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Exploring performance management to enhance employee engagement

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ABSTRACT

Employee engagement is trending as major concern among business globally as business look for innovative ways to be sustainable and remain competitive. Identifying and investigating the various work contexts that influence employee commitment and retention is a priority that directly impacts business bottom line. In the context of employee engagement, the exploratory research study investigates the barriers to employee engagement and in what way performance management systems can be leveraged to motivate enhance employee engagement.

The study was conducted in Gauteng with senior management and Human Resource experts from the largest four banks in South Africa. Data for the study was gathered through eighteen semi-structured interviews conducted by the researcher and all interviews were recorded on audio disc. The subjects of the study were selected using a non-probability purposive sampling technique.

The results suggest that business acknowledge employee engagement as a key component of business strategy and performance management systems is a critical organisational process, which may be used tap into the discretionary efforts of employees. The results reveal that the barriers to performance management are shared with employee engagement, and when these are conquered, employee engagement improves.

The results recommend that to improve employee engagement the right leaders must be selected and trained and the environment must be one of trust, accountability and transparency. The results reveal that leaders must set out clear expectations to drive performance management and employee engagement to actively influence employees to participate and engage.

KEYWORDS

Employee engagement

Performance management systems

Barriers

Leader

Culture

DECLARATION

I declare that this project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorization and consent to perform this research.

.....
Date: 10 November 2014

Sarshnee Pather

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To my mum and dad, the most supportive and amazing parents: Thank you for keeping my home running and staying over and for taking care of Krithika. I could not have achieved this without you.

To my husband Lushen: You have my deepest appreciation for your love, support and for allowing me the space and time to achieve my ambitions. Thank you for encouraging me to pursue my MBA.

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DEDICATION

This research study is dedicated to my parents, parents-in-laws, my daughter and my supportive husband. This has been a long, arduous and wonderful journey that would have been impossible without your constant encouragement, motivation, support and love.

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CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Research Background and Rationale

Significant shifts in the global economy have accelerated the need for organisations to find innovative ways to address new technological, demographic and marketplace realities. These modifications have forced organisations to re-evaluate costs associated with talent, necessitating a need to achieve more results with less resources. While new strategies are executed in response to these changes, high workforce performance and organisational success must be maintained. It is imperative to ensure that the introduction of processes satisfactorily and appropriately measure and improve the employee workforce engagement (Right Management, 2009, pp. 3).

Most organisations have realised that a satisfied employee is not necessarily the best employee in terms of loyalty and productivity; the best employee is the engaged employee, who is intellectually and emotionally aligned with the goals of the organisation (Right Management, 2009). Engaged employees craft the passion among associates to perform beyond average measures and to exceed expectations. When employees are positively and affectively engaged, they share an emotional bond with their organisation (Kapoor & Meachem, 2012).

Gruman and Saks (2011), Buchner (2007) and Harter, Schmidt and Hayes (2002) have identified significant relationships between employee engagement and improvements in customer satisfaction, productivity, profits, turnover, and safety records. Despite this supportive research Macleod and Clarke (2009) explained that employee engagement has not received adequate attention, because of a lack of awareness by organisational leaders, as well as the lack of skills to implement employee engagement.

The 2013 Gallup Report indicated that only 13% of employees across 142 countries are engaged in their jobs, implying that only 13% of employees are emotionally invested in their roles and are focused on creating value for their organisations. This active disengagement is an immense drain on global economies; Gallup (2013) estimates that this costs the United States approximately four hundred and fifty billion to five hundred and fifty billion dollars annually.

The increasing trend in employee disengagement according to Lipman (2013) lies in managerial relationships which are critical to business, and companies do not take the

time to select and train managers to make sure the right individual is chosen for a role (Lipman, 2013). Lipman (2013) maintained the reason for the chronically problematic manager-employee relationship is founded in the proposition “that the qualities organisations traditionally look for when selecting and developing managers and leaders are often not conducive to building positive, engaged employee relationships”.

Lipman (2013) asserted that if leadership qualities are not moderated by a high degree of self-awareness of how individuals are identified and perceived by others, these qualities may in fact alienate those on the receiving end. Baney (2012) supported this increasing trend in employee disengagement and asserted that there are seven common themes that have led to this disengagement; namely unclear expectations, lack of resources, input and strengths not valued, under recognised and underpaid, in the dark; forced evaluations are not relevant and the general environment is not conducive to engagement.

Gallup (2013) maintained that in recognition of the importance of the employee engagement crisis most organisations have invested millions of dollars to address the issue of deteriorating employee morale. Businesses have invested in employee engagement surveys and engagement activities, yet there exists an increasing trend in employee disengagement. Gallup (2013) asserted, that in order remediate the employee engagement crisis, the focus needs to shift away from the symptoms to the root cause.

Performance management is recognised as a critical determiner of organisational effectiveness and is recognised as the vital process through which work is accomplished (Gruman & Saks, 2011). The significant shifts in the global landscape have led many organisations to refocus their attention internally to maintain productivity and produce performance gains (Buchner, 2007). Performance management (Buchner, 2007) in particular is viewed as a method that improves performance and ultimately strengthens employee engagement.

Performance management systems initiate and motivate organisational effectiveness through planning, setting of expectations, monitoring progress, providing feedback, developing capabilities, rating performance and rewarding performance (Aguinis, 2009, as cited by Gravina & Siers, 2011a). Heathfield (2007) maintained that the goal of performance management systems is to achieve an organisation’s vision and mission.

Given the relevance and significance of performance management systems, there have been efforts to determine the reasons for why performance management systems have not delivered on their intended purpose. Arellano (2008) asserted that poor planning, overzealousness and lack of insight have derailed performance management

systems and accordingly negatively obstructed employee engagement. In overcomplicating the process, the system has become counterproductive and has formed a greater division and disengagement amongst employees. Managers and employees are equally sceptical that performance management adds value (Aguinis, Joo, & Gottfredson, 2011, p. 503). Performance management is usually seen as a waste of both time and resources and the potential benefits are not realised because the system focuses on the narrow aspect of performance appraisal (Aguinis et al., 2011).

Gruman and Saks (2011) argued that performance management and employee engagement are interrelated organisational processes, which influence organisational effectiveness and there is merit and benefits in positioning performance management as a tool to enhance employee engagement.

1.2 Definition of the Research Problem and Purpose

Literature exists on employee engagement. However there is limited investigation regarding the relation between employee engagement and performance management processes. *Per se*, there is limited understanding of using performance management to enhance employee engagement.

The aim of this research study was to contribute to the body of knowledge that already exists in respect of employee engagement and performance management processes. Part of this research sought to establish the case for employee engagement and discussed the barriers to employee engagement. The performance management processes were examined in the context of employee engagement, to overcome the employee engagement barriers and to design an optimal employee engagement framework.

This research study aimed to provide valuable insights to leaders, managers and human resource practitioners using performance management and employee engagement proposals and to help guide decisions in order to accelerate levels of employee engagement by using performance management as a new focused approach. Welch (2011) explained the importance of employee engagement among leaders and managers in organisations globally; it is being recognised as a critical condition affecting organisational effectiveness, innovation and competitiveness.

In addition, the research study sought to benefit managers and human resource practitioners by providing insight to the practices that attract and retain talent, given the psychological needs of the employee. Biswas and Bhatnagar (2013) found congruence

between person-organisation fit (P-O fit) and perceived organisational support (POS) and established P-O fit and POS as the antecedents for employee engagement with job satisfaction and organisational commitment as the consequences (p. 27).

For the purposes of the research study, it is suggested that organisations that fail to implement the appropriate performance management processes fail to engage their employees and this may have detrimental effects on the organisation's profitability, productivity, employee turnover and customer ratings (Gallup, 2013).

1.3 Core Research Problem

The research study is entitled "Exploring performance management to enhance employee engagement".

1.4 Research Objectives

In aiming to address this knowledge gap, the following are the main objectives of the proposed research topic:

1. To explore the current barriers to employee engagement.
2. To explore the current barriers to performance measurement in the context of employee engagement.
3. To explore the optimal performance measurement to enhance employee engagement.

1.5 Research Questions

Having discussed the main research objectives, the research questions are defined as:

- What are the barriers to employee engagement?
- What are the barriers to performance management and how does this impact employee engagement?
- Do employee engagement and performance management share common barriers?
- Is leadership and culture important in driving performance management and creating an environment of employee engagement?

1.6 Significance of the Research Study

The research study intends to inform and influence managers, leaders, human resource managers and change experts on the common barriers and benefits that can be overcome and achieved respectfully, if performance management is seen as interconnected and interrelated to employee engagement. The research study explored whether performance management systems are planned, designed and maintained appropriately and whether this positively improves employee engagement.

The research study is significant as it provided insight to organisations concerning the relevant considerations and antecedents to be undertaken to effectively use performance management to enhance employee engagement. Managers and leaders can benefit from the insight gained on the relevance of trust, culture and leadership traits, which are essential to tap into the discretionary efforts of employees. Employee engagement leads to employee satisfaction and has a multiplier effect on productivity, driving innovation and ultimately profitability. With this insight human resource practitioners can be better equipped to design suitable interventions to facilitate that leaders and managers receive the necessary training to tap into the discretionary energy of employees and devise ways to motivate and retain employees.

1.7 Research Delimitations

The delimitations illustrate the shortcomings and constraints of the research study and define its scope.

The research study focused on employee engagement levels in financial institutions, with specific focus on the four major retail banks in South Africa, namely Absa Bank, Standard Bank, First National Bank and Nedbank.

The research study was limited to Gauteng, which is the location of the head offices of the respective banks. The scope was limited to banks, given the unique nature of their culture; organisational structure; and regulatory implications. It is important to note that various differences in organisational culture are also perceived within different departments across the bank, for example, the differences between Absa Retail Bank and Absa Investment Bank. This is congruent with the findings of Khosla (2013), who advocated the differences between organisational culture, work environment and organisational climate are recognised as factors that influence performance.

1.8 Research Limitations

The interviews were conducted within a limited period of time and accordingly excluded respondents who were not available during that time period. The sample consisted of eighteen respondents and it is noted that more people who could have made a contribution to the research were excluded.

Since the research study concentrated on the four major banks in South Africa, the application of the findings to other industries may be constrained given the bespoke nature of banks in terms of organisational structure, regulations and culture. When conducting the research interviews, the participants were aware that the researcher was an employee from a competing bank and they may have guarded their responses. Furthermore the researcher conducted all the semi-structured interviews personally, consequently making it challenging to prevent subjectivity and bias.

The barriers to employee engagement and performance management are vast and the accordingly for the purpose of this study, the research study only focused on certain pertinent common factors. These were namely trust, leadership, culture, lack of skills and training, measurability, and lack of commitment from leaders and managers.

1.9 Research Assumptions

The following assumptions have been made in terms of the research study:

- The selected respondents were willing participants and their input contributed to the research report.
- The participants were cognisant of the issues raised in the research study as these are relevant in their daily organisational roles.
- Bias was acceptable in the research study given that the study was qualitative in nature and was based on semi-structured face-to-face interviews.

1.10 Outline of the Research Study

Chapter one introduced the research topic by providing background on the research problem and explaining the significance of the research study.

Chapter two provides the literature review. This chapter analyses Kahn's (1990) seminal article on employee engagement and broadens the discussion to include the benefits, drivers and barriers to employee engagement. The chapter then concentrates

on performance management by focussing on process, the benefits and drivers and finally the barriers to employee engagement. The aim of the chapter is to provide the reader with an overview of these two processes together with an insight of the connections between the processes.

Chapter three focusses on the research questions of the research study.

Chapter four discusses the research methodology and approach undertaken for the research study. The chapter discusses the reason for a qualitative approach, the sample size, population and the research tool the research study utilised. The chapter concludes by including the limitations of the research study.

Chapter five presents the outcomes of the research study based on the research objectives and research questions. The chapter presents the results as a structure of findings supported by tables and quotations from the interviewees.

Chapter six discusses the results from the research study. The chapter analyses and interprets the findings in terms of the research objectives, research questions and literature review presented in Chapter 2.

Chapter seven is the final concluding chapter of the research study and connects together the research findings and the research objectives to determine whether the research outcomes were consistent with the research objectives. The chapter presents a summary of the research findings and suggests recommendations to managers, human resource managers and endorses future research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Chapter 2 presents the literature review of the main topics of the research study. The terms “employee engagement” and “performance management systems” are analysed. This chapter explores the use of performance management practices to enhance employee engagement, with the aim of constructing an optimal employee engagement model.

2.2 The Process of Employee Engagement

2.2.1 Employee engagement explained

There are various employee engagement definitions. However for this study, the definitions presented by Kahn (1990), Maslach, Schaufeli, and Leiter (2001) as well as Schaufeli and Bakker (2004), Maslach and Leiter (2008) and Macey, Schneider, Barbera and Young (2009) are discussed.

