EMPLOYEE FAIRNESS PERCEPTIONS OF A PERFORMANCE MANAGEMENT SYSTEM

By

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DECLARATION

I, Manoko Magdeline Matlala, Student number 32011083, declare that "Employee fairness perceptions of a performance management system" is my own original work, and that all the sources that I have used or have quoted from have been indicated and acknowledged by means of complete references.

SIGNATURE   DATE

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SUMMARY

This study deals with the employee fairness perceptions of their performance management system in a South African organisation. The concept of justice, with particular reference to procedural, distributive and interactional justice, is used as a guide in assessing employee perceptions of fairness of the organisationsqperformance management system. A qualitative approach was used to gain an in-depth understanding of employee perceptions of fairness based on their personal experiences of the organisations performance management system.

Data was obtained through extensive semi structured interviews with 20 employees who had been with the organisation and participated in the performance management system for 5 or more years. All interviews were transcribed and assessed using a thematic analysis. The overall findings show that there are negative fairness perceptions of the performance management system as assessed according to the three organisational justice factors of procedural, distributive and interactional justice.

Key terms:

Performance; Performance management; Organisational justice; Distributive justice; Procedural justice; Interactional justice; Employee perceptions; Fairness.

CHAPTER 1

1.1   BACKGROUND AND MOTIVATION

Business organisations exist in a turbulent environment and have to continuously re-invent themselves in order to remain competitive within the global economy (Hamel and Prahalad, 1994, p. 58). Central to initiatives for continuous re-invention is amongst others the concept of strategy. Levinson (2005) argues that the underlying reason why continuous reinvention is not working well is that it misses the whole human point. Successful organisations realize that their effectiveness is based on people, their talents and their ability to perform.

According to Gerson and Gerson (2006), best practice in the field of organisational effectiveness also indicate that certain human resource conditions should be met for the organisation to thrive. By creating a culture that values performance, by maintaining high levels of employee satisfaction and low turnover, and by establishing a base of qualified replacement talent, one can sustain change and continue to grow their organisation.

> Performance management is a means of getting better findings from the organisation, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and attribute/competence requirements. It is based on the principle of management by contract, rather than command, which incorporates high performance expectations in such contracts (Armstrong, 1994, p. 23).

According to Cokins (2009), if the wrong key performance indicators are chosen, then the behaviour, priorities and decisions of employees and their organisation as a whole will not be well aligned with the direction of the executive team.

Performance management systems are used largely in managing human resources and they contribute to organisational strategy. It is through these systems that organisations emphasise their strategic direction, ensure accountability, create value for their clients and

ultimately realise profits. Organisations also develop performance management systems to motivate and retain their most important assets, their employees. Shearer (2006) argues that employees are motivated by recognition and appreciation, relationships, a conducive working environment, monetary reward and feedback on performance.

The implementation of performance management systems takes time and effort, and participants must be convinced that the system is useful and fair (Cascio & Aguinis, 2005, p. 84). Stakeholdersq negative perceptions of the system may carry numerous adverse consequences. Although largely positive, a study by Houldsworth and Jirasinghe (2006) found that most managers still find the process to be time consuming, inconsistent, inflexible, poorly communicated, having an insufficient reward link as well as lacking a high level of management capability to do it well.

The introduction and implementation of a performance management system carries profound implications for both employees and organisations. For employees, performance management has direct implications for rewards and recognition. Organisations invest huge amounts of financial and non-financial resources on performance management systems, and it is important that such systems are owned and used effectively by all concerned. Therefore employeesq perceptions of the system are vital. Fletcher (2004) says that employee consultation is vital because it enhances ownership of the system and its effectiveness.

Perceptual processes are potent determinants of behaviour. According to Messer and White (2006), employeesq perceptions of fairness affect their likelihood to demonstrate organisational citizenship behaviours. In this case, perceived unfairness and ineffectiveness of the performance management system can result in counterproductive and sometimes detrimental behaviour from employees.

Research consistently finds that people care about fair treatment. When individuals perceive that they are treated fairly, they express greater satisfaction with social relationships (Clay-Warner, Hegvedt & Roman, 2005, p.89). This is an indication that organisations and their systems and processes are susceptible to the power of human perceptions.

In two of the organisations, where I have worked, performance management had been in operation for several years and one could risk saying that it was part of these organisations routines. These organisations had developed performance management systems which required employees to complete them online. However, it would seem to me that performance management was not given prominence as strategic tool to ensure and manage productivity.

The thrust of performance management is always two-fold, namely, employee development and recognition. However, the culture in this organisation was such that even though employees were thoroughly inducted on the system and how to use it, none of them used it as such. Both employees and managers only uploaded performance information onto the system at the end of the financial year. Most cited lack of time as the main reason why they did not follow the process to the letter. To this end, the human resources department sent out emails informing employees that if they do not update their performance management information, they will not qualify for performance bonuses. This seemed to be the main driver for employees to arrange and conduct performance appraisals.

In another global organisation where I worked, the performance management system was positioned as a strategic tool that enables high performance and achievement of organisational objectives, and thus impacting positively on the bottom line. One on one performance meetings as well as quarterly appraisals were automatically scheduled between employees and their managers, and the system would send out reminders to the two parties if there were no progress updates on the set dates.

This performance management system was based on global roles and responsibilities for each position, linked to a competency acquisition process to facilitate training and development where such gaps were identified. The system also required full justification for every score allocated during the appraisal, and provided clear guidelines on the benchmark deserving of each score. This was a very thorough system, entrenched into all work processes to ensure consistent and impactful task performance. This particular system had a strong focus on employee development and increased productivity.

It goes without saying that the latter system resonated with my understanding of the ideal performance management system. To this day, I hold the organisation concerned in high regard, as I believe that they invested in their employees to enable effective and efficient performance. It is through such experiences that one found it necessary to investigate, in a scientific manner, employee fairness perceptions of their performance management system.

This study seeks to understand employee perceptions of the fairness of their organisation's performance management system as influenced by distributive, procedural and interactional justice.

1.2 PROBLEM STATEMENT

Performance management plays an important role in measuring both individual and organisational performance. It involves joint goal setting and continued review of performance in relation to agreed objectives (Armstrong, 1994, p. 13). A fair and efficient performance management system will help improve organisational effectiveness, motivate employees, improve organisational culture, attract and retain skilled staff and support total quality management.

All workers expect to be rewarded and recognised for their efforts (Tippins & Coverdale, 2009, p. 581). Performance management systems are often used in the determination of such rewards. To this end, it can be said that performance management as a process, affects the livelihood of employees. It is therefore important that a performance management system is perceived as being fair in design and implementation to enable acquiescence to the system.

This study investigates employees' perceptions of fairness of the organisation's performance management system.

1.3   AIMS

The general aim of the study is to establish employee perceptions of the fairness of the organisation's performance management system.

The literature aim of this research is therefore:
- To conceptualize and describe performance management.
- To define distributive, procedural and interactional justice as it relates to the fairness of performance management.

The empirical aims of this research are:
- To establish employee perceptions of the fairness of the organisation's performance management system as influenced by distributive, procedural and interactional justice factors.
- To contribute in expanding performance management research in the field of Industrial Psychology.

1.4   THE PARADIGM PERSPECTIVE

This research is set within the personnel psychology discipline which is a branch of industrial and organisational psychology devoted to job analysis, job satisfaction, recruitment and selection as well as learning and development. The philosophical assumption underlying this research comes from the belief that employees' fairness perceptions of their performance management system emanate from their interpretations of their performance management experiences.

The qualitative research method is the most relevant approach for this specific study as we need to describe, explain and understand a phenomenon. Qualitative research uses naturalistic, holistic and inductive ways of studying and understanding a phenomenon. The aim of the chosen approach is to understand the research participants' world and that can only be attained as they explain and describe different phenomena in their own words.

To this end, Henning (2004) proposes that such research should be guided by the interpretive approach which emphasises experience and interpretation. The interpretive

paradigm is concerned with meaning and seeks to understand individual definitions and understanding of situations. It provides a descriptive analysis that emphasizes deep, interpretive understanding of social phenomena.

1.5   RESEARCH DESIGN

Mouton (2001) defines a research design as a plan or blueprint of how one intends conducting the research. It is about what type of study one will be conducting and whether it will provide the best answer for the question that has been formulated.

A qualitative approach was used for this study. This approach focuses on the significance of meaning derived from the data (Rasmussen, Ostergaard & Beckman, 2006, p. 93). The main objective of this approach is to understand the phenomenon being studied, and in this case, employee perceptions of the fairness of their organisation's performance management system.

In the study by Narcisse and Harcourt (2008), the qualitative approach is used to obtain a rich and holistic understanding of the determinants of employee fairness perceptions regarding their performance appraisals. It can therefore be said that, this method is appropriate for this research because it seeks to determine how distributive, procedural and interactional justice factors relate to employees' fairness perceptions of the organisation's performance management system.

In a qualitative study, reliability and validity are conceptualized as trustworthiness, rigor and quality, (Golafshani, 2003). This approach enables the mitigation and possible elimination of the researchers' bias, which is often experienced in qualitative research. It is proposed in ("Qualitative validity," n.d.), that credibility, transferability, dependability and confirmability be used as alternative criteria in the establishment of reliability and validity as they reflect the underlying assumptions involved in qualitative research.

Here credibility refers to establishing that the results of qualitative research are credible or believable from the perspective of the participant in the research. This means that the

study should be written in such a way that the participants are the only ones who can legitimately judge the credibility of the results. Transferability would refer to the degree to which the results of qualitative research can be generalized. And this would be a challenge in this study as the sample is limited to one organisation. The dependability of a qualitative study would require the researcher to ensure that all changes that occur during the study and their impact are accounted for. Whilst confirmability refers to the degree to which the results could be confirmed or corroborated by others.

In an effort to maximise credibility of the study, the researcher ensured trustworthiness of the findings by ensuring that all participant responses were captured as they were presented during the interviews. Further care was taken in the coding of data to ensure that all responses to questions asked are captured to enable a distinction between different perceptions presented by the respondents.

In an effort to ensure rigor and quality, the researcher disregarded her own experience and perception of the organisations performance management system, even though she had been an employee at the organisation for a year at the time of the study. The sample of respondents was made up of employees who had been with the organisation for five years and more, at different managerial levels, including those in regional offices. This sample was provided by the human resources department which helped achieve rigor and quality of data through the reduction of subjectivity, as the researcher could not influence such choice.

Most ethical issues in social research are related to the treatment of human respondents or participants, (Blaikie, 2000). It is unethical to interview people without first securing their consent and willingness to participate in the research project. In an effort to ensure research ethics are adhered to, all participants were fully briefed about the nature of the research project, what is expected of them, and how they will be impacted by the study. Their anonymity was assured as well as the confidentiality of the information they will provide. Their right to withdraw from the project at any stage was also explained and guaranteed.

The participants were allowed time to consider and decide on their participation in the study. Once their consent to participate was secured, a letter outlining all the above information was prepared and given to each respondent in an effort to explain the project, their role and their rights. All respondents were asked to sign the letter and hand it back to the researcher to ensure that ethical requirements for the research are adhered to.

1.6   RESEARCH METHOD

The research was conducted in two phases namely:

Phase 1:   Literature review

Step 1:   To conceptualize and describe performance management.
To define distributive, procedural and interactional justice as it relates to performance management.

Phase 2:   Empirical study

Step 1:   Population and sample description

In this research, the population will comprise employees from various managerial levels of a South African organisation. A population is defined by Mouton (2006), as the sum total of all the cases that meet our definition of the unit of analysis. In this study, all staff in the identified organisation can be referred to as the population.

A sample of employees at different management levels with more than five years' exposure to the organisation's performance management system has been selected for this study. This criterion will ensure that only employees with a comprehensive understanding of the organisation's performance management system, due to their lengthy exposure to the process, are selected.

Given the fact that the organisation utilizes a tall hierarchical structure with jobs classified across 18 grades, it was necessary to group and differentiate the responses. In order to achieve depth of information on the chosen topic, the sample size was determined using purposive sampling. According to Maykut and Morehouse (1994), a purposive sample increases the likelihood that variability common in any social phenomenon will be presented in the data.

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Step 2:   Data collection

Data were gathered through semi structured interviews, where open ended questions were developed in advance, along with prepared probes as advocated by Richards and Morse (2007). This approach works when the interviewer knows enough about the phenomenon being studied, but not enough to anticipate the answers.

