSAM Case Study

This research consisted of a case study on the performance management system at an NGO, specifically the PSAM. The main purpose of the case study was to describe and analyze the development and implementation of a performance management system at the PSAM. This was done in detail in Chapter 4, which included a thorough review of documentary evidence, interview and questionnaire information and participant observation to provide a detailed description and analysis of the development and implementation of the performance management system from its inception. This was followed by an assessment of potential areas for future development of the PSAM's performance management system.

After much consideration of the PSAM case study the researcher concludes that the introduction of the performance management system to the PSAM, has, on the whole, been a success. Contrary to envisaged outcomes, the system did not result in an improvement in the achievement of Funder's objectives but instead had a significant positive impact on the overall improved focus and learning of the organization. Currently the performance management system in operation at the PSAM is based on a combination of the Management by Objectives and the Key Performance Indicators models. Because of the ambiguous nature of the targets, and the difficulty in setting 'quantifiable measures' this was possibly not the best choice of performance management approach for the PSAM. As indicated in the literature review, other approaches such as the Balanced Scorecard could be utilised. However, further study into the changes that this approach would effect on the current system needs to be done.

The main findings that came out of this case study are that the development and implementation of a performance management system takes time and commitment from all involved. Effective communication and a culture of trust are vital.

The PSAM has had a performance management policy in place since October of 2001 and improved results in terms of efficiency and effectiveness are only recently beginning to show. This was evidenced by the determined achievement of organizational goals including the launch of the PSAM MyRights Project in November of 2002, the launch of the PSAM's new website in May of 2003, and the PSAM Road show in August of 2003. It is likely that these achievements would not have been possible without the performance management system that facilitated the structuring of the projects and time frames into realizable objectives. Since then, the performance management system has become entrenched at the PSAM and it has assisted in the achievement of far more objectives (including a book entitled "The Crisis of Public Health Care in the Eastern Cape", the PSAM's weekly newspaper column, the *Accountability Monitor*, the 'Know Your Rights' booklet' in 2003, as well as the isiXhosa version 'Wazi Amalungelo Akho' and the Paypoint Monitoring Report (due for publication December 2004)) than would have been possible without the communication levels, and performance culture that now underpins the work at the PSAM.

However, perhaps more important in the long-run are the side effects from the learning that has taken place over time, which has had a substantial effect on organizational operations. For example, the PSAM has decided to use training and development information to 'grow their own timber' and seek to actively invest in their researchers. This has seen a change in the attitude of many researchers – moving towards accepting responsibility and being held accountable for their actions. Staff of the PSAM including the Director, have acknowledged that the organization can no longer function as a 'one-man band', where the Director is the sole strategic decision-maker and public face of the PSAM. Now, his tendency to control is being replaced by pride and trust in his employees, and the PSAM's researchers are beginning to present at international conferences, and make strategic interventions to the likes of

the Premier of the Eastern Cape, in their own right. This builds researcher capability and the long-term sustainability of the organization.

The focus on training and development has led to other benefits. The realization that writing of reports by Programme staff was taking too long and delaying the achievement of targets (based on information provided through the performance management system), led to the introduction of the PSAM's internal writing and analysis standard operating procedures (SOPs). These were drafted by the Director with contributions by other Senior staff, and were workshopped with all Researchers, Senior Researchers and Programme Heads. The standards were designed to give a clear outline to the writing of documents from simple issues such as style, to the logical sequencing of arguments. When, despite these standards, no great inroads were made into the quality or efficiency of report writing, the role of a Senior Research Editor was conceptualized. The Senior Research Editor's role is that of coach and facilitator. By editing work from the Programmes and explaining critical comments, the role is strongly developmental. As this is a recently created position future observation will be required to tell how it is working. Another initiative that has been adopted is the presentation by all PSAM staff of internal seminars. Every second Friday has been set aside for these seminars. These aim to assist staff in sharing knowledge and at the same time hone presentation skills. The first in this series was presented by the Office Manager (the researcher) and focused on the use of the FranklinCovey Planners as a tool of the performance management system.

Whilst the employees are, on the whole, happier with the current generation of performance management system (as per the responses gathered from the questionnaire as well as informal interviews with staff in comparison to information previously collected at the Indabas), which provides them with a useful tool for continued self-assessment, as well as reflection on their jobs and roles, it is clear that there are areas for improvement within the system. The Director acknowledged the role of corporate type structures and systems that would allow the PSAM to work towards its goals in a more efficient and effective manner and felt that the PSAM had benefited from the introduction of the performance management system. In attempting to define the importance of the performance management system to the

PSAM, staff were asked to comment on the assistance it provided in terms of the achievement of set goals and objectives. Most staff felt that the performance management system provided them with a clear framework that enables them to achieve their goals and objectives. Some staff felt that a clearer job profile would contribute to the success of the system.

Despite the system not having a direct impact on the achievement of results, it has had a great impact on staff, and has certainly highlighted areas that require attention and further improvements. The filter down cascade operates from two sides at the PSAM. It flows from the job profile into the performance agreement and into the rewards linked to the performance agreement. It also flows from the objectives set for Funder's into those set for the organization and then into the individual's objectives. Both sides of this cascade need to be reconsidered and communicated in more detail to the staff.

5.2 Research Recommendations

In terms of the PSAM, it would be useful to repeat this research in a years time to see if the inclusion of the commitments to Funders in the initial phases of the performance management cycle improved on the achievement of Funder's targets and the accuracy of budget spending.

Whilst it was noted that the considerations in the development of a performance management system presented in Chapter 2 were taken into account during the development of the performance management system at the PSAM, from the number of central themes that emerged from the research it was clear that in this environment there are other factors that need to be considered. It is also evident that most of the criticisms aimed at performance management systems in general, did occur at the PSAM. These criticisms then seem to have implications for the development and implementation of any performance management system. Further research into the field of the use of private sector management tools, specifically performance management systems, in NGOs in South Africa would greatly enhance the knowledge available in this area. Also, as noted in the draft King Report (2001), the concept of the importance of creating a balance between economic and social goals with the

express aim of aligning the goals of individuals, corporations and society is growing in importance. Performance management systems assist in the alignment of individuals and organizations goals, in the best interests of both, perhaps an area of interest for these systems in the future, particularly in the instance of performance management systems for NGOs would be towards facilitating and integrating societal objectives within the organization.

5.3 Recommendations to other NGO's

In the current South African climate where it has been noted that a culture of non-performance is prevalent amongst NGOs, the performance management system is a useful tool that can assist an NGO in the achievement of its targets. In today's very competitive markets, where NGOs can be seen to be competing with one another for funding, the achievement of targets could be the difference between long term sustainability and the loss of funding. Because performance management systems can be adapted to suit any organization, and based on the case study of the PSAM, the researcher recommends the introduction of performance management systems into NGOs where feasible. From the information provided on governmental and academic departments it is clear that these too could benefit from performance management systems.