Kahn (1990) argued that the manner in which people occupy their work roles is dependent on how much and how willing they are to immerse themselves in their roles. Kahn (1990) further explained that employees can use varying degrees of cognitive, physical and emotional ability in their roles and the levels employed are dependent on the employers' ability to harness these. Kahn (1990) formally defined engagement as the “harnessing of organisation members' selves to their work roles physically, cognitively or emotionally and disengagement where people uncouple themselves from their roles and “withdraw and defend themselves physically, cognitively or emotionally during role performances” (p. 694-695).

Maslach et al., (2001) and Schaufeli and Bakker (2004), in the context of organisational behaviour, developed Khan's definition to and express engagement as a “persistent, positive affective motivational state of fulfilment in employees that is characterised by vigour, dedication and absorption” (p. 417). Maslach et al., (2001, p. 417) explained the following:

- Vigour is characterised by high levels of energy, willingness and resilience.
- Dedication is characterised by strong involvement in one's work together with feelings of enthusiasm, significance, inspiration and a sense of pride.

- Absorption refers to a pleasant state of total immersion in one's work where time passes quickly and being unable to detach oneself from the job.

These definitions share a congruent focus on the manifestations of engagement where the cognitive element is related to absorption, the emotional element is connected to dedication and the physical element is related to vigour.

It is important to know that the employee engagement academic definition is distinct from the practitioner definition of employee engagement. The practitioner definition shares an overlap with the organisational constructs of organisational commitment, job satisfaction and job involvement (Gruman & Saks, 2011, p, 133; Maslach et al., 2001). Conversely, the academic literature defined engagement as a separate, distinct and unique construct that consists of cognitive, emotional, and behavioural components that are associated with individual role performance (Gruman & Saks, 2011, p. 133; Maslach et al., 2001).

Maslach and Leiter (2008) argued that engagement is the antithesis of burnout and are on opposite sides of a continuum. The three interrelated dimensions to this continuum are exhaustion and energy, cynicism and involvement, and inefficacy and efficacy. In this context employee engagement is seen as the desired goal in burnout intervention and the Maslach Burnout Inventory (MBI) is the tool used to assess burnout dimensions.

Based on the definitions presented, two common themes emerge. Firstly all the definitions discuss the psychological conditions necessary for engagement; however the reasons concerning the employees' responses to these conditions are not explained.

The second theme is that there is muted emphasis on organisational context. Organisational context is fundamental to organisations and is an important determinant of attitudinal, behavioural and performance outcomes (Bakker, Albrecht & Leiter, 2011, pp. 11–12). In the global landscape, change is constant and it is imperative for organisations to discern change, as well as be flexible to adapt to internal and external changes in the environment.

Furthermore, employee engagement in terms of a theoretical explanation is defined in terms of reciprocal relationships, which is embedded in Social Exchange Theory (SET) (Gruman & Saks, 2011; Maslach, Schaufeli, & Leiter, 2001).

2.3 Determinants of Employee Engagement

In an analysis of the main levers of employee engagement, according to Bakker and Demerouti (2007); Xanthopoulou, Bakker, Demerouti, and Schaufeli (2007), job resources and personal resources are significant factors that must be considered.

Bakker, Demerouti, Nachreiner and Schaufeli (2001) argued by using the Jobs Demand Resources Model (JD-R Model) that disengagement is seen as “not an outcome of exhaustion but a shortage of job resources” (p. 508). When job demands are high, employees experience increased exhaustion but not disengagement; when job resources are low, employees experience high levels of disengagement; when job demands are high and job resources are low, employees experience both high exhaustion and disengagement (Bakker et al., 2001, p. 508).

In this context, Bakker and Demerouti (2007) defined job resources as those physical, social or organisational aspects of the job that may reduce job demands, be functional in achieving work goals or stimulate personal growth, learning and development (p. 312). Job resources are assumed to play both intrinsic and extrinsic motivational roles (Van den Broeck, Vansteenkiste, De Witte, & Lens, 2008).

Intrinsically these resources fulfil fundamental human needs, such as the needs for autonomy, relatedness and competence (Van den Broeck et al., 2008, p. 280). From an extrinsic perspective, work environments that are resourceful foster willingness for employees to dedicate their efforts and abilities to current tasks (Meijman and Mulder, 1998).

In their research, Xanthopoulou et al. (2007) argued that personal resources, self-efficacy, self-esteem and optimism, are good indicators of work engagement (p. 124). The results confirmed that engaged employees are highly self-efficacious, believing they can meet the contextual demands. Generally these employees have a positive disposition in life and believe they can satisfy their needs by participating in work roles. Notwithstanding, Xanthopoulou et al. (2007) noted that these personal resources are finitely susceptible to environmental changes, and these resources are ultimately dependent on the disposition of the employee.

Schaufeli, Bakker and Rhenen (2009) disclosed that increases in social support, autonomy, opportunities to both learn and develop as well as performance feedback were positive predictors of engagement. This is a view shared by Rich, Lepine and Crawford (2010). Moreover, Kahn (1990) and Rich et al. (2010) argued that the antecedents of value congruence, perceived organisational support and core self-

values combined with task performance and organisational citizenship behaviour are determinants of the exploration of the relationships between job performance and employee engagement.

Kahn (1990) and Rich et al. (2010) additionally discussed that when job roles called for behaviours that are congruent with employees' perceptions of themselves and if employees feel that the perceived environment is safe, secure and trustworthy, employees feel confident to immerse themselves in their roles without the fear of consequences, and are secure of managerial support received. In this context employees look beyond task performance and operate at a higher level, where citizenship and stewardship become part of the standard. These practices, which engender employee engagement exceed the role of job satisfaction, job involvement and intrinsic motivation (Kahn, 1990 and Rich et al., 2010).

The study by Jenkins and Delbridge (2013) presented an alternative view, which enhanced existing antecedents of engagement theory (Bakker et al., 2011). Jenkins and Delbridge (2013) argued that in examining the antecedents for employee engagement, it is imperative that "contextual contingencies" be included. The study revealed even though an engagement approach was enacted with commitment from management, if the wider economy, industry, specific market conditions, ownership, governance, organisational size and internal structures are not considered, the effect of the engagement practices is lost and the resultant is disengagement (Jenkins & Delbridge, 2013).

2.4 Benefits and Disadvantages of Employee Engagement

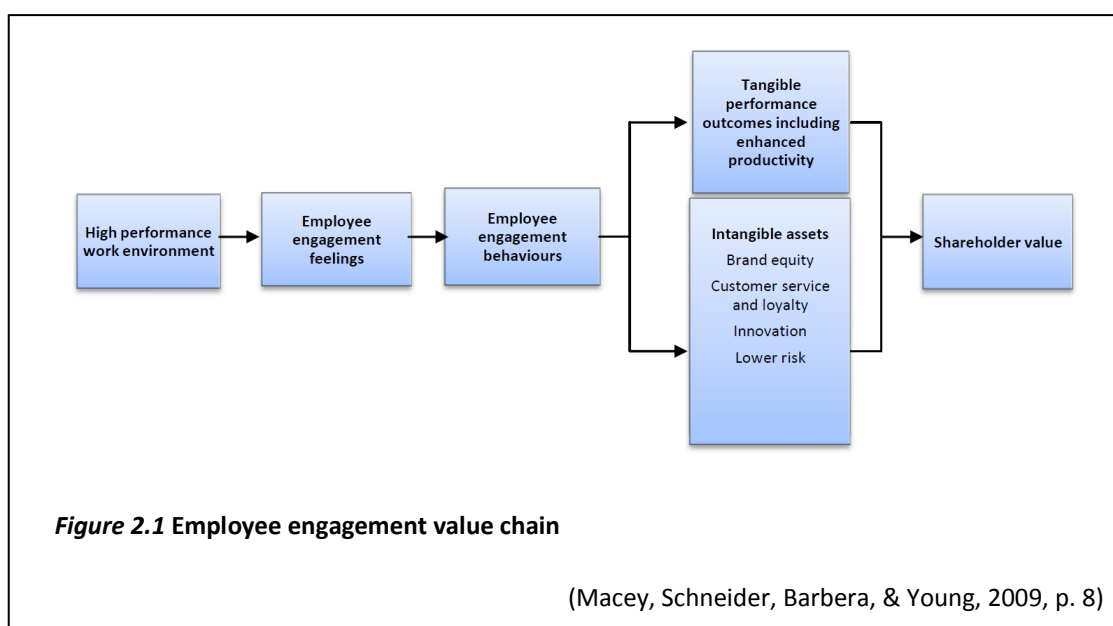
Harter, Schmidt and Hayes (2002) identified significant relationships between employee engagement and improvements in customer satisfaction, productivity, profits, turnover, and safety records (p. 268). More recently, Saks (2006) found that engagement significantly predicted job satisfaction and employee commitment to the organisation.

Macey, Schneider, Barbera and Young (2009) cautioned of the paradox that high levels of engagement may be equally problematic and could result in burnout. Exhaustion can result from excessive job demands that people feel, despite being engaged in meaningful work and having social support. George (2011) cited rising levels of productivity associated with work intensification and income equality. George (2011) questioned the legitimacy of organisations that solicit high engagement levels but fail to appropriately reward employees. In a like manner, work impacts personal family time

and other interests, even outside of working hours (George, 2011). Employees are connected to work despite not being at work through technological devices.

In their 2009 study, Macey et al. distinguished engagement in terms of employee engagement feelings, feelings of urgency, focus, intensity, and enthusiasm. The authors also explained that employee engagement behaviours consist of persistence, proactivity, role expansion, and adaptability and furthermore proposed a model of the employee engagement value chain in which engagement feelings lead to engagement behaviours and engagement behaviours lead to performance outcomes. These performance outcomes ultimately result in overall organisational performance.

Figure 1: Employee engagement value chain



In expanding on performance outcomes, Gallup (2013) asserted that by using the Gallup Q12 survey, certain vital performance outcomes could be achieved provided employee engagement is prioritised as a key business strategy. According to Gallup (2013), the principle performance outcomes include:

Table 1: Outcomes from Gallup Q12 survey (State of the Global Workplace, 2013, p. 21)

Customer ratings	Safety incidents
Productivity	Quality
Turnover	Shrinkage
Profitability	Patient safety incidents
Absenteeism	

2.5 Measuring Employee Engagement

The Gallup organisation has developed the Q12 employee engagement metric measure employee engagement. Gallup (2013) maintained that when the Q12 metric is used, it must be sequentially followed since the twelve metrics represent the hierarchy of the four stages of employee engagement.

- In stage one the employee concentrates on addressing the question, “What is that I want from this role?”
- In stage two employees are more interested in their own efforts and contributions and how people view this effort.
- In stage three the employee intrinsically questions whether or not he belongs in the position/company.
- In stage four, the most advanced stage, employees want to drive innovation and improvements; employees are keen to learn and grow in their roles to move the organisation forward.

Gallup advocated that by consistently using the Q12 metric, organisations are better positioned to measure employee engagement and the success of engagement interventions.

2.6 Barriers in Employee Engagement

2.6.1 Definition and measurement

Despite the compelling case for employee engagement, Macleod and Clarke (2009) argued that the lack of awareness of the employee engagement construct is significant constraint. Similarly Welch (2011) and Gruman and Saks (2011) agreed that the resulting lack of consensus regarding the definition of employee engagement and its overlap with organisational constructs in practice has caused confusion and concern among global leaders since they acknowledge employee engagement as a vital element affecting competitiveness, innovation and effectiveness (Welch, 2011). This suggests that organisations are unable to apply engagement strategies accurately and effectively.

Although this may be true, Gallup established an employee engagement metric to measure employee engagement. Notwithstanding, Gallup cautioned that unless

ensuing actions are targeted for improvement, the measurement is rendered useless (Gallup, 2012).

Without maintaining a shared definition, instilling a measurement metric is difficult. Presently practitioners use surveys to assess and benchmark engagement levels and the antecedents of engagement. Gruman and Saks (2011) argued that although these surveys are useful, they have several limitations. The most obvious limitation is that engagement surveys are suited to measure employee feelings and state engagement and not behavioural engagement, which leads directly to job performance (Gruman & Saks, 2011). In state engagement, the work and its conditions contribute to the feelings of engagement and lead to behavioural engagement which is defined as the observable behaviours that are driven from state engagement (Gruman & Saks, 2011). By implication, if the inappropriate engagement strategies are applied the outcome could be disengagement (Jenkins & Delbridge, 2013).

2.6.2 Support

Macleod and Clarke (2009) argued that additional barriers relating to the support of employee engagement include:

1. Organisational decision-making style, which is often re-active and not focused on long term strategy.
2. The inconsistent management of people, based on the attitudes of individual managers leads to perceptions of unfairness and mistrust among employees. This is an inhibiting factor to employee engagement.
3. The lack of communications and knowledge sharing, due to rigid communication channels or cultural norms negatively impacts employee engagement.
4. Low perceptions of senior management visibility and quality of downward communication.
5. Alignment to organisational culture and strategy.
6. Lack of training and development on employee engagement strategy.
7. Underestimation of the effort and investment involved in employee engagement strategies financially, operationally and strategically.

The lack of training and development programmes has significant impacts on employee engagement. Education is seen as another significant factor inhibiting employee engagement. It is often associated with higher engagement in developing and

transitional economies (Gallup, 2013). However, for developed countries, the significant and extended unemployment rates have resulted in engagement trending slightly downward with employee education level.

