AN EVALUATION OF A PERFORMANCE MANAGEMENT SYSTEM IN A FREIGHT RAIL ORGANISATION

by

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ABSTRACT

The purpose of this study was to evaluate the effectiveness of the existing performance management system (PMS) in enhancing performance at this freight rail organisation (FRO). The focus of this study was to establish whether the performance management processes are effective in enhancing the individual performance level in this FRO. The performance management processes referred to in this study include conceptualising and exploring; performance management and its processes, the balanced scorecard (BSC) as a tool of performance management and explaining the relationship between performance management and a reward system within the FRO.

A qualitative research design was used for this study to answer the research question. The research design consisted of a case study where thirty semi structured interviews were conducted with the first line managers, junior managers, middle managers and senior managers at this FRO. The interviews were transcribed, and research data was analysed using a content analysis method.

This study yielded a number of benefits in terms of the research findings, conclusions and recommendations about the effectiveness of performance management processes, the BS and the relationship between individual performance and reward. As a result, the study will not only benefit management in dealing with a strategy and drive individual performance, but will also assist all levels of employees within the FRO and other organisations in understanding the day-to-day operational activities of performance management. It will also help human capital professionals, industrial psychologists at the FRO and other organisations in knowing and understanding the best practices to adopt, in managing their individual performance levels.
Key words: Effectiveness, Performance Management System (PMS), Freight Rail Organisation (FRO), Balance Scorecard (BSC); Reward, Goal Alignment, Performance Planning, Coaching, Performance Reviews.
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  Education is the key to the future.
DECLARATION

I, Sthembiso Mbonambi, hereby declare that this thesis, submitted for my Master of Commerce degree at the University of South Africa, is my own independent work and has not previously been submitted by me at another university or faculty.

Sthembiso Mbonambi

09 September 2016
# TABLE OF CONTENTS

**ABSTRACT** ....................................................................................................................................................... I

**KEY WORDS**..................................................................................................................................................... II

**ACKNOWLEDGEMENTS** ................................................................................................................................. III

**DECLARATION** .................................................................................................................................................. V

**TABLE OF CONTENTS** ..................................................................................................................................... VI

**LIST OF FIGURES** ........................................................................................................................................ X

**LIST OF TABLES** ........................................................................................................................................... XI

**CHAPTER 1: INTRODUCTION** ........................................................................................................................ 1

1.1. **INTRODUCTION** ........................................................................................................................................ 1

1.2. **BACKGROUND AND MOTIVATION FOR THE STUDY** ............................................................................ 2

1.3. **PROBLEM STATEMENT** .......................................................................................................................... 8

1.4. **RESEARCH OBJECTIVES** .................................................................................................................... 9

1.5. **RESEARCH QUESTIONS** .................................................................................................................... 9

1.6. **ANTICIPATED CONTRIBUTION OF THE STUDY** .............................................................................. 10

1.7. **PARADIGM PERSPECTIVE** .................................................................................................................. 11

1.8. **RESEARCH DESIGN** ............................................................................................................................ 13

1.8.1. Type of research ......................................................................................................................................... 13

1.8.2. Population and Sampling Method ........................................................................................................ 13

1.8.3. Methods of Data Collection, Analysis and Interpretations .................................................................. 14

1.8.4. Data Analysis ........................................................................................................................................... 16

1.8.5. Strategies that will be employed to ensure quality data and ethical considerations .......................................................... 18

1.8.5.1. Credibility ........................................................................................................................................... 18

1.8.5.2. Confirmability ................................................................................................................................... 18

1.8.5.3. Transferability ................................................................................................................................... 18

1.8.5.4. Dependability ................................................................................................................................... 18

1.9. **CONCLUSION, LIMITATIONS AND RECOMMENDATIONS** ............................................................ 19

1.9.1. Conclusions ........................................................................................................................................... 19

1.9.2. Limitations ............................................................................................................................................ 20

1.9.3. Recommendations ................................................................................................................................ 20

1.10. **CHAPTER LAY OUT** .......................................................................................................................... 20
CHAPTER 2: PERFORMANCE MANAGEMENT ................................................................. 22
  2.1. INTRODUCTION ............................................................................................... 22
  2.2. DEFINITION OF PERFORMANCE MANAGEMENT ........................................... 22
  2.3. PERFORMANCE MANAGEMENT SYSTEM EFFECTIVENESS ......................... 27
       2.3.1. Why Performance Management Fails? ............................................... 28
       2.3.2. Factors contributing to effective Implementation of the performance
                management ......................................................................................... 29
  2.4. PERFORMANCE MANAGEMENT PROCESS .................................................. 36
       2.4.1. Goal Alignment ..................................................................................... 36
       2.4.2. Performance Planning .......................................................................... 38
       2.4.3. Performance Coaching ......................................................................... 42
       2.4.4. Performance Reviews and Assessments .............................................. 46
       2.4.5. Performance Reviews and Assessments in this FRO ......................... 49
  2.5. THE FRAMEWORKS APPLIED IN PERFORMANCE MANAGEMENT ................. 50
  2.6. THE IMPLEMENTATION OF THE BALANCED SCORECARD AS A TOOL OF
       PERFORMANCE MANAGEMENT ....................................................................... 54
       2.6.1. Definition of the Balanced Scorecard (BSC) ....................................... 54
       2.6.2. Effective Implementation of a Balanced Scorecard as a tool of a
                Performance Management System ...................................................... 56
       2.6.3. Advantages of Using a Balanced Scorecard ....................................... 57
       2.6.4. Critiques of Using a Balanced Scorecard ......................................... 58
       2.6.5. Balanced Scorecard Implementation in the FRO .............................. 60
       2.6.6. Example of a Balanced Scorecard Perspectives in this FRO ............. 60
  2.7. CONCLUSION ................................................................................................ 63

CHAPTER 3: THE RELATIONSHIP BETWEEN INDIVIDUAL PERFORMANCE
AND REWARD ............................................................................................................. 65
  3.1. INTRODUCTION ............................................................................................... 65
  3.2. THEORY ON THE RELATIONSHIP BETWEEN INDIVIDUAL PERFORMANCE AND
       REWARD ......................................................................................................... 65
  3.3. THEORIES OF MOTIVATION ......................................................................... 69
3.3.1. Expectancy Theory ................................................................. 69
3.3.2. Equity Theory of Motivation .................................................. 70
3.4. The Total Reward System .......................................................... 75
3.4.1. Types of Reward Programmes ............................................... 75
3.5. The Relationship between Individual Performance and Reward in this FRO ............................................................. 81
3.5.1. How is the mandate for the management increases determined? .... 83
3.5.2. How does performance rating influence the annual increase for bargaining unit employees? ........................................... 84
3.5.3. How does performance rating influence short term incentive pay-out? 85
3.5.4. Linking Performance to Non-Monetary Reward in the FRO (Recognition and Reward) ......................................................... 86
3.6. Conclusion .................................................................................. 87

CHAPTER 4: RESEARCH DESIGN ................................................................ 89

4.1. Introduction .................................................................................. 89
4.2. Research Approach ....................................................................... 89
4.3. Research Strategy ......................................................................... 89
4.4. Research Method ........................................................................ 91
4.4.1. Entree and establishing research roles ..................................... 91
4.4.2. Pilot Study ............................................................................... 92
4.5. Sampling ....................................................................................... 93
4.5.1. Demographic information ....................................................... 93
4.6. Data Collection Method .................................................................. 95
4.7. Data Analysis ............................................................................... 95
4.8. Strategies to Ensure Data Quality and Reporting ................. 97
4.8.1. Credibility ............................................................................ 97
4.8.2. Confirmability ..................................................................... 97
4.8.3. Transferability .................................................................... 97
4.8.4 Dependability ...................................................................... 98
4.10. Conclusion ............................................................................... 100

CHAPTER 5: RESEARCH FINDINGS .......................................................... 101

5.1. Introduction ............................................................................... 101
LIST OF FIGURES

Figure 2.1: The Performance Management Framework ........................................... 51
Figure 2.2: WorldatWork Performance Management Process Framework ........... 52
Figure 2.3: The FRO Performance Management Process Framework ............... 53
Figure 2.4: Methodology Overview, Balanced Scorecard ........................................ 59
Figure 2.5: FRO Balanced Scorecard Perspectives .................................................. 62
Figure 3.1: Pay-for-Performance and Expectancy Theory ........................................ 71
Figure 3.3: Performance Rewards Strategy ............................................................. 80
LIST OF TABLES

Table 3.1: Example of Reward Allocation Guidelines for Management..........................83
Table 3.2: Example of calculation of negotiated increase ........................................85
Table 3.3: Example of eligibility percentage (for performance bonus pay-out) per grade level .................................................................................................................................86
Table 4.1: Outline of the research design ......................................................................91
Table 4.2: Summary of Bibliographical Distribution of Sample .....................................94
Table 5.1: Research findings..........................................................................................103
CHAPTER 1: INTRODUCTION

1.1. Introduction
Organisations like this FRO utilise performance management systems and methodologies for the execution and achievement of their strategic objectives. However, there are very few organisations that utilise their existing performance management systems in productive ways (Aguinis, 2009). As inferred from Aguinis (2009) it appears that managers and employees only view performance management systems as a paper exercise and nothing else. This means that they only comply and complete their performance contracts because it is required by their human resources (HR) departments for their annual salary increases and short term incentive bonuses. They tend to overlook other critical phases of performance management process.

According to Bussin (2011) a performance management tool is still viewed by most managers and employees, as a reward tool instead of being seriously taken as a tool to assist managers in identifying competencies required for the successful execution of strategic objectives of an organisation. Performance management starts with the development and understanding of organisational strategy and then becomes a series of steps that involve the identification of individual performance expectations, providing performance direction, encouraging employee participation, and conducting performance appraisal (Mathis & Jackson, 2012). Some managers still use the performance management system as punitive measures to substitute for lack of performance. The reality is that, with sound use, performance management can actually become a positive, daily conversation that leads to better results and performance throughout the organisation. Bluen and Binedell (2013) were of the view that objectives of performance management included the setting of performance goals that are aligned with the strategic objectives of the organisation, determining performance standards, evaluation of work, providing each employee with frequent feedback, determining training and development, and rewarding them for achieving the strategic goals.

This study evaluated the effectiveness of the existing PMS in enhancing performance in this FRO. The study was undertaken in the largest division of the
Group, which is Freight Rail. This group comprises of the following departments, namely; Finance, Technology Management and Communications, Capital Programme, Corporate Safety, Operational Readiness, and Human Capital. The study focused on first line managers, junior managers, middle managers, and senior managers of the FRO.

1.2. Background and Motivation for the Study
The existence of an effective performance management system (PMS) is often the major differentiator between organisations that yield adequate results and those that excel. Research shows that the regular use of performance management systems leads to better organisational results (Yiannis, Nikolaos & Loannis, 2009). The need to manage and measure performance exists in all spheres of life as the pressure to perform continues to be a reality. Organisations achieve their objectives through employees and in order to monitor the attainment of any set business objectives, the performance of these employees needs to be assessed and measured. The need to measure performance at all levels of an organisation has, therefore, led to the development of performance management systems (Bezuidenhout, Grobler & Hyra, 2013).

The fundamental purpose of performance management is to focus organisations towards achieving strategic objectives and, ultimately, strive for the linking of individual staff objectives to broader organisational objectives (Lefter & Puia, 2009). Theoretically, performance should improve if the objectives are made clear to employees. Employees will increase their performance if they know what is expected, how to do it and what the standards are. To perform better, employees always welcome guidance to improve performance (Bussin, 2011). Heathfield (2007) was of the view that performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. According to Van der Walt (2012) performance management focuses not only on individual employees, but also on systems, processes, programmes, and the organisation as a whole.

Organisational performance management takes a wider institutional perspective as far as the input (resources), processing (systems, procedures, methods, policies,
administration) output (services and products) and outcomes (results of output) of public institutions are concerned. It refers to any integrated, systematic approach of improving organisational performance to achieve strategic aims and promote an organisation’s mission and values through aligning the employees’ actions, (i.e. behaviour and performance) with the set standard or targets (Van der Walt, 2012).

In view of the foregoing, it is clear that performance management processes are associated with organisational and employees’ performance improvement. Research has demonstrated that there is a high correlation between performance culture, performance management practices and business performance (Di Costa, 2008). According to the recent institute for Corporate Productivity study, when it comes to training managers in performance management processes there is a large disparity between the amount of time that high performing companies spend on training compared to their low performing counterparts. For example, 46 percent of high performing organisations said to a high extent that they provide training on developing goals, 45 percent on giving or receiving feedback, and 44 percent on conducting a performance appraisal, compared to approximately 21 percent, and 22 percent, respectively, of low performing organisations (Pace, 2011).

Traditionally, this FRO introduced a performance management system for the administration of employees that was based on employees’ performances being measured on the outputs agreed to and a rating scale would be applied in terms of which employees would receive a performance bonus. Depending on the rating received by a manager and mutually agreed upon, the employee would then be rewarded with a percentage of salary as a once off bonus. The performance management system for junior employees in administrative jobs continued until 2003.

The performance management system for management employees was revised in 1997/98. The key changes that were introduced were that the final performance rating was input into the annual salary adjustment as well as into a short term incentive bonus.
In 2008, this FRO introduced performance management to all first line managers, specialists and technicians (FST’s). The change here is that the FST’s moved from a basic pay dispensation to a cost to company package approach. The purpose of the FST’s agreement was to govern the remuneration of these employees to retain their skills (First Line Managers, Specialists and Technicians Agreement, 2008). The annual percentage increase for FST’s is negotiated at the bargaining council. However, the seventy five percent (75%) of the annual negotiated increase percentage of the FST’s category employees is across the board and the twenty five percent (25%) is performance based.

The introduction of performance management to management employees and FST’s was done with the aim of improving productivity. According to Cascio (2010) such variable pay systems at lower levels almost guarantees cost control, and any productivity gains are shared 25 percent by the employee and 75 percent (75%) by the company. If business takes off, more pay goes to workers.

For lower level employees (junior officials), a performance productivity enhancement programme (PPEP) was implemented in 2011. The aim of the PPEP is to assist junior officials or bargaining unit employees (lower than FTS employees) understand the business objectives of the FRO and to identify the development areas for individuals and teams. The only challenge with the PPEP is that it is not linked to reward. It was designed only to assist managers to give performance feedback to employees and teams.

In the year 2013, this FRO introduced the balanced scorecard (BSC) to performance management to the management employees and FST employees. This FRO utilises the BSC methodology in order to improve organisational performance by aligning individual outputs to the FRO’s strategic and business objectives. According to De Felice et al. (2013), most organisations adopt the BSC as the foundation and decision support tool for their strategic management systems. This has always been a challenge in the FRO environment where performance objectives by some managers and employees have not been linked to FRO’s strategy and has not cascaded to the next level of managers and employees.
The introduction of the BSC at this FRO was aimed at enhancing the performance at both the individual and organisational level, and to support the market demand strategy (MDS). The MDS of this FBO is a seven year plan aimed at raling more than 350.3 million tons of cargo a year by 2018 – 2019 (Market Demand Strategy Guide, 2012). As far as employees are concerned the purpose of the MDS is to ensure that this FBO attracts skilled employees, and retains those with scarce or critical skills. It also seeks to provide incentives and rewards to employees who perform well.

Since the introduction of performance management system to management and FSTs, there have been numerous challenges relative to the effective implementation of performance management processes. This ineffective implementation of the performance management processes by some managers and employees leads to some business units and departments failing to meet or achieve their performance targets as per the FRO Business Plan. According to Bluen and Binedell (2013) when properly designed and implemented, performance management assists employees to know how they are doing relative to performance expectations. It is clear that performance management is critical in clarifying what needs to be done to improve the performance of an organisation.

The other challenge includes strategic business objectives only reflecting high level business targets. Furthermore, other challenges are that it also includes managers not allocating time to coach or give continuous feedback to their subordinates and failure to review development needs of their employees, and performance assessments (quarterly and midyear reviews) being taken for granted or not done at all. In addition, there has been insufficient differentiation between good and poor performers as well as performing and non performing departments resulting in under rewarding of good performers and over rewarding of average performers.

Poor performance is not managed properly. Some managers use performance management as a yard stick to discipline employees. As a result, there are a number of grievances relating to performance management and poor performance not being handled well. Manyaka and Sebola (2012) were of the view that what
constitutes poor performance is not as clear cut as it appears; in fact, it depends on the standard established for performance and how these standards are applied.

Many managers and supervisors choose to ignore poor performance and poor performers all together. Instead, they choose to assign the work to effective employees or even do it themselves. Ineffective managers allow poor performers to get away with poor performance, leading to the overall lower levels of performance in the organisation (Manyaka, & Sebola, 2012). Aguinis (2009) was of the view that in order to address performance problems properly, managers must find information that will allow them to understand whether the source of the problem is declarative knowledge, procedural knowledge, motivation, or some combination of these three factors.

Thus performance management is still seen as a vehicle to get an incentive bonus and better annual increase at the end of the financial year. This has also created a number of problems when it comes to adhering to the performance management process.

Further to this, it is important that managers allocate time for informal reviews and give regular feedback to their subordinates. Bussin (2013) is of the view that managing performance includes a continuous process of providing feedback on performance, conducting informal progress reviews and updating objectives, and dealing with performance problems.

There are many studies that have been done in performance management system. Munzhedzi (2011) conducted a study on performance management system which aimed to determine whether the performance management systems of the Department of Local Government and Housing in the Limpopo Province contribute to improved productivity.

That study missed some critical linkages as far as performance management processes are concerned. The study only highlighted the importance of signing performance agreements and measuring performance as one of the effective ways of improving productivity. However, the first step in developing an effective
performance management system that will improve productivity or enhance performance is to determine the organisation’s objectives, and then translate these into departmental and, ultimately, individual goals (Bussin, 2013). Goals should evolve from the mission and vision of the organisation, and should be communicated downward. In this way, everyone knows what the objectives of the organisation are, and everyone is involved in the achievement of the organisational goals. The linking of individual employee goals to the organisational goals, therefore, contributes to the achievement of results (Bussin, 2013).

According to Aguinus et al. (2012) in developing an effective performance management system, it is important to begin with the establishment of an organisation’s mission and strategic goals. This ensures that the goals of the particular job are aligned with the organisation’s goals. Gruman and Saks (2011) fully concurred with the above that there should be alignment between individual goals and organisational goal. This ensures that employees engage themselves in tasks that are of vital importance towards achieving the strategic objectives of an organisation.

Munzhedzi’s (2011) study highlights another aspect as it was also conducted in a completely different dimension with focus in the Limpopo’s local government and housing department whereas this study is focusing on a public entity. Government departments and public entities operate differently according to the public finance management act (PFMA). Private entities are managed under schedule two of the PFMA whereas the government department’s (public service) are guided by the public administration ethos of section 195 of the Constitution of the Republic of South Africa of 1996.

It is for this reason that this present study has been undertaken to evaluate the effectiveness of performance management system in enhancing performance and to establish the impact of performance management practices in this FRO. The main focus of the study was to investigate whether the performance management processes are effective in enhancing the individual performance level in the FRO. The performance management processes referred to are; goal alignment and performance planning, coaching and performance reviews and assessments.
The BSC and reward system were explored as tools in implementing performance management within this FRO. The findings of this study provide meaningful input towards optimising performance management processes within the organisation.

1.3. Problem Statement

One of the main goals of any performance management system is to promote the achievement of the organisation’s broad goals. If managers and employees are not aware of these strategic goals, it is unlikely that the performance management system will be instrumental in accomplishing the strategic goals. Aguinis (2009) was of the view that the performance management process included six closely related components: (1) Prerequisites, (2) Performance Planning, (3) Performance Execution, (4) Performance Assessments, (5) Performance Review and (6) Performance Renewal and Re-contracting. There is a need to continuously monitor the prerequisites so that performance planning and all subsequent stages of performance management processes are consistent with the organisation’s strategic objectives. The real issue in performance management is to ensure that the organisation meets its overall objectives. Performance management processes are associated with performance improvement (Bussin, 2013).

Since the introduction and upgrade of performance management for management in 1997 and in 2008 for FST employees, there have been problems in implementing performance management processes correctly. The business plan is not adequately shared with all employees at all levels, resulting in performance objectives not being cascaded to the next level. In addition, managers and subordinates are not adhering to performance management timelines. Other challenges include managers failing to give regular performance feedback and failure to identify development areas for their subordinates, quarterly and midyear reviews not being adequately conducted. Employees are signing the generic performance scorecards that they do not understand, and poor performance is not being managed properly. As a result, a significant number of grievances have been reported with regard to the implementation of performance management processes and reward. Another challenge is that employees still view performance management as a determinant of reward. This has also partly contributed to the challenges in the effective implementation of a performance management system in
the FRO. Managers and subordinates attempt to adhere to performance management processes towards the end of the financial year.

To address the above mentioned problems, the main research problem that will be investigated in this study is:

i. Whether Performance Management Processes, including the Balanced Scorecard are effective in enhancing the individual performance level at the FRO?
ii. Whether performance management is linked to employee reward?

1.4. Research Objectives

The main theoretical aims of the study were categorised as follows:

Research aim 1: To conceptualise performance management and its processes.
Research aim 2: To conceptualise BSC as a tool of performance management.
Research aim 3: To explain the relationship between performance management and reward.

The empirical aims of this study were as follows:

Research aim 1: To evaluate the implementation of the performance management processes on improving individual performance at this FRO.
Research aim 2: To analyse whether the implementation of the BSC as a tool of performance management would contribute towards improving individual performance at the FRO.
Research aim 3: To investigate the relationship between performance management and reward at the FRO.

1.5. Research Questions

The theoretical research questions of this study were as follows:

Research question 1: What is performance management and its processes?
Research question 2: What is BSC and how its effective implementation improves performance?
Research question 3: What is the relationship between performance and reward?

The empirical research questions of the study were as follows:

Research question 1: What influence does performance management processes have on improving individual performance at this FRO?
Research question 2: How would the implementation of the BSC improve individual performance within this FRO?
Research question 3: What is the relationship between performance management and reward at the FRO?

1.6. Anticipated Contribution of the Study
Research has established that there is a high correlation between performance culture and performance management practices on the one hand, and business performance on the other (De Swardt, 2011). The contribution of the study is categorised as follows:

1.6.1. Literature contribution
The findings of the literature review will contribute further knowledge to the field of industrial psychology, with particular emphasis on personnel psychology. The literature contribution will provide understanding into the conceptualisation of performance management, performance management processes, and BSC as a tool of performance management. The literature will further provide understanding of the relationship between individual performance and reward. This study will help Human Capital professionals, employees and managers within the FRO and other organisations in understanding the theoretical models that need to be utilised in performance management.

1.6.2. Empirical contribution
The qualitative method will be used for this study, and there are number of benefits or advantages of applying this method for this study. The qualitative method allows for the obtaining of in-depth information about how managers and employees perceive performance management at the FRO. Hence, the data gathered from the qualitative, semi-structured interviews of 30 participants will serve to enrich this base
of knowledge.
This will be achieved because the participants should provide more authentic and open answers. As the result, the researcher may discover new themes and interpretations of the findings. This study may also yield benefits in terms of the number of conclusions and recommendations about the effectiveness of performance management processes, the BSC and the relationship between individual performance and reward. Another benefit for this study may be that the measuring instruments developed and used in this study can further be applied as guides in any performance management research projects.

1.6.3. Practical contribution
According to Bussin (2013) performance management processes are associated with performance improvement. The study will help Human Capital professionals, Industrial Psychologists at this FRO and other organisations in knowing and understanding best practices to adopt in managing individual performance levels. The study will not only benefit management in dealing with a strategy and drive individual performance, but will also assist all levels of employees within the FRO and other organisations in understanding the day-to-day operational activities of performance management. Gruman and Saks (2011) suggested that if performance management is effectively applied, this will assist the organisation to create a higher performance culture which leads to higher levels of performance.

1.7. Paradigm Perspective
According to Hart (2010) paradigm is a set of beliefs, values, and assumptions about the world and about gaining knowledge that goes together to guide people’s actions on how they are going to go about their research. This research was set up on a paradigm of social constructivism. Constructivist approaches to research have the intention of understanding the world of human experience, suggesting that reality is socially constructed (Mackenzie & Knipe, 2006). The language is crucial since it provides us with an approach of structuring our experience of the world (Krauss, 2005). Krauss (2005) further proposed that the constructivism research must depend upon the participant’s views of the situation being studied and recognises the impact of the research of their own background and experiences. Constructivism research does not start with a theory rather it creates a theory of pattern of meanings during
the research process (Nassazi, 2013). In constructivism research, the qualitative data collection methods dominate even though quantitative methods may also be used (Shenton, 2004). Social constructionist theory does not assume that there is a single unitary reality apart from our perceptions, as each of us experiences from our own point of view; every single one of us experiences a different reality. As such, this phenomenon emphasises the concept of multiple realities. Conducting research without taking this into consideration interrupts the fundamental view of the individual (Krauss, 2005).

The qualitative method was appropriate for this study as the data collected and examined from various angles intended to construct a rich and meaningful picture of a complex and multifaceted situation. This study amongst other things highlighted the understanding of performance management by participants, the frequency of feedback and performance reviews by participants. The factors mentioned above, which are the understand of performance management by participants, the frequency of feedback and performance reviews by participants directed constructivism as a suitable paradigm in which to base this study. The intention of this study was to understand the research participants’ world and experiences as far as evaluating the implementation of the performance management processes on improving individual performance at the organisation is concerned. The intention also included understanding the research participants’ experiences and their understanding of a relationship between performance management and reward. The constructivism paradigm was appropriate for this study, as the construction of experiences by research participants on effectiveness of performance management was attained. In this study, the participants used the language to explain various phenomenon of the implementation of performance management processes.
1.8. Research Design
A qualitative approach will be used for this study to answer the research questions. In qualitative study the researcher collects numerous forms of data and examines them from various angles to construct a rich and meaningful picture of a complex, multifaceted situation. The qualitative research study provides a means through which the researcher can judge the effectiveness of particular policies, practices, or innovations (Leedy, & Ormrod, 2005). The type of research for this study, the population and sampling method, methods used to collect data and the data analysis methods will be discussed below.

1.8.1. Type of research
As mentioned above, a qualitative approach will be used for this study. The decision to approach the study qualitatively is based on the research questions driving the study, prior work, the planned research design, and the desired contributions the researcher wishes to make. The state of the literature on the topic also demands a qualitative examination or re-examination to document new phenomenon, test perceptions and causal mechanisms (Blum et al. 2011).