In introducing a performance management system to an NGO, there are a few important points to note. The development and implementation of a performance management system takes time but the rewards are long-term. Having developed and implemented a performance management system with the main aim of achieving certain primary objectives, these might only be reached after the system has been in place for some time. However, during the process of developing and implementing the system other additional benefits that build long-term sustainability might be realised. Be prepared to make changes if the system does not work exactly as planned. Be aware of unexpected benefits and take advantage of them. Even though NGOs might not be focused on making a profit, to attain 'the Causes' goals more efficiently and effectively will mean having more of an impact.

An effective performance management system requires buy in from all stakeholders if it is to achieve the desired goals. Without commitment from top management a performance management system will not function properly. Because the organizations goals cascade down into individuals goals, top management needs to be supportive of the system. Employee buy in is also important to enable the system to work smoothly. Employees need to understand how they and the organization can benefit from the system so from the beginning get them involved. Workshop ideas with them and continually ask for their input and feedback. Enablers of the system are a culture of trust and an effective communication system.

In conclusion, performance management systems can assist an organization to achieve synergistic results. Just imagine what the Egyptians could have achieved with an effective performance management system!

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APPENDIX 1



POLICY ON PERFORMANCE MANAGEMENT¹

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1. INTRODUCTION

The effective management of individual and team performance is critical to achieving the strategic objectives of any organisation. Performance management is about ensuring that an organisation achieves its strategic objectives as efficiently as possible through the efforts and performance of its members while at the same time ensuring that staff members remain satisfied and committed.

Performance Management is a process that begins with translating the strategic objectives of the organization into clear objectives for each individual. It is a much wider concept than performance appraisal and comprises a set of techniques used by managers to plan, direct and improve the performance of staff members in line with achieving the overall strategic objectives of the organization.

With this policy, the Public Service Accountability Monitor (PSAM) aims to start a process whereby performance management will form an integrated part of its activities. The objective of this policy on performance management is to provide guidelines for PSAM staff on how performance is managed and to explain the system of performance management at the PSAM.

This Performance Management Policy is applicable to all PSAM employees. The information obtained through the performance management system, shall be used to inform decisions on probation, rewards, promotion and skills development of employees.

2. GOAL AND OBJECTIVES

The goal of performance management in the PSAM is to appraise, manage, develop and reward individual performance, in order to contribute to the achievement of organisational goals and objectives, and thereby meet responsibilities to funders while at the same time ensuring that staff members remain satisfied and committed.

In order to achieve this goal the Public Service Accountability Monitor has the following objectives for performance management :

- To establish a performance culture in the PSAM.

- To enhance the attainment of PSAM's strategic objectives.

- To ensure that all staff members know and understand what is expected of them in terms of performance.

- To promote discussion about performance between staff members and their supervisors.

- To appraise performance fairly and objectively.

- To identify and manage staff development needs and meet those needs where possible.

3. PRINCIPLES

Performance shall be managed in accordance with the following principles:

By a designated supervisor.

In a consultative, supportive and non-discriminatory manner in order to encourage and support two-way feedback.

To enhance organisational efficiency by aligning PSAM objectives and strategic plans to performance.

To minimize the administrative burden on supervisors.

In a planned way by setting regular dates for reviews and feedback.

In order to ensure the satisfaction and commitment of staff members.

4. ROLES AND RESPONSIBILITIES

All staff members of the PSAM are responsible for the successful implementation of performance management. Specific roles of the Board of Management, Director, Supervisor, Human Resource Advisor and Staff Members, are detailed below.

4.1 Board of Management

Design the performance bonus system and its linkage to particular levels of performance.

Authorise the payment of performance bonuses.

Manage the Performance of the Director of PSAM.

4.2 Director

Ensure communication of Performance Management policy and procedures to all staff.

Ensure that the Performance Management System is applied equitably and fairly and that the processes followed is transparent and promotes administrative justice.

Ensure the existence of remedial support for poor performers.

Ensure that strategic/service plan for the department is in place and that goals and objectives are cascaded through the organisation.

Ensure that the management of performance is in line with labour legislation.

Approve and authorise all performance agreements drafted between supervisors and staff members.

Ensure that organisational performance is assessed at the end of each strategic planning cycle to enable the assessment of individual or team performance in the context of organisational performance.

Make recommendations of the awarding of bonuses to the Board for their approval.

4.3 Supervisor/Project Heads

Implement performance management in his/her project.

Ensure that job descriptions and work programmes are in place and that they are aligned with the project's objectives.

Ensure that all subordinates are informed of and understand the Performance Management System.

Apply the Performance Management System fairly.

Monitor job descriptions, progress reports and work programmes.
 Ensure that fixed dates are adhered to.
 Draft a performance agreement per staff member in consultation with each of them, for approval by the Director.
 Compile six-monthly reports on the performance of each subordinate and ensure that these are submitted to the HR Advisor.
 Provide staff members with the necessary assistance and support.
 Create a climate where individuals recognise that their contributions are important and valued.

4.4 Human Resource Advisor

File and maintain all information relating to performance management at the PSAM.
 File and maintain all records of staff members of PSAM relating to their performance management.
 Summarise performance reports for supervisors to highlight critical areas.
 On an annual basis, identify staff members who have attained their performance objectives and are therefore eligible for a performance bonus and prepare a report for the supervisor and Director to this effect.
 Notify staff members who have qualified for, and received approval by the Board, for the awarding of a performance bonus.
 Instruct Rhodes University's pay office to pay approved performance bonuses.
 Monitor and evaluate PSAM performance on an annual basis.

4.5 Staff Members

Take responsibility for personal performance and be committed to securing personal progress and development for the benefit of the organisation as a whole.
 Take responsibility for their careers.
 Commit themselves to personal development for purposes of advancement and growth.
 Strive to meet all work objectives.
 Be prepared to receive advice and guidance.
 Be willing to engage in and address any changes that may be required.

5. RECORD KEEPING

It is the responsibility of the HR Advisor to ensure that a written copy of the following information is placed on the personal file of the staff member, with the understanding that all such documentation shall be regarded as confidential:

The performance agreements.
 The monthly reports.
 The six-monthly appraisal.
 Documentation pertaining to grievances arising in the context of performance management, in accordance with the requirements of the grievance policy.
 Documentation pertaining to disciplinary procedures arising in the context of performance management, in accordance with the requirements of the disciplinary policy.
 Correspondence with staff members on the awarding of performance bonuses.
 Correspondence with Rhodes University's pay office on the payment of performance

bonuses.

6. THE PERFORMANCE MANAGEMENT PROCESS

Performance will be reviewed on three levels, namely individual, project and organisational. What this implies is that there are two processes operating simultaneously in the organization, one concerned with organizational and project level performance, and the second with the performance of individual staff members.

The Performance Management cycle is a one year period for organisational and project performance, and will correspond to the financial year. Performance Evaluation is done at the end of the Performance Management cycle as preparation for the annual strategic planning meeting. Although it incorporates information gathered from staff members' monthly performance reports and individual performance appraisals, it involves an evaluation of the year's performance of the PSAM and its projects, rather than focusing on the performance of individuals. This organizational level of performance evaluation is part of the strategic planning process of the PSAM.