To summarise, the significant forces impacting employee engagement, key themes were extracted from the literature and documented in Table 1 below.

Table 2: Factors inhibiting employee engagement

Inhibiting Force	Reference
Lack of awareness	MacLeod and Clark (2009), Welch (2011), Gruman and Saks (2011)
Immeasurability	Gruman and Saks (2011)
Inconsistent management of employees	MacLeod and Clark (2009)
Short term reactive decision making style	MacLeod and Clark (2009)
Lack of communication	MacLeod and Clark (2009)
Lack of senior management commitment and communication	MacLeod and Clark (2009)
Lack of leadership characteristics	MacLeod and Clark (2009)
Alignment of organisational culture and strategy	MacLeod and Clark (2009)
Lack of skill and training	MacLeod and Clark (2009)
Underestimation of effort of employee engagement strategy	MacLeod and Clark (2009)

2.7 Performance Management

This research report discusses the nature of performance management, followed by the explanation of some strategic performance management tools, most notably performance appraisal and development. Although these are two separate constructs, it is important to note that they are interrelated and benefit employee performance and ultimately organisational performance.

2.7.1 The nature of performance management

Organisations continue to grapple with performance management implementation despite research that has consistently proven that performance management positively influences sales and organisation performance. Performance management is regarded as the most disliked organisational process among managers and employees and accordingly the research study analyses the basic principles of performance management and then discusses the inhibitors of performance management.

Aguinis 2009a (as cited by Aguinis, Gottfredson, & Joo, 2011, p. 504) defined performance management as a “continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organisation” (p. 2). Grobler, Wörnich, Carrell, Elbert and Hatfield (2006) expanded on this and defined performance management as an organisational process that affects organisational performance by having managers and employees work together to set objectives, evaluate performance and finally reward performance.

Furthermore, Armstrong and Murlis (2007) expanded on this as they asserted that performance management is a method to ensure that the gap between where the organisation is currently and where it wants to develop to is narrowed. Armstrong and Murlis (2007, p. 255) emphasised that performance management has evolved itself into “how to get things done”.

2.7.2 Objectives of performance management

In an analysis of the desired outcomes of performance management, Heathfield (2007) argued that the goal of performance management is to achieve the organisation’s vision and mission. No individuals perform unless their personal vision and mission are also accomplished. In such a system feedback occurs regularly, individual objectives are measured and are based on organisational goals and the performance of the organisation is aligned and assured with focus on individual employee developmental plans (Heathfield, 2007). The predominant purpose of performance management is the driving force behind the objectives and strategic direction of the organisation (Heathfield, 2007).

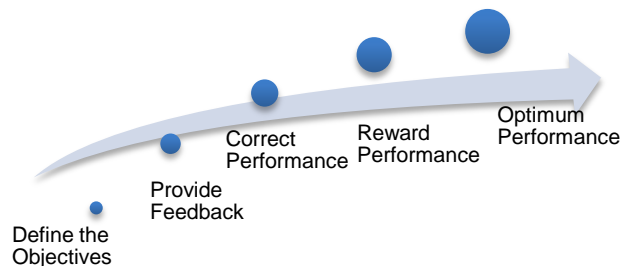
Aguinis 2009 (as cited by Gravina and Siers, 2011, p. 279) explained that the main objectives of performance management are:

- a) linking work behaviours to the organisation’s strategic purposes,
- b) serving as a basis for administrative decisions,
- c) communicating performance standards and performance feedback to employees,
- d) establishing developmental objectives for training and coaching activities,
- e) providing data for organisation wide maintenance and interventions, and
- f) documenting performance records for organisational and legal purpose.

In the 2009 report, the Right Management found that the crucial determinant of success in performance management is timeous feedback, regardless of whether it is positive or negative. The main aim in performance management is to ensure that the organisation meets its objectives, which requires an integrated approach to ensure employees fully understand their roles in delivering on the outcomes of the organisation (Rigby & Bilodeau, 2013 and Bussin, 2013). This implies that the outcome of performance management should benefit the organisation in maximising profit and deliver on the needs of the employee who seeks valid constructive feedback (Bussin, 2013).

The sequential steps in performance management according to Bussin (2013, p. 148) are described in the figure below:

Figure 2: Sequential steps in performance management (Bussin, 2013, p. 148)



2.8 Performance Appraisal

Gupta and Kumar (2013) defined performance appraisal justice in terms of the whole performance management system that encompasses the establishment of performance standards, appraisal behaviours, rating and the communication to the ratee. Aguinis 2009 (as cited by Gravina and Siers, 2011) discussed that although performance appraisal does not motivate performance and discretionary effort, it accomplishes monitoring performance and making administrative decisions.

It is noted that performance appraisals have evolved from performance-monitoring into performance-development tools with three functions (Vasset, Marnburg, & Furunes, 2010, p. 30):

- 1) To provide adequate feedback to support employee development;
- 2) To serve as a basis for modifying or changing behaviours to produce more effective work for organisations; and

3) To provide useful information to supervisors

The evolution of the performance appraisal has also called for the re-engineering of performance appraisals from an objectives-based to competency-based approach (Grobler, Wörnich, Carrell, Elbert, & Hatfield, 2011, p. 583). It must be noted that this approach is also not without criticism. Grobler et al. (2006) argued that the competency approach is unobservable and measurable. Dusterhoff, Cunningham, and MacGregor (2013) supported the increasing drive to use performance appraisals as the fundamental link between employee behaviour and achievement in the pursuit of attaining an organisations' strategic objectives.

Dusterhoff et al. (2013) explained that the purpose of performance appraisal is twofold. Firstly, it monitors and improves the manner in which an employee contributes to achieve organisational goals. Secondly, performance appraisals are used as tools for employees to develop and overcome barriers to performance. Dusterhoff et al. (2013) maintained that in order for managers to use performance appraisals as developmental tools, employees must view the appraisal process positively and be satisfied with the procedure and it must incorporate the organisational context. The challenge is that often, employees do not see the process as fair and just (Dusterhoff et al., 2013) and it is unsynchronised with the environment (Dusterhoff et al., 2013).

2.8.1 Performance appraisal methods

Grobler et al. (2006) argued that the instruments used to implement performance management is a critical factor when determining how successful an organisation manages its performance as this signals to employees the behaviour to display. Accordingly, acknowledging the importance of these antecedents, this research study briefly discusses the few performance appraisal methods propounded by Grobler et al. (2006) and emphasises the advantages and shortcomings of the various methods.

2.8.1.1 Category rating methods

Grobler et al. (2006, p. 303) explained that the three main methods that are classified in this category are the graphic rating scale, the non-graphic rating scale and critical incidents checklists.

In the graphic rating scale model a manager rates an employee on a graphic scale on specific work behaviours and outcomes. The non-graphic rating scale differs slightly in that it provides a brief description of each work behaviour as opposed to merely listing the behaviours. The main benefit of the scales is that they are quick and easy to use

and the main disadvantages are that the evaluator can make halo or central tendency errors and have a tendency to not be related to the specific job.

Grobler et al. (2006, p. 303) asserted that the checklist of critical incidents is similar to graphic ratings in that it appraises an employee on critical behaviours. However it is better suited to performance management in that it caters for specific job requirements. Although this is advantageous, it is tedious because certain occupations may have numerous and specific criteria.

2.8.1.2 Comparative rating methods

When considering comparative rating methods, Grobler et al. (2006, p. 305) contended that there are three main methods, namely ranking, forced distribution and paired comparison. Ranking refers to the listing of employees' performance from most effective to least effective. The main advantages of this method include efficiency and it eliminates central tendency and leniency as employees are ranked against each other within a department. This is also one of the main disadvantages in that employees are ranked against each other as opposed to a shared standard. Forced distribution is similar to ranking in that managers are forced to spread their employee evaluations in a standard distribution.

The final comparative method according to Grobler et al. (2006, p. 306) is paired comparison. In paired comparison, managers pair employees and in the final assessment, choose one employee who is superior to the other in the overall performance. Paired comparison is the most favoured of the three methods. It is however disadvantaged because it compares employees on overall performance and not according to specific job performance.

2.8.1.3 Narrative rating methods

In narrative methods, Grobler et al. (2006, p. 307) discussed three narrative methods, namely critical incidents, annual review files or calendar and essay methods. Critical incidents allow for the evaluation of the employee on specific job behaviours on the continuum of good and bad behaviour and average work performance is eliminated. In the annual review file, a manager and an employee maintain a continuous performance file pertaining to a calendar year and in an essay method, the manager writes a composition of the employee's strengths and weaknesses.

2.8.1.4 Behavioural/Objective Methods

Grobler et al. (2006) discussed that Behaviourally Anchored Rating Scales (BARS) allowed for a combination of rating scale and critical incident methods to be used; this

is the most commonly used by organisations. BARS uses a separate rating scale for each job, and while it is time consuming to compile, it offers numerous advantages, including:

- 1) More accuracy as it is specifically job related;
- 2) Clearer standards;
- 3) Specific job criteria and more explicit feedback that is offered to the employee, and
- 4) Offering more consistency in that different evaluators of an employee appraise the employee similarly.

Management by objectives (MBO) is one the most widely used performance appraisal tools and is an appraisal method based on objective goal-setting, agreed upon by both manager and employee (Grobler et al., 2011). MBO is classified into predetermined achievements (the goals), plausible pathways to those achievements (action planning), as well as self-control (empowered employee) and periodic review. Grobler et al. (2006) argue that MBO is regarded as a developmental tool as it provides the employee with progress updates before the appraisal process commences.

According to Grobler et al. (2006) in goal-setting, measurable goals are agreed upon by both the manager and the employee. These goals have the following characteristics: 1) the goals include a description of the goal together with what is the expected outcome; 2) goal target dates and 3) the resources needed to achieve the goal. In action planning the employee receives more direction regarding the actual achievement of the goal and the milestones that are used to evaluate achievement of the goals. In the final stage of period review, Grobler et al. (2006) maintain that the manager and employee discuss the relevance of the goals in relation to job changes and the problems associated with achieving the goals.

Each method discussed above has its own benefits and shortfalls and is dependent on the individual, organisational, industrial and country contexts. The advantage of one method can be a shortcoming of another method in a different context. Hence organisations continuously review the fit for purpose status of these methods to ensure the method suits the organisation and environment.

2.8.2 360-Degree performance tool

Maylett (2009) argued that the need to measure performance is critical, especially since it affects remuneration, goal-setting, training and development, succession planning and appraisal. Complete 360-degree feedback plays a vital role in this

process as it provides a more extensive evaluation of an employee instead of relying on a single manager view. It provides the manager a more comprehensive view of an employee's behaviour and performance (Maylett, 2009). Historically, 360-degree feedback was seen as a developmental tool. However there has been a drive to use the tool for appraisal purposes (Maylett, 2009).

Maylett (2009) articulated that performance appraisal answers the question of what has been accomplished by an employee and the performance development answers the question of how was this accomplished. Essentially an employee may have accomplished all the required tasks, but this may have been done disrespectfully, without consideration for others.

Maylett (2009) presented that employees become more open to the 360-degree process when they understand the process is used more for developmental purposes and then consider feedback as a gift. Feedback plays an important role in the organisation in that it aids one in understanding oneself and how one interacts and is perceived by other members in the organisation (Maylett, 2009).

Maylett (2009) cautioned that if 360-degree feedback is not implemented correctly, it can be costly, time consuming and administratively difficult. In addition, considering that most organisations operate in a poor feedback environment, 360-degree feedback may be negatively perceived by the employee, supervisor and the organisation as a whole (Maylett, 2009).

Espinilla, de Andrés, Martínez and Martínez (2013) supported Maylett (2009) and argued that 360-degree feedback is advantageous in that it overcomes some of the shortfalls of the traditional evaluation such as halo effects, lack of objectivity and prejudice. However these advantages may be lost when evaluators become less honest when they know that the feedback will be used for salary, bonus or promotion purposes (Maylett, 2009). Maylett (2009) further explained another apprehension about 360-degree feedback, namely that the scores are too high. Maylett (2009) explained when 360 appraisal is used for developmental purposes the scores are 20% higher on average because they may be analysed in absolute terms, compared to when it is used for appraisals it is looked from a relative perspective.

2.9 Benefits of Performance Management

Aguinis et al. (2011) argued that a well-designed, executed and maintained performance management system benefits the employee, the manager and the organisation. These benefits motivate and promote two-way communication; a

heightened sense of self-esteem; focus on maximising strengths and closing development gaps and; finally promotes overall organisational performance (Aguinis et al., 2011). These are just a few benefits that must be analysed together with the challenges of performance management systems.

2.10 Challenges of Performance Management

Despite the popularity of performance management systems, the results of many studies indicate that firms do not manage employee performance very well. This is evident in a 2006 survey conducted by Watson Wyatt where it was founded that only three in ten employees believe that their company's performance review system actually helped them improve their performance (Aguinis et al., 2011; Holland, 2006). Gaps regarding the reasons for and factors contributing towards the low acceptance rate regarding performance management systems need to be illuminated, hopefully through this study.