According to Silverman (2011) qualitative research often studies phenomena in the context in which they arise through observation and/or recording and internet material. In qualitative research, there is no agreed way to analyse data. Multiple research models exist (grounded theory, constructionism, and discourse analysis) and sometimes there is conflict with each other (Silverman, 2011). The qualitative research approach involves an in-depth exploration of participants’ behaviour and reasons that govern participants’ behaviour (Babooa, 2008).

1.8.2. Population and Sampling Method
A population was defined by Melville and Goddard (2011) as any group that is the subject of research interest. Mouton (2006) defined a population as the sum total of all the cases that meet our definition of the unit of analysis. For the purpose of this research, the population consists of three hundred (300) employees from various managerial levels of the FRO.
Melville and Goddard (2011) were of the view that it is of vital importance to make
general findings based on a study of only a subset of the population and such subsets are called samples. Samples must be representative of the population being studied. The sample for this study consisted of employees from various management levels with more than three years exposure or experience in the FRO performance management system. The sample for this study will be categorised according to demographic characteristics (i.e. age, gender, race and educational qualification).

These criteria ensure that the study only focuses on employees with a broader understanding of the FRO’s performance management system. The sampling strategy that will be used for this study is purposive sampling with convenience sampling. Purposive sampling is when you select those individuals or objects that will yield the most information about the topic under investigation (Leedy & Ormrod, 2005). This sample will consist of permanently employed FRO employees, that is, first line managers, junior managers, middle managers and senior managers.

In this research, a convenience sample will be used. A convenience sample is a simple one in which the researcher uses any subjects that are available to participate in the research study. In this research, it will be first line managers, junior managers, middle managers and senior managers to whom the researcher has regular access.

1.8.3. Methods of Data Collection, Analysis and Interpretations

1.8.3.1. Interviews

Qualitatively interviewing individuals is particularly useful as a research method for accessing individuals’ attitudes and values, things that cannot necessarily be observed or accommodated in a formal questionnaire. Open-ended and flexible questions are likely to get a more considered response than closed questions and, therefore, provide better access to interviewees’ views, interpretation of events, understanding, experiences and opinions. Qualitative interviewing when done well is able to achieve a level of depth and complexity that is not available to others, particularly survey based approaches (Silverman, 2011).

For this study, one-on-one, semi-structured, in-depth interviews will be conducted with the first line managers, junior managers, middle managers and senior managers in the FRO.
The questions that will be asked during the interviews will be predominantly covering the effective implementation of performance management processes. Some of these questions will include how their individual performance contracting/planning is conducted in their department? “How often is performance feedback provided to them by the respective supervisor?” How often are performance assessments done in the department?” Are there any corrective actions that are applied in the department to employees that are under performing?” In your opinion, can you say that the PMS contributes to the improvement of performance in your department?”

Additional questions will include the following: “How would you describe your level of understanding of the BSC methodology?” In your opinion, what is the relationship between performance management and reward at the FRO?” What improvement would you like to see made in the performance management of this FRO? Why?”

1.8.3.2. Observations
Participant observation is about engaging in a social scene, experiencing it and seeking to understand and explain it. The researcher is the medium through which this takes place. By listening and experiencing, impressions are formed and theories considered, reflected upon, developed and modified (May 2011). The qualitative researcher may make observations either as a relative outsider or as a participant observer. Observations in qualitative study are intentionally unstructured and free-flowing. In qualitative research, the researcher shifts focus from one thing to another as new and potentially significant objects and events present themselves. The primary advantage of conducting observations in this manner is flexibility. The researcher can take advantage of unforeseen data sources as they surface (Leedy & Ormorod, 2005).

For this study, semi-structured interviews will be supplemented by personal observations on how various departments manage the performance management Process. Field notes will be taken during various phases of performance management, meetings and workshops. According to Marshall and Rossman (2006) observation entails the systematic noting and recording of events, behaviour and objects in the social setting chosen for the study. The researcher of this study is a performance and reward specialist in the compensation department.
of the FRO, so it will be easier for the researcher to observe the events or phases of performance management that is, during planning for performance, quarterly, midyear and final performance reviews, the behaviour of employees during phases of performance management processes, and performance meetings.

1.8.4. Data Analysis

Becker and Burke (2012) argued that data analysis follows general procedures for qualitative research including preparing and organising data, reducing data into themes through a process of coding, and representing data into Figures, Tables and discussions. Given (2008) argued that there are many variants of qualitative research involving many forms of data analysis, including interview transcripts, field notes, conversational analysis, visual data, photographs, and observations of internet occurrences. For this particular study, a combination of the content, phenomenological, and case study analyses will be conducted.

The following are the reasons why the above mentioned method of data analyses was preferred for this particular study:

The case study enables the categorisation and interpretation of data in terms of common themes. The observation, interview, and observation will be the method of data collection for this study. Other relevant materials that will be consulted on performance management included the following:

a) The FRO performance management policy.
b) First line, specialist, and technicians agreements.
c) Academic books on performance management systems.
d) Journal Articles.

The process of categorising and coding the data involves developing a matrix table which will be developed based on the individual transcript. A further subdivision will then follow using data analysis position categories. These categories will be classified according to the various ranking levels within the organisation (i.e., senior management, junior management and junior employees). The researcher will go through each individual transcript to establish concepts related to the respective sub-themes which will be in line with the research objectives of this study. The results will
be presented in chapter 5.

Similar participants’ responses will be plotted on a spreadsheet to allow themes to be extracted from which an analysis could be made. The themes will be based on the three empirical research objectives as outlined earlier and further sub-divided according to the sub factors which make up the theory on performance management systems. The three major research objectives that will be used to classify the themes include:

a. Implementation of the performance management system.
b. Implementation of the BSC.
c. Relationship between the performance management system and reward.

The Microsoft Excel will be used to capture the responses from each originally handwritten interview transcript to enable the coding process. The researcher will then read through all the responses to identify and colour code similar themes and sub-themes across the various categories of managerial levels. For example, for the question on the implementation of performance management system, the theme presented will be first on performance management experiences of participants, then sub-themes will be presented including Subtheme 1.1 Implementation of performance reviews procedure; Subtheme 1.2 Frequency of feedback on the implementation processes, and Subtheme 1.3 Management support in performance reviews.

This system enables the researcher to comprehensively analyse the strengths and weaknesses in the implementation of the performance management system.

The researcher will further engage himself in writing up the data as soon as possible in order to arrive at a more profound analysis of the data. These short or lengthy writing bouts often yield insights that are not readily apparent even after coding has been completed (Given, 2008). The researcher will also elaborate, interpret and check the data through linking it with relevant literature.
1.8.5. Strategies that will be employed to ensure quality data and ethical considerations

1.8.5.1. Credibility
Bowen (2005) stated that credibility refers to the confidence one can have in the truth of the findings. This can be established by various means, which are triangulation, member checking and negative case analysis. According to Shenton (2004) the investigator seeks to ensure that the study measures or tests what is actually anticipated. The researcher will strive to achieve this by using the same ideas and words that are used by the participants (Bowen, 2005).

1.8.5.2. Confirmability
According to Shenton (2004) it is important in qualitative research to achieve confirmability; steps must be taken to assist in making sure that the findings are the results of the experiences and ideas of the participants rather than the characteristics and preferences of the researcher. This researcher will achieve confirmability in this study by remaining impartial throughout the study and not influencing the research results. During the interviews, the researcher will record the interviews, and all interview transcripts will be verified to confirm the accuracy and numbering of responses.

1.8.5.3. Transferability
Transferability is concerned with the extent to which the results of one study can be applied to other situations (Bowen, 2005). Shenton (2004) stated that it is the responsibility of the researcher to make sure that sufficient contextual information about fieldwork sites is provided and that the sufficient thick description of the phenomenon under investigation is provided to enable the reader to make such transfer. The researcher will aim to increase the transferability potential of the results by presenting findings with thick descriptions of the phenomena and providing the exact definitions of concepts as determined by the literature review.

1.8.5.4. Dependability
Dependability entails that the processes within the study should obtain the same findings when it is repeated with the similar participants in the same context. Thus, the dependability researchers should attempt to enable a future investigator to repeat the study if not necessarily to achieve the same results (Shenton, 2004). The researcher will aim to accomplish this by documenting the research process in a rational and well-organised manner for ease of coherence and understanding.

1.8.6. Ethical Considerations
A letter of consent was signed by authorities to conduct this study in the FRO. The appropriate procedures of ethical issues for conducting this study will be followed to obtain participant’s informed consent; privacy and anonymity will be assured to participants. Participants will be protected from harm, and findings will be reported in a complete and honest fashion with professional colleagues without misrepresentation (Leedy & Ormrod, 2005). The researcher will obtain consent from participants to make use of the audio recording during interviews. The researcher will briefly describe the study and obtain a participant’s written consent before beginning his observations. The researcher will also sign a declaration about the policy on Research Ethics of UNISA. The findings of this study including the researcher’s interpretation and conclusion will be published in the form of a dissertation at Master’s level.

1.9. Conclusion, Limitations and Recommendations
The conclusion, limitations and recommendations of this study are based on research objectives.

1.9.1. Conclusions
The main purpose of this study is to investigate whether the performance management processes are effective in enhancing the individual performance at this FBO. The BSC and reward as a tool in implementing performance management within the FRO will also be explored.

In summary, this chapter addresses the introduction, background to the study, identifies the problem statement, objectives, research questions, possible contribution of this study and research design, methods of data collection, and data analysis. Strategies to ensure quality data and ethical considerations were also
discussed.

1.9.2. Limitations
The limitations of this study will be examined and discussed under chapter 6.

1.9.3. Recommendations
Recommendations from employees regarding this study are presented under chapter 6.

1.10. Chapter Lay Out
The chapter lay-out for the research and findings in this Masters dissertation will be as follows:

Chapter 1: This chapter provides a scientific orientation to the study by discussing the introduction, background and motivation for the study, the problem statement, paradigm perspective, the research objectives, the research questions, the anticipated contribution of the study and the research design.

Chapter 2: This chapter addresses the literature review and conceptualises performance management, performance management effectiveness and the basic factors contributing to effective implementation of performance management from a theoretical perspective. The phases in the performance management process, the frameworks that are applied in performance management and the implementation of the balanced scorecard (BSC) as a tool of performance management will also be discussed in detail from a theoretical perspective. The phases in the performance management process and BSC will also be explored in relation to what is happening in the FRO.

Chapter 3: This chapter addresses the relationship between individual performance and reward, theories of motivation, the total reward system, and the types of reward programme from a theoretical perspective. Linking performance to monetary and non-monetary reward in this FRO will also be explored in detail.

Chapter 4: This chapter presents the research design of the study in terms of the
entree involving establishing research roles, research strategy, pilot study, sampling, data collection method, recording of the data and data analysis. Strategies to ensure data quality and ethical considerations will also be explained in detail.

**Chapter 5:** This chapter outlines the findings, discussion and interpretation of the data of the research study. The analysis is based on the data collected through the interviews with the FRO employees.

**Chapter 6:** This chapter outlines the conclusion, limitations, and recommendations of the research study.
CHAPTER 2: PERFORMANCE MANAGEMENT

2.1. Introduction
Chapter one provides a scientific orientation to the study by discussing the introduction, background and motivation for the study. In addition, the problem statement, the research objectives, the research questions, anticipated contribution of the study and research design were presented. Chapter 2 addresses the literature review and conceptualises performance management. The basic factors contributing to effective implementation of performance management and performance management processes will be explained in detail. The frameworks that are applied in performance management will also be explained by means of models. The implementation of the BSC as a tool to measure performance will also be explored in detail. The phases in the performance management process and BSC will also be discussed in relation to what is performance management practice within the FRO.

2.2. Definition of Performance Management
Di Costa (2008) viewed performance management as a tool to assist in achieving organisational goals and staff performance. It, therefore, involves goal establishment, performance evaluation, employee development and reward. Bussin (2013) defined the objectives of performance management as follows;

i. To align organisational and individual goals,
ii. To foster organisation-wide commitment to a performance oriented culture,
iii. To develop and manage the human resources needed to achieve organisational results,
iv. To identify and address performance inefficiencies,
v. To create a culture of accountability and a focus on customer service,
vi. To link rewards to performance.

Butler (2011) defined performance management as a journey which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure, review and report on performance indicators to ensure efficiency and effectiveness. Performance management is part of our daily function and not a
quarterly event which frustrates everyone.

An effective performance management system (PMS) focuses on identifying, measuring, and dealing with employees’ performance evaluations (Mathis & Jackson, 2009). Dessler (2013) defined performance management as a special goal-oriented and continuous way to appraise and manage employees’ performance. It is the continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organisation’s goals (Dessler, 2012). According to Bach and Edwards (2013) performance management encompasses the whole organisation and extends beyond setting individual objectives to include broader organisational priorities such as talent management. According to Matunhu and Matunhu (2008) performance management is a human resources management approach intended to raise productivity in organisations through a coordinated system of planning employee performance, facilitating the attainment of goals and measuring performance. It is guided by principles of management by agreement rather than management by command.

According to Wilton (2013), performance management represents the range of human resources activities that enable, encourage, coordinate and support employees to achieve their objectives, monitor, measure and reward their achievements and fundamentally to contribute to the long-term success of an organisation. Sebashe and Mtapuri (2011) argued that performance management is about getting results from individuals and teams in an organisation within agreed norms; (i.e.– goals, objectives and standards). Redman and Wilkinson (2009) defined performance management as systems and attitude which help organisations to plan, delegate and assess the operation of their services.

According to DeSimone and Werner (2012) performance management incorporates planning, employee goal setting, feedback, coaching, rewards, and individual development. As such, performance management focuses on an on-going process of performance improvement, rather than primarily emphasising an annual performance review. Aguinis (2009) defined performance management as a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with strategic goals of the
organisation. The performance of an organisation depends on the performance of its people, regardless of the organisation’s size, purpose, and other characteristics.

It is clear that the above mentioned authors (Aguinis, 2009; DeSimone & Werner, 2012; Wilton, 2013) fully concurred that performance management is all about providing regular informal performance feedback, coaching and support, and conducting formal performance reviews to ensure that the organisation can achieve its key strategic objectives (Bussin, 2013).

Performance management is a two way process, where employees also need to approach their managers to discuss progress and obstacles on performance objectives. Unfortunately, there are few managers and subordinates who utilise performance management in an effective way (Aguinis, 2009). This researcher is of the view that some managers and employees still view performance management as a once off exercise that can be used for a reward purpose. Boninelli and Meyer (2011) fully concurred that performance management is not a once or twice a year meeting where goals are set or performance is rated, however, it is the day-to-day management of people to produce the desired outcome and to ensure the delivering on the strategy so as to satisfy customer needs.

It is clear from the above definitions that performance management is an important process to ensure organisational focus and alignment on individual level. This forms the basis to establish accountability, for regular performance and development conversations and for achieving organisational and team targets. The achievement of strategic business objectives start with the cascading of performance objective, for example, from strategic business objectives are cascaded from the FRO Group to Operating Divisions, from various Operating Divisions to Business Units or Departments, from Departments to individual or team. In this way progress throughout the organisation is measurable.

There are few studies that have been conducted on performance management. In a study that was done by Matlala (2011), she concluded that performance management starts with performance planning. The manager and employee must plan and agree on job objectives, weighting, KPI’s and performance measures to be
achieved in a particular financial year and develop Individual Development Plan. Recommendations were that a consultation with all employees on the implementation of the system was required which cascaded from the performance management to all lower level employees, and that municipality must pay performance bonuses to good performing employees.

Matlala (2011) did not highlight the fact that the first step in developing an effective performance management system originated with determining the organisation’s objectives, and then cascading these into departmental and, ultimately, individual goals. This is known as goal setting. Jordan, and Scraeder (2011), fully concurred that goal setting is the first step and in this step goals should evolve from the mission and vision of the organisation, and should be communicated downward. This allows employees to make contributions that will have a positive impact on their units and organisation as a whole. It is clear that goal setting involves sharing business objectives that are derived from the shareholder compact and cascaded from management to lower level employees in the organisation. These can be achieved by organising goal setting workshops in an organisation which assist the business to ‘pull’ in the same direction. Once the goals have been set and agreed upon for department, or business unit, the management has to cascade the goals to the individuals’ goals. This streamlined the contracting process between the supervisors and employees and made it easier for them to achieve the strategic business objectives.

Another important argument regarding goal setting that the above mentioned study Matlala (2011) did not refer to is the fact that goal setting assists line managers and employees to avert from being contracted on strategic business objectives that are only reflecting a high level business targets. Goal setting also assists line managers and employees to avoid duplicating targets during contracting process. It is important to note that success in business is not just getting a lot of work done by several employees, but getting the right work done. During goal setting, the issue of resources and capacity are also discussed and prioritised in order to achieve the strategic objectives of the department or business unit. Another argument that both studies omitted is the fact that departments or business units must ensure that their internal or external customers
participate in the goal setting sessions. This does not only assist departments or business units to understand customer expectations but also improves the relationship between the service provider and the customer. If the above mentioned practices are applied correctly, employees are contracted on outputs that they can influence, which enhances performance at individual, departmental and ultimately at organisational level.

Another critique for Matlala’s study is that she only linked the performance planning phase with the results; that is, the key performance areas or objectives that should be accomplished during a given performance period. This phase of performance management should also be linked with the kind of behaviour expected in a particular job. For example, for a lower level employee or an employee in an operational environment this may include, arriving on time as per shift roster or work schedules, wears correct protection clothing at all times, and informs his/her supervisor in advance if they will not be at work.

Matlala’s study (2011) only focused on generic performance management system (PMS) where an individual employee receives feedback from their line manager. The latest developments in PMS suggest that the employees receive what is known as multiple-rater feedback or 360 degree feedback evaluation method. According to Mondy and Mondy (2014), 360 degree feedback provides an all-inclusive view of each employee, people all around the rated employee may provide ratings, including senior manager, the employee himself or herself, supervisors, subordinate, peers, team members, internal or external customers.

While Matlala’s study deepened the body of knowledge as far as performance management processes are concerned, however, she do not sufficiently answer the question on how the performance management processes effectively applied to enhance the individual performance level in the FRO. It is for this reason that this study is undertaken to investigate the impact of performance management practices in the FRO. This study mainly seeks to answer key questions on performance management processes. Whether performance management processes at the FRO have any influence on improving individual performance (Biron et al., 2011). These include questions on whether employees participate in setting goals of their
departments and planning individual performance with their supervisors or line managers so that they understand what is expected of them, and what can be done to deal with a challenge of non-adherence to deadlines of performance contracting? The study further answer questions on the frequency of giving regular feedback and performance reviews.

2.3. Performance Management System Effectiveness

According to Biron et al., (2011) performance management refers to a variety of undertakings engaged in by the organisations to improve the performance of individuals and units with the eventual purpose of enhancing organisational effectiveness. The undertakings that are appropriate for this definition are for example, the setting of corporate, departmental, team, and individual objectives, and the use of assessment reviews, reward strategies, training schemes and individual career plans.

There are number of critiques that contest the fact that performance management plays an important role in the organisation’s success. More precisely, performance management has been one of the most praised, criticised, and debated management practices for decades and it continues to be a cause of frustration for managers and supervisors. On the one hand, research shows a significant number of proponents of performance management, providing an indication that organisations that manage the performance of their employees outperform those without such programmes on a wide range of financial and productivity measures. Crowe et al., (2008) are of the view that organisations with a PMS tend to outperform those that do not have such programmes. For example, on a study that was conducted by Malmi (2001) improvements were noticed in a number of areas, subsequent to the introduction of the tool of PMS, this is after the implementation of the BSC in their organisations. Improvements were in the number of areas such as logistics, delivery reliability, real time changing targets and warehouse turnover (Yu, Crowe & Perera, 2008). Maharaj (2012) fully concurred that the effectiveness of the performance management process is defined as the accomplishment of financial as well as non-financial targets, the development of skills and competencies, and improvement of customer satisfaction and quality.
2.3.1. Why Performance Management Fails?

There are many factors that contribute to the failure of a performance management system. For example, on a study that was conducted by Coens and Jenkins (2000) they retained the fact that although performance management processes are utilised in 80 percent of workplaces in the USA, 90 percent of these are dissatisfied with the process. In response to such results, Furnham (2004) suggested that certain components should be incorporated in an optimally effective PMS. For example, it is suggested that the PMS should be designed to recognise not only individual performance but also overall team performance. Biron, Farndale, and Paauwe (2011) argued that it is how the system is implemented that makes a significant difference between a successful and an unsuccessful system. These authors (Biron, Farndale, and Paauwe 2011) further argued that when implemented and maintained improperly, PMS can become a burden rather than a motivational tool and can be a source of employee relationship problems.

According to Ishaq, Iqbal and Zaheer (2009) the following factors are detrimental to the effectiveness of a PMS:

   a. Exemptions to the highly visible employees;
   b. Conduct of performance appraisal to punish the low performers;
   c. Rewarding non-performance;
   d. Organisation’s politics that leads to disturb performance of targeted employees;
   e. Focus on encouraging individuals which automatically discourages teamwork/collaboration;
   f. Inconsistencies in setting and applying appraisal criteria – focus on extremes (exceptionally good or poor performances);
   g. Appraisal’s focus on achievement of short-term goals;
   h. Support to autocratic supervisors;
   i. Silos instead of a dialogue in feedback sessions;
   j. Reluctance of appraisers to offer feedback;
   k. Supervisor’s misguidance to appraiser.

In summary, the reasons mentioned above by Ishaq, Iqbal, and Zaheer (2009) are caused by lack of proper knowledge and effective training in performance management to both managers and employees. For example, performance
management should not be used as a stick at the end of the performance cycle to discipline employees that are not performing. Poor performance should be addressed on the spot in order to assist employees in delivering the organisational strategy so as to satisfy customer needs.

However, this indicates that that the organisation should ensure that within the HR department there must dedicated resources to ensure the effective implementation and monitoring of performance management system.

2.3.2. Factors contributing to effective Implementation of the performance management

2.3.2.1. Managing Change

According to Kleine (2008), organisational change mostly intends to change organisational state from the undesirable “before” to an enhanced or desirable “after” state. In spite of the importance and costs involved in realising the desirable state, many change management programmes fail to meet expectations. Due to the high percentage of failed change management initiatives in most organisations, it is imperative for organisations to direct more attention to the specifics of change execution. Gotore (2011) was of the view that there should be clear objectives for change, with the planning stage focusing on the human element and be sensitive to people’s genuine concerns, and also offer opportunities for growth, training and skills development.

Various authors acknowledge resistance in any change initiative as a normal human behaviour that must be overcome for the PMS initiative to succeed. Saravanja (2011) fully concurred that resistance to change should be managed proactively. Saravanja (2011) further argued that a communication process must be developed which explained the benefits of the PMS, communicate progress with the implementation and reduce fears, concerns and hesitations.

Another critical and experienced challenge in the development, implementation, and maintenance of PMS is organisational culture (Miruka, 2014). Studies have revealed that when implementing PMS, there is usually some form of cultural resistance during the process of trying to achieve organisation wide buy-in for the system. Employees may feel threatened by the new system being implemented
Saravanja (2011) argued that dealing with cultural challenges effectively requires a buy in from the very top management of the organisation.

Saravanja (2011) concurred that the design process of a PMS should involve thorough consultation with major stakeholders and, in particular, the future users of the system. Consultation and interaction are necessary to build trust and relationships with employees and relevant stakeholders. It is of vital importance that the new PMS should be piloted and tested before it is applied in any organisation. Applying an incomplete system could lead to loss of credibility, time, financial and human resources and increase resistance to change and low acceptance of the new PMS.

2.3.2.2. Communication
According to Biron, Farndale, and Paauwe (2011) employees must have adequate and clear information regarding performance expectations. Effective communication enables the employees to understand what is expected of them and how to achieve it. Understanding of the PMS is the key to its success. The purpose of the communication regarding a performance management system is to teach users about the system and its available tools and resources (WorldatWork, 2007). Biron, Farndale, and Paauwe (2011) further argued that employees must know what is expected from them, where they and their department fit in the overall goals of the organisation, and what are the strategic business plans for the near and more distant future.

The communication should encompass senior management sharing messages in a clear and consistent manner in order to build awareness and in the process they indicate the importance of performance management issues to employees (Biron, Farndale, & Paauwe, 2011). Saravanja (2011) fully concurred that during the implementation phase, good communication assists with managing resistance to change and building positive momentum.

According to WorldatWork (2007) the following should be communicated in the PMS:

i. Objectives of the performance management system;
ii. Process steps of the performance management system;
iii. The organisation’s performance management policies;
iv. The result of operations;
v. Vision, mission, critical success targets and values;
vi. Expected behaviours.

In summary, communication is critical in effective implementation of performance management. For example, when managers and employees have a clear understanding of what is expected of them in terms of performance, uncertainties are eliminated in the workplace. It is important that the performance management unit and human resources department drive communication during all phases of performance management.

2.3.2.3. Senior and Line Management Commitment

According to Biron, Farndale, and Paauwe (2011) performance management is likely to be more effective when senior executives signal this process as an integral, core operation of HR function and the organisation as a whole. The amount of buy-in, senior managers have in the system is likely to have a direct effect on the success or failure of the system. Miruka (2014) suggested that in order to ensure effective implementation of PMS, this must be line driven rather than HR department driven. As a result, if line management buy-in and commitment is not dealt with, PMS implementation is destined to fail.

Biron, Farndale, and Paauwe (2011) further argued that senior management involvement may contribute to the effectiveness of PMS by means of a stronger alignment between the organisation’s goals and its HR practices. Saravanja (2011) fully concurred that leaders should be encouraged to develop the capacity to create a shared vision, inspire staff and build a PMS that drives the entire organisation towards a common purpose.

The above-mentioned, facilitating practices signal the top management commitment towards PM effectiveness. This raises a question: Whether there is commitment from top management in performance management at the FRO?
2.3.2.4. Performance Management Training

Miruka (2014) argued that the failure in the PMS arises mainly because the training on the PMS has not transferred into the organisation to support its implementation. Paile (2011) was of the view that the effectiveness of PMS is interrelated more to the training effort put into it by the organisations concerned. Training assists managers and other employees to understand what the thinking behind the performance management system is, what it is trying to achieve, and how it is structured and implemented. It is critical that those involved in performance management processes (for example, HR practitioners, line managers and employees) are central to the success or failure of the process, therefore, it is important that they are adequately trained. Biron, Farndale, and Paauwe (2011) argued that if a manager or supervisor is trained incorrectly, the probability of rater bias is high.