An interview schedule was compiled through a list of themes identified in the literature review. The interviews were recorded using a pen and paper method, and all participants were asked the same questions although not necessarily in the same order. Both planned and unplanned probes were used to supplement the main questions. Face to face interviews were conducted with the employees in the Gauteng area, which included head office and the Gauteng regional office, whilst those in the other regions were engaged telephonically.

Step 3:   Data processing

According to Mouton (2006), analyzing data refers to the resolution of a complex whole into its parts. Qualitative data collected through the interviews was analysed in two steps, namely, reducing data to manageable proportions from the wealth of collected information and then identifying patterns and themes in such data. This process, also referred to as coding, enabled the researcher to breakdown, examine, compare, conceptualize and categorise the data collected.

According to Narcisse and Harcourt (2008), this thematic analysis approach helps to determine whether data collected supports, extends or disconfirms the various aspects of the justice theory. Each interview transcript was perused to establish concepts related to the respective subthemes on distributive, procedural and interactional justice as well as overall perceptions of fairness of the organisation's performance management systems.

Responses shared by most respondents were plotted on a spreadsheet to enable the development of themes form which an analysis could be made. The themes were based on the three justice factors and further sub divided according to the sub factors which make up the theory around each justice factor. The responses were then analysed, thus helping the researcher to identify patterns from which findings and conclusions were drawn and appropriate recommendations made.

Step 4:   Findings
Analyzed data were presented including an indication of where those findings lead to. This was done through the use of a narrative report, tables and graphical representation taking into consideration the three justice factors. An integration of the research findings from both the literature review and empirical study was provided in response to the problem statement. This section includes a discussion of the findings which comprise a summary, contextualisation and interpretation of the findings.

Step 5:   Discussion
This section summarises and interprets the findings with reference to the literature on the subject at hand. The information provided in this section enables the researcher to draw a conclusion on the outcomes of the study.

Step 6:   Conclusions, implications and limitations
The conclusion outlines what has been discovered about the subject matter,

that is, what are the employee perceptions of the fairness of the organisationsq performance management system. The implications of the findings as well as a review of specific shortcomings of the study are also outlined.

1.7 CHAPTER LAYOUT

The chapters are presented in the following manner.

Chapter 1 : Scientific Review of the Research
Chapter 2 : Literature Review
Chapter 3 : Article
Chapter 4 : Conclusions, Limitations and Recommendations

1.8 CHAPTER SUMMARY

In Chapter 1, the scientific orientation to the research is discussed. This contains the background and motivation, the research problem, aims, the paradigm perspective, the research design and method. The chapter ends with the chapter layout for the whole study.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The challenges facing organisations are heightened by the rapidly changing and increasingly competitive global business environment. As organisations work hard to gain a competitive advantage over their rivals, they look to their management information systems to assess their internal strengths, weaknesses, opportunities and threats from their immediate environment.

This requires organisations to have a thorough understanding of their core business operations and factors that impact on it. To be able to do this, organisations require an effective performance management system to allow them to plan, implement and assess their progress towards the achievement of set objectives.

According to Coelho and Moy (2003), the sustainability of organisations is directly linked to the continual improvement of business performance. Many organisations have found a way to improve performance through the establishment of processes and systems which also require the development and implementation of a well structured performance management system. It is through such systems that the business and its interested parties achieve agreed objectives, thus maximising productivity and value add.

The effectiveness of these performance management systems is often hampered by a number of factors. Due to the fact that these systems are designed to measure people performance, the human factor is often attributed to their ineffectiveness.

De Waal (2003) identified 18 individual behavioural factors that are important in the successful implementation and regular use of a performance management system. These can be subdivided into the managers understanding of the nature of performance management, their attitude, the alignment of the system to the managersqresponsibilities, organisational culture as well as the focus of the system on internal management control.

These individual behavioural factors have a direct impact on the accuracy and fairness of a performance management system. Employee perceptions of the fairness and effectiveness of the performance system are often shaped by how they perceive their managersq attitudes, their understanding and application of the system as well as the culture of the organisation.

Rademan and Vos (2001) established that perceptual differences do exist between different groups in the organisation. The variances for which differences were observed include fairness, ethics, accuracy, rater error, and administrative aspects. These factors can all be attributed to human behaviour and they allude to the perceptions that employees may have of the manner in which their performance management is handled.

Fairness, in this instance is based on the concept of organisational justice, which according to Atwater and Elkins (2009), can promote positive attitudes toward supervisors and increase the degree to which employees are willing to accept constructive criticism. The 3 main pillars of organisational justice are distributive, procedural and interactional justice. These pillars will be explained below in an effort to illustrate how they influence employee fairness perceptions of their organisationq performance management system.

2.2 PERFORMANCE MANAGEMENT

2.2.1 Definition of performance management

Performance is a quantified result or a set of obtained findings, just as it can refer to the accomplishment, execution, or carrying out of anything ordered or undertaken, to something performed or done, to a deed, achievement, or exploit, or to the execution or accomplishment of work (Stolovitch & Keeps, 1992, p. 27).

In the world of work, performance may be taken to mean either the way in which business is conducted or a successful outcome. Managers must be concerned with each interpretation because both processes and outcomes affect organisational success.

Individuals are constantly assessing performance and outcomes in daily life using personal sets of scales based on aspirations and previous performance. This implies that performance is often judged against subjective criteria that vary from person to person (Ingram & McDonnell, 1996, p. 41).

Noe, Hollenbeck, Gerhardt and Wright (2003) define performance management as a process through which managers ensure that employee activities and outputs are congruent with the organisations' goals. This definition emphasises the importance of performance management in the execution of organisational strategy. It is through performance management that managers can measure an employee's input towards the achievement of organisational goals and objectives.

Mucha (2009) defines performance management as an ongoing, systematic approach to improve results through evidence based decision making, continuous organisational learning and a focus on accountability for performance. It uses evidence from performance measurements or appraisals to support effective planning, funding and operations within the organisation. This empowers managers to improve on services or products on offer, and increasing both customer satisfaction and where applicable, profits.

In the same vein, Grobler, Warnich, Carrell, Elbert and Hatfield (2006) define performance management as a total quality management program which entails using all the management tools, including performance appraisal, to ensure achievement of performance goals. This view is based on the assumption that the necessity for managing arises whenever work must be coordinated (Grobler et al., 2006, p.171). Effective performance management will therefore enable task coordination and execution and thereby enhance efficiency, productivity and an organisation's competitive advantage.

Simons (as cited in De Waal, 2003), defines performance management systems as the formal, information-based routines and procedures managers use to maintain or alter patterns in organisational activities. In summary, all these definitions suggest that performance management is an organisational strategy where employees and management agree on clearly set objectives that needs to be met which result in reciprocal rewards for the employees as well as the organisation. As employees commit

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themselves to the vision of the company and achieve organisational goals, they are being rewarded by the organisation through incentives like promotions or salary increase while the organisation may have profits.

2.2.2 The purpose of performance management

Performance management is usually described as the system through which organisations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards, (Varma, Budhwar & DeNisi, 2008, p. 15).

This description sums up the aims and objectives of an efficient performance management system.

Performance management systems that are designed and implemented well can serve several important purposes, (Cascio & Aguinis, 2005, p. 83). These include linking of employee activities to organisational strategy, communicating organisational expectations, evaluating employee progress, making employment decisions, rewarding performers and developing non-performers as well as keeping a record of human resource decisions.

At a strategic level, performance management is used to align individual to organisational objectives.

Well designed performance management systems identify the results and behaviours needed to carry out the organisations strategic priorities and maximise the extent to which employees exhibit the desired behaviours and produce the intended results, (Cascio & Aguinis, 2005, p. 83).

Aguinis (2009) lists the six purposes of a performance management system. These systems can be used administratively as a source of information for making decisions about employees. They allow for communication of expectations and feedback to employees. They provide information relating to employee strengths and weaknesses, and

in so doing enable the identification of developmental needs and recommend remedial action.

Good performance management systems yield information about skills, abilities and employee potential which can be used in workforce planning. And finally, a good performance management system should be able to record critical employee performance data which can be used when making decisions about employee rewards. To this end, performance management systems convey financial and non financial information that influences decision making and managerial action (De Waal, 2003, p. 688).

2.2.3 Performance Management Process

According to Cascio and Aguinis (2005), performance management is a continuous process of identifying, measuring and developing individual and group performance in organisations. It is not a once off event that takes place during the annual performance review period. This definition highlights the fact that performance management is systematic. It integrates individual and organisational performance, and has a lifecycle that takes place over a defined period.

Grobler et al. (2006), affirm that performance management is an ongoing process of evaluating and managing both the behaviour and outcomes in the workplace. In this instance, employee performance includes the quantity and quality of output, timeliness of output, presence at work and cooperativeness toward the achievement of organisational goals. A performance management cycle or process model is often used to provide guidance to managers, employees and teams on the activities they will be expected to carry out in alignment with organisational goals.

Mucha (2009) urges organisations to define their own process of performance management. He recommends that each process should have a planning process that defines organisational vision and objectives, a budget process that allocates resources according to priorities, a measurement process that supports the system, accountability mechanisms that identify individual obligations, a process for analysing and reviewing

performance data as well as a process of using such information to drive performance improvement.

Figure 1.
Performance Management Process
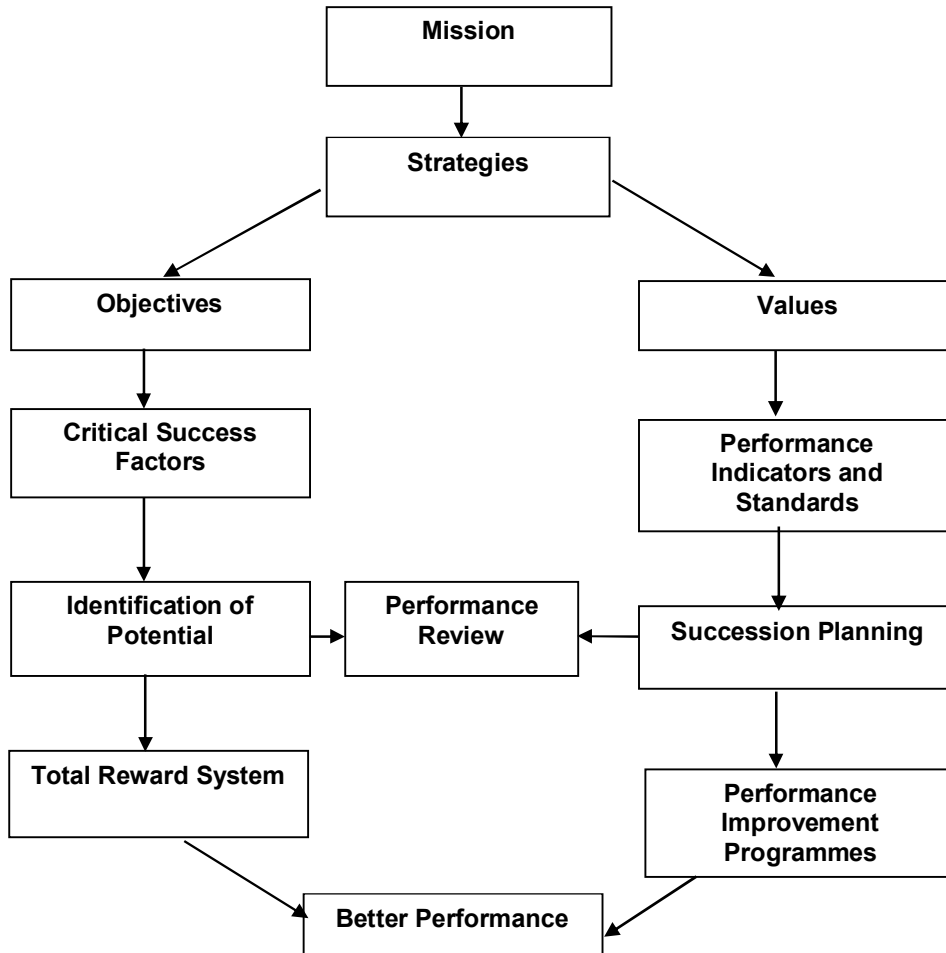
Figure 1. Performance management process. Reprinted from "*Human resource management in South Africa*," by Carrel, M.R., Elbert, N.F., Hatfield, R.D., Grobler, P.A., Marx, M. & Van der Schyf, S., 1997, p. 259. Copyright 1997 by Prentice Hall.