Individual performance will be managed in a six-monthly cycle, implying two such cycles in a financial year. The Performance Management process consists of four steps. Step 1 involves Planning for performance and focuses mainly at the organisational level. Step 2: involves translating organisational objectives into individual objectives and targets. Step 3 is the assessment of performance. Step 4 is the performance feedback session between a staff member and his/her immediate supervisor. These steps are explained in detail below.

6.1 Step 1: Planning For Performance

Both supervisor and subordinate should understand the strategic objectives of the PSAM, the significance of performance management, how it is conducted in the organization and what influence it could have on the staff member's future.

The supervisor should communicate to the staff member how the strategic direction of PSAM for the year translates into requirements for the project he or she supervises and for the job of the staff member, in turn. Therefore, the following need to be in place and up to date in order to be able to plan and manage the performance of a staff member:

The strategic plan of the PSAM and the objectives for each project.

A job profile for the staff member's job, which incorporates the job description and job specifications.

6.2 Step 2: Individual Objectives

The Performance Management System links the objectives of the PSAM with the operational activities of each individual to ensure increased efficient and effective service delivery. Objectives or targets are the means of stating what is to be achieved by an individual as well as how it links to the broader objectives of the organisation. Objectives specify in precise terms how an individual is going to contribute to the organisation reaching its objectives.

In this phase of the process the expected results or outputs that the staff member will be responsible for in the next 6 months are defined as part of the management by objectives of the PSAM. In other words, these personalized objectives need to be in line with the overall objectives of the PSAM.

Specific objectives and standards of performance must be defined. Performance measures and indicators that enable the supervisor to assess the extent to which objectives and standards of performance have been achieved must also be identified. Both supervisor and subordinate must agree on the objectives, standards and performance measures. Training, development and support that the subordinate will need to enable him/her to reach the agreed upon objectives must be identified.

The objectives on which the staff member will be evaluated, should be established through a process of consultation between the individual and the supervisor before the commencement of the evaluation period, and should be clearly documented in the form of a performance agreement for approval by the Director of the PSAM.

Objectives should be based on the individual's job description and should be achievable, with expected outcomes, performance standards and time-scales linked to each objective. In setting objectives, it is important for the supervisor and the staff member to understand key characteristics of objectives. These are:

Specific:	something to aim towards.
Realistic:	within reach.
Clear:	to avoid misinterpretation.
Measurable:	to permit objectivity.
Acceptable:	not imposed upon someone.
Reasonable:	within one's capabilities.
Flexible:	revisable along the route.
Several:	more than one but not too many.
Prioritised:	line up in order of importance.
Deadlined:	with completion dates and interim targets.

6.3 Step 3: Performance Assessment

Performance should be monitored and assessed in order to:

- Determine progress made or obstacles in achieving objectives and targets.
- Enable supervisors and subordinates to deal immediately with performance problems.
- Identify and provide the support needed.
- Modify objectives and targets.
- Ensure continuous learning and development.

Performance should be reviewed both informally and formally.

Informal Assessment

Part of the process of Performance Management is the continuous monitoring of performance by both supervisor and subordinate. The supervisor will meet informally with the staff member as and when required to manage performance. In this regard performance will continuously be informally assessed to enable supervisors and subordinates to identify and meet development and improvement needs as they arise.

Formal Assessment

For effective performance management, performance must also be reviewed more formally and systematically on a regular basis. Performance management aims to optimise individual excellence and achievement in order to contribute to achieving the organisational goals and objectives. Staff members should therefore be assessed on the achievement of their objectives to evaluate whether the individuals achieved these objectives and in so doing, contributed to the overall effectiveness of the whole organisation. Formal assessments will take place monthly, with formal performance appraisals being held bi-annually.

Monthly Assessments

On a monthly basis, the activities and plans of staff members are to be analysed. For this purpose the staff member is to submit a progress report and revised plan to the HR Advisor. This report should indicate the progress that has been achieved over the past month on the objectives specified and set out a plan for the month ahead. In addition, the number of hours spent on various activities over the month is to be included in the report. This report will be analysed by the HR Advisor who will highlight the main achievements as well as discrepancies between the previous month's plan and the report, for the attention and action of the supervisor.

Bi-annual Performance Appraisals

Two formal bi-annual performance appraisals must also take place. These appraisals are a formal overview of progress made in reaching objectives and targets and therefore involve the evaluation of the existing performance agreement.

Categories of Performance

The Performance appraisal will make use of the following categories of performance:

Unacceptable

Performance consistently fails to meet the requirements and standards expected of the post. Objectives specified in the performance agreement are not attained. This level indicates that the staff member has failed to deliver satisfactory results against a significant number of indicators despite training, development and support being provided to improve performance.

Acceptable

Performance meets the requirements and standards expected of the post. Most of the objectives specified in the performance agreement are attained at a satisfactory standard. The staff member is delivering satisfactory results against most indicators.

Good

Performance exceeds the minimum requirements and standards expected of the

post. Most of the objectives specified in the performance agreement are attained at a satisfactory standard and some have been exceeded. The staff member is delivering satisfactory results against most indicators. Work is produced to a high standard.

6.4 Step 4: Performance Feedback Sessions

Following the formal assessment of performance by the supervisor, a meeting will be held with the staff member to discuss the performance of the staff member in more detail. This meeting is held to allow for feedback to the participant on his/her performance and to allow the staff member to give feedback to the organization.

Monthly Feedback Sessions

On receiving the monthly reports from the HR advisor, the supervisor is to review it and then meet with the staff member to:

- Acknowledge good performance areas.
- Discuss areas where there is a lack of progress, with the intention of identifying ways of enhancing progress or counseling the staff member in this regard.
- Finalise the staff member's plans for the month ahead.

Bi-annual Performance Appraisal Sessions

In line with agreed objectives, the supervisor and subordinate must systematically review the performance delivered within the specific period. The supervisor must give the subordinate constructive and systematic feedback on his/her performance and development over the specific period of time. Feedback must be summarized in writing and signed by both parties. Staff members have the right to refuse to sign a performance appraisal if they are not satisfied and should then use the grievance procedure. During the review, focus should however not only be on what has happened but also on why it has happened. Thus, the focus is also on the development of the staff member, and counseling may take place where appropriate. The information should then be used as a basis for making performance and development plans for the next review period, which will be documented in the form of a new performance agreement. Since the bi-annual performance appraisal session also involves planning for the following period, it also entails the return to Step 1 of the performance management cycle.

Managing Unacceptable Performance

Unacceptable Performance occurs when an individual on a consistent basis fails to achieve an acceptable level of performance, despite receiving relevant support and developmental opportunities.

It is expected that, as part of their role, managers and supervisors will monitor work progress and continuously provide remedial and systematic support to assist staff members to improve their performance. Meetings related to the monthly progress reports and six-monthly performance appraisals provide valuable opportunities to recognise performance problems and to provide coaching, counseling and other remedial strategies at the earliest stages.