This may include subjective inflating or deflating of performance reviews because of either deliberate or unconscious errors. Paile (2012) was of the view that training may also contribute to consistency among raters especially when all participants are exposed to the same training materials and perhaps also to the same instructor. Saravanja (2011) argued that robust processes must be introduced to guarantee the objectivity of performance ratings and judgments, and to reduce favouritism and bias. Trained managers are found to be more knowledgeable of the performance appraisal procedure, and their appraisal discussions are also perceived by employees to be more satisfying than employees of untrained managers (Biron, Farndale, & Paauwe, 2011).

Paile (2012) argued that training on performance management assisted employees to understand the aims and objectives of the system, how to draft performance plans, how reviews are conducted and how to complete the relevant forms. He further argued that the course content of the training manual for employees should include firstly, understanding the principles of performance management; secondly, understanding the benefits and principles of the new system; thirdly, skills development in formulating objectives and performance measures; fourthly, developing draft performance work plans, and fifthly, participating in performance management interviews.
The above-mentioned facilitating practices signal the organisations commitment to PM effectiveness. This raises a question as to whether line managers or supervisors in the FRO have a good understanding to implement the PMS in their areas of responsibility.

2.3.2.5. Training and Development of Employees

It is important that organisations continually strive to create a performance culture where learning and individual growth and development are encouraged and supported. According to Mony and Mony (2014) training and development is the heart of a continuous effort designed to improve employee competency and organisational performance. Nassazi (2013) was of the view that training and development is often used to close the gap between current performance and expected future performance. He further argued that the main purpose of training is to acquire and improve knowledge, skills and attitudes towards work related tasks. According to Paile (2012) training and development are activities to enhance employees’ competencies and to improve performance.

Aguinis, Gottfredson and Joo (2012) argued that it is also of significant importance that organisations should use PMS to create and maintain individual development plans (IDPs) for their top performers. Aguinis, Gottfredson and Joo (2012), further argued that IDPs assist in improving the retention of top performers because it contributes to top performers expectations about their work in terms of learning new skills on the job. IDPs also provide an organisation with answers as to which employees should receive a managerial mentorship. Allen (2010) was of the view that this improves the retention of top talent by providing the learning and development opportunities that top performers seek.

In summary, performance management, as a tool, was specifically designed to not only manage and measure individual/group performance but also to support the identification of competence requirements needed in the execution of an organisation’s strategic objectives. This results in an organisation to develop the correct skills that are needed in achieving its strategic business objective and to ensure that the career aspirations of employees are addressed. This researcher
agrees that it is important that during performance cycle that managers and employees review performance and that individual learning plans are discussed in order to identify competencies and skills for current roles and also help employees to plan and achieve career goals. Completing an individual learning plan should not just be done as a formality; employees also need to take ownership for their learning and development and participate actively in planning goals. It is also a role of a manager to guide employees in identifying knowledge, skills, and abilities that will assist the organisation in meeting its strategic business objectives.

The aforementioned practices on training and development signal the organisation’s commitment towards PM effectiveness. This raises a question on the FRO’s performance management system as to whether it contributes to the development of employees. It is important for the FRO to realise the important role that training and development play in enhancing performance and increasing productivity.

### 2.3.2.6. Managing Poor Performance

According to Mello (2011) it is important that performance related issues are dealt with immediately in a timely manner, because this process allows feedback to be provided on an on-going basis. This researcher fully concurs that an important aspect of dealing with poor performance is to address poor performance when the incident occurs during the phases of performance management. Failure to manage poor performance has a negative impact on the PMS as a whole. Performance management procedures are designed to encourage and to promote good performance, thereby, enhancing the individual performance, and ultimately improving the performance of an organisation.

According to Xipu (2010) failure to address under-performance can have a significant, impact on the team’s morale and the achievement of collective goals. This means that other employees in the team or department may see how the under-performing colleague is dealt with and, if no action is taken, the message sent out is that it is acceptable not to perform. This might even affect other employees’ performances.

It is clear that the poor performance of an employee can be related to either lack of
knowledge or training on the job or it can be related to some other issue like a negative attitude towards work or the manager. The causes for poor performance must be investigated and training should be considered where appropriate and an employee must be given time to improve. This can be achieved by developing the performance enhancement plan for an employee. Khan, Salam, and Sherpao (2014) fully concurred that a performance improvement plan, as it called in other organisations, is the only tool which can be used to improve employee’s performance which contributes toward organisational effectiveness. Managing the performance of employees is the line management responsibility, so it is the manager’s responsibility to manage and monitor the PEP/PIP of employees. The human resource department must ensure that it facilitates the effectiveness of this process.

2.3.2.6.1. What is performance enhancement/improvement plan (PEP/PIP)?
Khan, Salam, and Sherpao (2014) defined performance enhancement plan as a formal process which identifies key factors which need to be corrected to improve performance. PEP is a planned communication mechanism between the employee and supervisor. Xipu (2010) argues that PEP identifies performance or behavioural issues that need to be corrected and forms a written plan of action to guide the enhancement or corrective action. The PEP can be an effective tool in prohibiting problems from getting worse or for intervening when performance or workplace behaviours have become counterproductive (Khan, Salam, & Sherpao, 2014). One could argue that poor performance does not look at the behaviour of the employee at work. Problems of behaviour encountered are addressed under misconduct.

Poor performance looks at whether the job, which the employee is being paid to do, is being done appropriately. According to FRO Policy (2014) the PEP is designed for employees who are currently failing to meet the performance standard not behavioural issues. In the FRO these are employees with an overall rating of 2 and below. The PEP assists employees to identify specific performance areas in which they are deficient and identify concrete and measurable actions they can take to improve their work performance (Policy, 2014). When the PEP is well communicated to the employees and supported by the manager, this plan is an effective and measurable tool to enhance performance.
The aforementioned practices indicated an organisation’s commitment towards assisting the individual employees who are failing to meet the performance standard in enhancing performance and achieving strategic business objectives. These raise a question whether there are any corrective actions that are applied in the FRO to employees that are under performing.

2.4. Performance Management Process
Performance management is not a once off exercise. Performance management is an everyday process including several phases. These phases are closely related to each other and the poor implementation of any of them has a negative impact on the performance management system as a whole. The links between various phases must be clearly established. Aguinis (2009) fully concurred that performance management is an on-going process; it never ends. The phases in the performance management process will be defined below, and will also be discussed in relation to what is happening currently in the FRO.

2.4.1. Goal Alignment
According to the Magazine of WorldatWork (2006) an organisation’s ability to view performance management as business critical versus an administrative process increases the effectiveness of goal alignment from the top to the bottom. A question can be asked: ‘How can organisations move performance administrative process to business critical?’

Organisations that have succeeded in doing so, tie it into specific processes of the business and the overall business cycle (Magazine of WorldatWork, 2006). Aguinis (2009) fully concurred that the first step is to have good knowledge of the organisation’s mission and strategic goals. This allows employees to make contributions that will have a positive impact on their units and organisation as a whole. In addition to setting individual goals, employees must state the various plans they will use to achieve these goals, and how the goals will be measured. Each individual goal should align with his or her manager’s goals, thereby giving a clear line of sight to the organisation-wide goals and business strategy. The supervisor and employee meet to share information about the strategic goals
of the organisation and how best these goals can be achieved (Nel et al. 2011). Performance management then takes place by way of a conversation or dialogue between the individual employee and his or her manager where goals are aligned and their achievability and evaluation are addressed (Bussin, 2013).

As previously stated, (Aguinis, 2009, Bussin, 2013, Nel et al., 2011) affirmed the fact that the first step in effective performance management is to ensure that the strategic business objectives are determined in an organisation, then cascaded into various departments or business units, then to individual employee’s and teams. This enables the organisation to develop a clear understanding of what each department, individual employee or team need to do and why. Top management communication is critical to create awareness and understanding of the strategic performance objectives.

According to Transnet Back to Rail (2013) Transnet Freight Rail has developed goal setting workshops for the business units and departments. These goal setting workshops have been integrated with performance management to help the business to focus the direction for the year, quarter or month ahead. Goal setting helps groups or function to focus so that they can pull in the same direction. This means that all people are measured in the same way or method. This is the important process that the team has to get involved with. Once the goals have been set and agreed upon for business units or departments, the business unit leadership and management have to cascade the goals to the individual’s goals. This aims to assist the whole team to work towards one objective (Back to Rail, 2013). Sahai and Srivastava (2012) fully concurred that the objective of the goal or target setting process is to create a fairer and more objective method for defining expectations and performance evaluation.

It is clear that distributing the business plan to everyone to read is not enough communication on performance objectives that need to be achieved by the organisation. Business plans use management language that makes them difficult for others to read, as they are strategic in nature and don’t explain what individual teams and employees at lower levels need to do. So goal setting workshops are important for any organisation in enhancing the understanding of performance
objectives. According to Shai and Srivastava (2012) a goal setting method assists an organisation in developing challenging targets which are owned by individuals who moreover are committed in achieving them. This indicates that the goal setting supplements and strengthens the process of cascading by breaking down the organisational objectives until each individual in the unit has their own performance goal and involves a team in creating a strategy map. If the performance objectives and targets are inconsistently cascaded to the next level of managers and employees this results in inequitable assessment of contribution value and ultimately adversely affect the performance of an organisation. As a result the organisation does not achieve its business strategic objectives.

2.4.2. Performance Planning

According to Weimei and Fenge (2012) performance planning is the first aspect of performance management cycle and is also a starting point that includes the two aspects of establishment of performance target and formulation of performance plan. According to Wilton (2013) the planning phase of the performance management cycle is concerned with the setting of performance objectives and expectations for individuals and teams. According to Mathis, Jackson and Valentine (2012) the performance management process starts by identifying the goals an organisation needs to achieve in order to remain competitive. According to Dessler (2012) it is important that the goals you set should be SMART. They are specific, and clearly state the desired results. They are specific, measurable, attainable, and relevant and clearly derive from what the manager and company want to achieve and timeously reflect deadlines and milestones. Aguinis (2009) argued that the performance planning is the second component of the performance management process which includes the consideration of the results and behaviour as well as the development plan.

In summary, after defining goals, standards and measures, cascade them into various departments or business units, then to individual employee’s and teams, the next step is performance planning which links results, behaviour and performance development plan. It is not enough that the specific goals be set, these goals need to be linked to specific desired outputs which become the requisite performance standards (Bussin, 2013).
It is clear from the literature, that performance planning in any organisational setting needs to be robust. There must be a communication sent through to all managers and employees notifying them about the timelines of performance contracting. Performance planning should occur at the beginning of the performance cycle, thus making it easier for a business to focus on achieving the strategic business objectives. Performance and development conversation is the key in achieving organisation and team strategic objectives and targets.

2.4.2.1. Raising performance through effectively developing the individual performance scorecard/ agreement during planning phase

According to Stredwick (2014) it is important that the manager reach agreement with each employee on the required level of performance. It is important to note that an employee’s performance scorecards during planning phase must be aligned to organisational and divisional objectives and targets as outlined in the strategy and business plan. The employees need to understand what is expected of them and what the organisation is trying to achieve and the part they have to play in the whole corporate plan (Bohlander & Snell, 2013).

It is clear from the literature that in any organisation, performance objectives are derived from the organisation’s Shareholder Compact and Corporate Plan and cascaded from management down to lower level employees. All business objectives, measures, and targets must be reflected in the individual performance scorecards as informed by the Shareholder Compact and Corporate Plan through the top down cascading process that takes place during the planning for performance phase (FRO Performance Management Policy, 2013).

The scorecard used by employees should also be user friendly and used by all the employees in the organisation. Kariuki (2011) fully concurred that the performance agreement should be an agreement between employee and manager that clearly specifies mutual performance obligations, intentions and responsibilities, and it is important that its goals are generally cascaded through the organisation.

According to this FRO’s performance management policy (2014) during performance
planning phase, line managers and employees or team must agree on the following components of the performance scorecards:

2.4.2.2. Performance Objectives
Performance objectives are most critical strategically focused objectives set within each of the four BSC perspectives, and should reflect how an employee’s position/role aligns and contributes to the strategic priorities of the organisation. It is critical that performance objectives comply with SMART (Specific, Measurable, Attainable, Realistic, and Time related) principle. Performance objectives must be written in a verb-noun format.

2.4.2.3. Performance Measures
Performance measures are standards used to indicate how performance against quantitative or qualitative targets is measured. Measures are the mechanisms, indicators and/or “tools” that will be used to measure the performance of SMART objectives.

2.4.2.4. Targets
Targets are the output that the employee must achieve against each measure in order to be given a particular score. Targets must, as far as possible, be stretch targets, and be implementable over an agreed time period.

2.4.2.5. Quality Assurance of Performance Scorecards
As mentioned earlier in Chapter one, this researcher is the performance management specialist within the compensation department and is directly involved in the process of the implementation and monitoring of PMS within the FRO. Subsequent to agreeing on performance objectives, measures and target and signing a performance scorecard, line managers and the human resources department should play a critical role in quality checking the performance scorecards of employees. This process ensures that the cascading of performance objectives and targets happens as intended and in line with business plan. The danger of not conducting quality check on the performance scorecards during this phase is that the business could end up not focusing on updated strategic objectives and targets as intended. The HR department conducts quality check of performance scorecards in
various ways.

According to the FRO guidelines of conducting quality assurance of scorecards (2013) the following aspects need to be checked when conducting quality check on performance scorecards/ agreements:

i. Is there evidence of the departmental team scorecard, or strategy maps used?

ii. In case the organisation is using the BSC methodology, the aspect that needs to be looked at is whether all four perspectives are included in the scorecard?

iii. Are the performance objectives appropriately pitched at the incumbent's level?

iv. Are the objectives and measures aligned with the manager's?

v. Are objectives well-articulated? Are they SMART? Are they written in VERB-NOUN format?

vi. Are the measures correct indicators of the objectives? For example, qualitative indicators for qualitative objectives and quantitative indicators for quantitative objectives.

vii. Are measures written so that they indicate the performance standard that is required?

viii. Are the targets expressed in terms of the required rating scale?

For example, if the organisation is using a six point ratings scale as per their performance management policy. Then the quality assurance process should ensure that employees are adhering to the six point rating scale as per their performance management policy.

In summary, the above mentioned guidelines on quality checking the performance scorecards or agreements are critical and can be utilised by any organisation which intends to effectively implement and to monitor PMS. It is important that the HR department gives feedback to employees on scorecards that have been quality checked. It is important that during the planning phase that more impact measures should be included in the performance scorecards of employees and managers in order to circumvent including the strategic business objectives that are not updated or that are only reflecting high business targets. It is also important that the process of quality checking the scorecards involves line managers as it ensures that the employees are contracted on outputs where they have direct control, not just on
2.4.3. Performance Coaching

According to Bohlander and Snell (2013), in successful performance management systems, employees seek this performance conversation regularly. Parsloe and Leedham (2009) argued that the main purpose of the conversation is to improve skills or performance, or to realise individual potential and personal ambitions for the future. The role of the manager then becomes that of coach, performance conversations are the on an on-going, face to face, open, honest basis, and provide positive and timeous information for the employee, so that they can monitor their own performance and enhance the probability of success.

Bussin (2013) was of the view that in better performance management systems, employees are responsible for monitoring their own performance and asking for help as needed, this promotes ownership of, and control over the process. Aguinis (2009) argued that the third step involves performance execution. Both the employee and manager are responsible for performance execution. He recommended that the employee needs to be committed to goal achievement and should take a proactive role in seeking feedback from his/her supervisor.

2.4.3.1. How coaching is conducted

According to Parsloe and Leedham (2009) coaching should take place in many different perspectives and for that reason there is no correct way of how to do it. However, the effective coaching entails the building of a relationship that includes a degree of mutual trust and commitment (Leedham & Parsloe, 2009).

Parsloe and Leedham (2009) developed a number of practical tips on how to conduct coaching:

1. Success comes most surely from doing simple things consistently well.
2. Agree what you are going to talk about.
3. Make sure that you meet.
4. Keep it brief.
5. Stick to the basic process.
6. Develop the ‘ask, not tell’ habit.
7. Remember it is all about learning.
8. Expect to gain yourself as a supervisor or manager.
9. Be aware of the boundaries.

In summary, the tips mentioned above by Parsloe and Leedham on how to conduct effective coaching are, however, a challenge in most organisations regarding coaching in that most managers and employees discuss performance progress towards the final reviews when it is too late to do so. This creates numerous challenges with regard to the performance management system. The researcher is of the view that performance conversation should take place on a regular basis to discuss obstacles and progress on performance.

2.4.3.2. The Importance of Performance Feedback
According to Jackson, Schuler, and Werner (2012) managing performance is a constant process interjected by formal performance measurements and formal feedback sessions intended to improve future performance. Jackson, Schuler, and Werner (2012) further argued that accepting and understanding the different attributions of supervisors and employees is the first step in providing feedback effectively. To be more effective, managers should be well prepared, and feedback should be given more regularly. A more favourable feedback environment leads to higher levels of commitment and organisational citizenship behaviours (Mensah & Seidu, 2012). Feedback is often provided to employees formally through performance appraisals (Schraeder and Jordan, 2009). Gully and Philips (2014) fully concurred that giving negative feedback is something many people find uncomfortable. Positive feedback is easier to provide and to accept. Feedback must be impersonal and objective is to have the desired effect of motivating the employee (Philips & Gully, 2014). Jackson, et al., (2012) argued that supervisors and managers need to approach the feedback session in a more open, problem-solving way.

According to Gully and Philips (2014) there are five principles for providing effective feedback:
1. Focus on specific behaviour or performance rather than what you think feedback indicates about the individual (for example, his or her integrity,
character, etc.).

2. Be supportive and provide feedback that surrounds the person’s performance relative to his or her goals, past performance, or improvement rate and minimise comparisons to others.

3. Be specific in describing the desired behaviour or performance.

4. Jointly set specific, relevant goals.

5. Provide limited, focused information and data to avoid overwhelming the employee.

In summary the effective feedback mentioned by Gully and Phillips (2014) builds constructive relationship between the manager and employee while at the same time it ensures that the obstacles on the employee’s performance are addressed. Gully and Philips (2014) further argued that performance feedback can also be obtained from one or many sources; this is called multi-source assessment or sometimes called 360-degree assessment, which involves the employee’s supervisor as well as other sources that are familiar with an employee’s job performance. The other sources that are familiar with an employee’s performance may include customers, peers, subordinate and anyone aware of the employee’s performance in a relevant area.

It is clear from the literature that coaching is a tool to assist managers and employees to reinforce what is being done well and to deal appropriately with performance obstacles. If coaching is done well it can be an important tool in motivating employees to achieve the goals of an organisation (DeSimone, & Werner, 2012). According to Bohlander and Snell (2013) coaching also plays a vital role in building a relationship between a manager and subordinate. Coaching is also an important tool for identifying poor performance rather than to wait until it is time for final reviews. Poor performance should be dealt with when it occurs, so performance management is an on-going process (FRO Performance Management Toolkit, 2012). Coaching is also a two way process, this should also be an opportunity for an employee to solicit ideas and suggestions for improving work processes. Providing feedback to employees should be done on a frequent basis in order to ensure that the employee understands what is expected of him or her.
in the workplace and in order to achieve the strategic objectives of an organisation. It is not only about giving a regular feedback to employee what also a matter most is the quality of feedback that is given to an employee.

Unfortunately, most managers and employees discuss performance progress towards the end of final reviews. This creates numerous challenges with regard to the performance management system. According to Matlala (2011) the performance management is often misconstrued as a tedious once off process which is only associated with performance rewards towards the end of each financial year and as a result it is not considered as a critical management function that is aimed at inculcating a performance driven results oriented culture that encourages and rewards excellent performance.

According to Bohlander and Snell (2013) feedback is useful when it is immediate and specific to a particular situation, and it is important it should be a regularly occurring activity. In this FRO, there is also the same challenge where managers do not allocate time in terms of giving regular feedback to their subordinates. In some cases coaching is done towards the end of the financial year. This creates many challenges in some business units or departments in meeting their targets. According to Matlala (2011) the perceived unfairness and ineffectiveness of the performance management system can result in counterproductive and sometimes detrimental behaviour from employees. Performance management is an everyday exercise, during coaching a manager can identify the development gaps and send the employee to the training. If coaching is done on a regular basis and employees keep on updating their managers on problems or potential problems in meeting performance objectives, this could contribute towards enhancing the performance of any organisation.
2.4.4. Performance Reviews and Assessments

According to Zewotir (2011) the aim of the performance reviews is to induce employees to be more efficient and effective and to assist supervisors to become more transparent in the way they interact with their employees. These result in employees having a greater sense of ownership of their duties and thus improved work performance. According to Aguinis (2009), performance reviews occur when the employee and manager meet to discuss the employee performance and this meeting is usually called an appraisal meeting; this meeting typically emphasises the past, what the employee has done and how it was done.

According to Bratton and Gold, (2012):

..... “Objectives and performance are reviewed, perhaps every quarter or half year in order to monitor progress and make any adjustments. During the course of the year, feedback might be obtained from different sources, this being used to improve performance as well as being fed into the end of the year review, at which an overall assessment and appraisal might also be carried out.”

Sebashe (2010) affirmed that as a supplement to the on-going communication, performance review is the opportunity for the manager and the subordinate to have a performance conversation in relation to the targets set for the period under review. It is also a continuous process of formal feedback aimed at risk management, problem solving and tactical reflection. Aguinis (2009) fully concurred that the involvement of the employee in this process increases his or her ownership and commitment to the system in the performance assessment.

2.4.4.1. The Difference between Performance Management and Performance Appraisal?

According to Dessler (2012) in relating performance management and performance appraisal, the difference is the contrast between a year end event that is the completion of the appraisal forms and a method or process that starts the year with performance planning and is vital to the way employees are managed during the year.
Boninelli and Meyer (2011) viewed performance management as a system which must connect to the parts of larger system that is the other important functions in your organisation. Boninelli and Meyer further argued that performance management was a part of day-to-day management of people to produce the desired outcomes whereas performance appraisal is an important subset in the process which takes place once or twice a year.

Dessler (2014) argued that there are three main things that distinguish performance management from performance appraisal:

a. Performance management never means just meeting with a subordinate once or twice a year to review employee’s performance. It means continuous, daily or weekly interactions and feedback to ensure continuous improvement.

b. Performance management is always goal – directed. The continuing performance reviews always involve comparing the employee’s or team performance against goals that specifically stem from and link to the company’s strategic goals.

c. Performance management means continuously re-evaluating and modifying how the employee and team get their work done. Depending on the issue, this may mean additional training, changing work procedure, or instituting new incentive plans.

This indicates that, performance management is an on-going process of performance enhancement, rather than predominantly emphasising on annual performance reviews. It is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with strategic goals of the organisation.

Redman and Wilkinson (2009) argued that performance appraisal is rained with so many distorting effects that its correctness in providing an indicator of actual employee performance must also be called in to question. Personal preferences, prejudices, and biases can cause errors in performance appraisals. According to Jackson, Schuler, and Warner (2012) the following are common performance rating errors during performance appraisals:

a. Halo and Horn - this is where a high rating is given to an individual
based on a few areas, which influences the rating across assessment categories. Or stereotypes based on the employee’s sex, race, or age affect performance ratings.

b. Leniency - the majority or all employees are rated higher than they should be rated.

c. Strictness - all employees are rated at the low end of the scale. This is caused by inexperienced raters who are unfamiliar with environmental constraints on performers.

d. Central Tendency - this is where the majority of employees are rated in the middle, avoiding either end of the rating scale.

e. Primacy – this is where ratings reflect only initial observations of an individual’s behaviour versus behaviour across time.

f. Recency - this is where the ratings reflect only the most recent observations of an individual’s behaviour.

g. Contrast effects - when compared with weak employees, an average employee will appear outstanding but when evaluated against outstanding employees, an average employee will be perceived a low performer.

It is significant that line managers and employees involved in performance management processes as they are essential to the success or failure of the process; hence, it is imperative that they are effectively trained. Paile (2011) argued that the success of a PMS is interconnected to the training effort placed into it by the organisations concerned. Biron et al., (2011) were of the view that if a manager is trained inaccurately, the probability of rater bias is high. This may include subjective inflating or deflating of performance reviews because of either deliberate or unconscious errors. Training assists managers to realise the thinking behind the performance management system and what precisely it is trying to attain, and how it is structured and applied. Training is of significant importance for managers to circumvent performance rating errors during performance reviews.

Training managers in performance management processes including reviewing performance could also help in reducing favouritism and biasness and could also contribute to consistency among raters. According to Biron, Farndale, and Paauwe
(2011) trained managers are found to be more well-informed of the performance appraisal procedure, and their appraisal discussions are also perceived by employees to be fairer than employees of untrained managers.

2.4.5. Performance Reviews and Assessments in this FRO

According to policy for performance management in the FRO (2013) the formal reviews consist of midyear performance reviews and final performance assessments. Formal performance discussions must be held between the employee and the Line Manager. Employees must be present during performance contracting, mid-year performance review and the final performance assessment at year-end. Employees’ performance must be reviewed at mid-year to determine whether their performance is on track and a mid-year performance score must be agreed. A final performance assessment must be completed by the employee and their direct Line Manager at year-end and a final performance score agreed. The final performance score takes the employee’s performance for the full year into account. Performance reviews may be conducted more frequently (for example, quarterly/monthly), depending on management requirements.

The challenge with the midyear and quarterly or monthly reviews in the FRO is that there is no ownership and commitment from managers and employees in conducting reviews. In essence, midyear and quarterly reviews should be taken as an opportunity for discussing openly any problems that are hindering the performance, the development areas and plan strategies for improvement. This is the area of concern in the FRO; there are few managers and employees who are complying with the request for submitting the midyear reviews to the HR department. Some employees and managers do not comply with this request at all. They still view performance management as a once off exercise; only paying attention to the final performance reviews. The problem emanates from the fact that the final performance rating informs both the annual adjustment increase and short term bonus. There is a lot that the HR department needs to do to respond to these challenges.

According to Matlala (2011) “The Human Resources department shall be committed to the following:”
i. Conducting training on the conceptual and implementation framework to ensure common understanding of the theory and practice.

ii. Quarterly monitoring of the implementation of the performance management processes and appraisals shall be compulsory.

iii. Enforcing the implementation of the performance management policy.

2.5. The Frameworks Applied in Performance Management

Different scholars recommend different phases, framework or processes of performance management. According to Butler (2011) performance management is part of our daily function and not just a quarterly event which frustrates everyone. The fact that we have for many years managed processes and people on a daily basis means that we measure performance. Performance management is, therefore, a more structured approach documented in a framework, assisting us to make a difference. Mitchel (2006) argued that it is the continuous process which involves managers and employees as partners within a framework which sets out how they can best work together to achieve the required results.
Figure 2.1: The Performance Management Framework
(Source: Stredwick, 2014)
According to Stredwick (2014) there are various phases of a performance management framework and also the key HR roles have been emphasised in Figure 2.1:

(i) Making sure that the methods used -that performance can be measured -are vigorous, unbiased and understood by all parties. This includes an examination of various methods of measurement.