The above diagram illustrates the integration of the performance management process with organisational strategy. According to Carell et al. (1997), the performance management strategy is initiated with the formulation of an organisation's mission and

strategy. The mission outlines the organisations direction whilst the strategy indicates what needs to be done to achieve the mission.

The objectives are formulated from the strategy and these specify the performance goals of the organisation and the organisational values, which outline preferred behaviours, are also determined at this stage.

The critical success factors identify key issues which contribute to organisational successful performance and the performance indicators and standards outline the protocols for effective performance. The performance review provides for the evaluation of individual performance against their set objectives, and where possible, identify potential thus contributing to the succession planning process.

The results of the performance review can influence rewards in recognition of excellent performance. They can also be used to implement performance improvement programmes such as counselling or training in order to bring about better performance.

In choosing a performance management system, Anonymous (2009) purports that whilst managers can guide and measure employees to focus on business objectives and career development, they are dependent on effective corporate information systems and processes, especially when the goal is to improve individual and business results.

To this end, it is suggested that an effective performance management process should have a simplified mechanism for tracking interaction between employees and managers, be able to track performance improvement.

> The system should be flexible and adaptable to organisational change. The system should also record worker performance against set individual, team and company objectives. It should also indicate total compensation, worker spend (money spent on, by and for the worker), as well as overall business results, (Anonymous, 2009, p. S4).

The above are key indicators of an effective performance management process.

According to Sharif (2002), performance management systems are crucial to the ongoing development of a holistic management and decision making activity, within companies wishing to operate as world class organisations. It is therefore imperative that such systems are efficient, effective and well understood by both managers and their subordinates.

2.2.4 Performance Management challenges in the South African Public Service

Curtis (1999) observed that the transformation of the public sector is pressured by high expectations. The post apartheid era in South Africa has revolutionised how performance management is generally implemented in the public sector, which also encompasses parastatals. Central to this revolution, was the challenge of dismantling and rebuilding public service structures to serve under a new mandate within a limited timeframe under the watchful eyes of an expectant and poor majority.

According to Kock and Burke (2008), since 1994, when a democratically elected government came into power, a range of policies have been introduced to transform South African society by reorganizing politics, the economy and society through democratic and highly participatory modes of governance. The fulfilment of the above agenda placed enormous pressure on the public service, which was assumed to have the capacity to deliver in terms of effective strategic policy making, delivering and expanding basic and essential services. It is against this backdrop that the public service is under pressure to deliver on a comprehensive human resource development and talent management strategy.

In their analysis of service delivery problems experienced by local government in South Africa, Haycock and Labuschagne (2006), looked at the debate on strategic planning and management as well as the importance of human capital and organisational culture as a solution. Their study placed emphasis on joint planning, assessing the gap between actual and intended results as well as the relationship between performance, internal culture and people management competencies, as staff is central to the implementation of set

strategic objectives. People management, people satisfaction and leadership together with business results and policy strategy were lowly scored in this study. It was therefore deduced that in order to improve the organisationsq performance, attention needs to be focussed on people satisfaction, people management and leadership competencies.

According to Ingraham (2007), leaders continue to be pressed to demonstrate sound management, decision making and resource allocation because the public makes the same demand on public institutions. In this instance, the use of performance management as a method to quantify and improve performance and to engage corporate citizens and other stakeholders is recommended as an option. Emphasis is also placed on the fact that effective management is unquestionably linked to a clear mission and vision for performance.

Kanyane and Mabelane (2009) explored the skills capacity required and currently available to implement effective performance management in the South African public sector. Their study focussed on professionalism, leadership, motivation, communication, attitude, training and reward, which they listed as key ingredients of an effective performance management system. These were found to be lacking in the public sector, hence the unsatisfactory state of performance management as rightly confirmed by Lengacher (2009), that leaders who possess a holistic view of organisational performance are in short supply.

In recognition of the fact that performance management is not a once off but a continuous process, the above study recommended that the public sector needs to be equipped with adequate skills in performance management. In this way, performance management will not only be a buzzword in government, but it will help achieve organisational outcomes.

Rademan and Vos (2001) examined whether performance appraisals in the public sector were accurate and fair. Their assessment focussed on fairness, ethics, accuracy, rater error and administrative aspects of performance appraisals. The findings of their study have clearly indicated that perceptual differences on the fairness of appraisals exists

between different groups and that complaints aired by the public service can largely be attributed to the improper application of the performance management system.

Rademan and Vos (2001) also recognised that a new performance appraisal system was being planned for the public sector and that this will provide an opportunity for a comparative research project on the perceptions of employees regarding both the current and proposed systems. Their recommendations emphasised the importance of all role players to being involved in continuous performance appraisals, in an effort to change negative perceptions in the interest of effective human resource management, industrial growth and development in general.

2.2.5 Performance Management at the Organisation concerned

2.2.5.1 The Organisation

According to their 2010 Corporate Plan, the organisation was established in 1990 as an independent, temporary grant-making agency with a R2 billion government grant. At the time, government did not have policies, a defined approach, credible structures or budgetary processes to respond to the growing development crisis in the country. The organisation was established to fill this gap with the initial mandate defined as, to use its resources, without regard to race, sex, creed, or ethnic origin, in ways, which in the opinion of the Trustees, will best serve to promote the development of disadvantaged people in the Republic of South Africa.

As a grant-making agency, the organisation allocated and disbursed resources to poor and disadvantaged communities through community-based organisations and structures. The organisation facilitated the establishment of community-based delivery vehicles that could absorb, own and manage projects that were initiated through the funding programmes. During its first 6 years of its existence, the organisation pursued a consumptive-driven approach to development and spent R 2, 8 billion on approximately 8 800 projects.

In 1997, Cabinet adopted and recommended that the organisation must be transformed

into a government development agency that will implement projects which are commissioned by government departments. Then, the organisation was instructed to cease to be an independent funding agency. Amendments to the Deed of Trust in November 1997 made provision for the appointment of a new Board of Trustees, and for the organisation's goals and objectives to be aligned with government's national development agenda. The priority of the new Board of Trustees was to provide strategic direction to this transformation process, which by the end of 1998 resulted in a new vision, mission, core business, organisational structure, as well as business processes and systems.

In line with Cabinet recommendations, the organisation ceased to be a civil society organisation, terminated its grant-making role and was listed as a Schedule 2 Public Entity in 1999. The organisation is thus governed by a Deed of Trust, the Public Finance Management Act 1 of 1999 and other relevant legislation. The organisation is a national organisation which has offices in all 9 provinces of South Africa. Its operational model provides for a hybrid of centralized business processes and decentralized operations which encourage innovation and flexibility in order to enhance efficiency.

By the end of March 2010, the organisation employed 324 permanent and contract employees and managed a further 110 who were contracted to the various projects. A total of 152 permanent employees were based at the National office in Pretoria, whilst 172 were deployed in the provincial offices. The organisation has four Business Units each headed by an Executive Head reporting to the Chief Executive Officer, who is the Accounting Officer for the organisation. The Development Programme Services (DPS) is the largest Unit, and is responsible for generating, planning, managing and monitoring the delivery of the core business including client management.

The Corporate Services Unit also referred to as (CSU), integrates all of the support services such as Human Resources, Communications and Stakeholder Management, Information Management, Legal Services as well as Facilities Management. The Financial Services Unit (FSU) is responsible for financial planning, management accounting, project accounting as well as supply chain management. They also manage and monitor the

performance of the organisations capital investment and coordinate the audit process to ensure that it is concluded within the stipulated time.

The Office of the Chief Executive supports the CEO with supervision and leadership and is also responsible for strategy, policy development, compliance, organisational performance monitoring and reporting as well as the Secretariat.

2.2.5.2 Performance Management at the Organisation

The organisations performance management policy was amended and approved for implementation on the 24th of May 2009. Performance management is defined in the policy as the process by which managers and supervisors work to align employee performance with organisational goals. It is about applying processes, techniques and systems which maintain and improve individual performance whilst simultaneously aiming to improve the performance of the organisation. The aim of performance management in the organisation is to facilitate an on-going, proactive effort designed to facilitate high performance in pursuance of the strategic goals and objectives of the organisation as well as to manage and enhance employee competence.

The policy further defines a performance management system as a management tool aimed at integrating individual performance to the wider organisational strategy and the pursuit of organisational excellence. Its major goal is to manage employees performance, provide feedback, take steps for improving performance, and ultimately reward good performance. The purpose of this policy is to establish and outline procedures and processes involved in effectively managing employee performance.

The problem statement, as indicated in the policy refers to the challenges that confront the organisation pertaining to performance management. These include making corporate planning, programme implementation and monitoring a continuous process that is uniformly and consistently applied across the organisation. At this organisation, 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 it is not considered a critical management function that is aimed at inculcating a performance

driven and results oriented culture that encourages and rewards excellent performance. This perception can only change if the performance management policy is duly institutionalised, adopted, owned and implemented at all employee levels.

The performance management process at the organisation is initiated through the development and signing of a performance contract. The employees enter into a performance contract against which their performance will be continuously assessed and managed. The 12 month performance contract is aligned to the April to March financial year and sets clear job objectives, performance measures, targets and performance indicators. Both the employee and their immediate supervisor sign the contract which is informed by the operational plan of the sub-units as well as the business plan of the unit. All contracts should be signed within the 1st month of the performance cycle or within the 1st month in the case of new employees.

In order to ensure that performance management is a continuous and meaningful process, employee performance is assessed on a quarterly basis. The policy advocates for four performance assessment meetings between the employee and supervisor at the end of each quarter. The first and third quarter assessments are informal feedback sessions aimed at tracking progress and taking corrective action to facilitate efficient and effective performance. Furthermore, the mid-year and year-end reviews are formal assessments that are scored and forwarded to Human resource Development (HRD) for recording. The year-end review is linked to performance incentives in the form of a performance bonus as declared by the Board of Trustees.

The quarterly assessments ensure that each employee is given feedback regarding his/her performance. It is at these sessions that steps are taken to resolve any challenges that hinder effective performance, either through sending employees on training as identified in their Individual Development Plans or assigning a mentor to the employee or any other means as determined by the development needs or challenges.

Below is an outline of the performance management process at the organisation:

Table 1

The Organisation's Performance Management Process.

STEP 1: Performance Planning Process

Performance Management starts with performance planning. The manager and employee shall plan and agree on the KRA, job objectives, weighting, KPIs and performance measures to be achieved in a particular financial year, and develop Individual Development Plan to assist in the realisation of the agreed Performance Standards.

Responsibility	Action
Manager/Employee	Jointly plan and agree on performance priorities and standards at the beginning of the performance cycle. After a full discussion in a performance planning session, the Manager and Employee must agree on the: 1. KRA to be accomplished during a given performance period. 2. Performance standards indicating success in a KPA. 3. Manner in which monitoring and feedback will occur. 4. Employee's development needs.
Manager/Employee	1. Sign the Performance Contract 2. Submit the Performance Contract to HR.

STEP 2: Performance Review Process

In order to continuously monitor the performance and progress against set objectives and take corrective action to unblock any impediments, performance reviews are held quarterly. The 1st and 3rd quarter are informal reviews and need not be scored. The mid year and end of year are formal reviews that are scored and submitted to HR for recording.

Responsibility	Action
Manager/ Employee	1. Schedule performance review meetings on a quarterly basis to discuss the employee's performance. 2. Identify areas that are barriers/obstacles to achieving the agreed KPAs, and develop and implement action plans to overcome the barriers

STEP 3: Performance Appraisal Process

The manager and the employee discuss and reach agreement on the final performance rating of the employee in terms of the outputs as set out in the Performance Contract.

Responsibility	Action
Manager/ Employee	1. Meet to discuss the prepared or written performance assessment; 2. Give the employee an opportunity to present his/her self assessment; 3. Ask questions, comment on each others assessment and discuss any performance concerns outlined in the assessment; 4. Agree and sign the overall rating; 5. Provide written comments regarding the assessment; 6. Keep personal records of successful achievements of KPAs, as well as shortfalls, to facilitate meaningful communication/feedback when required.
Employee	If there is disagreement the employee can lodge a dispute in line with Dispute Resolution Process of the organisation.
Manager	Present final appraisal reports to Unit Performance Assessment Committee (UPAC)
Human Resources	Assure quality (quality assurance) and file the Performance Assessment report in the employee's personal file, and process performance incentives.
Manager /Employee	Prepare a new Performance Contract/Workplan for the following performance cycle.