Managing poor performance should include, as a minimum, the following steps:

Agree On Problem

Identify and reach mutual agreement that the performance of the staff member has fallen short of the agreed objectives and targets.

Identify Reasons

Identify the reasons for the shortfall, but do not try to attach blame to anyone.

Agree On Action

Agree on corrective action that needs to be taken.

Implement Corrective Action

Identify and support the corrective action, for instance by making arrangements for training or additional resources.

Monitor Progress

Monitor the staff member's progress and give feedback. It is also important to encourage individual staff members to monitor their own performance and to identify possible further action that could remedy their poor performance.

For staff members who only just meet, or fail to meet the required standards of performance, a performance improvement plan should form part of the planning for the following six-month period. This plan should clearly identify required areas of improvement and expectations and strategies for improved performance, including training. If after the implementation of the performance improvement plan the performance of the staff member still does not improve, the supervisor in consultation with the Director of PSAM may consider revising the job description of the staff member or initiating disciplinary actions. Any of these alternative courses of action will be subjected to discussion with the individual and their representative.

6.5 Preparation for Performance Management Meetings

In order to ensure the success of performance management meetings between supervisor and staff member, both parties should prepare prior to the session.

Supervisor

The supervisor should prepare by:

Reviewing the objectives and targets contained in the performance agreement and identify future objectives.

Considering support needed and draft training and development needs accordingly.

Seeking appropriate feedback from others (to support the review process).

Reviewing all relevant documentation.

Identifying internal and external factors that could have affected the subordinate's performance.

Staff Member

The staff member should prepare by:

Reviewing previous (agreed upon) objectives and identifying possible new objectives.
 Collecting supporting facts on performance delivered.
 Identifying factors that affected his/her performance.
 Identifying support that will be needed as well as possible training and development needs.
 Reflecting on the feedback to be given to the supervisor.

Meeting Arrangements

The appraisal should be conducted in a private environment, within a set period of time. The agenda should include:

The monthly reports of the previous 6 months.
 Content and outcomes of the previous six-monthly appraisal.
 Establishing objectives for the following six-month period, including developmental objectives.

6.6 Conducting Performance Management Meetings

For any performance and development management process to be effective there has to be constructive two-way communication and interaction between the supervisor and the staff member. If the nature of the dialogue and exchange that takes place is to be meaningful and effective this interaction needs to be based on openness, honesty and trust.

Building these dimensions into a working relationship is not always easy. On a day to day basis staff members frequently feel unable to give feedback to their supervisor regarding the ways in which the supervisor's behaviour or approach is supporting or diverting the individual from their tasks.

The supervisor has a responsibility to secure the staff member's commitment to achieve agreed upon objectives is sustained or improved by giving regular feedback on work performance to the staff member. The supervisor should give regular feedback by providing effective supervision and coaching, facilitating the staff member's ability to achieve agreed upon objectives. Regular feedback gives the staff member an opportunity to improve, and enables both supervisor and staff member to set new mutually agreeable objectives and standards for a staff member's future work performance.

Building two-way feedback processes into performance management meetings provides a legitimate and regular opportunity for the staff member to give constructive feedback to their supervisor on his/her performance and behaviour.

Two-way feedback serves the following purpose with performance and development management:

Helps to enhance an individual's self-concept.
 Enhances the individual's commitment to effective performance/motivates the individual to be an effective worker.

Addresses behaviour.

6.7 Managing the Performance of the Director of the PSAM

The Director is ultimately accountable to the Board of Management for the performance of the PSAM. A performance agreement will be entered into between the Chairman of the Board on behalf of the Board, and the Director. This agreement will be of a year's duration and will be drawn up after the strategic objectives for the year are established. Performance appraisal meetings will take place on an annual basis.

7. RECOGNITION AND REWARDS

Individual performance may be rewarded on the achievements of outputs as agreed between the supervisor and staff member in the planning phase, and approved by the Director. Recognition means formally acknowledging performance that is Good. While high levels of performance can and should be recognized in a number of ways such as meeting with the Director to have achievement formally acknowledged, providing developmental opportunities, or verbal compliments, for Good performance, performance bonuses will be paid to staff members annually, based on the attainment or exceeding of the performance requirements laid down in their individual performance contracts. Salary notch increments will be dependent upon the attainment of at least Acceptable levels of performance. All monetary rewards and salary notch increments are subject to the availability of funds.

8. GRIEVANCE PROCESS

Performance management encourages the development of consultation, co-operation, trust, openness and work satisfaction. Adversarial approaches to conflict resolution should therefore be avoided and efforts made to contain the issue at the lowest possible level. Thus, should a difference of opinion arise regarding any aspect of performance management, the staff member and the supervisor should attempt to resolve the matter within the parameters laid out in this policy. If it is not possible for the supervisor and staff member to reach an agreement, the staff member can formalize a grievance and follow the procedure laid out in the PSAM Grievance policy, to have the grievance addressed.

The grievance procedure and its relevance to performance management should also be properly communicated to staff.

9. AMENDMENT OF THE POLICY

The policy on Performance Management may be reviewed as part of the strategic planning process of PSAM. Proposals for amendments to the Policy on Performance Management should be submitted to the Board of PSAM through the Director PSAM, for the Board's approval.

APPENDIX 2



Job Profile: Office Manager

Job Title:	Office Manager
Position in the Organisation:	Reports to the Director
Minimum Qualifications:	University degree in Business Administration/ Management Professional Accounting Qualification Computer literacy
Minimum Experience:	At least two year's experience in a Managerial role preferably within the Finance or HR functions.

Overall Purpose of the Job

To assist the Director with Finance, HR and Management activities.

Key Performance Areas

Human Resources

Keep all Personnel records up to date
Liaise with RU HR efficiently and timeously
Maintain & Develop Recruitment and Selection procedures
Assist Director with Disciplinary's, Grievance's and Counselling
Maintain & Develop induction procedures
Maintain & Develop Staff Handbook
Maintain & Develop Job Profiles for staff
Liaise with staff as and when necessary
Maintain policies for grievance procedures, disciplinary procedures, performance management, salary structures, leave etc
Monitor and evaluate the performance of staff
Keep abreast of new labour legislation and management best practice

Monitor the implementation of PSAM projects and performance agreements signed with researchers
 Encourage and facilitate ongoing staff development and training
 Support the Director in creating and maintaining a productive work culture

Performance Management

Implement, monitor and evaluate the Performance Management System
 Liaise with staff monthly re their Performance Agreements
 Document information pertaining to performance
 Attend and report back on staff meetings

Financial Management

Ensure all PSAM information is accurately captured on Pastel
 Check and reconcile at the end of each month with Rhodes figures
 Attend to queries as and when necessary
 Meet monthly with the Director to discuss financial implications
 Adjust budget to mirror realistic expectations
 Prepare quarterly PSAM financials for the Board meetings
 Prepare PSAM Annual Report