(ii) Setting up effective ways of giving feedback to employees throughout the year. How to conduct an appraisal interview is included here together with an examination of 360-degree appraisal.

(iii) Ensure that the outcomes of the process, which are normally either performance pay or personal training and development, are delivered in a fair and justifiable way.

Figure 2.1: WorldatWork Performance Management Process Framework
(Source: WorldatWork, 2007)

The Figure 2.2 above demonstrates the categorisation of phases that the users may move through as they navigate the performance management process. The phases
‘fit’ irrespective of the level at which performance is being measured and managed. The basic to any effective performance management system (PMS) is found in the implementation and its correct application. It is significant to have a process for managers and employees to adhere to and apply in their daily activities that will work to effectively implement a performance management system (WorldatWork, 2010).

Figure 2.2: The FRO Performance Management Process Framework
(Source: Performance Management Toolkit, 2008)

The Figure 2.3 above exhibits the categorisation of the FRO performance management phases which coincide with the organisation’s performance cycle. The phases consist of performance planning, coaching, review and assessment, and rewarding performance. Since the organisation is utilising the tool called BSC to measure its performance, the goal setting is part of the performance planning phase.

As much as there are minor dissimilarities between the frameworks presented
above, there are common aspects which are required for the effectiveness of the performance management system. A well-developed and effective PM System must consist of the corporate strategies and objectives, performance objectives and measures, performance plan, coaching and formal feedback, and continuous performance improvement. A reward system always rewards and is an important factor that has a significant influence on employees’ performance and their morale (Rahman, Hussain & Hussain, 2011).

The next section will focus on the strategic management tool which known as BSC that supplements the above mentioned performance management processes, particularly the goal setting and performance planning.

2.6. The Implementation of the Balanced Scorecard as a Tool of Performance Management

2.6.1. Definition of the Balanced Scorecard (BSC)
The above cited first steps of performance management process (goal setting and planning for performance) leads to another significant discussion of a remarkable tool of performance management that is effective in enhancing both the individual and organisational performance, the balanced scorecard (BSC). The implementation of a BSC tool initiates with the strategic planning processes, which includes aspects such as vision, purpose of the values. According to Gotoe (2011) the BSC provides clarity on overall corporate objectives and what the organisation aims to achieve for shareholders and customers, engaging in three activities while aligning employees’ individual performances. These are communicating and educating, setting goals, and linking rewards to performance measures. When implemented in this manner and executed in its entirety, the BSC completes the performance management cycle.

This tool (BSC) was presented by Kaplan and Norton in the early 1990s; it is often interpreted from the following four perspectives, namely; financing, customers, internal business processes, and innovation and learning. The inappropriate notion is that managers from these four perspectives develop targets related to both financial
measures and intangible values. The targets are then monitored and compared to performance (Hvenmark, 2013).

The objective of the BSC is to guide, assist manage and change in support of the strategy in order to manage performance in the organisation. Kumari (2011) argued that the “scorecard reflects what the company and strategies are all about.”

According to Kumari (2011) the BSC tool considers the following perspectives and tries to get answers to the following questions:

1. Financial Perspective – How do we look at shareholders?
2. Customer Perspective – How do we appear to our customers?
3. Internal Business Processes Perspective- What must we excel at?
4. Learning and Growth Perspective – Can we continue to improve and create value?

For each of these, the company needs to develop metrics, collect data and analyse the result. Traditionally, solely financially-based performance measure systems were utilised to meet management expectations (Glykas, 2012). Bussin (2013) fully concurred that the research study of Kaplan and Norton was motivated by the inadequacy of traditional performance management systems, which relied virtually exclusively on financial and business results. Kohneh, Kamalian and Yazdani (2013) also concurred that the primary objectives of the BSC is to make necessary changes on the traditional performance evaluation model which are merely focusing on financial performance to find more complete and effective evaluation of an organisation’s performance.

According to Yi Wu (2012), the argument of the BSC is that learning is essential to improve internal business processes. Improving business processes is necessary to improve customer satisfaction and customer satisfaction is necessary to improve financial results. Yi Wu, furthermore, gave an example that an employee attending a customer service training programme might learn to treat customers better and acquire more effective customer service techniques. Clearly, the former will result in greater customer satisfaction and the latter may also result in the improvement of
current sales or customer relationship processes, for example, an improvement in time-lines which ultimately may improve the finance of the organisation. Chytas, Glykas, and Valiris (2010) fully concurred that the cause and effect concept is a very significant component to consider in an effort to build a more balanced scorecard.

2.6.2. Effective Implementation of a Balanced Scorecard as a tool of a Performance Management System

The effectiveness of the BSC as a PMS tool to enhance performance depends to a large degree on the strategy link and casual links within the BSC (Crowe, Perera & Yu, 2008). In any organisational setting, the strategy link and casual links can be achieved through goal setting. This researcher is of the view that goal setting helps groups or function to focus so that they can ‘pull’ in the same direction. Crowe, et al (2008) further argued that the BSC creates a learning environment where the causal hypotheses can be tested, and strategies can be modified. The champions of BSC suggest that among other things, strategy and causal links with the BSC have an essential effect on the effectiveness of the BSC as a performance measurement and management system. According to De Felice, and Petrillo (2013) fashion firms have been developing BSC strategic measurements to enhance their organisational performance and competitive advantage.

For a BSC to be successfully it is significant that the measures that are being developed are based on the strategy of the organisation in order to ensure a more strategic approach to management which is likely to enhance organisational performance (Yu, Crowe & Perera 2008). Awadallah & Allam (2015) argued that the BSC has the potential to motivate lower level managers to align their actions with organisational strategy and to improve sub–unit performance.

Research has also proven that the BSC helps to improve the organisational performance. The organisational performance can only improve if an individual employee understands what is expected in the workplace through effectively implementing the performance management processes. According to Yu, Crowe and Perera (2008) the study that was conducted by Malmi (2001) noticed some improvements in the number of areas, subsequent to the introduction of the BSC in their organisations. Improvements were in a number of areas such as logistics,
delivery reliability, real time changing targets and warehouse turnover.

Gotore (2011) undertook a study for the Degree of Master of Science Leadership and Change Management with the topic “Evaluating XYZ’s Performance Management System Implementation.” The study looked at whether technical knowledge of the BSC and PMS together within a change management process that fosters the participation of management and employees in goal setting can aid the successful implementation of a PMS.

One of the objectives of this research was to develop an understanding of the BSC and PMS through a literature study. The conclusion was that the XYZs BSC was found to be technically sound and balanced. Despite the BSC and performance contracts being technically sound, XYZ still faced resistance. There were no shared objectives for implementing the PMS between employees and senior management. Employees were not as committed to the successful implementation of the PMS as senior management.

However, Gotore’s study did not highlight the importance of a strategy map when implementing the BSC. The effectiveness of the BSC and PMS is predominantly dependent on adopting a strategy map. The influence of the strategy map lies in the links between the objectives and how they tell the logic and story of the strategy. In order to understand the strategy of a department, it is important that the strategy map is discussed and this involves the whole team. This process ensures that the key strategic variables that are aligned with the business plan. The strategy map ensures that employees have a better understanding of the strategy and those objectives are cascaded at individual level in order to achieve the strategic objectives of an organisation. A BSC methodology without a strategy map remains an operational tool instead of being strategic.

2.6.3. Advantages of Using a Balanced Scorecard

Kumari (2011) referred to the following as advantages of using the Balanced Scorecard:

i. BSC translates vision and strategy into action.

ii. It aligns the strategic initiatives in order to attain the long term goals.
iii. It defines the strategic linkages to integrate performance across an organisation.
iv. It communicates the objectives and measures to a business unit.
v. It aligns everyone within an organisation so that all employees understand how they support the strategy.
vi. It provides a basis for compensation for performance.
vii. The BSC provides a feedback to the senior management if the strategy is working.

Kumari (2011) maintained that one of the key advantages of effectively utilising the BSC is that it ensures organisational focus and alignment on individual level. The researcher is of the view that the effective utilisation of the BSC depends mainly on the proper usage of its tools, for example, the strategy map and a functional team’s scorecard which cascades objectives from departmental to individual level. This forms the basis to establish accountability, for regular performance and development conversations and for achieving organisational and team targets. In essence the BSC tools assist everyone in the organisation to have a clear understanding of what is expected of them in the workplace and how to achieve organisational targets.

2.6.4. Critiques of Using a Balanced Scorecard

Yu et al. (2008) revealed a number of critiques of the BSC application in the organisation. One of the criticisms of the BSC is that the limited attention to causal links may make it cumbersome for the management to identify factors that drive the desired outcomes of the strategic plans. Another criticism is that failure to establish cause and effect relations among measures could limit effective implementation of the strategy throughout the organisation, hence leading to lower organisational performance.

In a similar manner, the effectiveness of the BSC as a PMS could also be compromised if an organisation stresses causal links without considering the strategy link. While the existence of causal links could improve communication and coordination across different strategic areas, what is being communicated might not be relevant at times due to limited consideration of the strategy of the organisation (Yu et. al, 2008).
Another critiques of the implementation of BSC system in a study conducted by Yi Wu, (2012) indicated that the inclusion of new BSC perspectives is promoted as a possibility by Kaplan and Norton but the method for implementing additional perspectives into the BSC is not clarified (Yi Wu, 2012). Their findings also showed that the financial measures still prevail over non-financial measures in the reported experiences of BSC implementation. Yi Wu (2012) further revealed in a study that in a real world scenario, managers restricted by time and resources may underperform on some measures, particularly when managers devote time and attention in achieving targets on more important strategically linked measures and, therefore, underperform on less important non-strategically linked measures. The relationship between the elements is illustrated by Figure 2.4 as presented below.

Figure 2.3: Methodology Overview, Balanced Scorecard
(Source: Kumari, 2011)
The next paragraph will discuss performance management as developed and implemented within this FRO.

### 2.6.5. Balanced Scorecard Implementation in the FRO

In the 2012-2013 financial year, the FRO remuneration committee of the board revised the performance management policy to align with principles of the BSC framework and methodology. All the FRO operating divisions implemented the new performance management policy effective 01 April 2013. The FRO’s strategy as defined in the Corporate Plan and Shareholders Compact was translated into The FRO Group Balanced Scorecard and signed off by FRO Exco. Thereafter, the Group Balanced Scorecard was cascaded to Operating Divisions, Group Functions and Operating Division Functions. The FRO’s BSC consists of four perspectives, namely; Financial, Customer, Internal Process, and Learning and Growth.

### 2.6.6. Example of a Balanced Scorecard Perspectives in this FRO

#### 2.6.6.1. Financial

The financial perspective comprises looking at returns on investment and sales as a basis of whether the organisation’s strategic implementation and execution have actually led to an improvement in business activities (Chen, & Yang, 2010). There are three concepts considered, namely; increased returns on investment and increased returns on assets as a measure of productivity, increased profit margins as a measure of revenue growth and market share (Gumbus, & Lyons, 2002). The FRO’s finance perspective of the BSC tries to get answer to the following question: “When we achieve our vision, how will we look to our shareholders.” A good example from FRO Group BSC that would be cascaded to all the Operating Divisions would, for example, contain the objectives for this perspective such as, invest responsibly in infrastructure capacity, and maintain financial position.

#### 2.6.6.2. Customer

Customer satisfaction in the BSC is associated to the measuring of service performance from customer response. This perspective comprises three constructs, quality and functionality of products as a measure of product attributes, customer response time and satisfaction as measure of customer relationship, and image and reputation as a measure of organisation or departmental image. The FRO customer
perspective of the BSC tries to get an answer to the following question: “When we achieve our vision, how will we look to our customers.” A good example from this FRO Group BSC that would be cascaded to all the Operating Divisions would be, for example, contain the objectives such as growing volumes, and market share.

2.6.6.3. Internal Processes
The internal process comprises of four broad constructs, namely; operations management, which is measured by the quality of the operational process, and dependability of the delivery process, customer management which measured by target customer selection, and customer acquisition (Chen et al., 2010). At this FRO the internal business process of the BSC tries to get an answer to the following question: “When we achieve our vision how well will our internal business processes operate?” A good example from the FRO Group BSC that would be cascaded to all the Operating Divisions would be, for example, contain the objectives such as improving productivity rates and reliability levels, and improving environmental management and compliance.

2.6.6.4. Learning and Growth
Learning and growth measures include objectives such as employee skills and expertise which focused on elements that facilitate continuous improvement and growth (Chen et al., 2010). The FRO internal business process of the BSC tries to get an answer to the following question: “When we achieve our vision, how will our organisation learn and grow.” A good example from this FRO Group BSC that would be cascaded to all the Operating Divisions would be, for example, contain the objectives such as implementing workforce planning to accelerate skills, development, create jobs, achieve employment equity targets, adhere to performance management and integrate change management with culture charter.
Tohidi, et.al. (2010) were of the view that a well-conceived and formulated BSC tells the story of an organisation’s strategy through a series of linked performance measures weaving through the four perspectives. The process of developing a BSC in FRO entails the following steps:

1. Confirmation of strategic imperatives as per Business Plan;
2. Each Business Unit or Department have goal setting workshops;
3. Each Department developing their strategy map;
4. Collating the objectives, measures and targets into a Functional Team Scorecard;
5. Employees develop their individual BSC based on the functional team scorecards.

One of the challenges in the implementation of a BSC methodology in this FRO is that most Senior Management teams are simply applying the four perspectives to the scorecard and using the same methods for cascading (or not) to team members. In some instances, most senior managers and employees develop their individual BSC without aligning it to their business unit or departmental strategy maps. Most organisations dilute the efforts of their BSC systems as a result of basic mistakes in mapping (Yi Wu, 2012). In this FRO some employees either use their previous year’s scorecard for the current financial year or develop the generic individual performance
scorecards for all employees in the same positions.

It is clear from the literature that the Balanced Scorecard (BSC) approach to performance management encourages the involvement of a team in discussing the strategy (Bussin, 2013). What is important is that the organisation, department or a team must come up with key strategic variables that are aligned with the business plan. Bussin (2013) concurred that once these are determined, each is linked to appropriate delivery variables, thereafter, to measurement criteria. The process begins with the strategic planning processes, which include aspects such as vision, purpose of the values. This, in turn, is translated down the continuum to the point that the individual actions of employees within the organisation are aligned with the core purpose. The output of the strategic planning process is a corporate strategy map. The strategy map describes the strategy of the organisation or of a strategy from management team (Tohidi, Jafari, & Afshar, 2010). Strategy maps capture management teams’ thinking in a rich manner so that it is easy to communicate (Yi Wu, 2012).

The aforementioned literature on the implementation of BSC signals the organisation’s commitment on effectiveness of the BSC as a PMS tool to enhance performance. This raises a question whether the FRO employees have adequate understanding of the BSC?

2.7. Conclusion
From the literature review, it is noted that performance management refers to a range of activities engaged in by an organisation to enhance the performance of individuals, business units, with the ultimate intention of enhancing organisational effectiveness (Biron, Farndale. & Paawe, 2011). The performance management was defined from a theoretical perspective. The factors that contribute to an effective performance management system were explored in detail, for example, change management, communication, performance management training to line and human resource department, training and development of employees, and managing poor performance. The literature review further explored the performance management processes that are effective in enhancing the individual performance level, for
example, the goal setting, performance planning and coaching, as well as the use of performance reviews and assessments.

The literature review further examined the strategic performance management tool which is known as a Balanced Scorecard (BSC) that translates strategy into a set of balanced and meaningful objectives, measures and targets at all levels and functions which provides management and employees with an integrated view of the business. The effective implementation of the BSC supplements the performance management processes, particularly the goal setting and performance planning. This depends, mainly, on the proper utilisation of the BSC tool, for example, the strategy map and functional team’s scorecard which effectively cascades objectives from departmental to individual level. This effectively utilisation of the BSC improves organisational performance by aligning individual outputs to organisational strategic and business objectives.

It is clear from the above that the goal of performance management is, therefore, to ensure that its processes and subsystems are working together in an ideal way in order to ensure the achievement of the strategic business objectives. Therefore, an effective performance management system acts as glue that holds all these processes together in a sustainable way to ensure that both managers and employees benefit from it. For employees, an effective system means alignment with organisational strategic objectives, clearer individual expectation, feedback and recognition based on actual results, and, therefore, a more enjoyable rewarding and less stressful working environment. For a manager it means, improved employee productivity and performance, improved retention rates and better results. In turn, the managers can also expect to be properly recognised and rewarded by his or her organisation. In turn, this can be favourable in terms of enhancing the performance of the organisation.
CHAPTER 3: THE RELATIONSHIP BETWEEN INDIVIDUAL PERFORMANCE AND REWARD

3.1. Introduction
Chapter two of this study addressed the literature review and conceptualised performance management, basic factors contributing for effective implementation of performance management, performance management processes and balanced scorecard (BSC) as a tool of performance management. This chapter addresses the literature review and conceptualises the relationship between individual performance and reward, theories of motivation, the total reward system, and the types of reward programmes. A distinct and detailed section in this chapter will also be dedicated to the most common system of performance pay which is known as performance related pay (PRP), short term incentives and recognition. The relationship between individual performance and reward will also be discussed in relation to performance management practice within this FRO.

3.2. Theory on the Relationship between Individual Performance and Reward
In today’s world, rewards play a critical role for the success and failure of the organisation, and employees do not just work for free (Heng, & Theen, 2012). Rewards are significant for employees because employees work only for rewards. Rewards in any organisation are provided to employees only to motivate their performance and encourage their retention. The performance management system relies on several rewards to motivate performance. Emmet, Joseph, and Potgieter (2012) concurred that performance management plays a critical role in assessing employees’ performance against agreed targets and then reward employees for excellent performance. The researcher is of the view that setting effective measures and targets is an important tool in creating the perception from employees of what is expected in the work place.

There are different types of rewards which include salary increases, bonuses, incentive pay, recognition, and non-monetary reward such as gift to an employee for example a company’s branded product, and vacations (Maina, Njagi, & Njanja, 2013).
The above mentioned types of reward are, therefore, used to enhance performance of employees by setting targets in relation to the work given, for example, achieving or exceeding some sales targets. According to Lal, Lako and Rosenau (2012) it is important that incentives are both linked to a specific time frame and proximate to the desired behaviour. The purpose of incentives is to reward an individual for a specific behaviour immediately after that behaviour is shown (Lako & Rosenau, 2012).

According to Hussain, Hussain and Rahman (2011) rewards are an important factor that have a significant influence on employees’ performances and their morale. It is an important tool for getting efforts from employees to achieve the organisational goals. There are several studies that have been conducted to ascertain that rewards motivate employees to perform. According to Brown and Reilly (2009) in a study of twenty five customer service organisations, Brown and West (2005) reported the connection between employee engagement and customer service performance with workers influenced by reward practices such as variable pay and recognition awards. Brown and Reilly (2009) further stated that the reported that companies such as McDonald, Tesco, and Standard Chartered Bank have simulated such results internally and displayed powerful connections between reward practices, and their financial performance. Ali and Rehman (2013) fully concurred that one of the advantages of pay for performance is that it is critical in enhancing an employee’s work performance. These authors (Ali & Rehman) argued that a good appraisal programme can improve the performance of workers and at the same time offer more motivation to poor or average performers to enhance their performance so that they get more monetary reward.

However, there are critiques of a performance based reward system. The criticism is that it is less effective in improving team performance because the measurement tends to be individualised (Emmet, Joseph & Potgieter, 2012). Ong and Teh (2012) argued that another critique for performance based reward system is that it is commonly designed by top management, based on their own insight and without consulting employees at lower levels. As a result, rewards and recognition designed may not be able to satisfy employees’ expectations; hence, employees are not willing to change their behaviour.
In summary, in order to have an effective performance based reward system it is imperative for an organisation to comprehend the behaviours which need to be motivated and what types of rewards would be most effective in motivating these behaviours. It is important to note that performance management is critical in giving input into an effective reward programme. Hussin, Noordin and Sawal, and Zakaria (2011) agreed that the current performance of the employees can be inspired by having an effective performance appraisal, and reward system.

A study was undertaken by Pelser, Schimikl, and Semakula (2013) with the topic “Reward and Attitudes: The unintended outcomes of an effective performance appraisal.” What motivated Pelser, Schimikl, and Semakula’s study is that the attention that role players tended to give to rewarding of employees during the appraisal process in public institutions made it appear as the only important determinant of an appraisal success. The objective of the study was to establish why the employee performance management and development system was largely ineffective in achieving its intended objectives and to identify the factors influencing its implementation. The main finding of the study was that reward and attitudes were found to be the unintended outcomes of an effective performance appraisal. Pelser, Schimikl, and Semakula’s study concluded that the establishment of reward as an outcome is critical for the planning and implementation of PMS.

The Pelser, Schimikl, and Semakula’s study provides significant lessons of a relationship between an effective PMS and good reward system. However, it must be cautioned that Pelser, Schimikl, and Semakula’s study did not link a good appraisal programme with intrinsic rewards. The study omitted the fact that some employees are motivated by intrinsic rewards such as performance recognition and employee career development. Lodhi, Nayyab, and Saeed (2013) fully concurred that intrinsic rewards create intrinsic motivation to perform. These authors argued that to enhance employee’s motivation and performance both financial and non-financial rewards are important, and it is critical for an organisation to understand the inter-relationships. This study only focused on a good appraisal programme and extrinsic reward such as increase in pay and a bonus. The extrinsic rewards are important; however, the researcher is of the view that it is significant to also link
performance to non-monetary reward such as recognition. Hence, it is important to further unpack this phenomenon, and link performance to intrinsic reward in order to motivate employees. This exploratory study is, therefore, important. The following section will present a discussion on the theories of motivation which relate to performance management and rewards.
### 3.3. Theories of Motivation

In any organisational setting, it is important to retain the services of employees and to sustain performance levels; this can be done only by increasing their motivation and commitment. The core characteristics of a robust reward system include both intrinsic and extrinsic motivators. Thus, it is important for employers to identify the factors which are perceived by employees then focus on these factors. The employers should provide reasonable reward to these employees who are performing well, because rewards are the most important factor in motivating employees. Jackson, Mathis, and Valentine (2014) stated that there are two theories in particular that influence the design of the reward systems.

Expectancy theory and equity theory which are especially relevant to the perceptions employees have of the total rewards offered by the organisation. Stredwick (2014) argued that the above two mentioned theories are called: “Cognitive theories which assume that individuals think their way through the situation and work out they can benefit from particular courses of action.”

Cognitive theory which is expectancy theory and the equity theory will also be discussed in length.

#### 3.3.1. Expectancy Theory

Expectancy theory is one of the most prominent motivation and leadership theories developed by Victor Vroom (1964). According to Vroom most behaviour patterns are under voluntary control of the employee and are, therefore, motivated (Deari, 2013). Jackson, Mathis, and Valentine (2014) argued that this theory highlights the importance of finding valued rewards for the employee. Rewards that are not valued by the employee have little influence to motivate performance. Furthermore, a break between the promise and delivery of the reward will reduce motivation. A good example would be an employee who has been promised a bonus to increase a factory production and attain the desired result, however, the latter highlighted that budget cuts prevent the organisation from paying the bonus. The employee is much less likely to put in extra effort into the future performance (Jackson, Mathis, & Valentine, 2014). It is important that managers know the key
relationships in these expectations can better monitor employee motivation and adjust reward systems accordingly.

Jiang (2009) argued that expectancy theory entails three dimensions; namely; expectancy, instrumentality and valence, the level at which desired behaviours are looked forward to in employees’ work. According to expectancy theory, all motivation is conscious. Individuals consciously make choices after a calculation of pleasure they expect to get out of it. One of the critics of the expectancy theory is that it does not refer to subconscious motivation (Deari, 2013).

![Figure 3.1: Pay-for-Performance and Expectancy Theory (Source: Jiang, 2009)](image)

The position of Expectancy Theory in the reward can be inferred from a Figure above which is showing the relationship between pay-for-performance and the expectancy theory of motivation.

### 3.3.2. Equity Theory of Motivation

What motivates employees to work? Rewards are provided to employees with the intent of motivating their performance and encouraging their retention (Asghar, Farooq, & Yasmeen, 2013). Adams’s equity theory focuses on the concept of fairness in the workplace (Jiang, 2009). Rosa (2014) argued that equity theory of motivation concentrates on employees’ perception of the fairness of their work outcomes in relation to their work inputs. Rosa (2014) further argued that because equity theory deals with social relationships and fairness/unfairness, it is also known as the Social Comparisons Theory or Inequity Theory.
According to Jiang (2009), employees are likely to compare the inputs that they contribute to the work with outputs they receive from the organisation. Inputs here may include all the contributions that the employee brings to the organisation such as skill, time, effort, etc. On the other hand, outcomes may include all the reward or output that the employee receives from his/her organisation in return for his or her contributions, and these may include pay and benefits, recognition, and job opportunities, etc., (Khalifa & Truong, 2010). According to Jiang (2009) there must be a balance of employee inputs and outcomes. Jiang (2009) further postulated that if employees get less output than inputs this means that there is no balance and employees tend to be unsatisfied and not motivated. According to Al-Zawahreh and Al-Madi (2012) if the employee perceives inequality, he or she will act to rectify the inequality. The employee may lower productivity or lessen the quality of his/her job. Many inequalities may lead to a rise in absenteeism and even resignation from the organisation (Al-Zawahreh, & Al-Madi, 2012).

![Figure 3.2: Inputs and Outputs of Equity Theory](graph.png)

(Source: Jiang, 2009)

The equity theory of motivation undertakes a balance of employee inputs and outputs as compared to others. The employee must be satisfied when trying to
perceive these all in balance. However, if an employee’s perceived input is greater than the perceived outcomes, the employee may become de-motivated and engage in disruptive behaviour (Swinton, 2006). Examples of disruptive behaviours may include theft, decreasing productivity or absenteeism. Management can do a lot to prevent perception of inequity, the assessment on input and outcomes will remain based on an individual’s subjective perception.

3.3.2.1. Equity Theory Critiques
The following factors demonstrate some of the challenges with the Equity Theory (Redmond, 2009):

i. Equity theory lacks scientific consideration for different values or lack thereof of equity itself within cultures. This means that equity theory does not account for individual differences and for different cultures. For example, research conducted on the equity theory as it pertains to the Eastern cultures for that equality, rather than equity was preferred.

ii. The theory lacks detail into certain factors, for example, the theory offers a variety of strategies or restoring equity but does not predict in detail which option an individual will select.

iii. The equity theory has little practical value, thus it is better as an explanation after the fact than as a predictor of behaviour; for example, various factors which are not under administrations, managers, and or organisations control can lead to inequity.

iv. The equity theory is full of perception errors, for example human perceptions can be defective, thus exposing any conceived perception of outcomes and inputs to error.