2.10.1 Execution of appraisal process and line manager role

Farndale and Kelliher (2013) discussed that the manner in which a line manager conducts the employee appraisal process and the communication between the manager and the employee influences how fairly the employee perceives the process. Presently managers do not take the time to formally immerse themselves in the process and thus impeding execution and employee participation (Farndale & Kelliher, 2013).

2.10.2 Input versus output

Gravina and Siers (2011b, p. 284) argued that one of the largest challenges with performance appraisals is that the process is seen as an input to a performance management system rather than an output or an outcome of the summary of behavioural and performance data collated during the performance management process. In this situation where performance appraisal is seen as an input, it is viewed as the primary source or summary of performance data for the performance management process and all the other performance management activities are seen as occurring separately to improve performance (Gravina & Siers, 2011).

When performance appraisal is seen as in output of the performance management process, the process cycle occurs differently. In this situation the process cycle commences and concludes with communication of performance dimensions, goal-

setting for those dimensions, and a discussion of the behaviours that relate to the performance dimensions (Gravina & Siers, 2011). Performance appraisal is viewed as an instrument that is the summary of the data that is collected that facilitates performance development continuously throughout the year (Gravina & Siers, 2011). Gravina and Siers (2011a, p. 284) argued that there are many benefits and merits for using this type of performance management system, mainly that the evaluators' errors and direct behaviour observations are minimised; the administrative and legal constructs of performance management are upheld and finally the employee participation and reaction to the process will improve because the results are evident.

2.10.3 Fairness and justice

Gupta and Kumar (2013, p. 13) defined performance appraisal justice as the fairness of the whole system, which encompasses the establishment of performance standards, appraisal behaviours, rating and the communication to the ratee. Vasset et al. (2010, p. 31) supported this view and explained that justice has three main constructs namely, procedural, interactional and organisational. Vasset et al. (2010) argued that when interactional (perceived truthfulness, respect and fairness) justice is perceived negatively it negatively impacts performance appraisal and management.

From a psychometric perspective, the halo effect is prevalent in employee performance evaluations (Viswesvaran, Schmidt, & Ones, 2005). With performance evaluations being subjective, employees mistrust the appraisal process. It is perceived that managers have a tendency to appraise likeable employees higher, and that current performances are generally affected by previous evaluations or a there is more focus on what has not been done, rather than what has been completed.

Latham, Almost, Mann and Moore (2005) argued that trust in addition to employee perceptions of situational constraints on their performance, predict employee motivational levels. The outcome of many performance appraisals frequently results in a decrease rather than an increase in performance. Among the reasons for this, is the perception by employees that they are being evaluated on the wrong things, by the wrong person; that is, the person who is evaluating them lacks objectivity, and hence is not fair (Latham et al., 2005). It is thus not surprising that the performance appraisal leads to other organisational challenges.

Given the weaknesses with subjective and objective approaches to evaluating job performance, one might think that direct observations of performance are the solution (Gravina & Siers, 2011, p. 280). However, direct observations of behaviour are conceptually problematic as well. Even direct observations of performance often

require observers to make judgments based on operational definitions, which may introduce subjectivity. In addition, even well-defined observation criteria can miss the true essence of a behaviour (Gravina & Siers, 2011, p. 280).

2.10.4 Line management

Heathfield (2007) argued that managers lack skills in providing feedback and often provoke a defensive response from the employee, who may justifiably feel he is under attack. The manager is uncomfortable and knows what that he may have to justify his opinions with specific examples when asked. Consequently, managers avoid providing honest feedback, which defeats the purpose of the performance appraisal and developmental goals.

Traditionally, the HR function is responsible for the design, implementation, monitoring, administration and perpetuation of the performance management system. However, to succeed HR requires buy-in and commitment from senior managers. Since performance management is seen as an add-on function and not essential to overall organisational performance, there has generally been a lack of commitment and accountability. This has led to negative perceptions and the outcome of the system has been buttressed (Biron, Farndale, & Paauwe, 2011; Gravina & Siers, 2011).

The lack of clear communication explaining the organisation's overall goals, expectations of employees, the fit of the employee into the organisation, departmental fit into delivering the organisational goals and the organisations' plans for the near and distant future, are all contributing factors that inhibit performance management (Biron et al., 2011; Gravina & Siers, 2011). This failure to communicate clearly and consistently to develop awareness and indicate the importance of these issues has resulted in low commitment by both employees and managers (Biron et al., 2011; Gravina & Siers, 2011).

Biron et al. (2011) argued that manager training is fundamental to performance management and the lack of adequate training can have destructive consequences as the likelihood of subjective inflation/deflation and rater-bias increases. The amount of training received by managers and employees acts as a signal to supervisors and employees the level of importance the organisation places on performance management (Biron et al., 2011).

2.10.5 Disliked process

When surveyed about most their disliked tasks, managers say they hate conducting performance appraisals, second only to firing employees (Heathfield, 2007).

Traditionally the performance process as practiced is flawed; it is incongruent with the values-based, vision-driven, mission-oriented, participative work environments favoured by current, forward-thinking organisations. This traditional approach reinforces an old-fashioned paternalistic, top-down, autocratic mode of management that relies on organisational charts and fears of job loss to proverbially keep the troops in line. This approach to performance management fails to create a dialogue and rarely results in positive employee development and progress (Heathfield, 2007).

2.10.6 Performance appraisal versus performance management

One of the main contributing factors for the poor esteem of the performance management process is that organisations misunderstand performance appraisal to be performance management (Aguinis et al., 2011). Performance appraisal is a component of performance management and not performance management itself and an end in itself. As part of Bussin's (2013) sequential performance management process, performance appraisal is in phase three and cannot be achieved without first completing phases one and two. For performance management to succeed, focus must be on all components sequentially.

2.10.7 Communication

In their 2011 study, Biron et al. (2011) argued that communication was vital in performance management to ensure that performance expectations were clear and unambiguous. Biron et al. (2011) founded that in order to maintain effective communication, three main communication mechanisms, supervisor feedback, socialisation and communication tools were fundamental in performance management. Supervisor feedback provides an opportunity to maintain an ongoing open dialogue between manager and employee; socialisation was a key tool used by the organisation to reinforce the ongoing skills and behaviours the organisation warranted from its employees; and communication tools, internet, bulletin boards, group/team meeting and excellence awards, provided access to information about current targets and how well these are being addressed and what is needed to meet goals (Biron et al., 2011). Elliott (2011) argued that communication was vital to all spheres of business and a lack of communication leads to misunderstandings, lack of information, decrease in employee's performance and a decrease in company's turnover.

2.10.8 Context

Kennerley and Neely (2003) argued that organisations invest time and money in the implementation of performance management systems. However, there is little evidence

that consideration is given to the continuous context changes that impact the system. New changes are implemented with no attention given to the validity of existing measures, or whether these measures should be discarded or maintained.

2.10.9 Measurement

In his 2003 study, Behn (2003) argued that the measurement of performance is not an end in itself, however it serves eight specific management purposes which culminates in the overall purpose to improve overall performance. The eight purposes of measurement as discussed by Behn (2003) are:

1. To evaluate: The purpose of evaluation is to determine performance in terms of the inputs and outcomes given exogenous factors. This serves as a reference point for the manager to understand what outcomes are being achieved and how these are ranked, given the inputs, as well as internal and external factors. Before evaluation however it is necessary to formulate targets and objectives against which an evaluation can be performed.
2. To control: The purpose of control is not to prescribe the way tasks should be performed. However it to measure whether the behaviour demonstrated can achieve the outcomes in terms of the standards, values and regulated organisational environment.
3. To budget: This is an efficiency measure which is important for managers to know upfront in the budgeting process. Managers must know the level of performance that is ranked as poor, acceptable or good.
4. To motivate: If performance is a tool to motivate people, managers must know the reasonable and significant targets that are required in achieving the organisation's objectives.
5. To promote: This is a strong use of performance that has ramifications within and outside the organisation. When organisations are performing well and in the interests of society, employees and the public speak proudly and fondly of the organisation.
6. To celebrate: In order to celebrate success, sound performance targets must be created and when they are achieved, it should be celebrated.
7. To learn: Performance measures provide valuable insights when reviewing what was achieved, how it was achieved and why it was achieved. It is important when using this measure to analyse more than the organisation, but also validate the implications to employees, communities, society, country, continent and cosmos.

8. To improve: To use performance measure as a tool to improve, managers need to understand how this impacts employees intrinsically. This needs to be done at the emotional, psychological and behavioural levels.

In operating all eight purposes, Behn (2003) discussed that each one uses the baseline of context and there is no one best measure. “What gets measured gets done” (Behn, 2003, p. 599). The problem is that what is measured is not necessarily what is required to be done, and managers should analyse the managerial purposes to which performance measurement can contribute (Behn, 2003, p. 599).

2.10.10 Hiring practice

Poor hiring practices enacted by organisations are as cited as one of the inhibitors to performance management. The impact of poor job fit has an alarming impact (Moreland, 2013), negatively affecting the organisation’s bottom line and decreasing co-worker morale. Moreland (2013) asserted that disengaged employees, due to poor job fits, leave their organisations and this results in additional stress when transitioning to new jobs. How does this impact the organisation?

In addition to decreased productivity Allen, Bryant and Vardaman (2010) argued that the direct costs, work disruptions and losses of organisational memory and seasoned mentors associated with turnover are significant issues affecting organisations. These concerns have broader implications for organisational competitiveness in the increasing global landscape.

Aguinis, Gottfredson and Joo (2012) explained that in a world where human capital is limited and costly, performance management could be an effective tool to retain top talent and prevent competitors from stealing an organisation’s source of competitive advantage. Gallup (2013) supports this view as the 2013 findings highlighted that improved talent management practices are fundamental for growth and employee engagement as seen in the positive results of the Latin America region.

2.11 Summary

Only 19% of employees in leadership positions are engaged in their jobs according to the 2013 Gallup Report (Gallup, 2013). This has significant implications for performance management and employee engagement as managers play a significant role in both processes. Additionally, it is important to explore the performance management practices that were used previously to enhance employee engagement,

and to discern whether the processes were successful or not, and if not, what attributed to their failure.

To summarise the significant forces inhibiting performance management, pertinent themes were extracted from the literature and documented in Table 2 below:

Table 3: Factors inhibiting performance management

Inhibiting Force	Reference
Misinterpretation of performance appraisal as performance management	Aguinis, Joo and Gottfredson (2011); Bussin (2013)
Lack of skill and training	Heathfield (2007)
Traditional performance approach – no dialogue	Heathfield (2007)
Lack of honest feedback	Heathfield (2007)
Lack of trust and negative employee perceptions	Heathfield (2007); Latham, Almost, Mann and Moore (2005)
Halo Effect	Viswesvaran, Schmidt and Ones (2005)
HR function not supported by senior management	Biron, Farndale and Paauwe (2011); Gravina & Siers (2011)
Lack of communication	Biron, Farndale and Paauwe (2011); Gravina & Siers (2011)
Lack of continuous check to determine appropriateness and alignment to strategy	Kennerly and Neely (2003)
Lack of commitment from senior managers and employees	Biron, Farndale and Paauwe (2011); Gravina and Siers (2011)

2.12 The Relationship between Employee Engagement and Performance Management

In linking performance management to employee engagement, Gruman and Saks (2011) and Mone, Eisinger, Guggenheim, Price and Stine (2011) presented two different exploratory conceptual models. Gruman and Saks (2011) suggested that by orientating the performance management system to promote employee engagement, enhanced performance will be achieved. Mone et al. (2011) contested this view by suggesting that when performance management is applied effectively, high levels of employee engagement are sustained and lead to enhanced performance. The second model is congruent with the purpose of this research study.

The literature presented in this Chapter plots out the framework against which employee engagement and performance management practices are ineffective. There are common inhibiting themes evident in performance management and employee engagement, namely lack of communication, lack of skill and training, inconsistent management approaches, lack of senior management commitment and alignment to organisation strategy. Chapter 3 outlines the research questions pertaining to the primary objectives of the study and provides a description of the remainder of the study.

CHAPTER 3: RESEARCH QUESTIONS AND OBJECTIVES

Chapter 3 utilises the issues evidenced from the literature reviewed in the previous chapter together with the purpose and the objectives of the study described in Chapter 1 and presents the research questions of the study. Saunders and Lewis (2012) defined the research question as a single inclusive question or many strategic questions that the research enquiry addresses.

For the purposes of this study the one complete, inclusive question of the study is:

Can performance management systems be used to enhance employee engagement?

The exploratory research study sought to provide managers and human resource practitioners faced with the challenge of employee engagement with an optimal performance management framework to overcome employee engagement barriers and accordingly accelerate employee engagement. In understanding the performance management systems, the research study determined what performance management barriers are and how to overcome these in the context of employee engagement and to enhance employee engagement. This was accomplished by answering the three research questions listed below and by interpreting the findings into a practical and meaningful framework.

3.1 Research Questions

3.1.1 Research Question One

What are the current barriers to employee engagement?