Knowledge Management

Facilitate the development of user manuals for the various divisions
 Facilitate the commitment of staff to the retention of knowledge within the organization
 Facilitate the development of an in-house db containing information & knowledge that should be shared

Project and Time Management

Assist Director with ad hoc Projects as required
 Assist staff members with project and time planning within their Projects

Miscellaneous Office Activities

Purchase tea & coffee for the PSAM
 Arrange farewells and other in-house functions
 Attend Board Meetings
 Present the Financial Statements at the Board Meeting
 Take minutes at Board Meetings for approval by the Director: PSAM
 File all Personnel information
 File all Funding information

External Liaison

Liaison with Rhodes University
 Liaison with Board Members

Internal Communication

Attend and Participate in PSAM Strategic Planning Meetings, Weekly and ad hoc staff meetings.
 Interact and communicate effectively with all PSAM staff to accomplish job tasks and responsibilities.
 Provide detailed weekly work-plan and work report to the Director

Supervision received and limits on authority

The incumbent reports directly to the Director: PSAM. In the absence of the Director, the incumbent reports to the Board of Management of PSAM, or any other person

nominated by them.

The incumbent is to act only on instructions received verbally or in writing from the Director, or any other person appointed by the Director.

Job Specification

Skills Required

Organization
Interpersonal and verbal communication skills
Literacy and Numeracy
Time Management
Management and Leadership

Personal Attributes

Empathetic
Objective
Courteous
Responsible and Dependable
Attention to detail
Trustworthy, with respect for confidentiality
Initiative

Performance Profile

The expected outputs are:

An up to date, user friendly and legally accurate, HR system
An up to date, rigorously accurate, financial system
A Performance Management system that incentivises staff to attain both their own goals and PSAM's goals
Good communication with internal and external parties
A streamlined, effective knowledge management system
Timeous completion of Projects
Attendance to miscellaneous items

APPENDIX 3



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 • Website: www.psam.ru.ac.za

PERFORMANCE AGREEMENT: 1 June 2004 – 30 November 2004

Staff Member: Alexandra Whittington-Jones **Job Title:** Office Manager

KEY RESULTS AREA	PERFORMANCE ACTIVITIES	RESULTS
Human Resources	<ul style="list-style-type: none"> Recruitment and Selection Staff queries 	<ul style="list-style-type: none"> Draft Recruitment and Selection procedures by 30 Nov 04 Check all Job Profiles are up to date by 30 Nov 04 Organize Emotional Intelligence workshop 20 July 04 Organize PSAM Strategic Planning weekend by 31 Aug 04
Performance Management	<ul style="list-style-type: none"> Provide detailed records Collect information Design systems 	<ul style="list-style-type: none"> Signed Performance contract with Office Administrator/Projects Assistant/ General Assistant by 5 July 04 Assist all staff with new Performance Agreements: 28 Jun – 2 July 04 Updated Performance Agreements for all staff to be received and put on shared drive by 5 July 04 Hold monthly meetings with all staff re Performance
Financial Management	<ul style="list-style-type: none"> Liaison with Rhodes University / Board members/ Funders 	<ul style="list-style-type: none"> OSF Rollover (48412) financials completed as soon as money for booklet expended Produce monthly summary statement for meeting with Director Meet monthly with Director re financials Complete monthly financials within 10 working days of month end OSF (48414) first draft to be completed by 31 July 04 OSF (48414) financials completed as soon as all monies expended Receive training on Rhodes Order system by 31 August 04
Miscellaneous Activities	<ul style="list-style-type: none"> Keep filing cabinet up to date Office Move 	<ul style="list-style-type: none"> Update and check entire filing system by 31 Aug 04 Coordinate Office Move with Mbasia
Knowledge Management	<ul style="list-style-type: none"> Check KM db's up to date Ensure Project KM db's kept up to date 	<ul style="list-style-type: none"> Assist Bukelwa with Office Administrators SOP's by 30 Nov 04 Design SOP's for Financial and HR systems and procedures by 30 Nov

	<ul style="list-style-type: none"> • Draft SOP's for Office Manager 	04
Training & Development	<ul style="list-style-type: none"> • Work towards final year MBA 	<ul style="list-style-type: none"> • Hand in Literature Review 31 July 04 • Get PSAM employee feedback re questionnaire by 31 August 04

Barriers to Performance

Personal Development Plan

Complete 3rd Year MBA + Dissertation

Achievements attained not agreed to on PA

Signature of Office Manager Date

Signature of Director..... Date

Date of Next Review.....Nov 2004.....

APPENDIX 4



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Performance Management Procedure

Supervisor and employee negotiate a performance agreement.

It is agreed upon and signed, clearly setting out results that have to be achieved in a specified reporting period.

Staff keep track of their tasks – both to do and actually done, in their Planners.

These plans are reported on at Staff meetings, where the coming weeks plans are also laid out.

Staff members are requested to clearly indicate if any tasks set on their performance agreement have been completed.

Monthly meetings are held between the Office Manager and each of the Researchers (in lieu of a Project Head), as well as the Office Administrator and Admin Assistants (and between the Office Administrator and General Assistant), to assess and discuss progress and problems on the job profile, the performance agreement and core values.

At the end of the 6-month period, the staff member meets with the Office Manager and either their Project Head or the Director, to discuss performance. At the outcome a percentage performance bonus and notch may be awarded.

The components

The Job Profile: Is a comprehensive list of the activities that must be performed for the particular post. It includes routine and non-routine items. It sets out all activities that the staff member may reasonably be expected to perform in the course of their job. These are detailed in sections known as Key Performance Areas. The job profile also includes minimum educational, experience and skill requirements for the post. The job profile should only change if the essence of the job changes. Should the post be vacant, the job profile forms the basis of any advertisements for future staff members.

The Performance Agreement: Is based on the Key Performance Areas of the job profile. It sets out the KPA's that need to be focused into Key Results Areas, focusing the staff members' attention on the required results for the period. Not all KPA's will need to be KRA's for each specific 6 monthly PA.

Attached to the PA is the PSAM's set of Core Values (first identified December 2002). We believe that these core values are essential for the successful continuation of the PSAM. They underpin how a person does their job, and as such, will form part of the basis for performance appraisal (at the rate of 20% of the total mark). In the future, specific skills and values may be included on a person's PA (either from the set of core values or from other skills/values more specific to individual jobs).

Included in the PA is also a 'Personal Development Plan'. This includes areas that the staff member may wish to gain more experience or training in. The PSAM is committed to developing its staff, and discussions around in-house training, or the attendance of external courses may be discussed with the Director.

The Staff Meeting:

The staff meeting should present the staff member with the opportunity to briefly assess their previous weeks goals and comment on the achievement or non-achievement there of, and barriers to achievement that they encountered. The staff member will bring the minutes of the previous weeks staff meeting to the current staff meeting for this purpose.

The staff member should then give a brief indication of their plans for the week ahead. These will be written up in the Minutes by the Office Manager, AND into the staff member's planner for prioritization.