Performance Rating and Rewards

A prescribed performance scoring framework (Annexure 1) is used to assess overall employee performance. Only the year-end performance rating of employees shall determine if an employee qualifies for a performance incentive or not. The performance bonus shall then be paid in line with the approved performance sliding scale system. (Annexure 2).

The individual performance contract forms the basis in terms of which performance assessment and performance bonuses shall be paid. Failure to sign a Performance Agreement shall result in disciplinary action being instituted against members who fail to comply, and forfeiture of performance related bonuses. Performance bonuses shall be paid to deserving employees that have performed consistently above expectation. The performance bonuses shall be paid as a percentage of an individual's cost to company package.

The organisation's corporate plan highlights a human resources challenge pertaining to performance management. It is believed that the performance management system is not fully institutionalized and its strategic nature is not fully appreciated. It is also indicated that the current performance management system does not recognize and/or reward teams and projects which reinforces silos and the absence of commitment to cross-functional teams. In response to these challenges, the human resource sub unit committed to the following:

- Conducting training on the conceptual and implementation framework to ensure common understanding of the theory and practice.
- Enhance the institutional and governance framework for performance management.
- Conduct quality assurance of performance contracts
- Quarterly monitoring of the implementation of the performance management processes and appraisals shall be compulsory
- Enforce the implementation of the performance management policy and strategy.

Note. Reprinted from the organisation's "Performance Management Policy," 2009, p. 13.

2.3 FAIRNESS AND ORGANISATIONAL JUSTICE

Judgments about fairness are made by means of a fairly simple, straightforward process. In essence, judging the justice of a decision, action, or procedure requires evaluating that decision, action or procedure against two principles, judgement of balance and correctness. According to Sheppard, Lewicki and Minton (1992), if the act or decision, or procedure passes the test of these principles, it is fair; if not, it is unfair.

Employees generally expect their workplace experiences to be fair and judge their relationships with the organisations they serve using fairness as a fundamental base. To this end, fairness, which is expounded within the context of organisational justice, can be seen as a primary value that will determine whether or not employees remain committed to the organisation.

Most organisational justice scholars would agree that the criteria that human minds routinely apply to judgements of fairness fall into three broad categories: (a) judgements about fairness of distributions, (b) judgments about the fairness of acts of punishments and compensation, and (c) judgements about the fairness of the methods and procedures employed to generate these outcomes, (Ketelaar & Koenig, 2007, p. 134). Traditionally, fairness has been viewed as a three-dimensional construct, comprised of distributive fairness, procedural fairness, and interactional fairness.

According to Hornibrook, Fearne and Lazzarine (2009), enhanced perceptions of fairness by individuals can improve outcomes relevant to organisations such as commitment, job satisfaction and performance and by implication, organisational performance. It is suggested in Figure 2 below, that if the three justices are perceived in a positive light, this will be reflected in the execution of organisational outcomes i.e., the beliefs and attitudes which are assumed to impact on organisational effectiveness or performance through changes in the behaviour of individuals. Such behaviour might include the extent to which employees identify with the organisation's objectives and see them as their own, and thereby exhibit productive behaviour for the benefit of the organisation.

Figure 2. The relationship between organisational justice and organisational performance.

Figure 2. The relationship between organisational justice and organisational performance. Adapted from %Exploring the association between fairness and organisational outcomes in supply chain relationships,+by Hornibrook, S., Fearne, A. and Lazzarine, M, 2009, *International Journal of Retail and Distribution Management, 37*, p. 793.

Aldrich and Ruef (2006) purport that even if organisations follow general societal norms, they must also confront a problem that occurs in any situation where benefits or burdens are distributed i.e., do members perceive the system as just, in a distributive and procedural sense. In a study on the perception of politics and fairness in the merit of pay, Salimaki and Jamsen (2010) found that perceptions of politics and fairness distinctively and interactively predicted whether the pay system was perceived effective in achieving its objectives. Their findings suggest that some form of politics or perceptions of unfairness in performance management might actually render the system ineffective, and therefore unable to meet its objectives.

2.3.1 PROCEDURAL JUSTICE

According to Greenberg (as cited in Forret & Love, 2007) procedural justice is defined as the perceived fairness of a company's policies and procedures used to determine one's outcomes. Perceptions of procedural justice are related to both trust and morale in workers and are characterized by consistency in the application of procedures, lack of bias, accuracy of information, an opportunity and representation by those to whom the procedures pertain, Leventhal (as cited in Forret and Love, 2007, p.251).

Similarly, Van Prooijen (2009) indicates that people assign much value to procedural justice which is reflected in findings that fair decision making procedures influence a wide range of human perceptions, emotions, behaviours and do so across diverse social settings. Procedural justice has been found to increase feelings of being respected; extent to which individuals identify with institutions of authority and the subordinates' willingness to voluntarily display behaviours that benefit these institutions. It is therefore crucial for procedural justice to be perceived positively if an organisation wants to achieve full productivity and execution of its strategic objectives.

According to De Cremer (2005), if unfair procedures are used, trust will be low, and employees will show low commitment and co-operation. In this study on procedural and distributive justice effects moderated by organisational identification, managers are implored to include the management of both fair procedures and fair outcomes in their behavioural repertoire. Emphasis should be placed on monitoring how committed employees perceive themselves to be to the organisation as this will predict their willingness to work.

Research indicates that there are a number of benefits of procedural fairness, (Collett, 2008, p.270). Perceptions of procedural justice enhance perceptions that outcomes are also fair, create more positive attitudes toward authorities and produce a variety of positive behavioural reactions Tyler, Degoey and Smith (as cited in Collett, 2008, p. 270). In other words, it is suggested that if individuals think the process is fair, the way that the agreement was reached was fair, then they will likely think of the final decision as fair

(Collett, 2008, p. 271). This is an imperative for any performance management system, especially during a performance appraisal.

It is often advocated that performance management should be driven by the individual employee as it is about his or her personal development. This allots a level of decision making responsibility to employees with particular reference to their ability to state their opinions, argue their positions thereby influencing the outcome of their appraisal.

According to Muhammad (2004), managers who desire to create an organisational atmosphere that fosters organisational citizenship behaviours must make sure that procedures used to allocate rewards are perceived as fair.

> Evidence indicates that the more employees feel that they participate in decision making, the more they perceive their work procedures to be fair, which in turn prompt them to reciprocate with organisational citizenship behaviours that directly benefit certain individuals (Muhammad, 2004, p. 64).

Cloutier and Volhuber (2007) concluded in their study on how procedural justice is used as a criterion in salary determination that, knowledge of procedural justice standards improves the ability of organisations to effectively manage the salary determination process. Bagdadli, Roberson and Paoletti (2006) also revealed that promotion decisions influenced feelings of organisational commitment through perceptions of procedural justice and decision making processes. This means that organisations are likely to maintain employee commitment when procedures and decisions around promotions, and in this case performance management, are perceived to be fair.

2.3.2 DISTRIBUTIVE JUSTICE

Folger and Konovsky (as cited in Chang & Hahn, 2006) view distributive justice as the perceived fairness of the amount of compensation that employees receive. According to Frohlich (2007), distributive justice is derived from 5 premises. They include the fact that individuals are due certain rights and protections, that they have some share in material

goods, that their given share can be justified rationally, that the distribution of these share of goods must be practicable and that the state or other authority should guarantee the distribution of these goods. Typically, distributive justice exists when expectations for outcomes, based on some normative rule, are congruent with the actual outcomes, (Clay-Warner & Hegvedt, 2005, p. 90). This means that employees expect outcomes to be commensurate with inputs in the form of experience, ability and effort.

In the performance management environment, the definition by Clay-Warner and Hegvedt would refer to employee rights as prescribed in the organisation's performance management policy, the rewards linked to performance as well as how these will be fairly distributed to the incumbents. These are employees' perceptions of the fairness of the outcomes (benefits or punishment), as well as their evaluations of the end state of the allocation process (Cho & Kessler, 2008, p. 131).

According to Greenberg (as cited in Narcisse & Harcourt, 2008), distributive justice focuses on the perceived fairness of the appraisal rating or outcome received in relation to the actual work performed. There are two factors that affect distributive justice in this regard. The first is the perceived fairness of the appraisal rating in relation to employee performance and the second is the perceived fairness of the pay increase, promotion or other administrative action related to the appraisal rating.

Chang and Hahn (2006) established that distributive justice is influenced by the receipt of ratings based on performance and recommendations for salary increase and/or promotion. The findings of the study indicate that pay for performance alone was not enough to enhance employee perceptions of distributive justice. It was also established that commitment to the performance appraisal practice and consistency in its application significantly enhances perception of distributive justice.

According to Suliman (2007), systems in which resources are distributed unfairly can become quite prone to disputes, mistrust, disrespect and other social problems. Employee perceptions of distributive justice are based largely on comparisons with others that are in the workplace. For example, co-workers may compare their salaries, working hours and

benefits. If the comparison is positive, then they feel positive toward the system but the reverse is true if the outcome is negative.

Dailey and Kirk (1992) recommend that managers must pay attention to employees' perceptions of both procedural and distributive justice since these constructs play a central role in relation to job dissatisfaction and intentions to quit. They emphasise the importance of employee participation when altering reward or appraisal systems. Participation in this regard includes seeking employee opinions about the appropriateness of the proposed changes as a way of showing respect, helping to shape positive perceptions of organisational systems and thus practicing effective management.

2.3.3 INTERACTIONAL JUSTICE

Perceptions of fair treatment have been broadly defined and historically included as perceptions of both the formal characteristics of procedures as well as one's interpersonal treatment (Kass, 2005, p. 321). Interactional justice refers to the quality of treatment experienced by individuals in their interactions with group authorities, with an emphasis on authorities enacting formal organisational procedures, Moag (as cited in Chiaburu, 2007, p. 211). In this context, supervisors can treat employees politely, professionally or can be rude and discourteous, they can offer information related to organisational procedures or they can withhold it, they can be candid or they can engage in deception, (Chiaburu, 2007, p.211).

Bies (as cited in Narcisse & Harcourt, 2008) identifies four factors which affect employee fairness perceptions of the interpersonal treatment received from their supervisor. These include the extent to which the supervisor is deceptive, invades employee privacy, is disrespectful and makes derogatory judgements about the employee. Narcisse and Harcourt (2008) confirmed the existence of all four factors in their case study on employee perceptions of performance appraisals.

Dayan and Benedetto (2007) studied the impact of both procedural and interactional justice on teamwork quality. The study focussed on the positive association of mutual

support, individual effort, team cohesion, communication and coordination of member contributions with both procedural and interactional justice. Their findings indicate a strong link between interactional justice and coordination and balance of member contributions. This posits that if there is any bias or dishonesty of decision makers involved in ongoing structuring of task activities of team members, achieving desired coordination would be difficult, (Dayan & Benedetto, 2007, p. 571).

As policies and procedures change, employees at all levels in the organisation become more dependent on their leaders to solve problems, resolve disputes, and allocate resources fairly as well as serve as a primary communication channel for the exercise of voice up the chain of command. When leaders are seen as acting fairly, followers are more likely to emulate in their dealings with others. And because leaders often personify the organisation for many of their followers, subordinates are likely to assess their value by the treatment they receive from them, (Cobb, Folger & Wooten, 1995).

Leung, Tong and Ho (2004) studied the effects of interactional justice on egocentric bias in resource allocation decisions. Egocentric bias in this case refers to when a resource is being allocated and the recipients demand a large share and see it as fair, Diekmann, Smaules, Ross and Bazerman (as cited in Leung, Tong and Ho, 2004, p. 405). The study found that fair interpersonal treatment leads to a smaller egocentric bias, quicker settlements and fewer stalemates. It is therefore in the best interest of managers to ensure that perceptions of interactional justice are improved, in order to enable more acceptable performance appraisal findings.

2.4   CHAPTER SUMMARY

Chapter 2 focussed on the core concepts of the research study. This section explored literature on performance management and how this is being implemented at the organisation being studied. The section also examined research on the three pillars of organisational justice i.e., procedural, interactional and distributive justice.