The objective seeks to understand the nature of employee engagement and discuss the barriers that inhibit the acceleration of employee engagement.

3.1.2 Research Question Two

What are the current barriers to performance management system?

The objective seeks to understand the nature of performance management and to gain profound knowledge concerning the barriers that inhibit performance management.

3.1.3 Research Question Three

What is the optimal performance management system to enhance employee engagement?

The objective seeks to explore an optimal performance management system to enhance employee engagement.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

The purpose of Chapter 4 is to present and explain the research methodology that was adopted for the research. It aims to explain why the research approach chosen was most appropriate to answer the research questions. The chapter discusses the research philosophies, research approach, research strategy, and design and data collection methods to be used and proposes the fundamental limitations of the research.

4.2 Research Design

Saunders and Lewis (2012) defined interpretivism as the study of social occurrences in their natural setting (p. 106). In the research design, the researcher considered the industry in which the study was conducted in order to adopt the appropriate research philosophy. Given the dynamic nature of financial institutions and their own complex unique social phenomena, an interpretivism research philosophy was assumed.

Saunders and Lewis (2012) explained that the inductive research approach focuses on a close understanding of the meaning humans attach to events. With the psychological needs of an employee impacting employee engagement (Biswas & Bhatnagar, 2013), it is necessary to use an inductive research approach to explore the meaning employees place on the performance measurement systems that build employee engagement.

Saunders and Lewis (2012) defined exploratory research as an approach that lends itself to new phenomena or aims to gain new insights on an existing research problem (p. 110). Given that the exploration of performance management systems to enhance employee engagement is a relatively unknown phenomenon with little existing theory, an exploratory research approach was deemed appropriate.

In contemplating the differences between qualitative and quantitative research approaches, Lapan, Quartaroli and Riemer (2011) explained that qualitative research places more emphasis on the study of the phenomenon from the perspective of insiders and that the researchers “immerse themselves viewing meaning as more context and time specific” (p. 3). Quantitative research remains independent from the phenomenon being studied with the aim of generalising findings.

According to Denzin and Lincoln (2011) “qualitative research involves an interpretative naturalistic approach to its subject matter” (p. 3). This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of the meaning people bring to them. For this study, the purpose is to explore how managers and human resource professionals experience and act on employee engagement and performance management within their organisations.

In addition, a qualitative research study was justified as it focused on gaining an understanding of individuals’ lived experiences and how human behaviour is influenced by the environment in which they occur (Marshall and Rossman, 2006, p. 53). As these lived experiences are unique and individualised, the feelings, thoughts, values, beliefs and assumptions that individuals assign to them must to be understood in an appropriate manner where deeper perspectives can be solicited. Marshall and Rossman (2006) asserted that it is necessary to provide a rationale for the selected genre in which the qualitative study is situated (p. 56). Table 4 below outlines the genres and global strategies, as defined by the authors:

Table 4: Qualitative genre and overall strategy (Marshall and Rossman, 2006, p. 56)

Genre	Main strategy	Focus of Inquiry
Individual and lived experience	In-depth interviews	Individuals
Society and culture	Case study	Groups and organisations
Language and communication	Microanalysis or text analysis	Speech events and interactions

In order to explore performance management systems to enhance employee engagement it is necessary to gain a profound understanding of the respondents’ individual lived experience of the process. Therefore, the genre of qualitative research appropriate for this study is individual lived experience with the main strategy being in-depth semi-structured interviews combined with an open-ended questionnaire.

Marshall and Rossman (2006) emphasised that qualitative research can be criticised since certain relevant information can be overlooked in the coding process where the subjective data is forced into pre-defined operational variables. A further critique levied by Marshall and Rossman (2006, p. 55) is that practitioners and policymakers are unable to derive meaning and useful findings from experimental research and in fact the research techniques themselves affect the findings. Marshall and Rossman (2006) further explained that in qualitative research subjects may either be suspicious or wary

or they might assume that they know what the researcher wants and will try to please the researcher (p. 54). Qualitative researchers can contest this and argue that the complexity of personal experiences could be masked and even displaced by quantitative research methods.

4.3 Population

The population for the research was the four largest financial institutions in South Africa and the sample was limited to the financial institutions within the Gauteng area. The banks headquartered in Gauteng are Absa Bank, Standard Bank, Nedbank and First National Bank. The reason for selecting the financial industry for the study is twofold. Firstly, it was relatively easy to gain access to the financial institutions where numerous employee surveys are conducted. Secondly, South Africa's ranking of fourth in The Global Competitiveness Report 2011-2012, in the category of financial markets promotes a sense of pride to the country and this might be compromised if employee engagement concerns are ignored.

The sample of relevance consists of all executive, senior, middle, change management and human resources practitioners who actively participate in performance management and employee engagement strategies.

4.4 Sampling Method

Qualitative research seeks to understand the meaning of phenomena from the perspectives of the participants (Merriam, 2009, p. 5) and accordingly it is imperative to select a sample from which the most will be learned. Denscombe (2007) explained that if careful consideration is not given to selecting the sample, there is not likely to be any confidence that the findings from the sample are similar to the rest of the population being explored.

There exist two sampling techniques, probability and non-probability sampling, which can be used in the study (Denscombe, 2007). Probability sampling is a random sampling technique chosen when a complete list of the population exists and the random sample is representative of people or events in the whole population (Saunders and Lewis, 2012, p. 133). Non-probability sampling is conducted without knowledge of whether those included in the sample are representative of the whole population (Saunders and Lewis, 2012, p. 134).

The sample selection for the study comprised of eighteen business individuals and was representative of the population, given that employees at different levels encounter different challenges and experiences. In addition, careful consideration was exercised to ensure that the selected sample adequately represented the population in terms of age, gender, and tenure and management level. Gender is important in selecting the sample as South Africa is still an acutely patriarchal society (Albertyn, 2011) and women continue to experience impediments in advancing to senior management.

Probability sampling was used, as the actual size of the population can be accessed based on employee records. The appropriate sampling technique selected, when taking the structure and the population into consideration, was stratified probability sampling. However given that the study was explorative and sought to provide insight into the relationship between performance management systems and employee engagement and prove the research findings, non-probability sampling techniques were chosen.

Purposive Sampling is a type of non-probability sampling where the researcher's judgement is used to select the sample participants (Saunders and Lewis, 2012, p. 138). This deliberate selection is advantageous in that it allows the researcher to deliberately select the sample that is likely to produce focussed and valuable data to explain the research questions more informatively and economically than probability sampling (Denscombe, 2007).

4.5 Unit of Analysis

The unit of analysis was the individual employees, as they express their perceptions, opinions and experiences.

4.6 Research Instrument

4.6.1 Introduction

Given the exploratory nature of the research study, semi-structured interviews complemented with an open-ended questionnaire were used as the research instrument. This allowed the researcher the benefit of asking specific questions while simultaneously allowing the interviews to be flexible to explore the objectives in more depth, as well as to clarify the researcher's understanding (Saunders and Lewis, 2012). The main weakness of this approach was that it was time consuming in respect of arranging and conducting the interviews with participants, and well as transcribing the

data, based on the highly individualised responses; as well as coding the interview data.

4.6.2 Pilot test

A pilot test was performed on the discussion guide to ensure the questions were well constructed, understood by participants and would provide the information to meet the objectives of the research study (Saunders and Lewis, 2012). The selected participants for the pilot test were specifically selected to include one non-banking human resource manager and one senior bank manager who have a good understanding of employee engagement and are involved in performance management and employee engagement procedures.

This varied selection allowed the researcher to test the logical flow and ease of the discussion guide layout. The pilot testing also allowed the researcher the opportunity to test the participants' understanding and their interpretation of the questions. The minor comments received were incorporated into the final discussion guide. These comments required the researcher to amend the question structure to reflect a more qualitative and not a quantitative approach; and there were suggestions that were taken to construct the questions to be less ambiguous and finally, the use of appropriate language given the subject matter, was used.

4.6.3 Discussion guide

The purpose of the discussion guide was to achieve the research objectives of study. The discussion guide was accompanied by a covering letter that provided the purpose of the research, the confidentiality and anonymity clauses, the duration of the interview and finally the contact details of both the researcher and the supervisor. The discussion guide questions were open-ended in order to elicit deeper responses from the participant.

The discussion guide was constructed to display the connection between the literature review and the research questions and was structured into three parts. The first part concentrated on exploring employee engagement and specifically focused on:

1. Did the participant and their organisation share the same view on the definition of employee engagement?
2. Did the participant's organisation promote engagement strategies, projects and if so, what were these?
3. How was the success of these projects managed on an on-going basis?

4. What were the factors inhibiting the organisation from achieving success on these strategies and projects?

A similar approach was undertaken in part two of the discussion guide and focused on exploring performance management, specifically:

1. What were the performance management systems that the participant's organisation used?
2. Where these systems fit for purpose and how was success of these systems measured?
3. What were the main inhibitors constraining the success of these systems?

Finally the discussion guide dealt with incorporating both these processes and sought to determine:

1. If the participant recognised that there was a connection between performance management and employee engagement from an individual and an organisational perspective?
2. The challenges the participant believed inhibited his/her organisation from connecting the processes together.

The structure of the discussion guide was verified through the use of the consistency matrix to ensure the research objectives were answered. The discussion guide and the consistency matrix are available in Appendix 4 and 1 respectively.

4.7 Data Collection Method

The semi-structured interview was performed on a one-to-one basis, and was relatively easy to control compared to group interviews. However it limited the number of views and opinions available to the researcher (Saunders and Lewis, 2012). The interviews were recorded on an audio device and were transcribed by the researcher.

At the commencement of the interview, the researcher provided a brief overview of the topic, assured the participant of confidentiality and obtained the interviewees' signature, confirming their consent. The interviews were conducted in a variety of locations in order to accommodate the participants. The researcher scheduled hour-long interview sessions; however the duration of the interview was dependent on the interviewees' responses, the willingness of the interviewee to divulge information, the availability of interviewee at the time of the interview and the environment in which the interview was conducted.

The interview was structured based on the discussion guide; however more probing questions were asked when relevant to gain a more profound understanding of the respondents' responses. In interviews where the interviewee was the second respondent in an organisation, the interviewee wanted to gain insight into the responses elicited from the first respondent before answering questions. In addition, it was interesting to note how different business units within a single organisation shared divergent views given the cultural differences in these business units.

All recordings were transcribed in order to conduct the analysis for the research study. The transcriptions are available in on request.

4.8 Hurdles Encountered in Data Collection

The most difficult challenge encountered was obtaining access to arrange interviews that co-ordinated with the participants' availability. Given the constricted timelines of the research study, it was difficult to manage the rescheduling of meetings. The interviews ranged from half an hour to over an hour in duration. In certain instances, due to time pressures, valuable insight was lost and not enough preparation was done on the part of the respondent, despite receiving the discussion questionnaire ahead of time.

4.9 Data Analysis

The responses were firstly captured into Microsoft Excel shortly after the interview for a brief analysis. This allowed the researcher to assess whether certain themes were evident, if new themes were emerging in the interview and which new themes were to then be explored in subsequent interviews. In their research, Vaismoradi, Turunen and Bondas (2013, p. 400) explained that content analysis is a systematic and categorising approach used for exploring large amounts of textual data to explore trends and patterns of words used and thematic analysis as a method of identifying, analysing and reporting patterns involving the search and identification of common threads across a sample (p. 400).

All the interview recordings were transcribed and a content and frequency analysis were performed on Atlas.ti software, which is a computer aided analysis tool allowed for the use of frequency and content analysis. Saunders and Lewis (2012) listed the following three steps to analysing data qualitatively: 1) develop categories or codes; 2) decide on the unit of data to which to attach to the categories; 3) code the units of data based on these codes (p. 194).

The results of the data presented in Chapter 5 were analysed and interpreted using content, thematic and frequency analysis. The unit of data was each response from the participants.

4.10 Reliability and Validity

Saunders and Lewis (2012) defined validity as the “extent to which data collection methods accurately measure what they intended to and the research findings are really about what they profess to be” (p. 127). Content validity refers to the questions used to gather the information to answer the research questions and construct validity refers to the extent to which the data collection method measures what it was intended to measure and research findings are what they state they are (Saunders and Lewis, 2012, p. 142).

With the research study being limited to the four largest financial institutions in Gauteng, the inability to extrapolate and generalise the findings compromises implies that the validity of the research study may be compromised. However, the researcher attempted to maintain validity by performing pilot testing to ensure there was a general association between the research problem, literature review, research question and research design. In addition, as multiple methods were used in the data collection process namely observation, recordings and interview, the validity of the findings improved.

Saunders and Lewis (2012) defined reliability as the “extent to which data collection methods and analysis procedures produce consistent findings” (p. 128). In order to achieve this, the researcher ensured that the research findings can be trusted in ensuring research design and analysis procedures were complete and sound. However it must be noted that as the researcher was the primary instrument for data collection, the findings could be impacted by the researcher’s biases and shortcomings.

4.11 Ethics of the Research Design

In the research study, ethical considerations were crucial for the respondents, given that the individuals represented their respective organisations and the sensitive nature of the data. In order to maintain honesty and integrity, the researcher was honest in the method and procedure that was used in the research study (Saunders and Lewis, 2012).