The Planner:

The planner is a comprehensive diary where staff members can prioritize their week ahead, note meetings and important dates, keep track of progress on items that may need to be followed up, and keep up record of what they achieve. This should be used daily, and updated into the Work Reports database weekly.

The Monthly Meetings:

These meetings are to draw the attention of the Office Manager to any problems that the staff member might be experiencing with any aspect of their job. They are also a time for the Office Manager to focus the attention of the staff member to any tasks, activities or results that they may have overlooked (i.e. a two-way feedback process). These meetings will take the form of an informal discussion.

The Performance Appraisal:

The performance appraisal is the formal assessment that takes place at the end of an assessment period (i.e. 6-monthly). The staff member will be assessed either by their supervisor, or the Director. Assessments will be based on the job profile and performance agreement (including core values), and claims substantiated by either party through information detailed during staff meetings or monthly meetings.

The staff member will be asked to complete a self-assessment questionnaire (which will be handed out in the week before their appraisal), which will ask them to reflect on the 6 months just passed, and to address the next 6 months. The questions and their answers will be discussed at the appraisal.

The appraisal will begin with a reflection of the job profile. Remember that any changes should be generic changes – items that no longer form part of the job description, or additional items that do now form part of the job description that weren't previously mentioned. It will then progress onto the staff members' self-

assessment, based on their answers to the questionnaire, which will then be discussed. Items on the performance agreement will then be considered in detail. Based on the above discussions the staff member will be asked to recommend a bonus percentage to award. The supervisor/director will take this under advisement and either agree or negotiate the actual percentage. The bonus and notches (if any) will then be awarded.

APPENDIX 5



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CORE VALUES

Quality Of Work

The PSAM encourages accurate, thorough, rigorous and efficient work (regardless of volume), and the ability to meet standards of quality. Our general effectiveness of regularly produced work and its quality (including speed, consistency and volume) must be of a high level.

Flexibility

Performance under pressure and handling of multiple assignments is an important core value at the PSAM. We respond to changing requirements and meet changing technical needs. We are adaptable.

Initiative and Creativity

The PSAM upholds the values of initiative and creativity. We are resourceful to deviate from the routine, develop and implement new methods, procedures, solutions, concepts, and designs. We accept additional challenges and willingly assist others. We are self-reliant, and demonstrate imagination, originality and self-motivation.

Dependability

This core value underpins our Unit. We attend work at the required hours and are punctual, reliable, and meet established schedules and deadlines. We demonstrate commitment to the Unit and the Unit's goals, pay attention to detail, follow up on progress of work, follow reasonable instructions and appropriate procedures, fulfill our responsibilities and at all times, maintain confidentiality.

Interpersonal Relations

To work together we interact effectively and maintain a positive (cooperative and considerate) relationship with our supervisors, subordinates, peers and others. We are able to work with others, build teamwork, motivate and inspire others. We willingly accept instructions and assignments and assist others to accomplish group work objectives. We communicate by listening and understanding, as well as by presenting information clearly.

APPENDIX 6



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Evaluation of Core Values

1. Quality of Work

- **(90 – 100%) Outstanding** - Extraordinary volume of work completed with exceptional quality. Looks for ways to improve productivity of position, project, PSAM.
- **(75 – 89%) Excellent** - Organized and in control of tasks. Consistently completes a high volume of work in a timely and accurate manner
- **(50 – 74%) Satisfactory** - Knows status of tasks. Meets deadlines, and standards for accuracy and quantity. Makes efficient use of time
- **(30 – 49%) Less than Satisfactory** - Sometimes loses track of processes or tasks. Needs to improve quantity and/or quality of work done
- **(0 – 29%) Unsatisfactory** - Work is of unacceptable quality and/or quantity and much must be redone. Requires continuous help in completing assignments (narrative required – GIVE EXAMPLES)

2. Flexibility

- **(90 –100%) Outstanding** – Able to change direction and shift focus as the need arises. Is not phased by change, accepts and even encourages it. Often initiates change. Accepts additional challenges and willingly assists others in new ventures.
- **(75 – 89%) Excellent** – Adapts well to unusual requests, changes direction when required. Happy to try new methods and ideas.
- **(50 – 74%) Satisfactory** – Usually responds well to changes and requests. May offer resistance at first.
- **(30 – 49%) Less than Satisfactory** – Shows resistance to change. Prefers to work to predetermined schedule. Finds it difficult to change direction or focus.
- **(0 – 29%) Unsatisfactory** – Resists change. Will not deviate from predetermined schedule and set tasks.(narrative required – GIVE EXAMPLES).

3. Initiative and Creativity

- **(90 – 100%) Outstanding** –Ideas display resourcefulness and good suggestions for improving work methods

- **(75 – 89%) Excellent** – Able to develop new ideas, and new work methods
- **(50 – 74%) Satisfactory** – Assists in generating and developing new approaches, responds well to change
- **(30 – 49%) Less than Satisfactory** – Needs detailed instruction to handle tasks. Does not generate or develop new ideas. Makes some effort to change if directed
- **(0 – 29%) Unsatisfactory** – Performs routine tasks without question does not develop new methods. Unable to respond to change. (narrative required – GIVE EXAMPLES)

4. Dependability

1) Attendance – consider absences, times arriving late, length of lunch/breaks, and use of leave time

- **(90 – 100%) Outstanding** - Arrives on time and begins work promptly. Pre-arranges time-off with appropriate notice; does not extend breaks or lunches
- **(75 – 89%) Excellent** – Rarely arrives late or extends breaks or lunches, pre-arranges time off with appropriate notice
- **(50 – 74%) Satisfactory** – Mostly arrives on time and starts work promptly, mostly does not extend breaks or lunches
- **(30- 49%) Less than satisfactory** - Occasionally absent, late or leaves early without appropriate notice
- **(0 – 29%) Unsatisfactory** - Problems with attendance, punctuality or misuse of leave time (narrative comment required – GIVE EXAMPLES)

2) Dependability- consider degree of supervision required, and ability to follow instructions and complete tasks

- **(90 – 100%) Outstanding** - Anticipates and prioritizes work, clarifying directions and timelines. Tracks and completes tasks in a timely manner, without reminder
- **(75 – 89%) Excellent** - Tracks and completes assigned work independently after initial instruction and feedback
- **(50 – 74%) Satisfactory** -Requires only occasional supervision to adhere to goals and timelines
- **(30 – 49%) Less than satisfactory** - Needs frequent supervision or reorientation on job goals, timelines and procedures
- **(0 – 29%) Unsatisfactory** - Needs constant supervision in order to produce adequate work (narrative comment required – GIVE EXAMPLES)

5. Interpersonal Relations

1) Relationships with external parties – consider attitude, helpfulness, knowledge, and communication skills towards customers, the government, suppliers, funders, Rhodes University, the press and other ngo's