CHAPTER 3

ARTICLE

EMPLOYEE FAIRNESS PERCEPTIONS OF A PERFORMANCE MANAGEMENT SYSTEM

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ABSTRACT

This study explores employees' perceptions of the fairness of an organisation's performance management system. The study follows a qualitative design and was limited to a South African organisation. A sample of 20 participants, representing various employment levels, from the head office and regional offices was selected using the purposive sampling strategy. A semi structured interview method was used where face to face interviews were conducted privately with each participant from the head office. Only 4 participants from the 9 regional offices were interviewed telephonically using the same interview guide. All interviews were transcribed and assessed using a thematic analysis. The overall findings show that there are negative fairness perceptions of the performance management system as assessed according to the three organisational justice factors of procedural, distributive and interactional justice.

INTRODUCTION

Business organisations exist in a turbulent environment and have to continuously re-invent themselves in order to remain competitive within the global economy, Hamel and Prahalad (1994). According to Gerson and Gerson (2006) organisations can sustain change and continue to grow by creating a culture that values performance, by maintaining high levels of employee satisfaction and low turnover, and by establishing a base of qualified replacement talent.

Central to initiatives for continuous re-invention is amongst others the concept of strategy. Levinson (2005) proposes that the reason why most organizational strategies fail is because they miss the whole human point. Successful organizations realize that their effectiveness is based on people, their talents and their ability to perform. Performance management plays a critical role in this regard.

Armstrong (1994) defines performance management as a means of getting better results from the organisation, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and attribute/competence requirements. It is based on the principle of management by contract, rather than command, which incorporates high performance expectations in such contracts. According to Cokins (2009), if the wrong key performance indicators are chosen, then the behaviour, priorities and decisions of employees and their organisation as a whole will not be well aligned with the direction of the executive team.

The introduction and implementation of a performance management system carries profound implications for both employees and organisations. For employees, performance management has direct implications for rewards and recognition. Organisations invest huge amounts of financial and non-financial resources on performance management systems. Fletcher (2004) argues that employee consultation is vital because it enhances employeesq ownership of the system and its effectiveness. Therefore employeesq perceptions of the system are vital. Employees and their supervisors participating in the system should be convinced that the system is useful and fair. Stakeholdersq negative

perceptions of the system may carry numerous adverse consequences.

Perceptual processes are a potent determinant of behaviour. Messer and White (2006) found that employeesq perceptions of fairness affected their likelihood to perform organizational citizenship behaviours. In this case perceived unfairness and ineffectiveness of performance management systems can result in counterproductive and sometimes detrimental behaviour from employees.

In two of the organisations, where I have worked, performance management had been in operation for several years and one could risk saying that it was part of these organisations routines. These organisations had developed performance management systems which required employees to complete them online. However, it would seem to me that performance management was not given prominence as strategic tool to ensure and manage productivity.

The thrust of performance management is always two-fold, namely, employee development and recognition. However, the culture in this organisation was such that even though employees were thoroughly inducted on the system and how to use it, none of them used it as such. Both employees and managers only uploaded performance information onto the system at the end of the financial year. Most cited lack of time as the main reason why they did not follow the process to the letter. To this end, the human resources department sent out emails informing employees that if they do not update their performance management information, they will not qualify for performance bonuses. This seemed to be the main driver for employees to arrange and conduct performance appraisals.

In another global organisation where I worked, the performance management system was positioned as a strategic tool that enables high performance and achievement of organisational objectives, and thus impacting positively on the bottom line. One on one performance meetings as well as quarterly appraisals were automatically scheduled between employees and their managers, and the system would send out reminders to the two parties if there were no progress updates on the set dates.

This performance management system was based on global roles and responsibilities for each position, linked to a competency acquisition process to facilitate training and development where such gaps were identified. The system also required full justification for every score allocated during the appraisal, and provided clear guidelines on the benchmark deserving of each score. This was a very thorough system, entrenched into all work processes to ensure consistent and impactful task performance. This particular system had a strong focus on employee development and increased productivity.

It goes without saying that the latter system resonated with my understanding of the ideal performance management system. To this day, I hold the organisation concerned in high regard, as I believe that they invested in their employees to enable effective and efficient performance. It is through such experiences that one found it necessary to investigate, in a scientific manner, employee fairness perceptions of their performance management system.

This study seeks to understand employee perceptions of the fairness of their organisationsqperformance management system as influenced by distributive, procedural and interactional justice.

According to Curtright, Stolp-Smith and Edell (1999), an efficient and effective performance management system gives senior management a fast but comprehensive glimpse of the organisation's performance in meeting its quality, operational, and financial goals. It is through performance management systems that organisations emphasise their strategy, ensure accountability, create value for their clients and ultimately realise profits.

In literature, perceptions of fairness are categorised as per the organisational justice factors namely procedural, distributive and interactional justice. In a performance management system, procedural justice refers to the perceived fairness of a companyqs policies and procedures used to determine oneqs outcomes during an appraisal, (Forret & Love, 2007, p. 249). Distributive justice is defined by Folger and Konovsky (as cited in Chang & Hahn, 2006) as the perceived fairness of the amount of compensation that employees receive in lieu of their performance. Interactional justice, on the other hand,

focuses on the perceived fairness of interpersonal treatment employees receive during the appraisal process Bies (as cited in Narcisse & Harcourt, 2008).

Konovsky (as cited in Narcisse & Harcourt, 2008) argues that the importance of fairness lies in its role as a primary organisational value and in understanding the consequences of employee fairness perceptions. Perceived unfairness and ineffectiveness of a performance management system can result in counterproductive and sometimes detrimental behaviour from employees.

In this study, the concept of organisational justice, with particular reference to procedural, distributive and interactional justice, was used as a guide in determining employee perceptions of the fairness of their organisation's performance management system.

RESEARCH DESIGN

Mouton (2001) defines a research design as a plan or blueprint of how one intends conducting the research. It is about what type of study one will be conducting and whether it will provide the best answer for the question that has been formulated.

A qualitative approach was used for this study. This approach focuses on the significance of meaning derived from the data, (Rasmussen, Ostergaard & Beckman, 2006, p. 93). The main objective of this approach is to understand the phenomenon being studied, and in this case, employee perceptions of the fairness of their organisation's performance management system.

In the study by Narcisse and Harcourt (2008), the qualitative approach is used to obtain a rich and holistic understanding of the determinants of employee fairness perceptions regarding their performance appraisals. It can therefore be said that, this method is appropriate for this research because it seeks to determine how distributive, procedural and interactional justice factors relate to employees' fairness perceptions of the organisation's performance management system.

In a qualitative study, reliability and validity are conceptualized as trustworthiness, rigor and quality, (Golafshani, 2003). This approach enables the mitigation and possible elimination of the researchers bias, which is often experienced in qualitative research. It is proposed in (Qualitative validity, n.d.), that credibility, transferability, dependability and confirmability be used as alternative criteria in the establishment of reliability and validity as they reflect the underlying assumptions involved in qualitative research.

Here credibility refers to establishing that the results of qualitative research are credible or believable from the perspective of the participant in the research. This means that the study should be written in such a way the participants are the only ones who can legitimately judge the credibility of the results. Transferability would refer to the degree to which the results of qualitative research can be generalized. And this would be a challenge in this study as the sample is limited to one organisation. The dependability of a qualitative study would require the researcher to ensure that all changes that occur during the study and their impact are accounted for. Whilst confirmability refers to the degree to which the results could be confirmed or corroborated by others.

In an effort to maximise credibility of the study, the researcher ensured trustworthiness of the findings by ensuring that all participant responses were captured as they were presented during the interviews. Further care was taken in the coding of data to ensure that all responses to questions asked are captured to enable a distinction between different perceptions presented by the respondents.

In an effort to ensure rigor and quality, the researcher disregarded her own experience and perception of the organisations performance management system, even though she had been an employee at the organisation for a year at the time of the study. The sample of respondents was made up of employees who had been with the organisation for five years and more, at different managerial levels, including those in regional offices. This sample was provided by the human resources department which helped achieve rigor and quality of data through the reduction of subjectivity, as the researcher could not influence such choice.

Most ethical issues in social research are related to the treatment of human respondents or participants, (Blaikie, 2000). It is unethical to interview people without first securing their consent and willingness to participate in the research project. In an effort to ensure research ethics are adhered to all participantsqwere fully briefed about the nature of the research project, what is expected of them, and how they will be impacted by the study. Their anonymity was assured as well the confidentiality of the information they will provide. Their right to with draw from the project at any stage was also explained and guaranteed.

The participants were allowed time to consider and decide on their participation in the study. Once their consent to participate was secured, a letter outlining all the above information was prepared and given to each respondent in an effort to explain the project, their role and their rights. All respondents were asked to sign the letter and hand it back to the researcher to ensure that ethical requirements for the research are adhered to.

METHOD

Sample and sampling strategy

The sample was selected using a purposive sampling strategy which targeted those who had tenure of at least five years in the organisation. Employees who meet this criterion are likely to have a thorough knowledge of the organisationqs performance management system.

The organisation utilizes a tall hierarchical structure with grades on the Peromnes scale ranging from 18 being the lowest to 1 being the highest. The table below identifies the grades and how they are classified.

Table 2

The Organisation's Grades and Occupational Categories

Occupational level as at March 2010	
OCCUPATIONAL LEVELS	**GRADES**
Top management	**1-3**
Senior management	**4-5**
Professionals and middle management	**6-8**
Skilled technicians and junior management	**9**
Semi-skilled and discretionary decision making (PG 10-14)	**10-14**
Unskilled and defined decision making (PG 18)	**15-18**

Note. Adapted from "Employment Equity Plan: 2009-2011", at the Organisation, p. 11.

A total of 20 employees with between 5 and 13 years working experience were targeted for inclusion. Only 2 were selected from the executive level, 5 from senior management, 5 from junior management, and 8 from junior employee levels.

Further care was exercised to ensure that employees in the regional offices are also included in the sample thus ensuring representivity and diversity of information, due to the different nature of operations in the regions. A total of 4 employees, that is, 1 senior manager, 1 junior manager and 2 junior employees from the regions were included in the sample. One executive and another junior manager had also previously worked in regions prior to their current positions.

For purposes of analysis, the sample was further categorised as indicated in Table 3 below. The Executives are at the most senior level as they report directly to the Chief Executive Officer. The senior management category comprises both general managers and senior managers, whilst all middle managers and supervisors are clustered in the junior management category. The junior employees' category consists of those employees who do not have any subordinates and they all report to those in the junior management category.

Table 3

Data Analysis Categories

CATEGORY	GRADES	NUMBER IN SAMPLE
Executives	1-3	2
Senior Management	4-5	5
Junior Management	6-8	5
Junior employees	9-18	8
Total		20

Note. Adapted from "Employment Equity Plan: 2009-2011", at the Organisation, p. 13

Official permission to gain access to employees within the organisation was granted verbally by both the former General Manager for Human Resources as well as the Executive Head in the organisation's Corporate Services Unit. Information on employees with 5 or more years of service with organisation was duly provided by the Human Resources Unit. This list comprised a total of 93 employees from which the 20 was carefully selected using the purposive sampling strategy.

An electronic mail (email) was sent to the selected employees to inform them about the study and to check their availability for the interview. This was done to ensure that employees are able to make time available for the interview within their work schedules. Information sheets and a letter of consent were sent to the employees in advance to enable them to prepare for the face to face interviews conducted by the researcher.

Procedure

The interviews were conducted with each employee on a face to face basis and employees in regional offices were interviewed telephonically. All non-telephonic interviews were conducted in a secluded office, behind closed doors to ensure confidentiality and to encourage respondents to openly express their opinions. The

duration of the interviews ranged from 30 to 90 minutes. It was noted here that interviews with executives and managers lasted longer than those of junior employees which were executed swiftly within the set time of 30 minutes. The telephonic interviews also took between 30 to 45 minutes.

The semi-structured interview guide comprised themes to be explored. These themes were developed from organisational justice literature. This enabled the interviewer to adapt the questions to different participants that were interviewed. The semi-structured interview format also allowed the interviewer to probe the responses and thereby follow the leads that emerged during the interview.