3.3.2.2. How Equity Theory is applied in the Workplace
The answer to this question is that employers utilises different methods or measures to lessen the feelings of inequity in their workplace. For example, Rosa (2015) affirmed that in terms of managing the distribution of rewards, organisations must be accustomed to distributive and procedural justice. Distributive justice entails making sure that outcome are fairly distributed by the employer (Rosse, & Stecher, 2007). Procedural justice involves whether or not the process used to allocate the reward is fair (Redmond, 2009). According to Rosa (2015), higher levels of
distributive or procedural justice can help combat perceptions of inequity as well as counter-productive work behaviours.

Different organisations utilise different methods to uphold the procedural justice in the workplace, for example, by involving employees in designing the reward system and its administration, making unbiased decisions, treating employees with respect and dignity, and being consistent in applying the rules which provides procedurally just process. For organisations to establish fair distribution and procedures in their workplaces it is important that they treat their employees with respect.

Another method that employers utilise in combating the perception of inequity is to continually request feedback from employees to determine their value and how they would desire to be compensated. This can be done through surveys. For example, some of the organisations have a choice in package structuring or employee benefits. This can assist in increasing motivation and preclude difficulties that emanate from perceptions of under reward (Rosa, 2015). Managers use different methods to address equity issues, for example, the use of salary surveys to maintain external equity, the use of job analyses and comparisons of each job to maintain internal equity. They also use performance appraisal and incentive pay to maintain individual equity (Dessler, 2014). The pay factor has recently become an important factor and how it affects other factors such as motivation, performance so every single employer needs to concentrate on pay when constructing its strategic business goals.

3.3.2.3. Conclusion on Motivation Theories
In summary, based on several research projects, the employees are motivated by various means. Inspiring employees who perform at their highest levels depends on the nature of the organisation. For example, in a manufacturing environment, the employees' motivation may ascend from greater participation in their factory floor or workshop and shorter-span challenges. Stredwick (2014), asserted that communication and effective feedback is crucial in motivating employees as is adding a degree of stimulation, satisfaction and excitement into the way that employees are challenged.
Stredwick (2014), further argued that the private sector has embraced the expectancy and goal setting approach with the purpose to motivate the bulk of its employees through pay for performance schemes based on the accomplishment of goals. On the other hand, in the public sector the picture is diverse with the needs theories mostly to the fore and much focus is on the intrinsic satisfaction related to the employee’s job (Stredwick, 2014).

The following section will focus on the types of both extrinsic and intrinsic rewards that are used to motivate and enhance individual performance. Types of extrinsic reward (that is type of base and variable pay) will be discussed in length.
3.4. The Total Reward System
Jackson, Schuler, and Werner (2012) argued that total reward system functions in many ways in organisations. They serve to attract and retain good talent in the organisation and also to reduce turnover. The main purpose of reward is to motivate employees to achieve the strategic goals of the organisation and to enhance performance. In recent years, the expression reward has started to replace pay in the human resources terminology. In the total reward system both intrinsic and intrinsic rewards are considered valuable (Mikander, 2010). Lodhi, Nayyab, and Saeed (2013) stated that rewards can be extrinsic financial or tangible. This researcher further stated that the intrinsic or intangible rewards may relate to only the feelings of an employee towards the organisation. An example of extrinsic rewards includes formal recognition, promotion and compensation. On the contrary intrinsic rewards may include appreciation and challenging work. In order to enhance an employee’s motivation and performance both financial and non-financial rewards are significant. According Njagi, Njanja, and Maina (2013) recognition and appreciation is another integral component of an effective total reward system. For example, recognition is to acknowledge an employee in front of their colleagues for accomplishment achieved or for having a positive attitude.

In summary, it is clear that in order to have an effective reward system it is important from an organisation’s point of view to understand the types of rewards that would be most effective in motivating the employee’s behaviour. The drives of total reward is to form a batch of where all the various rewards processes are interrelated, corresponding, mutually supporting each other and are able to motivate employees to perform optimally (Mikander, 2010).

The next section will focus on the types of rewards that would motivate employees to perform in an organisation.

3.4.1. Types of Reward Programmes
There are various types of reward that are aimed at both the individual and team performance. When designing a performance management system, it is important to
identify the relationship between performance and rewards. There are a number of ways to link pay to performance (WorldatWork, 2007).

3.4.1.1. Base Pay
Remuneration is commonly referred to as base pay and is the agreed cash salary paid that an employee receives from a company (WorldatWork, 2007).

Base pay can take many forms including the following (WorldatWork, 2007):

a. Merit based – this refers to any type of pay programme linking base pay to performance. This is common pay for performance and is one of the most common means for determining pay increases.

b. Skill based – Under a skill based approach, pay increases are given based upon demonstration of certain knowledge or abilities.

c. Competency based – Competency-based takes the concept of skill based pay and broadens it to pay for “job competency.” It focuses on underlying attributes and behaviours necessary for performance on the job. This base pay delivery method is rare.

d. Combination – A combination approach is a mixed model of performance management that awards increases based on a competence and performance.

3.4.1.2. Variable Pay
The British journal of education, society and behavioural science (2013) stated that variable pay is by definition a performance-based pay approach, which is tied to the performance of the organisation, the results of a business unit, individual accomplishments, and/or, any combination of these. Variable pay consists of both long term and short term pay. Short term incentives are rewards that are based on the achievement of short-term results which is less than one year or a year. For example, short term pay may include gain sharing, commissions, profit sharing and bonuses which are delivered based on a judgment of performance (WorldatWork, 2007). Long term incentives are the rewards that are based on the achievement of long terms, which is longer than one year’s results. For example, long term pay may include equity based on share or stock options, and cash based on multi-year performance plans (WorldatWork, 2007).
The most common system of performance pay is performance related pay (PRP). Due to its significance and way it clarifies a relationship between individual performance and reward, thus a distinct and detailed section is dedicated to it.

3.4.1.3. Performance-Related Pay (PRP)

A performance related pay scheme (PRP) includes an agreed set of targets and effective robust method of measuring the performance against agreed targets and regular performance to the employee. The outcome of a review at the end of the period is normally a performance rating. This scheme uses the outcome of a performance review to add a bonus payment on top of an annual increase related to the cost of living (Stredwick, 2014).

The PRP is a goal-based system where the employer and the employee arrange a meeting and agree on a list of objectives which are set to be met during the coming months. The aim of the PRP is to reward employees for their individual performance as well as the performance of their work group or team or even the entire organisation. For example, this type of reward is contingent upon the amount that the employees produce or sell that determines their pay, the more they perform the more they make money (Gully, & Phillips, 2014). The key feature of performance-related pay is that it should differentiate between high, average and poor performers (Mikander, 2010). Dessler (2014) defined PRP as a merit raise or any salary increase that is based on the individual performance rating of the employee. This type of reward plays a critical role in motivating employees to perform and it is critically in satisfying the intrinsic need (British Journal of Education, 2013). Performance management is a key component in creating an engaging environment that is conducive to the retention of employees. According to Pregnolato (2010) the significance of pay for performance was highlighted in a Corporate Leadership Council study, when a differentiation of remuneration of at least 10% between top and low performers was considered to be the only major retention factor amongst high value employees.

It is clear from the literature that performance related pay is achieved after hard work and effort from the employee on achieving the strategic objectives of an organisation. The effective performance management system plays an important role
in the identification of individual performance expectations, providing performance
direction, encouraging employee participation, and in ensuring that performance
appraisal and reviews are conducted. Stredwick (2014) concurred that the process of
performance management reinforces any payments arising from the employee’s
performance. In closing, this type of reward is beneficial for the simple reason that it
motivates employees to increased productivity and performance; hence, the goals of
the organisation are achieved. However, managers must also be fair and equal with
employees serving the organisation and eliminate any possibilities of biasness.

3.4.1.4. Short Term Incentives and the Annual Bonus
The recent studies show that most organisations are moving away from long term
to short term incentives. Short-term incentives that are paid to employees are
frequently linked to the performance of the individual employee, the team, and the
organisation. Short-term incentives are normally once-off incentives that are paid out
when essential financial targets have been achieved and, therefore, do not
permanently increase the salary bill (WorldatWork, 2007).

Pregnolato (2010) fully concurred that short term incentive are deemed to be the
most effective variable pay programmes in terms of driving the employee’s
performance and motivation.

When it comes to deciding the actual individual or team award of the incentive, this
involves the employee’s final performance rating. For example, a manager might be
eligible for an individual performance bonus of up to R10 000, but receive only R2
000 at the end of the financial year based on his/her individual performance rating.
However, the employee might also receive a second bonus of R3000 based on the
business profit for that financial year. One of the disadvantages of this is that
marginal performers still get bonuses and the best way to avoid this is to make a
bonus a product of both individual and company performance. For example, multiply
the target bonus by 1.00,80, or zero, in that way the manager’s or employee with
poor performance receive no bonus at all (Dessler, 2014). Other than the final
performance rating there are other factors which influence the bonus pay-out, for
example, the job level, base salary and organisation performance results.
It is clear from the literature that the final performance rating is significant in determining the employee’s short term incentive pay-out and salary increase. However, the performance management must not be viewed by managers and employees as a paper exercise that needs to be complied with for the sake of getting the annual salary increases and short term incentive bonuses. Instead PM should be taken seriously as a tool to assist managers in identifying competencies required for the successful execution of strategic objectives of an organisation. This indicates that in order to have an effective reward system, it is important that both managers and employees must understand what is expected of them in the workplace, the required competencies to do it and performance management must be effectively utilised as a tool to achieve that. The reward must be used as a tool to increase employee’s motivation and commitment so that ultimately the goals of the organisation are achieved.

3.4.1.5. Motivating with Other Rewards – Recognition and Award

Recognition programmes are the exclamation point at the end of the performance management statement. They are important tools that permit a manager to express their gratefulness for positive behaviours; the behaviours that are rewarded by the recognition programme should be similar that performance management system reward by merit pay and variable pays (WorldatWork, 2007). Recognition refers to the acknowledgement of an employee’s actions, performance or behaviour and meets intrinsic psychological needs and it is, therefore, a strong motivator for sustained performance. It, therefore, includes cash or non-cash incentives (Pregnolato, 2010). The example of formal recognition includes smaller on the spot bonuses given for extra contributions by either teams or individuals, annual bonuses which reward individuals and groups for contributions to the organisation (Pregnolato, 2010). Other formal non-cash approaches to recognition may include flexible work schedules, service awards, and reserved parking (WorldatWork, 2007).

According to recent studies, while recognition and award may have intrinsic motivating properties, the way in which they are perceived by employees may be contingent on several factors, including perceptions of pay equity, organisational justice, and managerial discretion. It is an important criterion used for selecting employees that are getting awards should be transparent to all the employees.
This helps to avoid pay inequity on the recognition programme of the organisation (Jackson, Mathis, & Valentine, 2014).

It is clear that what is good about recognition is that whether it is cash or non-cash it is effective over base and variable pay because it can be utilised at any point in time. The organisation can promptly reward and recognise activities that were not certainly planned such as unexpected and outstanding achievements of individuals and teams.

![Diagram of Performance Rewards Strategy](source: WorldatWork 2007)

**Figure 3.3: Performance Rewards Strategy**

(Source: WorldatWork 2007)
In the above Figure (Figure 3.3), an organisation is graphically illustrating the strategy for rewarding performance. The organisation is using a mixture of rewards rather than depending only on merit increases or variable pay.

### 3.5. The Relationship between Individual Performance and Reward in this FRO

Performance management and reward are linked to the achievement of business objectives and this FRO’s business strategy. According to Bohlander and Snell (2013), the reason why an entity integrates compensation and organisational objectives is that, managers believe that employees will assume ownership of their jobs, thereby improving their effort and overall job performance. The challenge with performance management in this FRO is that it is still perceived by many managers and employees as a reward tool rather than linking it with the development of employees and achievement of the FRO’s strategic objectives.

According to Bohlander and Snell (2013), performance management should be more linked with the identification of development competencies that are required for achieving organisational objectives. Furthermore, Loannis, Nikolaos, and Yiannis (2009) indicated that performance management should be about developing people and rewarding them in the broadest sense if and when the organisational objectives are achieved. In viewing performance reward as a right or entitlement even if the organisation has not adequately or not achieved the strategic objectives could lead to lower self-esteem and demotivate employees to perform and that may affect the performance of an organisation.

According to performance management policy at the FRO (2013), the final rating scores must be assigned and agreed based on the performance achieved. The results of the individual scores may be utilised to inform annual reward allocations for managers and first line managers, specialists, and technicians, short term incentives bonus calculations, talent management process, individual development, and continuous change and improvement. Cascio (2010) is of the view that performance management impacts on a range of human resources areas, for example, the final performance ratings inform the annual pay raises, and incentives programmes.
In this FRO, the final individual rating informs both the short term incentive pay-out and annual increase. The performance management scores are subject to ratification by executive management at the end of the financial year. Exco ratifies the final scores of Extended Exco against business performance. The ratification process is cascaded into the organisation. The outcome of the ratification process must be signed off by the Operating Divisions Chief Executives and the Group Chief Executives. This process ensures alignment with business performance and fair performance benchmarking, as well as affordability. Should an employee’s performance score be affected during the ratification process, the employee must be informed of the outcome in writing as soon as possible (Performance Management Policy, 2013).

Most organisations are funding the short term bonuses based on financial results. Most organisations use more than one financial measure with sales, earning per share and cash flow the most popular (Dessler, 2014). In this FRO, the short term incentive is payable once ninety percent (90%) of EBIDTA exceeded. One could ask what this EBIDTA is. EBIDTA is equal earnings before interest, depreciation and amortisation. Basically, this is the amount of cash that the business gets from its customers after paying its salaries and other costs. The EBIDTA generates the short term bonus pool. In other words if the FRO performs well, it has extra money to potentially pay bonuses (Performance Management Policy, 2013).

The management increases are conducted through a reward allocation process where the individual performance rating of the manager impacts on the percentage increase that is granted. Management increases are implemented following the completion of annual wage negotiations (for Bargaining Unit employees) with Labour, retrospectively from 01 April. The Remuneration Committee of the Board approves salary increases for management and short term incentives percentage. The approved mandate to fund the annual reward allocation for each financial year is differentiated per grade level. The final performance ratings and reward allocation percentages should reflect a normal distribution curve (Reward Management Toolkit, 2013).
Table 3.1: Example of Reward Allocation Guidelines for Management

<table>
<thead>
<tr>
<th>Performance Score</th>
<th>C and D (grade)</th>
<th>E (grade level)</th>
<th>F (grade level)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0 and below</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2.1 – 2.5</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2.6 – 2.9</td>
<td>2%</td>
<td>2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>3.0 – 3.2</td>
<td>3%</td>
<td>3%</td>
<td>4.5%</td>
</tr>
<tr>
<td>3.3 – 3.5</td>
<td>4.5%</td>
<td>5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>3.6 and above</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
</tr>
</tbody>
</table>

The percentage increases per grade level is linked to the individual performance ratings as per example below: (Note: The example is not based on any reward allocation guidelines, this is just an example of the calculation of reward allocation in this FRO).

Management employees with an individual performance rating of below 2, for example do not qualify for any remuneration adjustment. Individual reward allocations should be capped as follows:

(i) For graded C and D roles – capped at 5%
(ii) For grade E roles – capped at 6%
(iii) For grade F roles – capped at 7%

The approved average percentage mandate per grade level mandate is than allocated to management annual increases. The increases are than moderated and signed off by the Group Executive and Human Resources. Thereafter, the pay scales are than updated and distributed to the relevant Human Resources departments (Reward Management Toolkit, 2013).

3.5.1. How is the mandate for the management increases determined?

According to the FRO Reward Management Toolkit (2013), the mandate for management increases is annually submitted to and approved by the Remuneration Committee of the Board. In determining the annual mandate (which relates to an
average percentage increase for the management categories), different factors impacting on the guaranteed pay of the FRO management category are considered.

These factors include the following:

a. The national economic and business outlook;
b. External market predictions and history of market movements and settlements;
c. National and internal turnover rates;
d. Government guidelines;
e. Affordability;
f. External parity (market benchmarks) based on market median; and
g. Internal parity.

3.5.2. How does performance rating influence the annual increase for bargaining unit employees?

In 2008, this FRO introduced performance management to all first line managers, specialists and technicians (FST’s Agreement). These are employees that are ranked at supervisory level according to the FRO’s JE Manager grading system. The change here is that the FST’s moved from a basic pay dispensation to a Cost to Company package approach. The purpose of the FST Agreement was to govern the remuneration of these employees so that to retain these skills.

The annual percentage increase for FST’s (grade G) is negotiated at the bargaining council. However, the salary increases for the G-role employees are partly determined by the annual wage negotiations and partly by the individual performance rating of the G-role employee. The collective agreement for FST determine that seventy five (75%) of the annual negotiated increase is guaranteed while twenty five percent (25%) of the negotiated increase is based on the individual performance rating of the G-role employee. A G-role employee may therefore qualify for a higher percentage (or a lower percentage) increase than the negotiated across-the-board increase based on individual performance. The performance based percentage is allocated based on the individual performance rating and a normal distribution.
The Table 3.2 below depicts an example of the calculation when the negotiated increase was 8.5% for bargaining unit employees at grade G level (Bargaining Unit):

<table>
<thead>
<tr>
<th>Increase Component</th>
<th>Increase %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed – 75% of 8.5%</td>
<td>6.375%</td>
</tr>
<tr>
<td>Performance Based – 25% of 8.5%</td>
<td>2.125%</td>
</tr>
<tr>
<td>Total</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

The performance based percentage is allocated based on the individual performance rating and a normal distribution. The annual percentage increase for junior officials (grade levels lower than G) is negotiated in the FRO Bargaining Council. However, the percentage increase for annual salary increases is across the board. For example, the 8.5% will be applicable to all the employees from grade level H to L. It is not performance based.

3.5.3. How does performance rating influence short term incentive pay-out?

According to the FRO Reward Management Toolkit (2013), the final bonus percentage is based on the actual business performance against targets. The performance incentive bonus is self-funding. The incentive bonus pool to fund the performance incentive bonus is dependent on earnings before interest taxation, depreciation and amortisation (EBITDA), volumes and safety targets. The percentage, in the case of the Management as well as FSTs, could be modified up or downwards based on the individual performance rating.

As an example, if the final bonus percentage is 6%, this may be affected by the individual performance ratings as follows:

(i) A performance rating of 3 will result in a multiplier of 1, i.e. an employee with a 3 rating will receive 6% as bonus payment;
(ii) A performance rating of 2 and below will result in a multiplier of 0, i.e. an employee with a performance rating of 2 and below will not receive any bonus payment;
(iii) A performance rating of 4 will result in a multiplier of 1.125, i.e. an employee with a 4 rating, will receive a bonus of 6%×1.125 = 6.75%
(iv) A performance rating of 5 will result in a multiplier of 1.25, i.e. an employee with a 5 rating, will receive a bonus of $6\% \times 1.25 = 7.5\%$; and linear interpolation applies between the ratings.

The bonus calculation is based on the annual salary, as on 31 March of each year. Package category employees – total cost to company per year. For bargaining unit employees it is based on pensionable earnings per year (including 13th cheque) but excluding fixed allowances. In this FRO different grade levels have different eligibility percentages when it comes to bonus pay out (Performance Management Policy, 2013).

**Table 3.3:** Example of eligibility percentage (for performance bonus pay-out) per grade level

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Eligibility Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>8.9%</td>
</tr>
<tr>
<td>D</td>
<td>8.0%</td>
</tr>
<tr>
<td>E</td>
<td>7.8%</td>
</tr>
<tr>
<td>F</td>
<td>6.0%</td>
</tr>
<tr>
<td>G</td>
<td>4.9%</td>
</tr>
<tr>
<td>Junior Personnel</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

**3.5.4. Linking Performance to Non-Monetary Reward in the FRO (Recognition and Reward)**

Employee recognition is one of the strategic tools to provide FRO with the opportunity to shape behaviour, drive performance toward achievement of business goals and retain achievers. Employee recognition is in alignment with the business strategy and supports total rewards strategy and specifically the management of employee performance that FRO wish to recognise on an on-going basis throughout the organisation (FRO Freight Rail Recognition & Reward toolkit, 2012). The non-monetary reward that is offered in the FRO is called the ‘On the Spot Award’. This type of award is granted by colleagues, supervisors, and leaders in general to recognise accomplishments that represent steps towards achievement of FRO goals. ‘On the Spot’ is awarded as and when you spot a colleague doing the right thing at area, depot, and section and yard level (FRO Freight Rail Recognition & Reward toolkit, 2012).
Rather than recognising overall performance, the on the spot acknowledges one or more specific instance if an employee has displayed an exemplary performance. For example, an employee going the extra mile, good team member, less absenteeism, completion of a short term project in less time, contributions that enable the department or business unit to make more effective use of its resources, etc. The on the spot award consist of this FRO branded products for individuals and teams. There is no monetary reward for this type of award (FRO Freight Rail Recognition & Reward toolkit, 2012).

Recognition programme at the FRO also includes cash incentives such as General Manager’s Excellence Awards and Chief Executive Excellence Awards which are aimed at awarding individuals and teams for their exceptional performance. It is clear that the purpose of recognition programme at the FRO is to reward the similar behaviours of performance management system by merit pay and variable pay.

The aforementioned practices both from the literature review and this FRO indicate the types of rewards that would be most effective in motivating the performance of employees in achieving the strategic objectives of an organisation. This raises a question whether employees and line managers at the FRO understand the relationship between individual performance and reward?

3.6. Conclusion
In accordance with the research aims of this study, the literature explored a relationship between individual performance and reward from a theoretical perspective. Theories of motivation, namely; expectancy and equity theories were also explored in detail. These theories have an important influence on the design of reward systems (Jackson, Mathis, & Valentine, 2014). The literature further linked the individual performance and the types of rewards, which are base pay and variable pay. While cash rewards can act as incentives to enhance performance, they are not a vital feature of performance management. According to Saravanja (2011), in order for performance management to be effective, a greater emphasis must also be given to non-monetary rewards. The recognition and reward programme was also explored from a theoretical perspective. The relationship between individual performance and reward in this FRO was also explored in detail.
It is clear from literature that the two concepts, namely; performance management and reward are symbiotic. The reward must be used as a tool to increase employees' motivation and commitment so that ultimately the goals of the organisation are achieved.
CHAPTER 4: RESEARCH DESIGN

4.1. Introduction
The previous chapter explored the literature review and conceptualised the relationship between individual performance and reward, theories of motivation, the total reward system, and the types of reward programme. It also explored in detail the most common system of performance pay which is known as performance related pay, short term incentives and recognition. This chapter addresses the research design in terms of research approach, research strategy and research method.

4.2. Research Approach
A qualitative approach was selected for this study to answer the research question in view of the type of data to be collected and the issues being investigated, which are more qualitative in nature, hence, it demanded a qualitative examination to document new phenomena to test perceptions. (Blum et al. 2011). Qualitative research provides in-depth information pertaining to a participant's experiences and viewpoints on a particular topic (Turner, 2010). The qualitative approach will be used to evaluate participants’ experiences and viewpoints on effectiveness of performance management system of this FRO.

There are many previous studies that have been done on effectiveness of performance management systems. Nonetheless, there are a few or probably none that have been done on experiences and perception of the effectiveness of performance management at this FRO and, as a result, this exploratory study was conducted.

4.3. Research Strategy
This study used the theoretical assumptions of the interpretive paradigm, which deals with understanding the world as it is from the subjective experience of individuals. This is socially constructed. The interpretivist researcher is most expected to rely on qualitative data collection methods such as interviewing or participant observation, that rely on a subjective relationship between the researcher and subjects (Mackenzie & Knipe, 2006). The interpretivists do not commonly
generate a new theory; rather they evaluate, and enhance a pattern of theory (Mackenzie & Knipe, 2006). There are three different uses of theory in interpretive case studies, namely; theory guiding the design and collection of data, theory as an iterative process of data collection and analysis, and theory as an outcome of a case study. This research study, applied the use of theory as an iterative process of data collection and analysis.

This research strategy was selected with the aim to explore the participants’ experiences on the effectiveness of performance management at this FRO. The criteria for selection of the participants was that the participant had to be an employee from this FRO from first line management and other various management levels with more than two years exposure or experience in the FRO performance management system (PMS).

This criterion ensured that the study only focused on employees with a broader understanding of the FRO’s PMS. This researcher believed that participants with more than two year experience in PMS would be eloquent in assessing and evaluating the effectiveness of the existing performance management system at the FRO and also to establish the impact of performance management practices at the FRO. It must be stated that the study focuses on a small number of the FRO employees who have exposure to the PMS. This study dealt with the qualitative analysis of employees’ perceptions in evaluating the effectiveness of the performance management system and the impact of performance processes in the FRO. It must be mentioned that 30 employees from the FRO were interviewed for this study.
Table 4.1: Outline of the research design

<table>
<thead>
<tr>
<th>ITEM</th>
<th>APPROACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research topic</td>
<td>An evaluation of the effectiveness of performance management system at the FRO</td>
</tr>
<tr>
<td>Research method</td>
<td>Qualitative method</td>
</tr>
<tr>
<td>Research Paradigm</td>
<td>Constructivism paradigm</td>
</tr>
<tr>
<td>Research strategy</td>
<td>Interpretive, Case study</td>
</tr>
<tr>
<td>Research study</td>
<td>Exploratory</td>
</tr>
<tr>
<td>Sampling</td>
<td>Purposeful, convenience sampling method</td>
</tr>
<tr>
<td>Data collection method</td>
<td>Semi-structured interviews</td>
</tr>
<tr>
<td>Data analysis</td>
<td>Content analysis/ thematic analysis</td>
</tr>
</tbody>
</table>

4.4. Research Method

For this study, one-on-one, semi-structured interviews will be conducted in the boardroom in order to ensure privacy, confidentiality and anonymity for the participants.

4.4.1. Entree and establishing research roles

In conducting the research, access to the participants was gained by telephone and some were personally approached by the researcher particularly those that work around or in the same building with the researcher. It must be mentioned that for this research study, the researcher acted as a planner, recruiter, interviewer, data capture, data analyst and report writer. An invitation to participate in the study was sent by emails to the participants with a brief description of the research project. The emails sent to the potential participants also assured them anonymity, confidentiality, and that they were free to withdraw their participation at any point in time.