The main ethical issues considered included consent, preserving confidentiality, researcher and participant relationship and maintaining high standards of honesty in the course of the research study (Saunders and Lewis, 2012).

1) Respondent consent

Prior to the interview with each respondent, the researcher emailed the potential participant with a participation letter (Appendix 2) that explained the nature and purpose of study, together with a copy of the discussion guide that would be covered in the interview. This process and the details provided allowed the participant to choose whether or not to participate in the study. The second consent was obtained during the interview when the participant signed the consent letter. These processes allowed the researcher to maintain ethical principles by promoting transparency, honesty and integrity in conducting the research study.

2) Confidentiality

The participation letter and the consent form included confidentiality and anonymity clauses to maintain the privacy of the participant. In the interview the researcher assured the participants that all information shared would be protected and only disclosed given their consent.

3) Researcher and participant relationship

Orb, Eisenhauer and Wynaden (2000) argued that in qualitative research the relationship between the researcher and participant is an ethical principle that must be maintained (p. 94). The researcher maintained this principle during the interview by making an effort to ensure the focus remained on the research itself and not on the conflict of interests, given that the researcher worked for a competitor and was using the opportunity to gain inside information.

4.12 Limitations of the Study

Given the qualitative nature of the research study several limitations apply to the study. The study could be impacted by the researcher's shortcomings and biases since the researcher is the primary instrument for data collection and analysis (Merriam, 2009, p. 5). By limiting the scope to financial institutions, the conclusions from the research may not be extended to other industries, given the unique nature of banks in terms of culture; organisational structure; and stringent regulations. The use of non-probability sampling means that the sample was not representative of the population and cannot

be extended to the entire population (Saunders and Lewis, 2012). As the study was performed at a specific point in time, it cannot be fully representative of the financial sector given the evolving market landscape.

4.13 Conclusion

Chapter four focused on explaining the research design that was constructed to elicit the responses from participants in order to achieve the research question, given the limitations and the reliability and validity considerations in the study.

CHAPTER 5: RESULTS

5.1 Introduction

In this chapter the outcomes of the research study are presented based on 18 interviews that were conducted across the Gauteng province. The data was collected from semi-structured face-to-face interviews across the sample group of the four largest South African banks. During one of the interviews, there were two respondents who participated. In that specific interview, the researcher asked whether the presence of the other respondent would inhibit the interviewee's ability to express him/herself, and the respondent answered he/she would not be inhibited.

The structure used to present the findings of the study was achieved through a mapping exercise linking the research objectives and the research questions to the discussion guide questions. Each of the discussion guide questions was linked to the research questions and the theme that each research question sought to answer was used to present the research results.

The research questions are provided below for ease of reference:

- **Research Question One:** What are the current barriers to employee engagement?
- **Research Question Two:** What are the current barriers to performance management system?
- **Research Question Three:** What is the optimal performance management system to enhance employee engagement?

5.2 Interviews and Respondents

The interviews were relaxed and were conducted in a safe environment where the respondents felt they could articulate themselves. The interviews were conducted in office meeting rooms, offices and coffee shops and ranged in duration from thirty minutes to one hour and twenty-three minutes.

Table 5: Summary of the Interviews

Description	Quantity
Number of Interviews	18
Duration of Interviews	899 minutes
Average Interview	53 minutes
Longest Interview	82 minutes
Shortest Interview	30 minutes

The respondents were categorised into four Groups (Red, Yellow, Green, Blue) based on the four largest South African banks, namely: Absa, Standard Bank, First National Bank and Nedbank.

Table 6: Respondent Categories

<u>Respondent</u>	<u>Corporate Title</u>	<u>Tenure with employer</u>	<u>Category</u>
A1	Human Resource Manager	0 - 5 years	Group R
A2	Senior Manager	5 - 10 years	Group R
A3	Senior Manager	0 - 5 years	Group R
A4	Business Manager	10 years and over	Group R
B1	Business Manager	10 years and over	Group Y
B2	Business Manager	5 - 10 years	Group Y
B3	Human Resource Manager	5 - 10 years	Group Y
B4	Human Resource Manager	10 years and over	Group Y
B5	Human Resource Manager	10 years and over	Group Y
B6	Senior Manager	0 - 5 years	Group Y
B7	Senior Manager	0 - 5 years	Group Y
C1	Human Resource Manager	5 - 10 years	Group G
C2	Senior Manager	5 - 10 years	Group G
C3	Senior Manager	10 years and over	Group G
D1	Business Manager	10 years and over	Group B
D2	Business Manager	10 years and over	Group B
D3	Human Resource Manager	0 - 5 years	Group B
D4	Senior Manager	10 years and over	Group B

5.3 Definition of Employee Engagement

In order to explore the research questions, the interviews commenced with respondents defining employee engagement and commenting about whether their definition and their organisation's definitions were congruent. The responses are presented as a structure of findings in Figure 3, after the results were analysed with Atlas.ti and codes were formulated and associated with employee engagement. The codes, provided in Figure 3 were classified according to what was incorporated in employee engagement, the nature of employee engagement and what influenced employee engagement. Table 7 displays the codes associated with the qualitative data

from Groups Red (R), Yellow (Y), Green (G) and Blue (B).

Table 7: Codes associated with respondent categories

Codes associated with Group R's definition of employee engagement
Beyond transactional Ongoing dialogue Going the extra mile Sharing information It is about the hearts and minds Having a meaningful conversation
Codes associated with Group Y's definition of employee engagement
The extent to which employees bring themselves to work Heart, passion, purpose, meaning to work Beyond skills Balance of skill and heart, passion, purpose Culture of being Aligned values Sense of commitment Proud, energetic, confident advocates/ambassadors Recommend the company externally Discretionary effort
Codes associated with Group G's definition of employee engagement
Communication Enabling culture Delivering on employee value proposition (EVP) Fulfilment of psychological contract How satisfied employees are Total reward (monetary and non-monetary) Understand what drives people Understand the people you work with
Codes associated with Group B's definition of employee engagement
Aligning to organisation's goals Care about the organisation You and the company are one Connection with employee Feedback Connection Part of team Conversation between employer and employee Employee invested in company product and brand

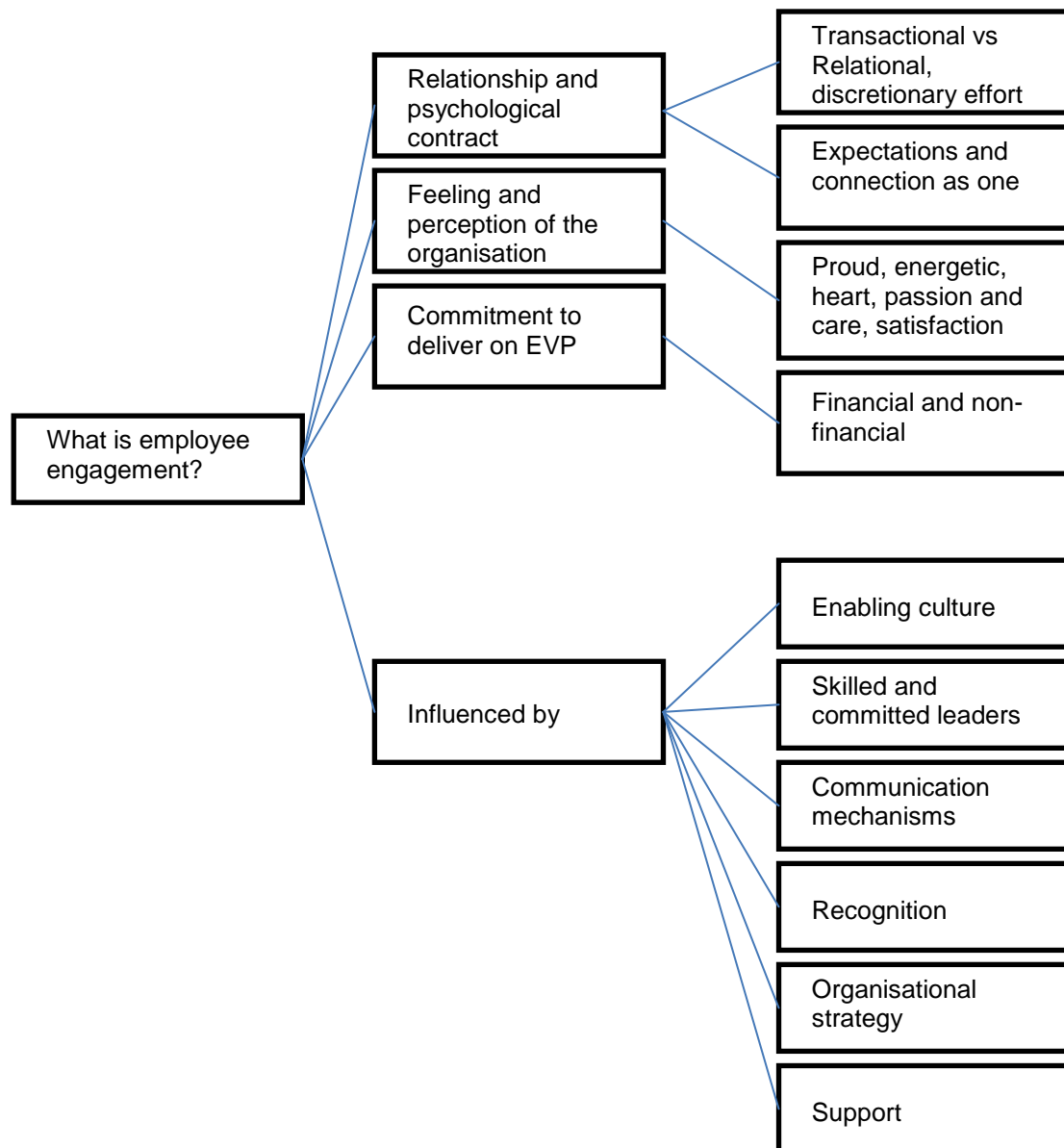


Figure 3: Structure of findings – Employee Engagement

Five of the Group Y respondents shared a very similar singular definition of employee engagement that incorporated a sense of feeling, an intrinsic employee connection and a culture of tapping into discretionary effort. All seven respondents agreed that there was a mutual definition of engagement within their organisation.

“Employee engagement is something that you feel, and so I would hope that you walking into (Y) you get a sense towards the level of commitment of the employees, it is a feeling. And we define it as proud, energetic, confident advocates of (Y). It is something people would take a stand on, are they willing to recommend their family and their friends to (Y).” [B5]

“You are getting discretionary energy out of them. They believe in the firm’s philosophy and the strategy and the culture and that enables you to tap into their discretionary

energy.” [B1]

“ is the feeling of connection the employee has with the organisation, you want a high level that unlocks discretionary energy ... to do more” [B2]

“is about the employee connecting with the organisation” [B3]

“Engagement is a core of what we do, do not start or continue with it if it does not have a link back”. “extent to which employees bring their hearts, passion, purpose, meaning to work” [B4]

The Group G respondents shared varied understanding of employee engagement. Respondent C1 maintained that employee engagement was a fulfilment of the psychological contract from a monetary and non-monetary perspective. Respondents C2 and C3 shared a common relational definition in understanding the intrinsic character of employees.

“Engagement refers to the level of ... so fulfilment of that psychological contract, so how satisfied employees are with our total reward ... total rewards being the monetary and non-monetary component...non-monetary being how satisfied are you with the job you are in? How satisfied are you with the environment? Is the culture an enabling culture...it is embedded with our employee value proposition.” [C1]

“engagement refers to the level of ... so fulfilment of that psychological contract, so how satisfied employees are with our total reward” [C1]

“this engagement is understanding people you work with” [C2]

“People who are connected in terms of what they do. ...they want to get up or be there every morning...they understand the vision and believe they going to make a difference. It is how people feel being there. ” [C3]

All the respondents in Group R shared contrasting opinions regarding employee engagement. Respondent A1 maintained a more relational outlook compared to the transactional outlook of Respondent A2 and the activity, initiative or programme outlook expressed by Respondent A3. Respondent A4 shared the most balanced view in the group.

“It's hearts and minds, which manifest itself – in my opinion – in going the extra mile.

Going beyond being transactional ... ” [A1]

“Engagement is nothing more than having a conversation, meaning, ” [A2]

“It has to be done on a holistic front and so many companies only have a top down view of employee engagement...have to look a little bit deeper than that. So you need a couple of different programmes...with the lower level and work your way up. ...I feel a company who addresses that, those will be ones that are successful. ” [A3]

“Engagement is about, I would put it as if it is relevant communication, and I use the word communication because it is not a command, communication is two ways, and relevant in doing it in a way that people are listening, and people are understanding and it is driving behaviour.” [A4]

The respondents in Group B shared similar relational views. However respondent D3 voiced a very activity/programme-based outlook on employee engagement. Respondent D3 maintained that the employee engagement definition was not shared and was dependent on the employee's role and involvement in strategy and the people agenda. In addition, respondent D2 maintained that employee engagement was the value that the employee attributed to the alignment of organisational and employee values. Respondent D4, who has been with the bank for 26 years, indicated that over time the organisation shifted from a transactional to a relational employee engagement focus with the vast majority of individuals sharing the definition with the organisation.