Each respondent was first asked to share their most recent performance management experience and whether it was favourable or not. Based on their responses, the respondents were then asked if they believed that the performance management system was fair and to substantiate their position. These two questions helped set the tone for the rest of the interview and assisted the researcher to gain an understanding of the respondentsqperceptions.

All responses were recorded onto a notebook during the interview and thereafter transcribed onto an electronic spreadsheet. The spreadsheet was tabulated according to the occupational categories and further categorised according to the three organisational justice themes. Common responses within each justice category were colour coded in order to track differences and similarities of experience from the various respondents.

At the end of the interview, employees were requested to give recommendations on what could be done to enhance the fairness of the organisationq performance management system. This information helped enhance the formulation of implications and recommendations for the universal study of performance management.

In order to ensure data security and to avoid contamination, all transcripts were kept in the researchers locked office. All information captured on the computer was secured through an access password which could only be accessed by the researcher. A back up folder

was created and saved on external hard drive to ensure data security and easy recovery in the event of loss.

Analysis

Ezzy (2002) defines coding in thematic analysis as the process of identifying themes or concepts that are in the data. The objective here is to construct a systematic account of what has been recorded, and by so doing construct a theory around the problem statement.   In order to categorise and code the data, a matrix table was developed based on the interview guide questions. The matrix was further subdivided using data analysis position categories i.e., executives, senior management, junior management and junior employees, analysis across the various levels.

Each interview transcript was perused to establish concepts related to the respective subthemes on distributive, procedural and interactional justice as well as overall perceptions of fairness of the organisation's performance management systems. Responses shared by most respondents were plotted on a spreadsheet to enable the development of themes form which an analysis could be made. The themes were based on the three justice factors and further sub divided according to the sub factors which make up the theory around each justice factor.

Each originally handwritten interview transcript was then retyped onto the spreadsheet to enable the coding process. Once retyped, the researcher read through the responses and identified as well as colour coded similar themes and sub themes across the various managerial levels. For example, for the question on whether respondents thought the performance management system was fair or not, responses were categorised and coded based on positive and negative responses as well as similarity and the reasons advanced for such responses. This system enabled a comprehensive analysis of similarities and differences in the data.

FINDINGS

The findings of the study are preceded by the two sections on the respondents' recent performance management experience as well as whether they thought the system was fair or not. The findings are outlined for distributive, procedural as well as interactional justice factors, and how these factors influence employee perception of their performance management system.

Performance management experiences

Of the 20 participants in the study, only four across the various employment levels reported having a favourable performance assessment and being fully satisfied with the performance management process and how it was implemented. This was largely attributed to the 4 satisfied employees having conducted a comprehensive introspection of their individual performance, rated and assessed every objective, acknowledged challenges and having proactively provided remedial action where they did not do well.

Some employees indicated that they conduct an honest analysis of their performance on their set deliverables for the year, and this makes their appraisal session more pleasurable as there are no surprises. Other favourable experiences were attributed to supportive supervisors who enhanced the outcome of the employees' performance assessments by reminding those being assessed of achievements that they had neglected to mention in their assessment reports as well as supervisors who increased their otherwise conservative self assessment ratings. One of the employees reported that:

> *"It was better as compared to previous years. There was more interaction and I could negotiate my scores."*

Five employees in the junior management and junior employee levels indicated that their recent experiences of the system were fair. This group indicated change in managers as well as improved interaction during assessment as the main reasons for their favourable experiences. Only one of the employees in this group attributed the favourable experience

to the fact that the system focuses on employee outputs.

A total of four respondents across the various managerial levels gave mixed views about their experiences. One employee responded as follows:

> *"It was okay, but there is a general lack of focus on the development of the individual in order to maximize delivery."*

In this group, it was indicated that the experience was influenced by the respondent relationship with their supervisor. If both the manager and subordinate are on the same wavelength, then things tend to go smoothly and the reverse is catastrophic. One respondent indicated that whilst his assessment by the immediate supervisor was pleasant, the same could not be said about the second level reviewer who was more negative and spoilt the experience.

> *"The atmosphere was quite tense and a bit hostile with the second level reviewer".*

One participant had not had a performance assessment session even though it was 1 month after the deadline for this as prescribed by the performance management policy. This situation created a high level of discomfort for the employee concerned. However, the respondent did acknowledge that it was part of his responsibility to ensure that his performance is assessed.

A total of six other respondents, reported having experienced unfavourable performance assessments. Reasons given for this include the fact that the system tolerated shortfalls and that the performance contract only represented 20% of what they do on a daily basis. Other negative experiences were attributed to the fact that performance assessments are affected or impacted by one's cultural background where one cannot question authority, and this creates challenges in affirming one's position on their deliverables.

Some respondents indicated that the performance management process was not followed, and they did not experience a quality interaction with their supervisors. One employee lamented that:

"It did not favour me. My actual input was not recognized. I exceeded my individual targets and realised impact, but the region's poor performance was imposed on my overall score."

Other respondents attributed their unhappiness to supervisors who awarded ratings that do not correlate with the positive verbal feedback they received, the tediousness of the process, too much focus on monetary rewards which their managers felt they were not entitled to, and generally poor feedback skills from managers.

Fairness of the performance management system

When asked to assess and share their views on whether the performance management system was fair, all respondents gave a 'Yes, but...' response. The two executives expressed the perception that the system had evolved and was now more balanced with the introduction of the three tier system, and therefore fair. The three tier system links individual performance to business unit as well as corporate performance targets and outcomes.

The senior managers also concurred that the system was fair but the problem is in its application. A concern was raised here that the constant changes to the system do not allow for stabilisation and institutionalisation of the system. They also felt that the system was fraught with subjectivity, used as a punitive tool, practiced as a once off event, too focussed on the monetary rewards, not balanced in how it measures targets versus behaviours and not allocated sufficient time for proper application.

One of the respondents in the junior management category protested:

"There is no such thing as performance management 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."

Other respondents across the various levels concurred that the system was open to high levels of subjectivity and therefore not fair at all. It was also claimed that the system only focuses on hard targets and ignores softer issues such as attitude, positive relationships and the human element. The effectiveness of the system was also seen to be hindered by lack of continuous feedback throughout the year. One respondent confessed that he only applied performance management to comply with company policy and deadlines and for the bonus payout.

A position was also advanced that the system is not fair as it does not recognise work done in cross functional teams and in special projects that were not part of the performance contract. There was a feeling that appraisals are a battlefield where there can only be one winner. Finally, the new performance assessment scoring framework was criticised for being ambiguous and still not recognising positive attitudes, employee potential and willingness.

The sentiment in the junior employee level was similar to that in the levels above. There was consensus that the system was technically sound but flawed in how it is applied. The system was seen to be open to manipulation and abuse due to subjectivity by supervisors and managers. One respondent indicated that the system does not favour lower level employees in terms of reward and is used solely to facilitate the payment of bonuses. There was a common view that the system is also not used to improve processes or to empower employees and therefore does not benefit anyone in terms of growth and development.

Procedural justice

In assessing procedural justice, the research focused on the various subthemes that underpin this concept. Respondents were probed on their perceptions regarding consistency in application of the performance management system rater bias, accuracy of the system, the allocation of weightings, adequacy of notice, judgement based on evidence, the contracting process, the frequency of performance feedback and the application of the performance management process.

Consistency in application of the performance management system over the past 5 years

The first question under procedural justice section relates to the how the respondents view the consistency in the application of the performance management system over a period of time. It was revealed that the system has evolved and improved over time. Only one respondent indicated that he or she had been assessed by different managers but has had consistent ratings.

The rest of the respondents across the various categories reported that the application has not been the same and this affects its effectiveness. The utilisation of the recency effect, where managers only referred to the most recent performance and the 2nd level review process were cited as examples. The most common experience was the fact that the system was seriously affected by personal subjectivity to the extent that some supervisors use it as a divide and rule where they reward their allies and punish their enemies.

Some inconsistencies were attributed to lack of knowledge on how the system is applied by both supervisors and subordinates, too much focus on monetary rewards, the frequent changes of the system and changes in supervisors.

Rater bias

Only three respondents across the categories reported not having experienced any rater bias. One of these respondents emphasised that they had not experienced bias even though they had a personality clash with their supervisors. Another respondent attributed their positive experience to proper preparation for the assessments thus ensuring that they do not aggrieve their supervisor during the appraisal.

Rater bias was experienced by most respondents across all categories. The common theme in their concerns was the fact that supervisors impose their scores on subordinates. One responded indicated that :-

> *"If the supervisor gets a particular rating, then no one can achieve better than them."*

There was a feeling that supervisors also tend to "flog the healthy horse" where more is expected from better performing employees. 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, lack of understanding of certain deliverables, favouritism, subjectivity and too much focus on the bonus payout.

System Accuracy

It was interesting to note that only one respondent from all the categories believed that the system was 100% accurate. Another respondent indicated that although the system is fair, the problem was in the application thereof. The latter's concern was echoed by respondents across all categories. The common concern was around the fact that accuracy could be improved if subjectivity is reduced. Another respondent suggested that system accuracy is 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.

Weightings

The target setting process involves allocation of weightings to the various objectives in employee performance contracts. These weightings are then used to aggregate the allocated scores and the final ratings from which bonus calculations are made. About half of the respondents indicated that they were happy with the weighting system which is negotiated and agreed upon upfront.

The rest of the respondents raised concerns about the weighting system being rigid as it does not allow for recognition of additional tasks given after the contract has been finalised. It was also reported that the weightings are dictated to junior employees based on corporate objectives and therefore not favourable as some supervisors do not allow for a fair negotiation process in this regard.

Adequate notice

The majority of respondents confirmed that adequate notice was given before every performance management discussion. A common concern raised mostly in the senior and junior management categories was around unnecessary postponements by managers who do last minute arrangements and cram appraisals over a short period.   Only one respondent indicated that they were not given enough time and was caught off guard. In another case, the respondent indicated that they had to be proactive to force managers to make time for evaluations.

Judgment based on evidence

The performance management system used at the organisation requires the employees to provide an evidence file to support their reported achievements. The respondents were split over this matter across all categories. The one half welcomed the judgement based on evidence as it could strengthen ones position and augment the process if the evidence put forward is relevant and sufficient. Concerns were raised about the waste of paper and the fact that evidence is not necessary as managers should know what their subordinates are doing at all times. Some respondents felt that it is only necessary for administrative roles as opposed to more senior strategic roles.

Fairness of the performance contracting process

The fairness of the performance contracting process where targets are set and agreed upon between supervisors and their subordinates was also investigated. Only 3 respondents reported being satisfied with the process as they are allowed to fully participate and negotiate the targets, which makes the process fair. Concerns were raised around the late submission of contracts which defeats the purpose of managing and tracking performance. It was also mentioned that the contracting process across similar positions is not consistent and this allows for manipulation of the system. The inability to set SMART goals for some functions makes it difficult to measure performance and sometimes old contracts are recycled with just a change of dates.

At the junior levels respondents felt that their individual performance contracts are dictated

to them from the Corporate Plan. They generally do not have a say in the setting of their own targets and this implies that the system cannot be fair in how it is applied.

Feedback frequency

Whilst the performance management policy stipulates the need for quarterly feedback reports, supervisors are encouraged through training to give continuous feedback to their subordinates throughout the year. Only four respondents in the junior management and junior employee categories indicated that they receive continuous feedback on either a daily or weekly basis. The majority of the respondents indicated that they receive feedback quarterly as stipulated in the policy, the rest indicated that feedback was a bi-annual or annual event, which they believe only happens for compliance purposes.

Appraisal procedure

Respondents were asked whether their most recent appraisals were done according to procedure as stipulated in the performance management policy. The executive respondents felt that the procedure was technically fair but not always followed fully. These sentiments were also shared by at least one respondent from each category.

Other respondents raised concerns about the system's inflexibility when it comes to renegotiating targets during the quarterly review and the lack of engagement between evaluatees and their 2nd level reviewers. One respondent indicated that their assessment is done over a period of two weeks 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.

One respondent in the senior manager category expressed a concern about the second level reviewer being a hindrance in the appraisal process. This was attributed to the fact that the reviewer does not work directly with the employee being assessed but has a final say in their overall rating. Concerns were also raised about appraisals done via electronic mail, thus robbing the employee being assessed of an opportunity for a face to face interaction with their supervisor.