Thereafter, only thirty (30) semi-structured interviews were conducted with the employees from various management levels from TFR. This included inter alia first line managers, junior managers, middle managers, and senior managers from various fields. The researcher was further engaged in data analysis; these included simultaneous data collection and analysis, the use of some sort of coding, the use
of writing as a tool for analysis to the literature in one’s field (Given, 2008).

4.4.2. Pilot Study

Additionally, the researcher started by conducting a pilot study using the research instrument (a questionnaire). The objective for conducting the pilot study was to test the research questions to ensure they were worded to glean the desired information in order to answer the research questions and to eliminate ambiguity from the questions asked (Wray, 2015). In the context of this study, the pilot study was conducted with seven participants. This researcher is of the view that the pilot study was successful. The following lessons were observed from the pilot study:

1. It is important to modify the recruitment approach by making sure that prior to sending the email invitation to the participant, that there is personal contact already established with the participant.
2. It is easy to get distracted by the technology that is used to record interviews because at the time the devices used, did not work during the interviews. So it is important to double check whether it is working prior to embarking on a project.
3. It is imperative for the researcher to learn to attempt to remain neutral during the interviews; for example, to not show any strong emotional reactions during the interviews.
4. Also to ask one question at a time and to allow the interview to flow.
5. Have the ability to clarify any ambiguity that might arise during the interview in order for the questions to be clearly understood by the participant.
6. The researcher also learnt not to lose control of the interview. This, for example, can occur when a participant strays to another topic or takes too long to answer a question.

The pilot study also helped the researcher to refine questions as well as remove any duplicate questions from the research questionnaire.

Subsequent to conducting the pilot study, the researcher proceeded with semi-structured, in-depth interviews which were scheduled over a period of three weeks.
4.5. Sampling
Out of an overall population of 300 employees who are using a PMS at the FRO, a convenience sample of 30 permanently employed employees participated in this study. This included first line managers (supervisors), junior managers, middle managers, and senior managers. An invitation with covering letter was sent to 40 participants via email requesting a voluntary and confidential participation in this research project.

The invitation that was sent to participants also confirmed the obligation to protect the confidentiality to participate in this study.

4.5.1. Demographic information
The demographic profiles of the participants are presented using a Table summary for easy reference. The demographic results presented include gender, their position in the company, years of experience within this FRO.
### Table 4.2: Summary of Bibliographical Distribution of Sample

<table>
<thead>
<tr>
<th>Item</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20-35 years</td>
<td>20</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td>36-45 years</td>
<td>9</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>46-60 years</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Race</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>African</td>
<td>21</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>White</td>
<td>4</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>Coloured</td>
<td>2</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>17</td>
<td>57%</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>13</td>
<td>43%</td>
</tr>
<tr>
<td><strong>Length of Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1– 10 years</td>
<td>19</td>
<td>63%</td>
</tr>
<tr>
<td></td>
<td>11 - 20 years</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>21 - 30 years</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>31 - 40 years</td>
<td>5</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Qualification</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certificate</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>3 year Diploma</td>
<td>6</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Postgraduate Diploma</td>
<td>2</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Bachelor’s Degree</td>
<td>17</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>Honours Degree</td>
<td>2</td>
<td>7%</td>
</tr>
</tbody>
</table>

Table 4.2 illustrates the sample characteristics. The sample characteristics show that the majority of the sample was aged between 20 and 35 (67%). The minority group was only 3%. In terms of race, the African race represented 70%, whites 13%, Indians 10% and coloureds 7%. The gender category revealed that there were more females (57%) than males (43%). However, this does not necessarily reflect that there are more males than females within the organisation.

The findings of the study also indicate that the majority of participants had been in the employment of this FRO for one to ten years (63%) in their current positions. In terms of educational qualifications, the study found that the majority of participants had a bachelor’s degree qualification (56%), followed by those that had obtained a 3 year Diploma (20%). The lowest percentages (7%) relate to those participants who had either Postgraduate or Honours qualification.
4.6. Data Collection Method
For this study, thirty (30) semi-structured interviews were conducted with the employees from various management levels from TFR. This included first line managers, junior managers, middle managers, and senior managers from various fields.

The duration for interviews was approximately thirty to forty minutes long. In addition, open-ended questions were asked of employees’ perceptions of the performance management processes. The use of interviews was likely to get a more considered response than closed questions and, therefore, provided better access to perceptions, interpretation of events, understandings, experiences and opinions (Silverman, 2011).

The questions that were asked during the interviews related to the effective implementation of the performance management processes.

4.6.1. Recording of the data
Prior consent was obtained from the participants before recording interviews with an audio recording technology device used by the researcher. During the interview it was further confirmed with the participants whether they had properly understood the questions asked. The recordings were kept in a safe place that was only easily reached by the researcher.

4.7. Data Analysis
The following are the reason why the above mentioned method of data analyses was preferred for this particular study:

The case study enables the categorisation and interpretation of data in terms of common themes. The observation, interview, and observation were the method of data collection for this study. Other relevant materials that were consulted on performance management included the following:

a) This FRO’s performance management policy;
b) First line, specialist, and technicians agreements;
c) Academic books on PMS’s;
d) Journal Articles.

The process of categorising and coding the data involved developing a matrix table which was developed based on the interview’s questions. A further sub-division then followed using data analysis for position categories. These categories were classified according to the various ranking levels within the organisation (that is, senior management, junior management and junior employees). This researcher went through each interview questionnaire to establish concepts related to the respective sub-themes which were in line with the research objectives of the study. The results are presented in chapter 5.

Similar participants’ responses were plotted on a spreadsheet to allow themes to be extracted from which an analysis could be made. The themes were based on the three research objectives as outlined in chapter 1, and further sub-divided according to the sub-factors which make up the theory on performance management system. The three major research objectives that were used to classify the themes included;

a. Implementation of the performance management system,
b. Implementation of the balanced scorecard (BSC),
c. Relationship between performance management system and reward.

The Microsoft Excel was used in capturing the responses from each originally hand written interview transcript to enable the coding process. The researcher then read through all the responses to identify and colour code similar themes and sub-themes across the various categories of managerial levels. For example, for the question on the implementation of a performance management system, the theme presented was first on performance management experiences of participants, then sub-themes presented included Sub-theme 1.1 Implementation of performance reviews procedure; Sub-theme 1.2 Frequency of feedback on the implementation processes, and Sub-theme 1.3 Management support in performance reviews. This system enabled the researcher to comprehensively analyse the strengths and weaknesses experienced during the implementation of the performance management system.
An activity was undertaken to write up the data as soon as possible in order to arrive at a qualitative analysis of the data. These short or lengthy writing bouts often yielded insights that were not readily apparent even after coding had been completed (Given, 2008). This researcher also elaborated, interpreted and checked the data through linking with relevant literature.

4.8. Strategies to Ensure Data Quality and Reporting

4.8.1. Credibility
Bowen (2005) stated that credibility refers to the confidence one can have in the truth of the findings. This can be established by various means, which are triangulation, member checking and negative case analysis. According to Shenton (2004) the investigator seeks to ensure that the study measures or tests what is actually anticipated. The researcher achieved this by using the same ideas and words that were used by the participants.

One point is that the researcher is the Master's student who is responsible for conducting this research study in the organisation concerned, so this contributed to the researcher’s perceived trustworthiness as somebody who is well-informed about the performance management and research in general. This went some way towards the researcher being considered as credible in conducting this study.

4.8.2. Confirmability
According to Shenton (2004), it is important to achieve confirmability in qualitative research. Steps should be taken to assist in making sure that the findings are the results of the experiences and ideas of the participants rather than the characteristics and preferences of the researcher. The researcher achieved confirmability in this study by remaining impartial throughout the study and not influencing the research results. During the interviews, the researcher recorded the interviews, and all transcripts responses were verified to confirm the accuracy of responses.

4.8.3. Transferability
Transferability is concerned with the extent to which the results of one study can be applied to other situations (Bowen, 2005). Shenton (2004) stated that it is the responsibility of the researcher to make sure that sufficient contextual information
about fieldwork sites is provided and that the sufficient thick description of the phenomenon under investigation is provided to enable the reader to make such transfer. The researcher increased the transferability potential of the results by presenting findings with thick descriptions of the phenomena and provided the exact definitions of concepts as determined by the literature review.

4.8.4 Dependability
Dependability entails that the processes within the study should obtain the same findings when it is repeated with the similar participants in the same context. Thus, the dependability researchers should attempt to enable a future investigator to repeat the study if not necessarily to achieve the same results (Shenton, 2004). The researcher has achieved this by documenting the research process in a rational and well-organised manner for ease of coherence and understanding.

4.9. Ethical Considerations
According to Polit and Beck, (2008) ethics is a system of moral values relating with the degree to which research processes adhere to professional, legal and social obligations of the participants. Terre Blanche, Durrheim & Painter,(2006) described research ethics as concerned with re-assuring that the dignity of human participants is respected, and is not abused or dishonored in the search for knowledge, scientific progress or more commonly for career advancement. The ethical issues are the concerned, dilemmas, and conflicts that arise over the proper way to conduct research It is important that the ethical consideration in research should maintain trustworthiness, openness, fairness, disclosure of methods, and the determination for which the research is being carried out (Neuman, 1997). The researcher followed the following ethical standards during the process of this study:

I. Approval and a letter of consent was obtained from the authorities to conduct this study in this FRO.

II. The researcher respected the work of others through acknowledging the references.

III. The researcher also signed the declaration about the policy on Research Ethics of UNISA.
IV. Informed written consent was obtained from all the FRO employees and their managers who contributed in the study. The researcher also provided all the respondents with his contact details (Annexure).

V. The researcher obtained consent from participants to record the interviews.

VI. Privacy of the participants was respected at all levels.

VII. Confidentiality was upheld by protecting data collected from any unauthorised access.

VIII. The researcher briefly described the study and obtained the participants’ consent before beginning his observations.

IX. The participants of this study remained anonymous by ensuring that their responses are not in any way related to particular individuals in FRO.

X. The participants were informed about all the relevant information regarding the details of the study and the benefits of this study. (Annexure).

XI. The findings of this study including, the researchers’ interpretation and conclusions, were published in the format of UNISA’s requirements of a Masters dissertation.

4.9.1 Conflict of interest
According to Lemmens and Singer, (1998) a conflict of interest occurs in a situation in which professional judgment regarding a primary interest, such as research, or education may be unjustifiably influenced by a secondary interest, such as financial gain or personal gain. Lisa, and Baron, (2006) further argued that there is nothing naturally unethical in finding oneself in a conflict of interest. However, the important questions are whether one spots the conflict of interest and knows how to deal with it. Lemmens and Singer, (1998), however, argued that there are possible approaches of managing the conflict of interest in the research study, this include namely; disclosing the conflict, establishing a system of reviewing and authorisation, and prohibiting activities that lead to the conflict. The approaches include disclosure of any financial tie (s) in publication, and public presentation which eliminate financial ties. Recent studies have found that there is evidence demonstrating financial ties with a breakdown of research. In this research study, there were no incentives for
participation; the participation was voluntary. Since the researcher is also the performance and reward specialist in the organisation concerned, and deals on a regular basis with issues relating to performance, so one could contend that there is a conflict of interest. The researcher addressed these limitations by introducing techniques of ensuring that the objectivity throughout the course of the research.

The researcher followed the following ethical standards during the process of this study:

I. To avoid unfairness or bias during the course of data analysis, the researcher made sure that the identity of the participants was not discernible anyway on the questionnaires.

II. The researcher held interviews in an environment that he considered suitable for the interviewees in order to ensure that participants remained relaxed, and open.

III. During the interviews, the researcher continuously remained neutral, for example, the researcher did not show any strong emotional reactions during the interviews.

IV. The researcher asked one question at a time.

V. The researcher conveyed and reported on what the data collected revealed and not what the researcher desired to accomplish. Therefore, there was no misrepresentation of data throughout the course of this study.

4.10. Conclusion

This chapter conceptualised the research design in terms of research approach, research strategy and research method. The research method was explored in establishing research roles, research strategy, pilot study, sampling, demographic information, data collection method, recording of the data and data analysis. The demographic results that were presented include gender, the participant’s position in the company, and their years of experience within the FRO. Finally, the strategies to ensure data quality and ethical considerations were also explained in detail.
CHAPTER 5: RESEARCH FINDINGS

5.1. Introduction
This chapter presents the findings, interpretation, and discussion of the data obtained from the interviews of this study. The one-on-one, semi-structured interviews was the primary tool that was used to collect data from employees at the FRO. The study managed to interview 30 participants for this study. Since this study adopted a qualitative study, the analysis of this study was achieved through the use of thematic analysis and coding. Saunders, Lewis and Thornhill (2009) defined coding in a thematic analysis as: “The process of identifying themes or concepts that are in the data.” Therefore, the coding process constructs a systematic account of the recorded data and develops possible theory in line with the research objectives of the study. Emerging themes were drawn from the participants’ responses.

5.1.1 The target population
The target population for this research study constituted of 300 employees who are using a PMS at the FRO. This included first line managers (supervisors), junior managers, middle managers, and senior managers. During this research study, the inclusion criteria was first line managers, junior managers, middle managers, and senior managers with more than three years exposure or experience in the FRO performance management system. The study included both males and females. The participants had voluntarily consented to participate in this study.

In this study, a total of 40 first line managers (supervisors), junior managers, middle managers, and senior managers were invited to participate via email requesting a voluntary and confidential participation in this research project. However, only convenience sample of 30 permanently employed employees (first line managers (supervisors), junior managers, middle managers, and senior managers) participated in this study. This gave a response rate of a good amount of junior managers, middle managers, and senior managers who participated in this study. Despite not managing to interview all the targeted population, the findings obtained reached saturation. In other words, the sample interviewed was appropriate, consisted of participants who best represented the research topic. Morse et al., (2002) fully
concurred that sampling appropriateness, showed by saturation and repetition means that adequate data to explain all aspects of the phenomenon have been obtained. Morse et al., (2002) further argued that saturating data ensures replication in categories, replication proves and ensures understanding and completeness.

The section below outlines the research findings:

5.2. Presentation of Results
In this section, the research findings will be presented using thematic analysis. The research objectives in line with the collected data were used to develop the themes of the study. The research findings will be followed by a discussion on the results and the links to the literature review. The themes and subthemes are presented in Table 5.1 below:
### Table 5.1: Research findings

#### Research objective 1 Implementation of the Performance Management Processes

<table>
<thead>
<tr>
<th>Theme 1: Performance Management Experiences of participants</th>
<th>Subtheme 1.1 Consistency of performance contracting/planning amongst various departments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subtheme 1.2 Implementation of performance reviews procedure</td>
</tr>
<tr>
<td></td>
<td>Subtheme 1.3 Frequency of feedback on the performance reviews</td>
</tr>
<tr>
<td></td>
<td>Subtheme 1.4 Management Support in performance reviews</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme 2: Fairness of the Performance Management Processes</th>
<th>Subtheme 2.1 Biasness of the rater</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subtheme 2.2 Accuracy of the performance management system</td>
</tr>
<tr>
<td></td>
<td>Subtheme 2.3 Fairness in the completion of BSC</td>
</tr>
<tr>
<td></td>
<td>Subtheme 2.4 Notice period of the performance reviews</td>
</tr>
</tbody>
</table>

#### Research Objective 2: Implementation of the Balanced Scorecard

<table>
<thead>
<tr>
<th>Theme 1: Proper understanding of the Balanced Scorecard methodology</th>
<th>Subtheme 2.1 Lack of understanding the BSC electronic system.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 2: Lack of understanding the BSC methodology</td>
<td></td>
</tr>
</tbody>
</table>

#### Research Objective 3: Relationship between Performance Management and Reward System

<table>
<thead>
<tr>
<th>Theme 1: There is a Positive Relationship between Performance Management and Reward System</th>
<th>Subtheme 1.1 Junior employees view promotion and progression pay as an important form of recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 2: Performance management bonus and better annual increase.</td>
<td>Subtheme 3.1 Personal preferences, prejudices, and biases prevail in performance appraisals and ultimately Reward.</td>
</tr>
<tr>
<td>Theme 3: There is insufficient differentiation between good and poor performers.</td>
<td></td>
</tr>
</tbody>
</table>
5.2.1. Research objective 1 Implementation of the Performance Management Process

5.2.1.1. Theme 1: Performance Management Experiences of participants

Participants were asked to explain their understanding of PM as it applied in their departments. This question of understanding the PM concept was aimed to establish if participants understood what performance management entailed. The majority of the participants confirmed their understanding of what this concept entailed.

The majority of the participants understood PM as a strategic management tool which entailed monitoring and measuring performance of an employee. One of the participants (RP1) indicated that PM was a measure of expectations set at the beginning of the year against achievable results of the employee. The participant (RP18) stated that:

“PM is a process to check if employees are performing against agreed standard, that is, job outputs. At the beginning of the year the goals are set that employees have to work towards those goals and goals must be in line with the FRO strategy. During the year we check if people are performing according to what has been set, whether we are still in line, and are we still going to be able to achieve the goals set by the FRO.”

Based on the participants’ feedback on their understanding of PM, participants added that performance management is an on-going process which allows the employer and employee to develop a working relationship for the future of the organisation. These participants had this to say:

“PM is on-going process of communication between supervisor and employee. This process includes clarification of expectations and employees’ roles, setting of objectives, identifying goals, providing feedback, reviewing results as well as rating overall performances of employees.”

Managers are always interested in the relationship between PM and the level and rate of employee performance. The performance rating helps the employee and
manager to check whether they are still on track when it comes to achieving the goals of the organisation as confirmed by another participant who said: “…ultimately you use performance management to effectively reach the objectives of your department and in the bigger picture of the FRO.”

The participants pointed out that if managers and employees have a clearer understanding of their responsibilities, any uncertainties would be eradicated in the workplace. Each and every employee is held accountable for their duties and responsibilities.

5.2.1.1.1. Sub-theme 1.1: Consistency of performance contracting/planning amongst various departments.
Participants were asked to share their views on how their individual performance planning is conducted in their department. This question was aimed at establishing the consistency and fairness of performance contracting amongst the various departments within the organisation. Some of the common verbatim statements are presented below:

- I sit down with my line manager to check all projects that I'm involved in and budget and all deliverables and targets that I need to be involved in.
- He draws up my contract and gives it to me and I look at it whether I agree and we discuss the agreement and sign the agreement.
- Individual contracting is done at executive level so my individual scorecard must fit to executive level plan and incorporate the focus areas of my department.
- We sit down with my manager and identify the key outputs that I should be responsible for and check my deliverables. These are what I'm measured on.
- I have one on one with my manager to discuss my individual performance.
- After a departmental meeting with a Senior Manager, my job specification have task that I need to meet at individual level that it is there my performance is measured at individual level against objectives that were discussed at departmental level.
The majority of the participants confirmed that a performance management BSC is often used in the planning of the employees’ performance. On the other hand, few of the participants confirmed that “My manager calls me for one on one session, we discuss my performance, and we discuss my objectives.” This is probably the best method of discussing the performance of an individual since this provides an opportunity to probe the employee or employer on performance related matters.

Additional methods used included the use of departmental meetings and a contractual agreement. However, a minority group confirmed using a contractual agreement as a method of planning for individual performance. Perhaps this is so, especially in a case where the manager is too busy to hold any meetings with their employee.

Based on the research findings mentioned above, the majority of respondents affirmed that they have one-on-one discussions with their managers to agree on performance objectives at the beginning of the financial year.

5.2.1.1.2. Subtheme 1.2: Implementation of Performance Reviews Procedure
The participants were asked to respond on the frequency of performance assessments in their departments. By asking this question the researcher wanted to establish whether the quarterly reviews were conducted to monitor progress and make any performance adjustments. Furthermore, regular performance assessment is necessary in identifying training gaps amongst employees. It is interesting to note that a significant number of the participants could not provide an exact number of times their performance reviews were conducted. These participants seemed unsure and, hence, made no comment when this question was asked.

Only very few of the respondents agreed that performance assessments or reviews were conducted on a quarterly basis in comparison to a few respondents who agreed that performance assessments in their departments were conducted only twice a year. ‘Twice a year’ assessments being referred to in this case are mid-year assessments as well as final review assessments. These results show that
employees and managers in the FRO were still viewing performance management as a once off exercise; only paying attention particularly to the final performance reviews. Perhaps this explains why less than half of the participants were not certain on the number of times that the performance reviews were done. The fact that there were a significant number of participants who replied “no comment” when they were asked about frequency of performance assessment showed that the managers do not place much emphasis on monitoring employee performance.

One of the respondents commented that performance assessments are not done constantly and they feel that this should be done on a daily basis because managing performance is a daily exercise.

The participants were asked to provide their perceptions on their experiences on the most recent appraisal. This was meant to establish if the appraisals were done according to procedure as stipulated in the performance management policy of the FRO. The participants felt that the appraisals procedures were not fair. However, they confirmed that there was no consistency in procedures followed. At least one of each of the participants in the various demographic categories raised concerns regarding the inconsistency in the implementation of performance reviews procedure. Only one of the participants stated that their assessment was done weekly, whilst another pointed out to having their performance reviews being done every month because they “only start negotiating the contract first before they agree on what has been achieved and then agree on the ratings”, which is a serious process anomaly.

Another senior manager raised concern over the final processing of the performance appraisals, and another concern that was raised by a few of the participants was that the implementation of the performance reviews was sometimes done via email, which robbed employees of an opportunity to face their employers whilst being assessed. The face-to-face meeting is significant in the sense that probing and concerns are raised during the performance reviews.

Participants in the junior management category lamented that some of the employees were not familiar with the rating system used. They confirmed that this
was evidenced by the high self-assessment ratings that they allocated to themselves. One of the participants confirmed that their manager did not discuss the departmental’ individual development plan. This participant went on to say that they assumed that due to their age, the manager found it unnecessary to develop a performance rating system.

5.2.1.1.3. Subtheme 1.3: Frequency of feedback on the performance reviews
This question was posed to the respondents in order to understand the frequency of performance feedback that they get from their supervisors. The purpose of this question was to also establish how managers valued the frequency of feedback on the performance management reviews of their respective divisions in identifying the training gap of employees.

Half of the participants pointed out that the “*feedback is provided all the times in meetings and manager ensures that the scorecards are done and completed in time.*” The regular provision of feedback to employees should be done on a frequent basis at one-on-one meetings in order to ensure that the employee understands what is expected of them in the workplace and in order to achieve the strategic objectives of the organisation.

Some of the responses indicated the frequency of the feedback from managers on the performance of the participants is indicated by the following verbatim statements:
• I get feedback every 6 months from my supervisor because I'm still a trainee.
• The only time is during the midyear and final reviews. In my previous job the feedback was provided all the times.
• Our supervisor just rates us during performance reviews but there is no feedback given on how to improve.
• On a monthly basis as we have our monthly departmental meetings and progress report must be submitted to those meetings then it is discussed if there is a hick up or delays or why we behind you must raise the issue during this meeting. I must say that feedback is constantly discussed on a monthly basis.
• My supervisor gives me feedback all the times, whenever he feels that he needs to provide a feedback. He calls a meeting than we would sit and talk about how we are performing and get feedback, so we do it as a team.
• The last time feedback was provided is when we were conducting individual scores. It's only done during individual assessment. Thereafter there is no feedback.

From the above findings, there is clearly no consistency in the number of times performance ratings are conducted within the various departments in this FRO. This seems to suggest that these performance ratings vary from one manager to another which can present as a challenge on the consistency of reporting on performance appraisals, even the rewarding of bonuses.

On the contrary, the findings also show that the minority group of the participants confirmed that they had never received any performance feedback except when HR requires everyone to be rated. As a result, they could not confirm the effectiveness of the performance management ratings. This was confirmed by the respondent who stated: “I had never received any performance feedback except when HR requires everybody to be evaluated/rated.”

Overall, the results of this question show that there is no consistency in the frequency of performance management. One of the participants even stated that: “As an organisation we haven’t developed a performance management culture whereby
ad hoc reviews are conducted by managers to monitor performance and close the gaps where necessary.”

In line with the performance management policy of the organisation which requires managers to provide regular feedback to their employees in order to identify training gaps and ultimately improve organisational performance throughout the year, the participants in the junior management category pointed out that their employees in their departments have received continuous feedback on either a daily or weekly basis. The majority of the participants expressed that they often receive feedback quarterly as stipulated in the performance management policy of the organisation concerned and some of the participants pointed out that they received it bi-annually, which they claimed was only done as a compliance requirement.

5.2.1.1.4. Subtheme 1.4: Management support in performance reviews

The majority of the participants were not hesitant to confirm that there has not been much support from top management on performance management matters. Perhaps this is attributed to the fact that top management often leave this responsibility to line managers of the respective employees. Some of the verbatim comments that were made by the respondents were as follows:

- The top management only focus on larger projects and not on smaller one. The bigger the project the bigger the attention on your performance.
- They are not committed, only towards the end of the financial year. Most of the employees do it towards the end of the financial year. Employees run around towards the end of financial year to meet company tonnages deadlines and also to meet budget.
- Yes but it is not sufficient, it needs some improvement, for example as much as we are scored differently but we still get the same increase and same incentive bonuses but at the same time I would say there is some improvement for example with the implementation of pm automated system and deadlines on performance management that are always communicated to us by top management.

One respondent commented that: “Employees still need to be pushed to submit their
pm scorecards.” This shows that there is no commitment from both the top management and employees; this appears to suggest that if line management do not buy-in and commitment is not dealt with, PMS implementation is destined to fail.

5.2.1.2. Theme 2: Fairness of the Performance Management Processes

Effective performance assessments should be fair and free from bias. This theme was drawn from the findings. This provided the perceptions of these participants on the fairness of the current performance management system.

When participants were asked to share their views on whether the performance management system was fair. This question wanted to establish whether performance management processes were applied fairly to all employees, free from bias or injustice, and that employee were not treated differently to the detriment of others. The majority of the participants concurred that the system was fair. However, the minority group did not concur to this perception and felt that race and gender still seemed to play a significant role in the fairness of the performance management processes. In other words, these participants still felt that black women were often the oppressed group in the fairness of the performance management processes. The results of the study found that the majority of the senior managers seemed to have expressed the view that the performance management system was fair except for the consistency in the application of the system. Another concern that was raised was the lack of monitoring and evaluation of the system to ensure that the system was free from management subjectivity, practiced at set deadlines, and measured performance targets versus behaviours. It is interesting to note that one of the participants contented that: “There is no such thing as performance management fairness in this organisation. It is more of a monetary reward system. We should be doing this quarterly and this is not the case. The system does not allow for continuous feedback. Employees only aim for a rating that will give them a certain amount/reward.”