- **(90 – 100%) Outstanding** - Represents the PSAM well, consistently giving courteous, knowledgeable and thorough service. Communicates clearly and appropriately. Effectively deals with difficult parties or with the delivery of a difficult message
- **(75 – 89%) Excellent** - Positive and supportive of PSAM's mission. Gives accurate information. Exhibits patience with external parties.
- **(50 – 74%) Satisfactory** – Polite towards external parties, with prompt responses to requests
- **(30 – 49%) Less than satisfactory** – Sometimes fails to respond to requests of external parties. Information given out might be incomplete.
- **(0 – 29%) Unsatisfactory** - Does not convey a positive image of the PSAM. May be impersonal or perfunctory in dealings with the public. May give confusing or inaccurate information. Complaints might be received from the public (narrative required – GIVE EXAMPLES)

2) Relationships with internal parties – consider effectiveness of work relationships with supervisor, subordinates, peers and others

- **(90 – 100%) Outstanding** - Responds with enthusiasm to challenge and responsibility. Sees beyond own tasks to help fulfill the mission of the PSAM. Responds positively to supervisor and others in the work environment.
- **(75 – 89%) Excellent** -Maintains courteous and cooperative relationships with supervisor and co-workers. Accepts supervision, change and feedback
- **(50 – 74%) Satisfactory** – Polite and cooperative at all times
- **(30 – 49%) Less than satisfactory** - Has occasional difficulty working with supervisor, subordinates or peers and/or accepting constructive criticism
- **(0 – 29%) Unsatisfactory** -Resists direction. Does not cooperate in accomplishing tasks or giving necessary information to others. Is, at times, disruptive (narrative required – GIVE EXAMPLES)

Overall Performance Rating (based on results to above evaluation)

- **(90 – 100%) Outstanding** – Overall performance is characterized by exceptionally high quality and quantity of work. In the accomplishment of position duties the employee assumes responsibilities which are beyond the position requirements, uses job related skills in an exceptional manner, requires substantially less supervision than is typical for the position
- **(75 – 89%) Excellent** - Overall performance is characterized by high quality and quantity of work in the accomplishment of position duties. The employee uses job-related skills in a more than acceptable manner and requires a degree of supervision that is somewhat less than typical for the position

- **(50 – 74%) Satisfactory** – Overall performance is characterized by acceptable quality and quantity of work in the accomplishment of duties. The employee uses job related skills in an acceptable manner and requires a degree of supervision that is typical for the position
- **(30 – 49%) Less than Satisfactory** – Overall performance indicates the employee fails to accomplish assigned position duties and/or uses job related skills in an inadequate manner, also requiring an inordinate amount of direct supervision in order to produce work of acceptable quality and quantity. The employee may possess the talent to earn a higher rating if special training and coaching are given or if the employee is transferred to another more suitable position
- **(0 – 29%) Unsatisfactory** – The employee has had a reasonable period of time (initiated by a documented evaluation of a Less than satisfactory) to improve performance. Employee continues to fail to accomplish assigned position duties and/or continues to use job-related skills in an inadequate manner. Upon consultation with HR Manager the employee will either be demoted or terminated.

APPENDIX 7



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6-MONTHLY PERFORMANCE REVIEW: EMPLOYEE PREPARATION FORM

This is a guide to help you prepare for a useful discussion during your appraisal. Please pass completed form to the Office Manager after your 6-monthly Performance Review. This form may help you: identify your current job strengths and needs, consider your career interests and express your development needs.

NAME		POSITION	
DATE		REVIEW DATE	
1	YOUR CURRENT JOB STRENGTHS AND NEEDS		
(a)	Which aspects of your present job give you greatest satisfaction?		
(b)	Are there additional skills developed elsewhere which give you satisfaction, but which are not used in your job?		
(c)	Which of your job objectives have you done well? Why? (Main achievements)		
(d)	Which of your job objectives have you found most difficult? Why?		
(e)	Under what conditions do you work most effectively e.g. deadlines, type of manager, working alone or with others?		
(f)	What are your key job skills and areas of strength?		
(g)	What skills or knowledge do you feel you lack?		

2	YOUR CAREER INTERESTS
(a)	What is your main career interest?
(b)	What alternative career interests do you have?
(c)	What work areas or activities do you think would lead to these?
(d)	In what areas of work do you believe your job could possibly be in the next two/three years?
3	YOUR DEVELOPMENT NEEDS
	Look over what you have said about yourself. Now, consider what actions and commitments may be necessary on your part to pursue your work interest. Consider primarily the next two/three years ahead.
(a)	What are your main development needs?
(b)	What actions could be planned to meet these development needs?
(c)	What additional education, training or experience do you need?
(d)	Are there any other considerations you need to take into account to achieve these plans?
(e)	Is there any more information you need to make a realistic plan, from your Manager or anyone else?
4	ANY OTHER COMMENTS

APPENDIX 8



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PROGRESS RECORD

This form will be completed 6-monthly at the end of each review period, to measure improvement and personal growth and to facilitate the awarding of the performance bonus and notch increases.

NAME		POSITION	
LAST REVIEW DATE:		CURRENT REVIEW DATE:	
1	POINTS NOTED FROM LAST REVIEW:		
2	PROGRESS TOWARDS CURRENT PERFORMANCE AGREEMENT		

3	OTHER AREAS REQUIRING DISCUSSION	
4	PERFORMANCE BONUS/NOTCH INCREASE	
	BONUS PERCENTAGE	NOTCH INCREASE
5	NEXT REVIEW DATE	
6	ADDITIONAL COMMENTS	

EMPLOYEE'S SIGNATURE		OFFICE MANAGER'S SIGNATURE	
DATE:		DATE:	

APPENDIX 9**MBA RESEARCH INTERVIEW QUESTIONS: PSAM STAFF
NOVEMBER 2004**

Please print out the following questionnaire.

Once all questions have been completed (Section A and Section B), please hand in to the Office Administrator by 22nd November 2004.

Thank you for your time.

SECTION A

The first 10 questions should be answered by ticking the appropriate (either Yes, Maybe or No) column.

QUESTIONS	YES	MAYBE	NO
1. Do you know what is expected of you at work?			
2. Are you clear on what constitutes good/above average performance in your job?			
3. Do you have the right materials and equipment (resources) you need to do your work efficiently and effectively?			
4. Do you see yourself employed at PSAM for the foreseeable future?			
5. Do you see career opportunities for yourself at PSAM?			
6. Are sufficient training and development opportunities offered and supported by PSAM?			
7. Are you satisfied with your pay package, in relation to your job responsibilities?			
8. Do you believe that above average performance is adequately rewarded through bonuses and notches awarded via the performance management system?			
9. Does the mission/purpose of the PSAM make you feel that your job is important?			
10. Are your associates (fellow employees) committed to doing quality work?			

SECTION B

Please answer all questions in Section B as fully as possible, in the space provided.

1. Why did you choose to work at the PSAM?

2. Are you still fulfilling your motivation to work at the PSAM as outlined by your answer to 1. above?

3. If the answer to 2. is 'Yes', does the PSAM's performance management system assist you in achieving your goals and objectives?