Respondents in the junior management category lamented that staff do not understand the rating system and this was evidenced in the high self assessment ratings that they allocate to themselves. One respondent also indicated that their supervisor did not discuss their individual development plan, and they thought that maybe it is because they are in their 50's and therefore can no longer be developed.

Distributive justice

In this section the respondents were asked whether they felt that the system rewarded them fairly for their performance, and whether their ratings reflected their actual performance. Questions were also asked about other forms of reward including the link to pay increase, promotion and non-monetary reward. The latter is facilitated through the CEO's Excellence awards which are held on an annual basis.

Fairness

The executives all agreed that the system was fair and relatively generous in terms of the rewards allocated to various performance ratings for their level. They also indicated that they were aware of concerns raised by junior employees about the skewed sliding scale which has since been reviewed and is now more equitable. There was a feeling that, whilst the rewards bell curve was not normal, the system was still efficient in rewarding high achievers and thus supported the organisation's talent retention strategy as well as individual development plans.

Two of the five senior managers felt that the monetary reward is fair, especially since the introduction of the performance scoring framework. To the contrary, some respondents across the various occupational categories felt that the scoring framework was biased towards management as some of the points on this scoring framework do not apply to junior operational roles. The general feeling was that the fairness of the system is affected by the focus on the performance bonus as well as individual subjectivity which diminishes the good intention of the system. There was also a concern that the system did not focus

on corrective action, and was not linked to the succession planning process.

Only one respondent in the junior management category indicated that the system provided fair rewards and appreciated the sliding scale. The rest of the respondents seemed to concur that the system did not provide for fair rewards with statements such as:

> *"The rewards are not fair, the system is biased towards Executives and it should be the other way around. The scale should be standard – not such a vast difference."*

> *"The reward system is flawed and therefore cannot be fair."*

The feeling that the rewards were biased toward the higher levels seems to resonate amongst most respondents in the junior employee category. Only two respondents concurred that the reward system was fair as it keeps staff motivated and rewards good performance. The rest of the respondents lamented the fact that the rewards system favours executives whilst the junior employees do most of the work. Some respondents said:

> *"It favours the privileged. It's not fair. The sliding scale favours senior management. The richer get rich."*

There was an acknowledgement by junior employees that the system is noble in its intention to incentivise and motivate people. The problem is the sliding scale which favours executives and should therefore be inverted.

Distribution

The executives concurred on the distributive nature of the reward system. There was a mutual feeling that even though they did not agree on all points with their supervisors, and inconsistencies in what constitutes a particular rating, they were happy with the overall ratings as they were thoroughly interrogated and therefore accurate.

Only two respondents across the senior and junior managerial categories felt that the system reflected their actual performance. The two indicated that the system takes into

consideration both achievements and non-achievements and is therefore fair. The rest of the respondents felt that attachment to the monetary reward creates an environment where people chase high scores. The assessment is usually done for compliance sake and is generally not worth the effort. Some junior managers indicated that their ratings do not reflect actual performance as they may have been penalised for targets not achieved but are beyond their control.

A sizeable group of respondents were more neutral indicating that their scores were just fine and that they would value input from external clients in their assessments. A concern was, however, raised about managers who have poor leadership and people skills and use the system as a punitive instrument. The emphasis on the monetary reward by managers was seen as being too subjective as they disregarded individual efforts and deliverables.

Promotion and salary increase

It was suggested here that in future, the system should allow for rewards in the form of promotions in recognition of performance, especially for the lower levels. Other non-monetary rewards such as high performers' sessions with the Chief Executive Officer, concessions for additional training and development were also suggested as a form of reward and recognition.

Respondents in both the senior and junior management categories had conflicting views on the best form of reward. Some preferred the promotion option which recognises the need for more challenging tasks. A combination of performance bonus as well as salary increase as a form of reward was also suggested, whilst others favoured an increase linked reward. It was also recommended here that the reward system must be linked to the succession planning framework. There was a word of caution from a junior management respondent that human subjectivity might result in abuse of the reward system if it is linked to pay increase or promotion.

The junior employee respondents unanimously recommended promotion as an appropriate form of reward. This would enable upward movement, career advancement and personal development and growth in certain positions. One employee stated that:

"I am loyal to the organisation and would like to grow my career here."

Pay increase was also recommended as it will enhance the quality of life, build morale and enhance loyalty to the organisation. A view was also expressed that a progressive pay increase was more effective than a once off performance bonus which does not have a lasting effect on the financial sustainability of employees.

CEO's Excellence Awards

The executives felt that the CEO Awards in recognition of good employee performance was a great initiative because it brings the organisation's staff together and recognises the importance of living the values of the organisation. There was agreement that the awards had not been managed well and there was a need to improve the nomination criteria process so that they can be owned by all employees. It was stated that there is a perception that unless you catch the eye of the CEO or the people in her office you will not make the cut, and this needed to be corrected.

The senior managers concurred that the CEO's Awards are a good idea in that they recognise people behind the scenes and it was important that they are not seen to be favouring certain people. Concerns were raised about the awards being a closed process and nobody understands how nominations and eventual winners are selected. This makes the awards very subjective and biased. One respondent in the senior management category stated that:

"Even though I won an award once, I don't know how I was nominated and eventually selected as a winner."

The view expressed in this quotation was that the awards are not fair because they are decided and based on subjective interaction with the office of the CEO. People who win are not necessarily high performers in their business units. The junior management respondents were all not impressed with the awards for the same reasons stated above. One respondent stated that:

"The CEO Awards are a joke. I don't even attend them. I see them as a way to reward friends."

Only two respondents in the junior employees level felt that the awards were fair. One of the respondents had previously won the award and indicated that:

"They are fair, I got one. It feels good to know that the whole organisation acknowledges your performance."

Interactional justice

In this section, the researcher focussed on the quality of interaction as experienced by employees in the sample. Probing questions were posed to establish whether respondents had experienced any incidents of deception, invasion of privacy, whether they felt that they were listened to and given sufficient explanation for differing views as well as whether they were treated with dignity and respect during the appraisal session.

Quality of interaction

Most respondents across the various categories indicated that the quality of interaction with their managers in performance management matters is good. In the Executives category, it was felt that most managers stick to what is contracted and this focus helps improve the quality of interaction. Some indicated that they had robust conversations and an open two way communication channels where remedial action was given for developmental areas.

In the senior management category, only one respondent indicated that although stressful, a quality interaction was experienced. The rest of the respondents in this category raised concerns about assessments that were done via electronic mail without any personal interaction. There was a feeling that the quality of some interactions was compromised by the fact that it is a once off event that is done for compliance sake. Some supervisors were seen as being on the defence and/or attack, without a developmental approach.

One respondent in the junior manager category reported that they had a good interaction, maybe because their supervisor was a custodian of the process. Other respondents felt that there was not enough time allocated for the process. One such respondent stated that:

> "It was an uncomfortable fight and we have still not concluded the year-end assessment."

Only three out of eight respondents in the junior employee category were satisfied with the quality of their interactions. Other respondents acknowledged that it is a daunting task and that managers had preset ratings which make it difficult for them to negotiate with them, thus affecting the quality of the interaction. One respondent indicated that:

> "I rate it zero, emotions ran high when the manager was challenged. I did not learn anything from the evaluation"

Deception

When asked as to whether they had experienced deception both from their subordinates or supervisors, all with the exception of 4 respondents indicated that this had not been case. The negative responses came from the executive category, where deception was experienced from subordinates who inflate their achievements. Respondents in the junior management category felt that managers did not seek their participation in the drawing of contracts and this amounted to deception.

The concerns in the junior management category were around blatant lies where employees were told that they cannot achieve a certain rating because the boss said so, or because the regional or business unit score was lower. Deception was also experienced where ratings were changed after the assessment meeting without the consultation of the incumbent.

Invasion of privacy

When asked whether they had at any point felt that their privacy had been violated by colleagues during appraisals, most respondents in the executive and junior employee categories indicated that they had not experienced such. One respondent from the senior management category reported that it had only happened once and that they had been informed that clients were unhappy with their conduct without any specifics. Only one respondent in the junior management category indicated that they had felt violated when personal issues were revisited during an assessment.

Listening to personal concerns

Respondents were also asked as to whether they felt listened to and were able to make their point in matters related to their performance. Respondents in the executive category reported that they were given a fair hearing as they have open communication with their supervisor. They were listened to and allowed to state their case and justify every point.

Some senior management respondents felt that they were not afforded such an opportunity and had to vehemently argue their case, which they believe is not professional. In the junior management category, some respondents indicated that they were not listened to because their supervisors are indifferent, and did not want to tackle the issues raised. An interesting statement was made by one respondent in the junior employee category who said that:

"I was listened to, but not heard."

A general concern was expressed about supervisors who have preconceived ideas about ratings and handle performance management matters with a negative attitude.

Explanation of adjustments

All respondents in the executive category reported that their supervisor always justify any adjustments to their suggested ratings and are therefore satisfied with explanations given.

Only one respondent in the senior management category was dissatisfied with the explanations for the adjustment of scores as they were not given an opportunity to discuss the matter at hand. Some respondents indicated that they chose to challenge and appeal on those matters they felt strongly about.

This frustration was resonated in the junior management category where one respondent reported that they are not satisfied with explanations given as their supervisors do not suggest an alternative solution. Some respondents indicated that their adjustments were done unilaterally by their supervisors and not explained properly. In the junior employee category, respondents attributed this poor practice to supervisors who are not well versed with the appraisal system.

Dignity and respect

The last issue raised with the respondents was whether they felt that they were treated with dignity and respect in matters of performance management. All executive respondents reported that dignity and respect was upheld at all times. Some senior, junior management and junior employee respondents felt that dignity and respect was compromised when their scores were changed unilaterally without consultation. There was a feeling that invasion of privacy also infringed ones right to dignity and respect. One respondent stated that:

> "Disrespect of the process implies, disrespect of the individual. It feels like they give you the dress but it is not yours"

The findings above, although punctuated by some positive experiences, can generally be summarised as highlighting strong negative perceptions that reflect lack of fairness in the application of the performance management system as per the various justice categories.

DISCUSSION

This study confirms the link between employee perceptions of fairness as measured using the three dimensions of organisational justice. The findings are consistent with those in the study by Narcisse and Harcourt (1998), where fairness is viewed as a three-dimensional construct, comprised of distributive fairness, procedural fairness, and interactional fairness. There is an implication from the responses that employees generally expect their workplace experiences to be fair and they judge their relationships with the organisations they serve using fairness of processes and systems as a fundamental base.

The findings indicate that although the system is generally perceived as being technically fair and having good intentions, the manner in which it is implemented renders it procedurally, distributively and interactionally unfair. The fact that only 20% of the sample had experienced a favourable process and outcome in their most recent performance appraisals is a case in point.

The majority of respondents reported a negative personal experience which was attributed to poor application of the process, perceived abuse and application of the system as a punitive measure, poor relationships with managers and poor communication. This resonates with the findings by Rademan and Vos (2001), which indicate that perceptual differences on the fairness of appraisals exists between different groups and that complaints aired by the public service can largely be attributed to the improper application of the performance management system.

Goodhew, Cammock and Hamilton (2008), found that performance management is still fraught with inconsistencies even amongst experienced managers. This study revealed that only 2 people in the sample had experienced consistency in the application of the system over the five years or more and that they had participated in the performance management process. All inconsistencies were attributed to lack of knowledge on the performance management system by supervisors as well as subjectivity in its application.

A total of 85% of the respondents reported experiencing rater bias, whilst another majority confirmed that the accuracy of the system was negatively affected by subjectivity which in

turn reduced the fairness thereof. These findings confirm those by Kanyane and Mabelane (2009), who discovered that professionalism, leadership, motivation, communication, attitude, training and reward, which they listed as key ingredients of an effective performance management system, were lacking in the public sector. This statement is confirmed by Lengacher (2009) who stated that leaders who possess a holistic view of organisational performance are in short supply.

Anonymous (2009) purports that effective corporate information systems and processes are required in order to improve individual and business results. This means that an effective performance management system should be known to and accepted by all those who use it, but most importantly, should have a simplified mechanism for tracking performance and interaction between employees and managers. The fact that half of the respondents did not have a say in how their objectives are weighted and ultimately assessed was also a cause for concern in this study. This is particularly true of employees at the lower levels who felt the planning process was imposed on them, was rigid and did not allow for any creativity and innovation, as well as recognition of additional tasks.