The fact that the majority of the respondents contested that the performance management system was subjected to high levels of subjectivity suggests that the fairness of the system was compromised. The participants claimed that the performance management processes were more focused on softer issues such as
the attitude of the individual, positive relationships and the human element. The minority group of the participants confirmed that the subjectivity of performance management processes may lead to a high degree of manipulation and abuse of the system.

5.2.1.2.1. **Subtheme 2.1: Biasness of the rater**

The participants suggested that managers must rate employees based on customer’s feedback. The results showed that one respondent commented that managers are not fair during assessments: “They tend to look at their ratings, if they have been given certain ratings, and then their subordinate ratings would be equal with that rating or even less than what they got, so there must be customer feedback.” Another respondent added that: “There is a lot of biasness, managers lose objectivity and measure employees only on outputs, there is no 360 degree just like other institutions where you are rated based on customer feedback.” The results seemed to suggest that the FRO probably need to think about implementing the 360 degree feedback method.

Only the minority group of non-managerial category staff felt that the performance management processes were free from rater bias.

From the thirty participants, one of the participants claimed: “They had not experienced bias even though they had a personality clash with their supervisors.” Rater bias seemed to have been experienced by the majority of the participants from all the categories in the demographic profile. This finding is in line with the previous results presented which highlighted the fact that the performance management was confirmed to have a high degree of subjectivity amongst management at this FRO. The majority of the participants’ concern was that supervisors impose their scores on subordinates. This was confirmed by one of the participants who stated that: “If the supervisor gets a particular rating, then no one can achieve better than them.”

Overall, the general feeling that was identified amongst the participants was that the respective supervisors tend to ‘flog the healthy horse.’ This means that management tends to have high expectations from those employees that they see are performing well. Other respondents reported that the bias was based on personal relations and extra duties that are never recognised at appraisal time. Other experiences of bias
were attributed to the supervisor’s personal interest in a particular project, a lack of understanding of certain deliverables, favouritism, subjectivity and too much focus on the bonus pay-out.

5.2.1.2.2. Subtheme 2.2: Accuracy of the Performance Management System
The results show that the majority of the participants confirmed that the performance system was not fair. This shows that the accuracy of the system was compromised in this regard. The participants felt that more often the performance scores depend on relationship between manager and subordinates rather than performance itself. This implies that the performance system might not be a true reflection of whatever the organisation will be experiencing.

Out of the 30 participants, one of the participants seems to believe that the performance management system had zero flaws in accuracy. On the other hand, another respondent argued that although the system is fair, the loopholes are in the application process of the performance management system. The remainder of the participants argued that as long as there was a high degree of subjectivity in the performance management system, it would be difficult to improve the accuracy of the system. Three of the participants added that the accuracy of the system was affected by the fact that “managers’ contracts do not talk to those of their subordinates and managers do not always understand what their subordinates do.”

5.2.1.2.3. Subtheme 2.3: Fairness in the completion of a BSC
The question about the fairness of performance management system further revealed that respondents naturally had mixed perceptions about the fairness of the completion of BSC. Fairness in this regard is referred to whether managers are following FRO performance management policy concerning the completion of a BSC, that is, unbiased and understood by all parties. Perhaps, this could have been attributed to the fact the participants report to different managers who have different understanding of the FRO performance management policy. The majority which includes those that stated that their managers are not being fair had the following verbatim statements to say:
- My supervisor is not fair. There is favouritism. Sometimes you don't perform because you don’t get a support from a supervisor. As a result you get a less pm score.
- Managers are not fair. Managers look at their ratings, if they have been given a certain ratings, he feels that their subordinate ratings has to be equal with what they got or even less than what they got. My rating as a subordinate is not fair because it is based on what she has received as a line manager.
- It's yes or no because there is a survey in our department and we get punished as a result of that particular survey. There are employees in my department who are rated high because of the work of others. The line manager must do a spot check as to who has real contributed to the work.
- Yes and No. There are supervisors who understand what is PM. They do it constantly and do it perfectly. There are those who won't even bother and do it once and bring all wrongs that happened in the past and penalise you as an employee.

From the results, the major concern that was highlighted was that of the fact that different managers submit performance appraisals at different times during the course of the year. As a result, this defeats the purpose of consistently managing and tracking performance of each individual in the entire organisation. A minority group of the participants confirmed that there was no consistency in the contracting process of positions of similar nature. As a result, this implies that the system can be easily manipulated. The junior level participants opined that “their individual performance contracts are dictated to them from the Corporate Plan.” This means that there is no freedom to setting individual targets and goals which again compromises the fairness of the system.

5.2.1.2.4. Subtheme 2.4: Notice period of the performance reviews

The results presented by the majority of the junior level participants were that: “Adequate notice was not given before every performance management discussion.” These participants argued that managers often make unnecessary postponements and do last minute performance review arrangements which are
often crammed. One of the respondents stated that the performance reviews were often conducted in a rushed manner because managers seemed to leave this important task at the last minute. Another participant even indicated that they had to be proactive to force managers to make time for evaluations. The results showed that one of the respondents commented that: “HR Department must have enforcement to line management. In other words there must be timelines for PM process for those who have not yet submitted their pm score.”. Another respondent added that: “Managers must be contracted and measured on performance management of their subordinates.”

Based on the above findings, it appears that leadership in FRO should also walk the talk and lead by example when it comes to communication and adherence to performance management processes, including completing performance contracting and performance reviews on time. It appears that the participants are suggesting that the role of HR department should then be to partner with managers and employees to assist them in understanding, simplifying and to expedite the performance management process.

5.2.2. Research Objective 2: Implementation of the Balanced Scorecard

5.2.2.1. Theme 1: There is proper understanding of the Balanced Scorecard methodology
Participants were asked to provide their perception on their understanding of the Balanced Scorecard. The purpose for asking this question was for a researcher to establish whether the FRO employees have understanding of the BSC and how it is implemented. The BSC methodology referred to here is the proper understanding and correct implementation of the BSC.

As depicted by some of the following verbatim comments below, respondents explained their level of understanding of the BSC methodology:
The goal that I put on the BSC is relevant to my job outputs.

Departments/individual focuses more on BSC activities than other departmental activities are not taken serious.

I do have an understanding of the BSC methodology, I sit down with my line manager to make sure that BSC is balanced and include all activities as per BSC perspectives.

I am able to link BSC with my job although you can’t go deeper into details.

The ways BSC is designed it is so well structured in such a manner that I’m able to link it with my job outputs.

The way BSC is structured makes it easier to link it with my job so it aligns with my job. Yes because I was trained in the BSC and also I have been involved in quality checking the pm scorecards. I have also engaged with line managers on BSC.

The results showed that the majority of the participants were familiar and understood the BSC. Some even indicated they had undergone the training to understand the BSC. This seems to suggest that some of the participants fully agreed that their proper understanding and implementation of the BSC depends immensely on the FRO BSC training programmes.

5.2.2.2. Theme 2: Lack of understanding of the BSC methodology

On the contrary, a minority of the participants confirmed that they did not understand the BSC. A lack of understanding of the BSC may result in incorrect implementation of the BSC, and, hence, the FRO was not able to achieve the required performance. Some of the following verbatim statements were stated by the participants:
I was never trained on Balanced Scorecard. I always figure out things myself.
I feel that there is no adequate clarity when it comes to Customer and Finance Perspectives, so as a result it is difficult to link it to my job outputs.
Sometimes it’s not easy to link BSC to my job outputs.
My level of understanding is basic. It’s sometimes difficult to link my job outputs with BSC Perspectives for example customer and learning and growth.

Based on responses, it appears that one of the challenges in the implementation of a BSC methodology in this FRO is that some of the senior management teams are simply applying the BSC perspectives, particularly the Customer and Finance perspectives to the scorecard and using the same methods for cascading to team members without properly linking it to employees’ job outputs. The minority of the participants seem to suggest that in order for the FRO to accomplish the effective implementation of BSC, it is important that managers and employees are continuously trained on the BSC.

5.2.2.2.1. Subtheme 2.1: Lack of understanding the BSC electronic system
The minority of the respondents confirmed their lack of understanding of the automated aspect of the BSC. The BSC electronic system referred to here is the PM automated system utilised at the FRO by employees to capture the objectives, measures and targets for any given performance cycle. It seemed that the challenge is not only on understanding the BSC theory and methodology but also on understanding the BSC electronic system. This system was implemented in 2013. Here, below, are some of the following verbatim comments that were stated by the participants:
• HR needs to train the employees. The employees are struggling when we have to do this automated system and because we are struggling that result in the late submission of the PM scorecards. At the same time we are even struggling to understand the process itself. HR needs to train employees. It is HR responsibility to hand hold people and to go to people or employees to help them with the automated PM system.

• To sit in class training is not required at all. Hands-on training is required for example on the pm automated system to show employees how to do this system. You must sit with a guy and show them how to do it. So a hands-on training in front of the PC is required.

• Proper investigation should be done because sometimes the problem is not on me as an employee but on the reporting line of the pm automated system so that sometimes cause some delays in completing and sending the pm scorecard to my correct line manager.

Based on responses, it seems that respondents are suggesting that in order to accomplish the effective implementation of the BSC in the FRO, it is important that managers and employees are trained on both BSC implementation and PM automated system.

5.2.3. Research Objective 3: Relationship between Performance Management and Reward System

5.2.3.1. Theme 1: There is a Positive Relationship between Performance Management and Reward System

Looking at the majority of the participants' responses it is clear that the majority of respondents fully agree that there is a relationship between PMS and reward in the FRO. Another one of the respondents said: “There is a correlation because reward serves as an acknowledgement of good performance and this motivates and encourages employees to perform better, so reward and performance work together.” The study seems to suggest that the main purpose of a reward system is to motivate employees to accomplish the strategic goals and particularly to improve performance of the organisation. Some of the verbatim responses regarding the
positive perceptions of participants on the individual performance and reward:

- It is closely related and good performance is widely rewarded.
- For Performance Management you get rated and that is used an input for your annual increase and incentive bonus.
- There is correlation sir because reward serves as an acknowledgement of good performance and this motivates and encourages employees to perform better, so reward and performance work together.
- My take is still going to be, there are those who are really focusing on the performance. Performance leads to reward, and then there are those who just want, like, the good thing is at the end of the day though your aim is I am looking at what I am going to get at the end of the day, like you perform like in the process, so one way or the other like performance management leads to, now people working towards what is called a reward you see. Though intentionally or not intentionally, because I mean people we are encouraged by being rewarded at the end of the day, so that is what I am saying one way or the other. Either you do it consciously or unconsciously it is a performance, positive performance which at the end of the day one is looking at, I will be rewarded if I perform well.
- Based on what you score, you get a certain percentage increase. Also based on what you score, you get commensurate bonuses, so it’s very closely tied to reward. Yes, because if I score a full score, I’m likely to get a good salary increase. If I score a higher score, the highest possible, then my salary increase is the highest possible. I think maybe you can talk about the gradations and say is it significant enough to motivate good performance. If you compare a person with terrible scores and one with exceptionally good scores – maybe there’s only a very slight difference in salary and is it enough of a motivator?

The above statements give an impression that employees in the FRO seem to be motivated by the reward so that they have no choice but to perform efficiently so that ultimately the goals of the organisation are achieved.
5.2.3.1.1. Subtheme 1.1: Junior employees view promotion and progression pay as an important form of recognition

A follow up question was put to the respondents to explore what it is that motivates them to perform. The participants seemed to be in favour of promotions as a form of recognition for performance. Participants from both junior and senior categories seemed to have provided mixed perceptions on the best form of reward. The majority preferred promotion as a reward for their performance. Some of the participants suggested that a combination of performance bonus as well as salary increase would be favourable as a form of reward, whilst other participants expressed that an increase linked reward as the most appropriate form of acknowledging performance. However, junior management were concerned with this notion stating that the major challenge with reward systems is that of human subjectivity especially if it is linked to a pay increase or promotion. Thus, lower level employees seemed to favour promotions as the most suitable form of reward.

The benefits associated with promotion are that there are opportunities for personal development, career advancement and ultimately growth in certain positions. A few of the participants added that: “I am loyal to the organisation and would like to grow my career here.” However, the majority of the participants indicated that an increase in pay as a form of reward enhances their quality of life, builds morale and enhances loyalty to the organisation.

Furthermore, the results showed that progressive pay increase was regarded to have a more positive influence than a once off performance bonus, whose effect is short lived on the financial sustainability of employees. Additional, non-monetary forms of rewards and recognition highlighted by the participants included concessions for additional training and development.
5.2.3.2. Theme 2: Performance management is still perceived as a vehicle to get an incentive bonus and better annual increase

The participants’ responses indicated that some managers and employees in the FRO only view performance management system as a paper exercise and nothing else. They went on to argue that: “Managers only comply and complete their performance contracts because it is required by their Human Resources Departments for their annual salary increases and short term incentive bonuses.” This seems to have created a number of challenges in the FRO when it comes to adherence to performance management phases. One of the respondents further said: “I don’t regard what we have as PM but it is more a reward system, the higher you score is higher you are rewarded. PM is measured through the period. It is all about the salary increases and bonuses.” Another respondent (RP10) commented that: “It is the monetary value that I think of. If you rated as a performer you think of incentive only.”

5.2.3.3. Theme 3: There is insufficient differentiation between good and poor performers

A minority group of participants mentioned that rewards in the FRO are not based on good performance. As mentioned on the problem statement of this study, it seems as if one of the shortcomings of the current PMS at this FRO is that there is insufficient differentiation between good and poor performers as well as performing and non-performing departments or management units. Some of the verbatim responses regarding the perceptions of participants on the inadequate differentiation between good and poor performance were as follows:
- No correlation employees get same salary increase and incentive bonuses but with different performance ratings on performance, so it does not help to get a high PM rating.
- Reward good performers in the FRO. Right now in FRO whether you perform or not you get rewarded. So PM system is not that effective because it is paying poor performers.
- You know there’s always rumours, you know, there’s always rumours, and you’ll hear some people didn’t do well, and they didn’t score well, but when it comes time for incentives, or it comes time for increases, it’s as if, whether you met your objectives or you didn’t meet your objectives, there’s a very, very small percentage between the two. So it seems almost as those people that do not perform, still get recognised or still get rewarded. So I just feel there should be more of a distinct, you know, difference in terms of those that do perform, and those that don’t perform, and even with the incentive, you know, eventually it’s just like, if you on this level, this is the percentage you going to get. It is embraced purely on your scorecard.

These responses seem to point towards an insufficient differentiation between good and poor performers in the FRO could result in under rewarding of good performers and over rewarding of average performers, which could mean that some managers and supervisors in the FRO choose to overlook poor performance and poor performers all together. This could further mean that some managers instead choose to assign the work to effective employees or even do it themselves.

5.2.3.3.1. Subtheme 3.1: Personal preferences, prejudices, and bias have caused errors in performance appraisals and ultimately reward
A minority of participants pointed out that there are personal preferences, prejudice and bias in performance appraisal which cause errors in reward. This finding seems to suggest that there is also another challenge in this FRO that is resulting in under rewarding of good performers and over rewarding average performers. Some of the verbatim responses regarding the perceptions of participants:
My supervisor is not fair. There is favouritism. Sometimes you don't perform because you don't get a support from a supervisor. As a result you get a less pm score.

There are supervisors who understand what is PM. They do it constantly and do it perfectly. There are those who won't even bother and do it once and bring all wrongs that happened in the past and penalise you as an employee.

More often, the performance score depends on the relationship between the manager and the subordinate rather than the performance itself.

The relationship between performance management and reward is too strong, even causes ratings/ performance management to be more biased.

PM should be input into the Reward System. Then you use results from those as to how you going to incentivise. I’m just talking bonuses now and how you are going to give annual increases. So there is always a relationship in that regard and that is my understanding. Yes in the organisation we are implementing it that way. My only concern is that with a lot of bias - how we are going to execute. We may be over-compensating other people and under compensating other individuals.”

The section below presents the discussion of the results presented of this study linked with the literature review.

5.2.4. Discussion

5.2.4.1. Implementation of the Performance Management Processes

The following findings were observed from this study; and this section will reveal how they affect the organisation.

Firstly, the experiences of the participants’ with regard to performance management will be shown. The majority of participants claimed that they have had a negative personal experience with some of their managers in the application process of the performance management reviews. The participants stated that managers tended to abuse the application of the system by leaving everything about the review process to the last minute and rushing through everything just to get the performance
process done. Additionally, they confirmed that this compromised the sole purpose of the performance review process and ultimately the performance of the organisation.

Cammock, Goodhew, and Hamilton (2008), found that performance management is still fraught with inconsistencies even amongst experienced managers. The majority of the participants had attested to inconsistencies in the application of the performance management system. The study revealed that only few of the respondents confirmed to having had experienced consistency in the application of performance management system in the time that they had served at the organisation. The participants were of the view that the inconsistencies were attributed to the fact that a high degree of subjectivity was found in the implementation of the performance management system.

The respondents confirmed that they usually conduct one-on-one meetings with their managers which allow them to agree on the objectives at the beginning of the financial year. It is clear that all respondents agreed that their departmental performance contracts further involved a discussion between the manager and the employee. This concurs with the theory of performance management which contends that subsequent to involving a team in discussing the strategy there should be a one-on-one discussion with the line manager. The literature on the BSC also encourages the involvement of a team in discussing the strategy (Bussin, 2013). The literature further stated that when properly designed and implemented, performance management assists employees to know how they are doing relative to performance expectations (Binedell & Bluen, 2013).

The majority of the participants confirmed that a lack of consistent, strict timelines and deadlines leads to a lack of adherence to performance management processes which may be the reason why some of the participants regarded the performance management process as unfair. Only a few of the participants confirmed to receiving feedback regularly (at least once a week). The majority stated that their performance appraisals were a bi-annual or annual event, which they felt was only done as a compliance measure. To a greater extent, the research findings are contrary to (Biron, Farndale, and Paauwe, 2011) who argued that the quarterly reviews should
be taken as an opportunity of discussing openly any problems that are hindering the performance, the development areas and plan strategies for improvement. In this regard, regular feedback to the employee can only be achieved through monitoring strategies such as performance appraisals.

One of the respondents commented that performance assessments are not done constantly and they feel that this should be done on a daily basis because managing performance is a daily exercise. According to Dessler (2014), performance management never means just meeting with a subordinate once or twice a year to review employee’s performance; it means continuous, daily or weekly interactions and feedback to ensure continuous improvement. Furthermore, it can be deduced that it is significant that line managers and employees involved in performance management processes are effectively trained in reviewing the performance of the employees, particularly training on avoiding performance rating errors during performance reviews. Biron, Farndale, and Paauwe (2011) contended that training managers in performance management processes including reviewing performance could also help in eliminating favouritism and bias.

The results showed that the majority of the participants were comfortable to confirm that they have not received the support from top management on performance management matters. Perhaps this is attributed to the fact that top management often leave this responsibility to the line managers of the respective employees. To a greater extent, the research findings are contrary to Biron, Farndale, and Paauwe (2011) who argued that senior management involvement may contribute to the effectiveness of PMS by means of a stronger alignment between the organisation’s goals and its HR practices. The literature further argued that leaders should be encouraged to develop the capacity to create a shared vision, inspire staff and build a PMS that drives the entire organisation towards a common purpose (Saravanja, 2011).

Secondly, the results indicated the perceptions of the participants on the fairness of the current performance management processes. The results showed that the majority of the senior managers felt that the performance management system scale was fair and generous. Contrary to this, the remaining participants were of the
opinion that the processes were unfair and highly subjective. Only very few at junior level employees felt that the performance management appraisals were unfair as they were rewarded less for their hard work.

Overall, the majority of the participants concurred that the outcome of the performance management appraisals did not necessarily reflect their actual performance due to supervisor subjectivity. The implications of that are vast. This study confirms that the organisation still has a long way to go in ensuring the fairness of the performance management system. One of the major flaws that was identified was that of subjectivity in the implementation process of the performance reviews and irresponsibility in keeping appointments in this regard.

The findings are consistent with those in the study by Harcourt and Narcisse (1998) where fairness was viewed as a three-dimensional construct, comprised of distributive fairness, procedural fairness, and interactional fairness.

The majority of the participants admitted to having experienced rater bias, whilst another majority had expressed concern on the accuracy of the whole system, which exposed unfairness. These findings were confirmed by the findings of Kanyane and Mabelane (2009), who argued that: “Professionalism, leadership, motivation, communication, attitude, training and reward, are key ingredients of an effective performance management system.”

Training managers in performance management processes, including reviewing one’s own performance could also help in reducing favouritism and bias and could also contribute to consistency among raters. According to Biron, Farndale, and Paauwe (2011) trained managers are found to be more well-informed of the performance appraisal procedure and their appraisal discussions are also perceived by employees to be fairer than employees of untrained managers.

This implies that for performance management to be regarded as effective, the key stakeholders involved should understand and know how to implement it. Most importantly, the tracking of performance and interaction between employees and managers should be simplified.
 Altogether, while there was consensus around the performance management system itself being technically adequate, many respondents in this study agreed that subjectivity in the application of the system, the focus on monetary rewards and utilisation of the system as a punitive tool, combined with the blatant disregard of the process (i.e. poor interaction in the management of performance) had a very poor effect on the FRO. The results here showed that there is no consistency in the frequency of performance management. One of the participants even stated that: “As an organisation we haven’t developed a performance management culture whereby ad hoc reviews are conducted by managers to monitor performance.”

The finding above is consistent with Zewotir (2011) who stated that the aim of the performance reviews is to induce employees to be more efficient and effective and to assist supervisors to become more transparent (i.e. open and honest) in the way they interact with their employees.

5.2.4.2. Implementation of the Balanced Scorecard (BSC)

The findings of the study for the objective 2 have been that the majority of the respondents were familiar with and understood the BSC methodology. Most of the participants indicated that the BSC was designed and structured in such a way that they are able to link it with their job outputs. To a greater extent, the research findings are contrary to Mathis and Jackson (2012) who argued that performance management linked to a BSC provides clarity with the development and understanding of organisational strategy and then becomes a series of steps that involve the identification of individual performance expectations. This appears to suggest that one of the advantages of organisations with employees who fully understand the utilisation of BSC is that it provides managers with a more balanced view of the whole organisation, which allows managers to keep an eye on the way performance is achieved and offers an organisation a clear way to communicate and reinforcing its strategy.

Contrary to that, a few of the respondents confirmed their lack of understanding of BSC methodology. As mentioned by most of these respondents that are struggling to understand the BSC, the respondents pin pointed the challenge of linking the BSC perspectives with their job output. This was confirmed by one of the participant’s
remarks who stated that: “I feel that there is no adequate clarity when it comes to Customer and Finance perspectives so as a result it is difficulty to link it to my job outputs.” As mentioned on the previous discussion, the literature over-emphasises the fact the proper understanding and effective utilisation of the BSC depends mainly on the proper usage of its tools; for example, the strategy map and functional team’s scorecard which cascade objectives from departmental to individual level. The participant responses seem to suggest that there is no way that employees could be able to link their job outputs at individual level if that is not linked to the business strategy. The FRO performance management policy encourages that managers must have performance conversations with their employees at departmental and individual level.

The results showed that some of the participants confirmed their lack of understanding of the BSC electronic system. One of the respondents mentioned that he “was never trained on Balanced Scorecard electronic system, the respondent further commented by stating that “he always figures out things by himself on the BSC electronic system.”

This comment seemed to suggest that in the FRO, there is failure in understanding the BSC electronic system which arises mainly because of the training that has not been transferred into the organisation to support its implementation. Paile (2012) postulated that training on performance management assists employees to understand the aims and objectives of the system, how to draft performance plans, how reviews are conducted and how to complete the relevant electronic system. The participants responses seem to suggest that that there should be a partnership between the HR department and line managers in terms of ensuring that all employees are trained in the BSC and PM electronic system as this will certainly enhance the employees’ understanding of BSC which ultimately enhance the performance of the organisation.

The overall results of this question showed that the majority of respondents acknowledged the fact that they were familiar with and understood the BSC methodology very well. However, at the same time the study confirmed that the organisation still has a long way to go in ensuring that all employees have an
adequate understanding of the BSC methodology and its PM electronic system. The participants’ responses seem to suggest that the employee’s lack of understanding of the BSC may be detrimental for an organisation to achieve its required performance level. To a greater extent, the above mentioned research finding on a lack of understanding of BSC which may be detrimental for an organisation to achieve the required performance level is contrary to De Delice and Petrillo (2013) who argued that most organisations adopt the BSC as the foundation and decision support tool for their strategic management systems. This FRO also utilises the BSC methodology in order to improve organisational performance by aligning individual outputs to the FRO’s strategic and business objectives.

5.2.4.3. Relationship between Individual Performance and Reward System.
The majority of participants indicated on the first research finding that there is a positive relationship between individual performance and reward at this FRO. The literature also supports the fact that rewards are an important factor that has a significant influence on employees’ performances and their morale (Rahman, Hussain, & Hussain, 2011). Asghar, Farooq, and Yasmeen (2013) asserted that rewards are provided to employees with the intent of motivating their performance and encourage their retention to the organisation. Ali and Rehman (2013) fully concurred that one of the advantages of pay for performance is that it is critical in enhancing employee’s work performance. Ali and Rehman (2013) further argued that a good appraisal programme can improve the performance of employees. At the same time, this offers more motivation to poor or average performers to enhance their performance so that they get more monetary reward. The literature further states that employees are only motivated by the reward so that they have no choice but to perform efficiently so that ultimately the goals of the organisation are achieved (Ali and Rehman, 2013).

That there is a positive relationship between a reward and motivating employees to achieve the strategic goals serves to enhance performance within the organisation (Jackson, Schuler & Werner, 2012). These findings are in line with this FRO’s remuneration philosophy which links the individual performance and reward for the achievement of business objectives and FRO’s business strategy. According to the performance management policy in this FRO (2013), the final rating scores
must be assigned and agreed based on the individual performance achieved by the employee. In this FRO, the final individual rating informs both the short term incentive pay-out and annual increase to senior and junior management employees. This type of reward plays a critical role in motivating employees in the FRO to perform and it is important in satisfying the intrinsic need of the employees. On one of the follow up questions, employees seemed to have differing perceptions when they were asked about the best form of reward. The differences and conflicting views could imply that this phenomenon may be influenced by one’s occupational category as well as their perceptions. While the junior and senior management levels seemed to be undecided on which option was the most ideal, while the junior level participants or employees unanimously confirmed promotion to be the most suitable form of reward. This shows that these employees were more motivated by their need for personal growth and ultimately career development. This motivation is in line with literature that favourable perceptions of rewards are also linked to employee job satisfaction, work motivation, affective commitment, high levels of performance and organisational effectiveness (Nuijno & Meyer, 2012).