“there is a psychological contract... how enticed is the employee and the extent to which the individual is psychologically contracted to their job or to the organisation, is an account of any number of initiatives or investment or commitment that may have been demonstrated to them through their live managers so what investments have been made, have they been invested into training, up-skilling, conferences, offered to go on coffee chats with senior stake holders as part of a mentoring kind of program, have they been recognized to various initiatives etc., so I mean by and large employer engagement for me does talk about the psychological contract of the individual and how bought they are into that” [D3]

“it is creating connection with your employees, so that you can align, to some extent to align the values of the organisation” [D2]

“employee engagement may not necessarily be shared across the broader group...depending on your role and to what extent you are actually involved in people agenda and understanding strategy of the group....there can be various forms of

Groups R, G and B expressed a range of definitions within and across each organisation and in certain instances believed their definition of employee engagement was matched with their organisation’s definition. Conversely, Group Y was the only group in which the respondents shared similar views personally and in terms of the organisation.

5.4 Findings for Research Question One

Research question one sought to investigate the barriers to employee engagement by exploring if the respondents’ organisations invested in employee engagement programmes and the results thereof. The qualitative data collected in Section 1.2, 1.3, 1.4 and 1.5 of the discussion guide (Appendix 2) was analysed and the results are presented in themes. The themes are an integration of the research questions as discussed by the respondents.

5.4.1 Employee engagement programmes

In response to questions 1.2 and 1.3 (Appendix 4) of the discussion guide, all respondents affirmed that their organisations participated in employee engagement programmes. However given that “human behaviour is not a science” the respondents maintained it was difficult to measure the success of these programmes.

Employee opinion surveys were the most common programme used to measure engagement across the four organisations. A slight variation was observed from respondent B5 who presented that given her organisation maintained a “culture of feeling” which was “intrinsic to the culture” there is no “project plan of 101 employee engagement interventions”. The organisation viewed these programmes as a “way of being”.

5.4.2 Measuring employee engagement

With respect to measuring the success of engagement programmes (research question 1.4), the most common themes to emerge from Groups R, Y, G and B are shown in Table 8. Survey feedback was ranked the highest; however the success of this was questioned by respondent D2. Respondent D2 maintained that despite measures being in place, these were “very vague” and “undermines any success of any future surveys”. This was a congruent view shared by respondent B1 who maintained that engagement was “difficult to measure it in terms of rands and cents”. Respondent A1 shared a

similar critical view and maintained “people are measuring the input and not necessarily following through to see if it is working”.

Table 8: Measurement tools

	Themes
1	Survey feedback
2	Turnover
3	Promotions
4	Tenure
5	Internal referral schemes
6	Leadership development feedback

5.4.3 Employee engagement barriers

In respect of the employee engagement barriers, the qualitative data was analysed by evaluating the data collected in the interviews and the findings were grouped into four main themes as shown in Table 9 and summarised as a structure of findings in Figure 4. The themes are an integration of the research questions as discussed by the respondents. The frequencies of the themes were calculated for each respondent and provided in rank order with number one being the theme with the highest frequency of being mentioned.

Table 9: Inhibiting employee engagement themes

Rank	Themes	Mentions by Group R	Mentions by Group Y	Mentions by Group G	Mentions by Group B	Total Mentions
1	Leadership	2	6	5	7	20
2	Culture	3	7	4	3	17
3	Communication	3	6	1	2	12
4	Organisational structure	5	4			9
	Total	13	23	10	12	58

5.4.4 Leadership

The highest-ranking theme was leadership, specifically the lack of leadership commitment, skills and development and accountability. The respondents maintained contrasting views on the success of the leaders. Broadly, all the respondents maintained that leadership was their priority on the strategic agenda and programmes were in flight to address the issue.

Group B was the most significant contributor to the theme, closely followed by Group Y and Group G. The importance of the theme is characterised by the statements made by respondent A4 and B7, as depicted below. The respondents suggested that a

dynamic and innovative leader is needed in today's competitive environment to inspire and grow the next level of leadership and to grow the business laterally.

"Select very dynamic leaders and they have in turn also selected dynamic leaders in their management structures so I think if you speak to anybody in the bank you will find that they feel very positive to say that they are very comfortable with the direction that leadership is taking them in." [B7]

"Leadership is quite important, because you need someone to direct the traffic, you need to empower as many people as you can, and then you get a business that grows in parallel not a single line" [A4]

Respondent D3 in Group B maintained that leadership development was not an inhibiting factor to employee engagement, specifically as the bank engaged in mitigating programmes to address any leadership shortcomings. Respondent D3 explained that all manager promotions were vetted by the executive committee and candidates were only promoted if he/she displayed the appropriate skills. In instances where there were skills shortcomings, the committee made the investment to develop and up-skill the manager.

" we look at personal attributes and we look at leadership attributes and there has got to be unanimous consensus at EXCO when we discuss that so if there is any sense of reluctance from any of the EXCO members around something that they don't believe the individual is displaying we then offer for the individual to actually get coached on that or to go onto a GLC offering, where are all leadership based programmes..."[D3]

Respondents G2 and D2 contested Respondent D3's view and maintained that given the specific nature and culture of the banking industry, managers possess excellent technical skill and not necessarily the correct managerial skills. Hence, managers are promoted on their technical skill and managerial training takes place after the promotion. In this scenario, if the manager is not displaying the correct management skill the organisation is unable to demote him/her, given the difficult labour laws.

"a massive issue, in the banking environment, yes they are not administrative inclined, front office type roles, it's about dealing, trading, business, it's all about soft touch, soft edges so yes I think that's where a lot of it falls down" [C2]

"in some areas people that are really good technically, and get promoted to an area, where they are managing a lot of people, which is probably their worst nightmare in reality" [D2]

Respondent D3 maintained that one of the inhibiting factors was managers' different leadership styles and this view was supported by Respondents A4 and B5.

"I don't think we have any fundamental drivers that are inhibiting us from engagement, I think sometimes it's just about styles, leadership styles, I think some leaders are less equipped to deal with teams and their people as well as other leaders or in other words, it's not a high priority on their radar....I don't think there are any specific drivers inhibiting engagement" [D3]

"the managers were line managers and not leaders, and they were not necessarily putting their teams best interest first" [B5]

"I think it is very difficult, there is a lot of autocratic leadership style" [A4]

"Leadership do not have the skills" [C3]

Respondents D4, D1 and B4 maintained that other contributing factors to employee engagement inhibitors are the responsible leadership behaviour. The respondents maintained that a leader must act, talk and physically express him/herself in a responsible manner where he/she is seen as a role model. If these mannerisms and characteristics are not present, employees disengage and the culture of the organisation is compromised.

"So you have got to validate what you are saying. So in that culture of engagement I have a responsibility to make sure that what I say is actually reasonable as well" [D4]
"On time, on budget, or on your bicycle. It is an easy thing to say. On time, on budget, or on your bicycle. You can't do that to people. So the way leaders talk and express themselves, you have got to be careful" [D4]

"Kind of walking the talk is important" [D1]

"It is very much behaviours that are counter the culture, because it's almost counter-productive and people tend to be sensitive to that because that's also where credibility comes in, you are saying the one thing but experiencing something else so when in our people there are those kind of behaviors, in our leaders as well, you start to think, we don't expect them to be perfect but we want to see the effort and the improvement" [B4]

5.4.5 Culture

The next theme refers to the implications of culture on employee engagement. It is associated with leadership, as expressed by Respondent C1; culture is determined by leaders. Group Y was the most significant contributor to this theme, closely followed by Group G. The importance of the theme and its relationship with leadership is characterised by the below statements made by Respondent C1.

"Because culture is driven by the leadership in the organisation. So where there is a lack of leadership development, you start seeing a breakdown in terms of employee engagement" [C1]

"And culture is informed by the leaders that are. So you are not going to have an engaged workforce if you don't have the right leadership in place. I don't care how well laid your strategy plans are. You could be market leaders in the organisation. What really differentiates you is the people that are there" [C1]

Culture, as a theme that was pertinent in this research study, is very relevant to the banking industry, given the high performance culture and nature of the industry, where banks sell services and not products. In this operating model, where banks share the same products, the same clients and the similar market, the fundamental asset and competitive advantage is people, as expressed below by Respondents B1 and B5. Essentially, the responses from the respondents supported the notion that if the right culture is not present in the organisation, employees disengage.

"So you need a good culture and people need to identify with their leaders. It's like anything in life, you know. Because ultimately banking is just about people. Technology is also important, but people ... especially investment banking" [B1]

"People-centered culture... here that potentially presents challenge and probably if you look at it from a talent attraction perspective, is that driving a high performance environment while being people centered are not two mutually exclusive concepts. You should be able to have an environment where, you know; you can foster the high employment engagement, but also drive employee performance. Our culture is too soft." [C1]

In addition, as expressed by Respondents B7 and B4, it is important to have a culture of accountability and transparency where employees are empowered and can accept that mistakes are part of the learning process. If the culture is deemed as ambiguous, fearful and non-trusting, employees disengage and hold back, not fulfilling their potential.

"The culture of the organisation... very transparent...so people feel empowered in their business units because the business units have to be agile enough to respond to new products and markets" [B7]

"That does inhibit employee engagement, again this is a cultural behavior because it is lack of accountability, we are very big on accountability so some things happened, people need to own up, if it's a mistake that's happened learn from it, let's move on, and not the finger pointing or the blame game, we find that those behaviours and tendencies tend to inhibit engagement" [B4]

Respondent B5 explained that culture is both a feeling, where employees are "proud, energetic, and confident" and it is an experience that employees feel. It was mentioned that outsiders or clients that come into the environment should get a sense of the culture when meeting with employees in and around the organisation.

Finally, Respondent C3 expressed that learning and development of the organisation is the culture of the organisation and this culture is focused on quantity rather than quality. Within Respondent C3's organisation, employees are able to attend various training programmes. However there is little engagement to determine whether these are the correct programmes and whether there are tangible benefits derived from attending the training.

"Culture of quantity...we do quantity over quality" [B4]

5.4.6 Communication

The third theme that was pertinent in relation to research question 1 refers to the lack of communication and its impact on employee engagement. Communication is the golden thread that relates leadership and culture as described by Respondent B1, below. In this theme, Group Y contributed a majority of 50% in the discussion regarding the importance of communication and the effect of bad communication on employee engagement.

"make sure you are communicating all the time about what you goals are in terms of culture and the end state of the organisation and people know ... even the guy that's doing menial sort of work understands it" [B1]

Respondent B4 shared a similar view to Respondent B1 and supported that the lack of open dialogue and communication to efficiently neutralise issues, hold people accountable and to maintain organisational values inhibits employee engagement. In

this environment, employees are afraid to “call it” on each other, which results in more ambiguity, less open and constructive feedback and generally a culture of disrespect.

“We also have another favourite term of calling, I will call it, so call it whatever it is, so you are unhappy but you are not saying it, so by not calling it what it is, you then condoning that behaviour then you can’t complain, so it’s absolutely part of it, and we are big on the human capital space, we kind of flood the system with feedback” [B4]

Respondent D2 from Group B maintained that organisations conduct numerous surveys, convey the results and implement programmes to remediate the concerns; however no communication is conveyed back to employees on the progress and success of these programmes. The feedback and communication loop is incomplete and employees are left wanting. Respondent D3 stated that one mitigating factor that Group B employs is to ensure all human resource individuals are aligned across businesses and use the same framework to communicate across the organisation. This view was strongly contested by Respondent B3, who felt that communication was not an inhibiting factor in these programmes because sufficient information was conveyed back to employees via numerous channels and mediums.

“You see that is the last part we miss, so we do a survey, we get the results, we tell the people the results, and then we do not really take it, I think I am generalizing, but I would say we run the risk of broadly not doing that last part, where we say this is what we are going to do about each of these, or we are not going to do anything, because thank you for the feedback” [D2]

“All of the heads of HR across the bank are working off the same page, so we talk about employment in the same way, we will talk about the frameworks coming down the line and so we have an obligation and responsibility to take that back to business...we would have a dialog around that and so my counterparts do the same thing so we are actually for driving the execution but line are responsible for taking a step and thinking about it and reflecting on who [D3]

“On the employee engagement survey that was done, I think there was quite a lot of feedback given to the organisation in different formats, including quite a lot of time spent by the CEO” [B3]

Respondent B4 made the significant comment that employees disengage due to the lack of communication and also because of too much communication. This view of

information overload is supported by respondent A4. In addition, Respondents B4 and A2 maintained that the numerous layers within the organisation contributed to the lack of communication and increased employee disengagement.

Respondent A4 also raised an interesting point that the increase of social media has created a gap for organisations, because they lack the efforts required to successfully tap into these mediums to target the younger generation of employees. These employees disengage based on the format and the medium of communication.