Only one respondent reported not having been given adequate notice for their appraisals. This was a positive occurrence which indicates that evaluatees are given sufficient time to prepare for their appraisal sessions. Respondents generally lamented the lack of adherence to the performance management process which perpetuates perceptions of unfairness in the application of the system. The fact that only four respondents received continuous feedback on either a daily or weekly basis, and some indicated that feedback was a bi-annual or annual event, which they believe only happens for compliance purposes is an example of how the procedure is not adhered to across the organisation.

As previously stated, perceptions of procedural justice are related to both trust and morale in workers and are characterized by consistency in the application of procedures, lack of bias, accuracy of information, an opportunity and representation by those to whom the procedures pertain, Leventhal (as cited in Forret & Love, 2007, p. 251). This was obviously not the case in this study. The downside of this occurrence is that organisational commitment and productivity are negatively affected where employees perceive a certain level of procedural unfairness. This does not auger well for any organisation.

The skewed sliding scale used to calculate bonus payments was the major contention in the distributive justice category. Most senior managers and executives felt that the scale was fair and generous whilst the junior levels felt that it was unfair as they were rewarded less for their hard work. The majority of respondents felt that their scores did not reflect their actual performance and this was attributed to supervisor subjectivity and the focus on the tool's monetary reward which was also used by supervisors to punish their subordinates.

The fact that respondents had conflicting views on the best form of reward could be an indication that this phenomenon may be influenced by one's occupational category. Whilst the senior and junior management categories were undecided on which option is the most ideal, the junior employee respondents unanimously recommended promotion as an appropriate form of reward. This emphasises their need for career advancement, personal development and growth.

The outcry regarding the bias and favouritism in the selection process for the CEO's Excellence awards was another major factor influencing perceptions of fairness as it relates to distributive justice. Dailey and Kirk (1992) recommend that managers must pay attention to employees' perceptions of both procedural and distributive justice since these constructs play a central role in relation to job dissatisfaction and intentions to quit. This confirms the theory by Clay-Warner and Hegvedt (2005) that employees expect outcomes to be commensurate with inputs in the form of experience, ability and effort.

Employee experiences of interactional justice were assessed based on the quality of supervisor and subordinate interaction, incidents of deception and invasion of privacy, a feeling of being listened to, explanation of adjustments as well dignity and respect.

Respondents reported generally good quality interactions, with concerns raised about lack of interaction, as prescribed in the organisation's performance management policy, due to assessments being done via electronic mail and the turbulent and emotional nature of the process. Only 20% of the respondents experienced deception mainly by subordinates

overstating achievements, ratings being adjusted without consultation and ratings being imposed based on the supervisors and business unit scores.

There were even fewer negative perceptions around invasion of privacy. Only two respondents reported invasion of privacy by their supervisors. Most respondents felt that they were listened to with specific concerns raised in the junior management and junior employee categories. There is also an indication of possible power dynamics where the junior employees feel that their supervisors overexert their authority during appraisals. This phenomenon also presented itself in the category where respondents had to indicate whether they were given sufficient explanation of adjustments.

Most respondents also felt that they were treated with dignity and respect. Some senior, junior management and junior employee respondents felt that dignity and respect was compromised when their scores were changed unilaterally without consultation, and when their privacy is invaded. This was seen as an indication that poor interpersonal relations might be experienced by some respondents in this regard.

The findings in this justice factor provide some mitigation in the case for a fair perception of the performance management system. One can generally say that although there are a few cases of poor application of interactional justice, most respondents had a positive encounter in this category.

The findings attest the theory as advanced by Moag (as cited in Chiaburu, 2007) that supervisors can treat employees politely, professionally or can be rude and discourteous, they can offer information related to procedures or they can withhold it, they can be candid or they can engage in deception. The bottom line here is that, only positive input will result in positive outcomes for both the individuals and organisation.

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CONCLUSION AND IMPLICATIONS

It is clear from the above summary that there are various challenges experienced in the implementation of the performance management system in this organisation. Whilst there was consensus around the performance management system 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, the blatant disregard for the process as well as pockets of poor interaction in the management of performance rendered the system unfair.

White (2007) also found that complexity of process, subjectivity in application and misaligned information needs of mid level administrators were some of the perceived challenges in the human capital evaluation and assessment process. The issue of subjectivity seems to have been a challenge in the implementation of performance management for a long time. In an earlier study on subjectivity in appraisals, Michealree (1979) conceded that left to him or herself, the supervisor will subtly alter the system to affect objectivity. This study emphasised the importance of the supervisors cooperation required to ensure an acceptable level of predictability, validity and reliability of performance findings.

Radnor and Barnes (2007) also found that performance management is action, based on performance measures and reporting, which findings in improvements in behaviour, motivation and processes and promotes innovation. It can therefore be put forward that the negative fairness perceptions of the performance management system renders it ineffective. This is due to the fact that the system is currently not applied in a manner that can help to improve both individual and organisational performance.

CHAPTER 4

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

4.1   INTRODUCTION

The aim of this study was to establish employee perceptions of the fairness of the organisation's performance management system. In the literature review section, the concept and description of performance management as well as the definition of distributive, procedural and interactional justice as it relates to the fairness of performance management were outlined.

The empirical aims of this research were to establish employee perceptions of the fairness of the organisation's performance management system using the three pillars of organisational justice, i.e., distributive, procedural and interactional justice. This chapter concludes the literature review and empirical study. The limitations and recommendations or future research are made separately.

4.2   CONCLUSIONS

This chapter concludes the literature review and the empirical study. The limitations of the empirical study are also outlined and recommendations made for future research.

4.2.1 Literature review conclusions

The literature review conducted enabled the researcher to define performance management, enlist its purpose and benefits and outline the process followed in its implementation.

An analysis of performance management challenges in South Africa was also conducted where Kanyane and Mabelane (2009) identified professionalism, leadership, motivation, communication, attitude, training and reward as key ingredients of an effective

performance management system. Rademan and Vos (2001) also argued that perceptual differences on the fairness of appraisals exist and that complaints aired by public servants can be attributed to the application of the performance management system. Performance management at the organisation in the study was also outlined based on the organisations performance management policy.

The literature review included an analysis of fairness and organisational justice and how the two concepts relate to organisational performance. The organisational justice factors, i.e., procedural, distributive and interactional justice were defined and also highlighted in terms of their link to fairness perceptions of an organisations performance management system.

4.2.2 Empirical Study Conclusions

On the basis of the research findings, the conclusion drawn by the researcher is that employees at the organisation have a negative perception of the fairness of their organisations performance management system. It is also clear that employee perceptions of fairness are influenced by distributive, procedural and interactional justice factors as outlined in the findings and conclusions in Chapter 3.

4.3   LIMITATIONS

There were a few limitations in the empirical study, some of which are indicated below:

4.3.1 Empirical study limitations

This research was conducted within an organisation where the researcher is an employee and a participant in the performance management system. This may imply a certain level of subjectivity based on the researchers own perceptions of the fairness of the system and her personal experience of such a system. However, care was taken to reduce such bias through the enhancement of trustworthiness, rigor and quality as outlined in the research design.

The study also focuses on the selected South African organisation, and this presents a limitation in that the findings cannot be generalised to other organisations, government departments and private sector industries in South Africa.

4.4   RECOMMENDATIONS

4.4.1 Recommendations for future studies

In a study on the characteristics of performance management research, Thorpe and Beasly (2004) found that over time, such research will move its focus from application towards a critical position that embraces an understanding of a range of theoretical underpinnings. This holistic view of performance management is echoed by Busi and Bitici (2006), who call for a collaborative performance management framework which encompasses and explores organisational behaviour, communication management, performance management and decision support as well as operations management.

To this end, research in more diverse industry sectors, with a broader focus on other organisational processes and systems and a larger sample, could help give a more holistic view of the phenomenon of employee fairness perceptions of their performance management system.

Further research can also be conducted on the effect of each of the justice factors on performance management. By disaggregating the justice factors, the industry may gain more in-depth understanding on how these factors impact on employee performance and ultimately business performance. For example, Chen, Zhang, Leung and Zhou (2009) explored the interactive effects of time control and justice perception on job attitudes. Their study found that there were positive relationships between time control and job attitudes where perceived distributive justice was high.

The findings of the study could also be used to expand the body of work and literature on employee perceptions of performance management systems.

4.5   CHAPTER SUMMARY

In Chapter 4, the conclusion for both the literature review and empirical study, the research study limitations as well as the recommendations for future research were outlined.

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ANNEXURES

ANNEXURE 1: Performance Scoring Framework

PERFORMANCE ASSESSMENT AND SCORING FRAMEWORK

Performance Assessment and Scoring Framework.

1. A well informed community or citizens about the services of the organisation
2. A well marketed organisation whose services are known by the stakeholders
3. Educated organisational community that understand the mandate and products offered by the organisation
4. A well led and managed organisation that complies to the legislation of the country and the organisation
5. Accountable entity
6. Improved organisational efficiency and effectiveness
7. Well groomed cadre of development activists
8. Work-life balance- productive employees
9. A responsive and adaptive organisation
10. An accessible organisation

The achievement of the below mentioned measures will indicate the performance of the employee over and above required levels of performance and shall result in an employee achieving a score of 4

Performance measure	Yes	No	Is portfolio of evidence submitted	Score
Has the employee made additional contribution to the unit, sub unit that demonstrated benefit to unit?				0.1
Is the employee able to work with little supervision yet generating output that is exceptionally high in quality, quantity and timeliness?				0.2
Did the employee contribute to the articulation and definition of new programmes or services				0.2
Effectively juggles multiple priorities, tasks, and/or user requests				0.1
Often suggests new policies, procedures, techniques as a need arises rather than waiting until the need is overwhelming				0.2
Routinely volunteers for extra work/responsibility while maintaining strong job performance				0.1

	Yes	No		0.1
Does the employee volunteer to participate in cross functional teams				0.1
Total				**1.0**

The achievement of the below mentioned measures will indicate the performance of the employee over and above required levels of performance and shall result in an employee achieving a score of 5. It would be noticed that there is a variance of 5 on the total overall score which is to cushion for the principle that all cannot be perfect in the work situation

Performance measure	Yes	No	Is portfolio of evidence submitted	Score
Has the employee made additional contribution to the unit, that demonstrated benefit to organisation				0.1
Has the employee produced any academic papers that contribute to their field of work				0.1
Has the employee demonstrated any innovation and creativity				01
Is there a demonstration of the impact as articulated by clients and SLA feedback				0.1
Is there demonstration of outcome and / or impact as articulated by organisation impact assessment				0.1
				0.5
Total				

ANNEXURE 2: Performance Sliding Scale

RATING	CEO	EXEC DPSU	EXECU-TIVES	GENERAL MANAGER	SENIOR MANA-GERS	MIDDLE MANA-GERS	JUNIOR MANA-GER	BARGAI-NING LEVEL EMPLO-YEES
		LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6	LEVEL7/8	LEVEL 9-18
3.1	15%	13%	12%	10%	9%	8%	8%	8%
3.2	16%	15%	13%	11%	10%	9.5%	9.0%	9.0%
3.3	17%	16%	14%	12%	11%	10.0%	9.5%	9.5%
3.4	18%	17%	15%	13%	12%	11%	10.0%	10.0%
3.5	19%	18%	16%	14%	13%	13%	13%	13%
3.6	27%	26%	24%	22%	21%	16%	14%	14%
3.7	28%	27%	25%	23%	22%	17%	16%	16%
3.8	32%	28%	26%	24%	23%	18%	17%	17%
3.9	33%	29%	27%	25%	24%	19%	18%	18%
4.0	34%	30%	28%	26%	25%	20%	19%	19%
4.1	35%	31%	29%	27%	26%	21%	20%	20%
4.2	36%	32%	30%	28%	27%	22%	21%	21%
4.3	38%	33%	31%	29%	28%	23%	22%	22%
4.4	39%	34%	32%	30%	29%	24%	23%	23%
4.5	40%	35%	33%	31%	30%	25%	24%	24%
4.6	42%	36%	34%	32%	31%	26%	24%	24%
4.7	42%	37%	35%	33%	32%	27%	24%	24%
4.8	43%	39%	36%	34%	33%	28%	25%	25%
4.9	44%	41%	38%	34%	33%	29%	25%	25%
5.0	45%	43%	40%	35%	35%	30%	25%	25%