A second research finding showed that performance management is still viewed by employees as a reward tool to get salary increases and bonuses excluding the benefits of career advancement or growth (e.g. promotions). The findings show that the participants confirmed that they had never received any performance feedback except when HR requires everyone to be rated. In their response one of the participants said that “I had never received any performance feedback except when HR requires everybody to be evaluated/ rated.” This seems to suggest that most managers and employees at this FRO discuss performance progress only during the final reviews. This happens when it is too late to do something about and creates numerous reward and performance challenges in this FRO.

In this regard the other critical phases of performance management process are overlooked. The employees and managers would only comply and complete their performance contracts because it is required by their HR departments. This perceived unfairness and ineffectiveness of the performance management system can result in counter-productive and sometimes detrimental behaviour from employees which can ultimately affect the rewarding of an individual and
organisational performance (Matlala, 2011). This study’s research findings are contrary to Aguinis (2009), who stated that performance management is an on-going process, it never ends. It included several phases and these phases were closely interconnected to each other and the poor implementation of any of them has a negative impact on the performance management system as a whole.

Another research finding with a minority group of participants was that it showed there was insufficient differentiation between good and poor performance. This researcher is of the view that the response indicates that poor performance is not being managed everywhere or not being managed properly by managers at this FRO. This could lead to an alignment with the literature that ineffective managers allow poor performers to get away with poor performance, leading to overall lower levels of performance in the organisation (Manyaka, and Sebola, 2012). The literature further stated that failure to address under-performance can have a significant long-term impact on the team’s morale and the achievement of collective goals (Xipu, 2010). This means that if poor performance is not managed well, other employees in the team or department may see how the under-performing colleague is dealt with and, if no action was taken. This might create a precedent that it is acceptable not to perform.

Failure to manage poor performance has a negative impact not only on the PMS but also on the reward system (Bussin, 2011). The study can confirm that an important aspect of dealing with poor performance is to address poor performance as and when the incident occurs during the phases of performance management (Aguinis, 2009). The study appears to suggest that proper management of poor performance by managers in the FRO could assist in preventing the under rewarding of good performers and over rewarding of average or poor performers. The literature supports the fact that the causes for poor performance must be investigated and training should be considered where appropriate and an employee must be given time to improve (Bussin, 2011).

Some of the participants indicated that there were personal preferences, prejudices, and bias among managers and supervisors which triggered errors in performance
appraisals and ultimately reward. Thus, it becomes a challenge in any organisational setting when there is bias whether due to gender and/or race when it comes to compensating employees. The study seems to suggest that employees in the FRO perceive a lot of bias in reward, and this could be detrimental in the performance of the organisation and may de-motivate employees in achieving the organisational goals.

The equity theory encourages employees’ perceptions of the fairness of their work outcomes in relation to their work inputs (Rosa, 2014). It states that employees are likely to compare the inputs that they contribute to the work with outputs they receive from the organisation. For example, inputs here may include all the contributions that the employee brings to the organisation such as skill, time, and effort (Jiang, 2009).

Outcomes may include all the reward that the employee receives from his employer in return for his or her contributions, and these may include pay and benefits, and recognition (Khalifa & Truong, 2010). If employees perceive unfairness they tend to be unsatisfied and de-motivated. One of the participants mentioned that: “My supervisor is not fair. There is favouritism, sometimes you don't perform because you don't get a support from a supervisor. As a result you get a less pm score.” According to the literature, as a result of this the employee may lower productivity or lessen the quality of work being done (Madi & Zawahiri, 2009). Paauwe (2011) contended that training managers in performance management processes including performance reviews is of significant importance in reducing favouritism and bias and could also contribute to consistency among the raters.

The overall results of this question showed that the majority of participants agreed that there is a relationship between PMS and reward at the FRO. One of the participants added that: “There is correlation sir because reward serves as an acknowledgement of good performance and this motivates and encourages employees to perform better, so reward and performance work together.” To a greater extent, the research finding is in line with the literature of Hussain, Hussain, and Rahman (2011) who argued that rewards are an important factor that has a significant influence on employees’ performances and their morale. Despite the
above mentioned conclusion, it seems from the results, that there are various challenges experienced in the relationship between individual performance and reward. For example, the focus on monetary rewards and utilisation of the system as a punitive tool, inadequate differentiation between good and poor performers, personal preferences, prejudices and biases which render the system as unfair and subjective.

5.3. Conclusions
In accordance with the research aims of this study, this chapter presented the findings, interpretation, and discussion of the data obtained from the interviews of this study. The one-on-one, semi structured interviews were the primary tools that were used to collect data from employees at the FRO. Various themes were extracted from the research questions asked, these themes and discussions were classified according to the research objectives of the study as outlined in chapter 1. The next chapter outlines the conclusions, limitations and recommendations of the study.
CHAPTER 6: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

6.1. Introduction
The previous chapter outlined the findings from the 30 participants that were interviewed; it presented the discussions relevant to the findings. This chapter, however, presents the conclusions, limitations, and recommendations of the research study.

6.2. Conclusions for the Literature Review and Empirical Study
6.2.1. Literature review conclusions
The objectives of the study were outlined in chapter 1. This section presents the conclusions from the literature review.

Research aim 1: To conceptualise and define performance management and its processes.
The first aim was to conceptualise and to define performance management from the literature which was achieved in chapter 2. This chapter presented the various definitions of performance management with a focus on planning, employee goal setting, feedback, coaching, rewards, and individual development (DeSimone, & Werner, 2012). Matunhu and Matunhu (2008) defined performance management as a human resources management approach intended to raise productivity in organisations through a coordinated system of planning employee performance, facilitating the attainment of goals and measuring performance.

Dessler (2012) defined performance management as a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organisation’s goals. Biron, Farndale, and Paauwe (2011) concurred that performance management is a variety of undertakings engaged in by the organisations to improve the performance of individuals and units (teams) with the eventual purpose of enhancing organisational effectiveness. The undertakings that are appropriate for this definition are for example, the setting of corporate, departmental, team, and individual objectives, and the use of assessment reviews for reward strategies.
Observing the above definitions, it is clear that performance management focuses on an on-going process of performance improvement, rather than primarily emphasising an annual performance review. Biron, Farndale, and Paauwe (2011) argued that performance management should be taken seriously as a tool to assist managers in identifying competencies required for the successful execution of strategic objectives of an organisation. It is an important process to ensure organisational focus and alignment on individual level. Therefore, the PM is an important tool to establish accountability for regular performance and development conversations for achieving individual performance and team targets that will assist them in achieving the organisational goals.

The literature review also explored the performance management processes that are effective in enhancing the individual performance level; for example, the goal setting, performance planning, performance coaching, the use of performance reviews and assessments. The various frameworks of performance management were also presented and discussed in detail (Stredwick, 2014; WorldatWork, 2007). The factors that contribute towards an effective performance management system were also explored in detail; for example, change management, communication, performance management training, training and development of employees, and managing poor performance.

Based on research objective 1, it was concluded that the goal of performance management is to ensure that its processes and subsystems are working together in an ideal way in order to ensure the achievement of the strategic business objectives. Therefore, an effective performance management system holds all these performance processes together in a sustainable way to ensure that both managers and employees benefit from it.

**Research aim 2:** To define Balanced Scorecard (BSC) as a tool of performance management.

The second aim of the literature defined BSC as a tool of performance management and this was achieved in chapter 3. This chapter presented the various definitions of the BSC. The literature revealed that the effectiveness of the BSC as a PMS tool to enhance performance depends to a large degree on the strategy link and causal
links within the BSC (Crowe, Perera & Yu, 2008).

Moreover, the literature also indicated that the BSC helps to improve the organisational performance. The organisational performance can only improve if an individual employee understands what is expected of him/her in the workplace through effectively implementing the performance management processes (Crowe, Perera & Yu, 2008).

From the literature point of view, it was concluded that the effective implementation of the BSC, therefore, supplements the performance management processes, particularly the goal setting and performance planning. This particularly depends mainly on the proper utilisation of the BSC tool; for example, the strategy map and functional teams’ scorecards which effectively cascade performance objectives from departmental to individual level.

**Research aim 3: To explain the relationship between performance management and reward**

The third aim involved the literature which was to explain the relationship between performance management and reward. This was achieved by exploring the relationship between the two concepts. Rewards are important factors that have a significant influence on employees’ performances and their morale (Hussain, Hussain, & Rahman, 2011). Theories of motivation which include expectancy and equity theories were also explored in detail. Jackson, Mathis, and Valentine (2014) concurred that these theories are important as they influence the design of reward systems. The literature further linked the individual performance and the types of rewards, which are base pay and variable pay. The non-monetary rewards, namely; the recognition and reward programme was also explored from a theoretical perspective.

From the literature point of view, it was concluded, therefore, that performance management and reward are symbiotic. The reward must be used as a tool to increase employees' motivation and commitment so that ultimately the goals of the organisation are achieved.
6.2.2. Empirical study conclusions
The general aim of the study was to evaluate the effectiveness of the existing performance management system in enhancing performance in this FRO.

6.2.2.1. The specific empirical aims and conclusions of the study were as follows:

Research aim 1: To evaluate the implementation of the Performance Management Processes on improving individual performance at the FRO.

Performance Planning
Based on the research findings, when it comes to performance planning or contracting, it can be concluded that the majority of the respondents concurred that they do have one-on-one discussions with their managers to agree on the performance objectives at the beginning of the financial year. The majority of the respondents indicated that their departmental performance contracts further involve a discussion between the manager and the employee on the outputs that needed to be achieved. Employees are then contracted on outputs that they can influence, which enhances performance at individual, departmental and, ultimately, organisational level. This is in line with the literature that, subsequent to involving a team in discussing the strategy, there should be one-on-one meetings and that performance planning should be the first aspect of performance management cycle and it is also a starting point that includes the two aspects of establishment of individual performance, namely; target and formulation of performance plan (Fenge & Weimei, 2012).

Coaching and Performance Reviews
Based on the results of the study, it was concluded that very few respondents reported that the performance feedback is often provided (i.e. quarterly feedback) either in departmental meetings or at one-to-one meetings, while 8 of the participants expressed that they only received feedback quarterly because it was stipulated in the FRO performance management policy. The research findings are not in congruence with the literature because in effective performance management systems, employees normally seek this performance conversation regularly in order to solicit
ideas and suggestions for improving work processes and individual performance (Bohlander & Snell 2013).

According to the research findings, most of the participants indicated that performance reviews in their departments are only done twice per year, that is, mid-year and final reviews. It can be concluded that a smaller number of employees indicated that quarterly performance reviews are done in their departments. Therefore, research findings are in line with the literature, because according to literature, performance management never means only meeting with a subordinate once or twice a year to review employee’s performance; it means continuous, daily or weekly interactions to ensure continuous improvement (Dessler, 2014).

Based on the results of the study, it was also concluded that the majority of the participants (18) maintained that there has not been much support from top management on performance management reviews. Biron, Farndale, and Paauwe (2011) found that senior management involvement would contribute to the effectiveness of PMS by means of a stronger alignment between the organisation’s goals and its HR practices.

**Research aim 2:** To analyse whether the implementation of the BSC as a tool of Performance Management would contribute towards improving individual performance at this FRO.

Based on the research findings, it can be concluded that majority of the respondents were familiar and understood the BSC methodology in the FRO. The majority of respondents suggested that the training was vital in terms of the proper understanding, implementation and utilisation of BSC in their departments.

Despite the above mentioned conclusion on BSC, it must be further concluded that a significant number of respondents in this study agreed that managers were not being fair in the completion of BSC, particularly in the contracting process, biasness and incorrect implementation of final performance appraisals. Further, the respondents agreed that there was a lack of understanding of BSC methodology and the electronic system, which may result in incorrect required performance of an organisation. It is clear that the proper understanding and implementation of the BSC depends immensely on the FRO BSC training programmes. This is in line with
the literature that the effectiveness of PMS is related to the consistent training effort put into it by the organisations concerned (Paile, 2011). Training assists managers and employees to understand what the thinking behind the performance management system (PMS) is, what it is trying to achieve, and how it is structured and fairly implemented.

**Research aim 3: To investigate the relationship between Performance Management and Reward at this FRO.**

It was concluded that most of the participants fully agreed that there is a relationship between PMS and reward in the FRO. The perception of the participants is that the two concepts are inter-dependent; reward serves as an acknowledgement of good performance and this motivates employees to perform even better. The research findings are in congruence with the literature which confirms that rewards are provided to employees with the intent of motivating their performance and encourage their retention to the organisation (Asghar, Farooq & Yasmeen, 2013).

In summary, despite the above mentioned conclusion, it appears from the results, that there are various challenges experienced in the implementation of the PMS at this FRO. Whilst there was consensus around the PMS itself being technically adequate, respondents unanimously agreed that subjectivity in the application of the system, the focus on monetary rewards and utilisation of the system as a punitive tool, a lack of understanding of BSC methodology and the electronic system, the blatant disregard for the process as well as pockets of poor interaction in the management of performance rendered the system unfair. It can, therefore, be put forward that the negative fairness perceptions of the PMS renders it ineffective. This is due to the fact that the system is currently not applied in a manner that could help to improve both individual and organisational performance.

**6.3. Recommendations for the Study**

The following recommendations are made with regard to the study:

1. There should be more and better communication on performance management deadlines which must be done timeously. This will allow employees to have sufficient time to complete all performance management processes on time. These include performance planning, coaching and performance reviews.
2. The individual performance scorecards must be designed in such a way that the employee is able to state the reasons why the targets were not achieved together with the proposed improvement. There should be a penalty for line managers who neglect any aspect of the BSC (including poor design of the BSC, reasons for poor performance, and up-to-date training) as; this will encourage team work to improve performance.

3. The performance enhancement plan must be implemented and monitored for employees who are failing to meet agreed performance standards. This will assist in improving their work performance and also in identifying the training needs of employees.

4. Some of the participants also suggested that the moderation of performance scores must discontinue because it is unfair. The moderation of performance scores is a process where the performance score of the affected employee is changed either down or up depending on the departmental and organisational performance. Further suggestions were that performance reviews should be based solely on the individual’s final performance ratings not on business unit or departmental rating because it is possible to have one particular individual performing better while the whole area does not perform.

5. Management must see to it that the personal development plans of employees are implemented and executed. Employees must be able to divert to any other careers/discipline that is aligned to the organisational goals through the proper utilisation of personal development plans, and the entity should also be able get funds/bursaries to further any studies.

6. Performance management reviews should be extended to lower levels of the FRO employees. This will improve the work performance of the FRO and understanding of performance management in general at all levels within the organisation.

7. Extensive training on performance management must be conducted on continuous basis. The PM training must target the following group of
employees:
7.1. Human capital practitioner;
7.2. Management employees; or
7.3. Bargaining unit employees.

8. The participants suggested that the focus areas for training on PMS must include: goal setting and cascading, performance contracting, coaching, how to deal with poor performance, performance assessment, and BSC methodology. The literature and research also revealed that employees find it cumbersome to use the electronic system performance management (PM). As a result, training on the electronic PM platform must be offered in order for it to be user friendly and accepted by all the employees.

9. It is, therefore, recommended that once the PMS is extended to lower level employees the training is conducted with their local languages. This will enhance the understanding of performance management to this category of employees. Finally, for all the mentioned groups of employees, this researcher suggests that it is important that the training programmes are designed in such a way that they meet the needs of each group of employees.

10. The participants would like to see more top management commitment on the PMS. Senior management ‘buy-in’ to the system is likely to have a direct effect on the success of the PMS. Leadership must walk the talk and lead by example on performance management issues.

11. The Change management unit of this FRO must be visible and play a critical role particularly in all the HR change initiatives. The respondents mentioned that the problem of the performance management in the FRO emanates from cultural or behavioural problems as well as the employees’ attitude towards their work. The organisations should come up with ways of changing the behaviour and ensure that the high performance culture and entity values are embedded in all the employees.

It will not be possible that this FRO can effectively introduce a performance
management system without the ‘buy-in’ and involvement of all employees so that everyone has a clear understanding of the change initiatives and their benefits to employees and organisations. It is imperative to discover pre-conditions that exist for introducing performance management systems and to determine and evaluate the attitudes and feelings of employees about doing so (Bussin, Ochurub & Goosen, 2012). This will assist in communicating the benefits of PMS, and reduce fears, concerns and hesitations that might arise due to the implementation of PMS.

12. Management must play a critical role in cascading and communicating the FRO business plan on time at the beginning of each financial year on the First of April. This effective communication will enable the employees to understand in advance what is expected of them in the workplace and how to achieve their strategic business objectives.

13. Additionally, it was suggested by the respondents that supervisors and line managers must be measured or be role-models on the development and growth of their subordinates. It is the opinion of this researcher that it is not only development and growth of subordinates that should be included in a line manager’s individual scorecards but other HR-specific objectives must also be included; for example, performance management, labour cost management, and managing culture risk. For instance, on performance management, this will ensure that performance is indeed managed, monitored and which enhances individual performance to deal appropriately with poor performance.

In order to ensure its effectiveness, all PM phases, that is, planning, coaching performance reviews and assessments must be closely monitored on a continuous basis, not only during performance reviews or training period. PM is not a once off exercise and, as such, it should be effectively managed and efficiently performed.

14. Management is encouraged to verify the quality of performance objectives and measures contained in the individual scorecard of their staff members. The respondents proposed that it is important that the performance objectives
contained in the employees’ scorecards must be set such that they are specific, measurable, attainable, relevant, time bound and must be within the control of the employee. This process will ensure that the cascading of performance objectives and targets happens as intended and in line with this FRO’s business plan. The danger of not examining the quality of performance scorecards by managers is that the business could end up not focusing on updated strategic objectives and targets as intended.

15. This FRO must consider standardising all HR processes, for example, salaries, performance management, job grading and recruitment processes across operating divisions of the FRO. This will promote the “one company one vision”, focus and circumvent the silos that are prevailing in the current business process within the FRO operating divisions.

6.4. Limitations of the Study
The following limitations were drawn from the study, while conducting the research:

Firstly, the study was only conducted within this FRO as a state owned company (SOC); as a result the findings cannot be extrapolated to any other organisations or government entities. Thus, the external validity of the findings may not be applicable.

Secondly, the study was only undertaken in one of the largest operating division in the FRO Group, which is Freight Rail, as such the findings cannot be generalised to any other operating division.

Finally, the findings can only be generalised for this particular sample and not for the wider population within the FRO in order to produce an informative study that is able to add value.

In summary, in spite of the limitations, the findings for this study may be utilised as a basis in understanding the best practices to adopt in the implementation of the performance management processes on improving individual performance as well as fulfilling the organisational goals, including the BSC and its reward.
6.5. Recommendations for Future Studies

Based on the findings from this research study, the researcher recommends that the following future research studies be undertaken:

a. The role of change management in the effective implementation of performance management, particularly the level of readiness of the organisation to introduce a performance management system to lower levels.
b. The importance of the role of management in cascading and quality checking individual performance scorecards in the PMS.
c. Improving and managing the poor performance in PMS and coaching.
d. The implementation of effective BSC in performance management processes.

In addition, the researcher suggests that, in future, quantitative studies be undertaken in FRO on the same topic. Further to this, the researcher suggests that future qualitative studies need to be undertaken on the same topic in all these FRO operating divisions with a representative sample in order to enhance the generalisability. Another recommendation would be a bigger study with participants from various organisations and cultures with a diverse sample.
REFERENCE LIST


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Planning, 35,303-320.


Thank you for agreeing to participate in this interview. My name is Sthembiso Mbonambi. I am currently studying towards a Master’s degree in Industrial Psychology at UNISA. A requirement for the completion of the qualification is for me to undertake a research. The title of my research is An Evaluation of the Effectiveness of Performance Management System at a Freight Rail Organisation. You have been identified as the most appropriate person to add value to my research owing to your vast experience.

**Please take note:**
1. There are no right or wrong answers.
2. You remain anonymous.
3. Your name will not be revealed in any circumstances.
4. Strict confidentiality will be maintained at all times.
5. This interview will not take more than 20 minutes of your time. Kindly respond to all questions.

**SECTION 1: BIBLIOGRAPHICAL DETAILS**

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SECTION 2: PERFORMANCE MANAGEMENT SYSTEM

1. What is your understanding of Performance Management as it applies in your Business Unit or Department?

2. Do you think that there is a general understanding of Performance Management System in this FRO by employees at all levels?
   Please explain

3. Do you think that your supervisor or line manager has a good understanding of Performance Management System?
   Please explain

4. As an employee would you say that you are being given the opportunity to participate in the development of your Business Unit / Departmental strategic goals?
   Please explain

5. How is your individual performance contracting / planning conducted in your department?
   Please explain

6. Do you think the HR department should deal with the challenge of non-submission or late completion of performance scorecards by line managers and employees?
   Please explain:

7. How often is performance feedback provided to you by your supervisor?
   □  □  □
Sometimes               All the time               Never

Please explain why you are saying that:

8. How often are performance assessments/reviews done in your department?

Please explain

9. In your own opinion would you say that supervisors are fair without bias during assessments when evaluating employees?

Please explain

10. In your opinion, do you think that performance management training enhance the understanding of performance management to both employees and management?

Please explain

11. Do you think that there is commitment from top management in performance management at this FRO?

Please explain

12. Are there any corrective actions that are applied in your department to employees that are under performing?

Please explain

13. In your opinion, how would you say that the Performance Management System contributes to the improvement of performance in your department?

Please explain

14. How would you describe your level of understanding of the Balanced ScoreCard Methodology?

Please explain:
15. In your opinion, what is the relationship between performance management and reward at this FRO?

Please explain:

16. What changes / Improvement would you like to see made in Performance Management of this FRO? Why?
APPENDIX 2: PERMISSION LETTER

Dear Tunelo,

I hereby request to be granted permission to conduct research that will be published through accredited Industrial Psychology and Human Resources journals on “Evaluation of effectiveness of Transnet’s Performance Management System in enhancing performance”.

The aim of this study is to investigate whether the Performance Management Processes have been effective in enhancing the performance. The study will further analyse whether the implementation of the Balanced Scorecard to Performance Management will contribute towards improving performance. It will focus on First Line Managers, Middle and Senior Management Roles. The study will require a survey to be conducted, to interview some employees as part of research, and to use data available on Performance Management.

I commit myself to treat with confidentiality all company’s information that will be available to me on Performance Management. Final findings and recommendations will be made available to Transnet Freight Rail Human Capital.

Hoping my request will reach your favourable consideration.

Yours Faithfully,

Sthembiso S Mbonambi
Remuneration Specialist, Human Capital (Compensation)

Estelle Winnaar
Senior Manager (Compensation)

Tunelo Mokwena
General Manager (Human Capital)

Human Capital (Compensation)
1st Floor, desk 72
Inyanda House 4
Parktown
21 May 2013
APPENDIX 3: SIGNED CONSENT FORMS

Dear Participant,

You are invited to participate in a study aimed at evaluating the effectiveness of the existing Performance Management System in enhancing individual performance at this FRO. The invitation is only open to permanent employees from various management levels with more than two years exposure in the FRO Performance Management System. I am currently studying for a Master's degree in Industrial and Organisational Psychology at University of South Africa and one of the requirements for the completion of this qualification is for me to undertake a research project. Request to undertake the study in this Freight Rail Organisation has been granted and approved by the authorities.

Your participation is voluntary and it will be treated as strictly as confidential and anonymity is rest assured as your name will not be revealed under any circumstances in the study. Please also note that should you wish not to proceed with an interview, you are free to withdraw your participation at any point time. The duration for each interview will be twenty to thirty minutes (20 – 30) with each participant. All interviews will be recorded and your name will not be revealed in any publication resulting from this research. It is important to note that a summary of the research will be made available to you only on request. The findings from this study will be used in optimising Performance Management Processes and to enhance the individual performance level within this FRO.

If you are willing to participate in this study, please sign this letter or respond to my mail as a declaration of your consent that you participate willingly in this research project.

Participant’s signature: ………………………………… Date: ……………………………

Researcher’s signature: ………………………………… Date: ……………………………

Researcher’s contact details: Sthembiso Mbonambi, Cell No: 0832944100 E-Mail: Maloaf@unisa.ac.za

Supervisor’s contact details: Dr F Maloa, Tel No: 012 4298810, E-Mail: Maloaf@unisa.ac.za
APPENDIX 4: ETHICAL CLEARANCE

CEMS/IOP RESEARCH ETHICS REVIEW COMMITTEE

21 August 2015

Ref #: 2015_CEMS/IOP_032
Student #: 42482860
Staff #: N/A

Dear S'thembiso Samuel Mbonambi,

Decision: Ethics approval

Cell no: 083 294 4100
Tel no: (w) 011 583 0498
E-mail: S'thembiso.Mbonambi@transnet.net
Supervisor: Dr Frans Maloa
Proposal: An evaluation of the effectiveness of the Performance Management System at Transnet.

Qualification: Postgraduate degree/Non-degree output/Commissioned research

Thank you for the application for research ethics clearance by the CEMS/IOP Research Ethics Review Committee for the above mentioned research.

The resubmitted documentation was reviewed in compliance with the Unisa Policy on Research Ethics by the CEMS/IOP on 12 August 2015.

The proposed research may now commence with the proviso that:

1) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.

2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the CEMS/IOP Ethics Review Committee.

3) An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
4) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

Note:
The reference number **2015_CEMS/IOP_032** should be clearly indicated on all forms of communication [e.g. Webmail, E-mail messages, letters] with the intended research participants, as well as with the CEMS/IOP RERC.

Kind regards,

[Signature]

Dr Sonja Grobler  
**Chair: IOP Research Ethics Committee**  
Department of Industrial and Organisational Psychology  
College of Economic and Management Sciences  
AJH van der Walt Building, Room 3-76  
+27 (0) 12 429 8272  
Fax: 012 429 8368

[Signature]

Prof R T Mpofu  
**Acting: Executive Dean**  
College of Economic and Management Sciences  
AJH van der Walt Building, Room 05-11  
Tel: 012 429 4206
APPENDIX 5: EDITING LETTER

I, Nicholas K. Challis (M.A.), of the professional editors group (PEG), have started and completed an edit of an M. COMMERCE degree

For: Sthembiso Samuel Mbonambi

Title: An Evaluation of a Performance Management System in a Freight Rail Organisation

This took place during August/September 2016.

I have thoroughly checked his work.

Sincerely,

Nicholas

(SATI and Department of Health accredited SIOPSA member)

(w) 011 788 8669

Cell: 072 222 3814

Email: challsupport@mweb.co.za

Professional-Editors-Group-South-Africa@googlegroups.com