4. If the answer to 2. is 'No', what changes would you recommend to the PSAM's performance management system that would assist you in achieving your goals and objectives?

5. How would you describe the 'culture' of the PSAM?

6. Do you think that the PSAM's performance management system supports the type of culture you have identified in 5. above?

7. Are the core values identified by the PSAM (dependability, flexibility, quality of work, interpersonal relationships, and creativity/initiative), supportive of the above mentioned culture?

8. Do you feel that the core values are an integral part of organizational life at the PSAM?
9. If the answer to 8. is 'Yes', give an example of where you feel any of these values has directly affected your behaviour in the last 6 months.
10. If the answer to 8. is 'No', identify other core values which you feel more strongly underpin the workings of the PSAM, and give an example of where you feel any of these values directly affected your behaviour in the last 6 months.
11. What do you think is the main aim of the PSAM's performance management system?
12. Does the PSAM's performance management system reflect commitment to the above mentioned core values?
13. Do you have any recommendations for changes that you feel might improve the usefulness –either to yourself or to the organization – of the PSAM's performance management system?
14. Have you had the opportunity to discuss issues surrounding the performance policy with any relevant PSAM individual in the last 6 month period? Please include in your answer whether any meetings held were formal or informal in nature.

15. How often do you have performance review meetings? Please indicate whether in your opinion, this is sufficient, too many or too few.

16. Do you feel that the results and recommendations from the 6 monthly performance appraisals were fair and unbiased?

17. If the answer to 16 is 'No', why not?

18. Do you feel that the results and recommendations from the 6 monthly performance appraisals largely reflected accurately on your performance over the period in question?

19. If the answer to 18 is 'No', why not?

20. Do you feel that the implementation of the performance management system assisted you in the achievement of your agreed performance targets? How was it of assistance/not of assistance to you?

21. What is your experience of the administrative and time commitment necessary for the performance management system?

APPENDIX 10**MBA RESEARCH INTERVIEW QUESTIONS: PSAM PAST STAFF
NOVEMBER 2004**

Please complete the following questionnaire.

Once all questions have been completed (Section A and Section B), please e-mail the electronic version to the PSAM Office Administrator by 22nd November 2004.

Thank you for your time.

SECTION A

The first 8 questions should be answered by ticking the appropriate (either Yes/Maybe or No) column.

QUESTIONS	YES	MAYBE	NO
1. Did you know what was expected of you at the PSAM?			
2. Were you clear on what constituted good/above average performance in your job?			
3. Did you have the right materials and equipment (resources) you needed to do your work efficiently and effectively?			
4. Did you have sufficient training and development opportunities offered and supported by PSAM?			
5. Were you satisfied with your pay package, in relation to your job responsibilities?			
6. Did you believe that above average performance is adequately rewarded through bonuses and notches awarded via the performance management system?			
7. Did the mission/purpose of the PSAM make you feel that your job was important?			
8. Were your associates (fellow employees) committed to doing quality work?			

9. If the answer to 7. is 'No', identify other core values which you feel more strongly underpinned the workings of the PSAM, and give an example of where you feel any of these values directly affected your behaviour whilst at the PSAM.

10. What did you think was the main aim of the PSAM's performance management system?

11. Did the PSAM's performance management system reflect commitment to the above mentioned core values?

12. What were the main aspects of the PSAM's performance management policy?

13. Do you have any recommendations for changes that you feel might improve the usefulness –either to other employees or to the organization – of the PSAM's performance management system?

14. Did you have the opportunity to discuss issues surrounding the performance policy with any relevant PSAM individual in your last 6 month period at the PSAM?

15. How often did you have performance review meetings? Please indicate whether, in your opinion, this was sufficient, too many or too few.

16. Did you feel that the results and recommendations from the 6 monthly performance appraisals were fair and unbiased?

17. If the answer to 16 is 'No', why not?

18. Did you feel that the results and recommendations from the 6 monthly performance appraisals largely reflected accurately on your performance over the period in question?

19. If the answer to 18 is 'No', why not?

20. Did you feel that the implementation of the performance management system assisted you in the achievement of your agreed performance targets? How was it of assistance/not of assistance to you?

21. What was your experience of the administrative and time commitment necessary for the performance management system?

APPENDIX 11**MBA RESEARCH INTERVIEW QUESTIONS: PSAM DIRECTOR
NOVEMBER 2004**

Please complete the following questionnaire.

Once complete (Section A and Section B), please hand a printed copy or e-mail an electronic copy to the Office Manager by 23rd November 2004.

Thank you for your time.

SECTION A

The first 8 questions should be answered by ticking the appropriate (either Yes/Maybe or No) column.

QUESTIONS	YES	MAYBE	NO
1. Do you know what is expected of you at work?			
2. Are you clear on what constitutes good/above average performance in your job?			
3. Are you clear on what constitutes good/above average performance for all job profiles within the PSAM?			
4. Do you ensure that staff have the right materials and equipment (resources) to do their work efficiently and effectively?			
5. Are sufficient training and development opportunities offered and supported by PSAM?			
6. Do you feel that all staff at PSAM are fairly remunerated given their levels of responsibility?			
7. Do you believe that above average performance is adequately rewarded through bonuses and notches awarded via the performance management system?			
8. Do you believe that your associates (colleagues/subordinated) are committed to doing quality work?			

7. Are the core values identified by the PSAM (dependability, flexibility, quality of work, interpersonal relationships, and creativity/initiative), supportive of the above mentioned culture?
8. Do you feel that the core values are an integral part of organizational life at the PSAM?
9. If the answer to 8. is 'Yes', give an example of where you feel these values have directly affected your behaviour in the last 6 months.
10. If the answer to 8. is 'No', identify other core values which you feel more strongly underpin the workings of the PSAM, and give an example of where you feel any of these values directly affected your behaviour in the last 6 months.
11. Why did you set up the PSAM's performance management system?
12. Does the PSAM's performance management system reflect commitment to the above mentioned core values?
13. Do you have any recommendations for changes that you feel might improve the usefulness –either to yourself or to the organization – of the PSAM's performance management system?

14. Have you had the opportunity to discuss issues surrounding the performance policy with any relevant PSAM individual in the last 6 month period? Please include in your answer whether any meetings held were formal or informal in nature.

15. How often do you have performance review meetings? Please indicate whether in your opinion, this is sufficient, too many or too few.

16. Do you feel that the results and recommendations from the 6 monthly performance appraisals were fair and unbiased?

17. If the answer to 16 is 'No', why not?

18. Do you feel that the results and recommendations from the 6 monthly performance appraisals largely reflected accurately on your performance over the period in question?

19. If the answer to 18 is 'No', why not?

20. Do you feel that the implementation of the performance management system assisted you in the achievement of your agreed performance targets? How was it of assistance/not of assistance to you?

21. What is your experience of the administrative and time commitment necessary for the performance management system?

APPENDIX 12

PSAM ORGANOGRAM