"I guess it's communication...at various levels, at an individual level, for instance if there isn't sufficient, if there aren't enough conversations happening at an individual level or from team leaders, leader and employee, that's kind of where we start losing it and again it goes back to the importance of those because they happen every day so it's so important for people to become disengaged because there isn't effective communication at that level, and also sometimes I think the flow of communication being limited from top to the bottom of the organisation because there is always that middle management layer that acts as a filter, and as a result some of the things don't get to where they should get to so I do think that communication can be an issue and sometimes too much of it, such that people get frustrated and we are not able to effectively get the messages, key messages that we would like to get into the conversations, then they can feel out of touch and so on, so I think communication stands out" [B4]

"I think that people, there is information overload in the world at the moment, because you can get so much information so easily. So ok, there is an information overload, so people are choosing" [A4]

"I'm finding that it is interesting, with all this information overload, people are more interested in talking than they have ever been" [A4]

"not touching all the different tiers within the organisation" [A2]

"I think the generation gap is bigger than ever, and it changes fast, like a generation gap is no longer 10 years, it could be 3 years.....we are not innovated enough in how we communicate, I think we are getting...but still there is a lot to do." [A4]

Respondent B5 stated that communication was an inhibitor in that despite communication taking place, employees perceived that senior management were not completely honest and transparent in their communication.

"One of the bits of feedback we got, with senior leaderships communication, some people felt that we did not communicate enough, and sometimes when we did on people issues, it was not 100% transparent...that 39% felt that leadership did not communicate enough." [B5]

Respondent C2 summarised the communication theme well and purported that action speaks louder than words. Unless there is commitment to "walk the talk", disengagement will be a recurring theme and will continue to dominate organisational agendas.

"I think so, communication is one thing, actions have to match and if the actions don't match the communication, your credibility can blow up in your face, people are not going to buy into belief unless they physically see how the company matches their communication" [C2]

5.4.7 Organisational structure

The next theme related to research question 1 refers to the effect of organisational structures on employee engagement. It is closely associated with the themes of leadership, culture and communication, as all four themes are interrelated. The significance and validity of the theme is expressed by the comment made by respondent A4, as evident below. Interestingly, only Groups Y and R contributed to the theme, with a 45% and 50% split respectively.

"Companies have been built on hierarchies, and hierarchies don't really work in the current society. And so how do you break a hierarchy, when everything revolves around it? What is interesting was....the one guy said to me, did you know that the Egyptian pyramids are one of the 7 wonders of the world, so I said yes, so I said have you been to Egypt, so he says do you know that they were built over 5 000 years ago, so I said yes, he says to me 'So why do we still use it today in our own business?'" [A4]

Respondents B1 and A4 agreed that it is difficult to disseminate information in a traditional hierarchical structure. Information is communicated at the top level and the expectation is to cascade this information to the last bottom layer, however as a result of the numerous layers within the organisation, the information is not effectively disseminated. This has a direct impact on employees as they feel they do not have enough information to perform their jobs well, and it is difficult to assign accountability.

"Yes, so the things you have to watch out for are that you might have a good idea and it gets trapped in a middle management layer. So you need to make sure you can distil

the culture right down to the bottom levels of the organisation.” [B1]

“That is also a way of doing business, I think that communication strategy, in today’s world, doesn’t work in a pyramid structure, and that’s the biggest problem. You know I have managed to push it down to ELT and maybe a level below, but I can see that it has stopped again.” [A4]

“It is so hierarchical, and people literally don’t get any accountability, it is very difficult for them to speak up, confidently, because they do not actually know what they are meant to be delivering.” [A4]

The challenge faced by Group Y is different in that despite having a horizontal structure; employees continued to disengage, albeit for different reasons. These employees are used to the traditional hierarchical structure and are seeking upward career progression, and when they realize this is not possible within the organisation, they disengage.

There are shared challenges experienced within both the horizontal and vertical structures. Respondent B2 maintained that employees have expectations of automatic promotions when leadership roles become vacant, given the depth the knowledge achieved within the horizontal structure.

“Because we have got a very flat structure, so we are dissimilar to the other banks, in that we don’t have lots of levels, and lots of grades. So career opportunity is horizontally, so vertically is hard, so that is one of our inhibitors, so for people to whom title, status, levels, vertical promotion is important. We do find that those employees sometimes less engaged than others.” [B5]

“Very flat structured. So it does need, sometimes, for people for whom career progression vertically and growth and development defined as vertical growth, is important, we sometimes find that an inhibitor, in this environment.” [B5]

“they are in a specialist area, they will grow laterally and not necessarily vertically, there are other people in the system that have been around longer than them so if there is an opportunity someone else may be given that opportunity first but it’s not age specific, I think there is expectation across the board sometimes in terms of that growth and in terms of leadership roles” [B2]

Respondent B7 contested Respondent B5 by admonishing that in an “owner” type of culture, no real organisational boundaries exist except where autocratic leadership is

enacted within the organisation.

"I don't think there is any kind of organisational boundaries but once again, the same reason, it will always be the same reason for that, because of the federated style you may get certain areas where the entire business is driven by a type of leader and if it's a very autocratic leader then I would be imagine that to be a restriction, in my experience I have not seen it" [B7]

5.4.8 Other notable themes

In reviewing the qualitative data analysis, trust emerged as a prominent theme as an inhibitor to employee engagement. All respondents, except A1, C2 and B1 maintained that employee engagement is stifled when employees do not trust each other or senior management. In an environment void of trust, employees do not make any discretionary efforts and do not bring their creative and innovative selves to work.

"I think the stumbling block in my opinion is trust. I think people don't see consistency in a case of decisions that are made that make people trust the system. And therefore if you can't trust it it's very difficult to put your heart and mind, because you're always watching if ... covering yourself because you are not sure if you can trust the organisation. You never give your best, because instead of spending the energy advancing the purposes of the organisation you are spending the energy trying to protect yourself." [A1]

"The most common one for me is trust and its' a trust perspective from are things going to change, and if they are wasting their time and effort, or what they say is going to be used against them in the future, the more open and honest they are" [C2]

"I think things that inhibit the engagement are when people aren't truthful with one another. When there is too much bureaucracy around it and people feel like their jobs are stifled." [B1]

Finally, Respondent B5 noted transformation as a South African specific employee engagement inhibitor. Given the country's historical background, there are few black individuals in leadership roles. When young black employees aspire to senior leaders and view them as role models, the representative demographic is clearly absent and these young employees question whether they will sustain their positions or be promoted or rewarded, commensurate with their results. As a result, many decide to leave the organisation to work somewhere else, where these role models are representative and present.

"I think one of our other possible inhibitors, and I guess this is a cycle issue in this country, are some of the transformation challengers. So some of the feedback we get, is for the young black employees, they often struggle because they can't see a role model at the top, if they are fiercely ambitious, this new young generation, who want to grow, who don't stay in roles for a long time, who want vertical growth they look up and they don't necessarily see a lot of role models at an executive level, that is then sometimes when they will say, well if I can't get there one day, maybe I need to go, to go somewhere else" [B5]

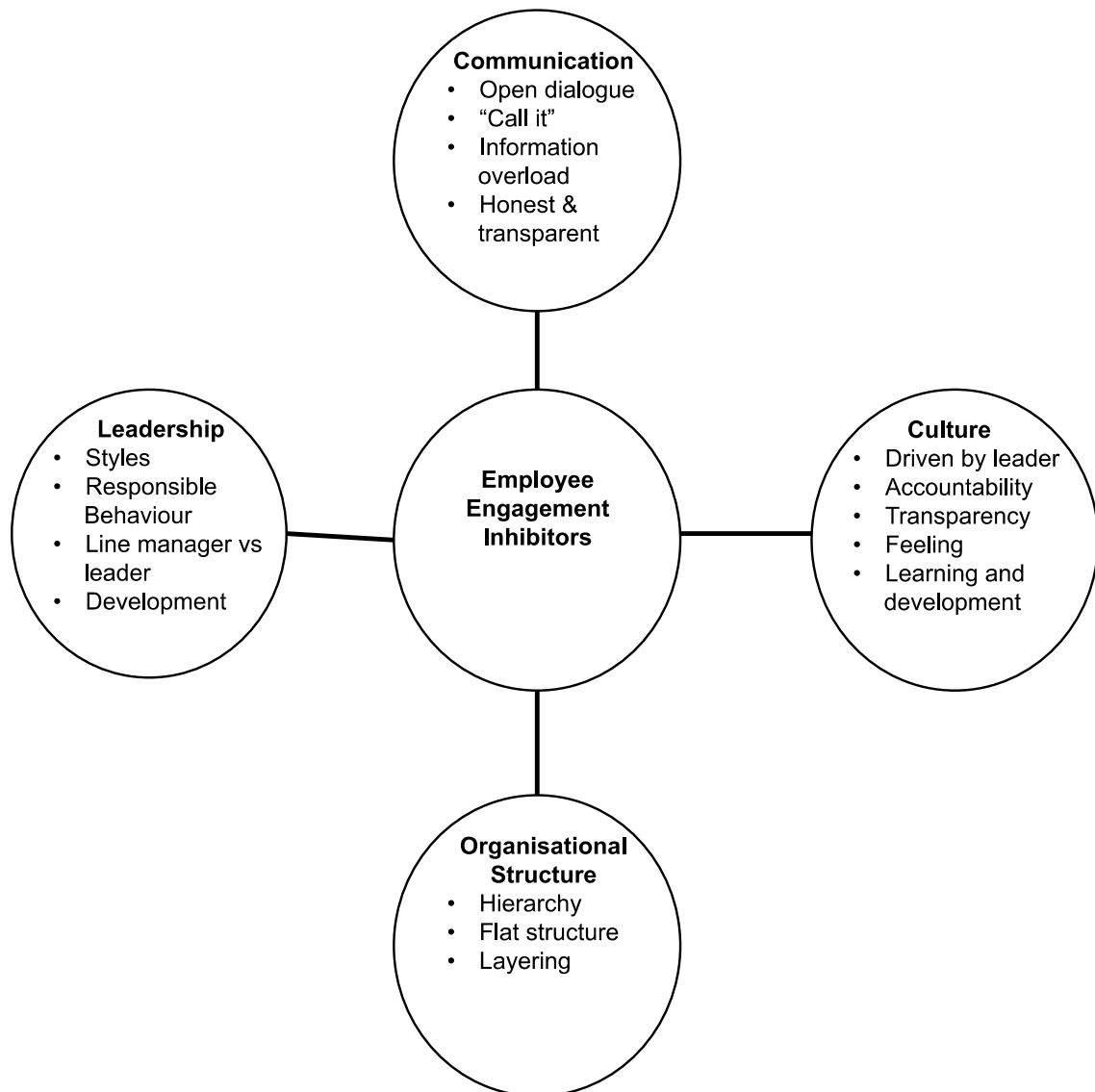


Figure 4: Structure of findings – Barriers to employee engagement

5.5 Findings for Research Question Two

It is vital to determine the inhibitors of performance management in order to explore how performance management can be used to enhance employee engagement. The

findings from the second research question were analysed and grouped into four main themes, as shown in Table 10 and summarised as a structure of findings in Figure 5.

5.5.1 Delivering on intended purpose

Respondents D3 and D2 from Group B shared similar but differing views. Respondent D3 emphasised that performance management delivers on its purpose by offering a less subjective yardstick, however Respondent D2 asserted that based on the system's design, performance management systems do not deliver on their intended purpose.

"helping us drive performance management in a much more robust way, it's less subjective, it helps us yield some analytics which is always helpful for us to reflect on"
[D3]

"It is very hard to say, I think to some degree it is, but I think as soon as you have got, and I can see it by peoples kind of resistance to, you know everyone does it at the last minute, because of the deadline" [D2]

Respondent C3 contested this view and firmly asserted that performance management did not deliver on its intended purpose and Respondent B4 cautioned that by placing focus on the system does not automatically assure success.

"It is still open to way too much interpretation. Even quantitative measures are open to too much interpretation. And I think that people use the system incorrectly." [C3]

"Entrenched as a practice and working well, however it does not mean that if we are focusing on it now doesn't mean we are getting it". [D3]

5.5.2 Performance management and productivity relationship

In terms of the relationship between performance management and productivity, Respondent B1 maintained that performance management plays a vital role, as it promoted "positive reinforcement". Respondent A3 shared a similar view and maintained that performance management can be used as a productivity tool to motivate employees.

"I do think that perhaps there have been, or I would like to think, that where there have been team members who are just working on a plateau they are not striving for more, they just pacers, you know what I mean, just those ticking over, and there is no vavaboom coming from them, then you can pick this up." [A3]

Respondents C1 and D4 contested this view and maintained that performance management does not operate optimally based on the current design.

"Does not necessarily increase productivity as effectively as they could. I think in principle they should. The only challenge is when do you look at your score card? The beginning of the year, or mid-year, whenever it is that people do their performance reviews. That is the only time that you basically look at your score card. [C1]

"Unless right measures in place otherwise you run the risk of having an incorrect outcome". [D4]

5.5.3 Inhibitors to performance management

In respect of the performance management inhibitors, the qualitative data was analysed the findings were grouped into four main themes as shown in Table 10 and summarised as a structure of findings in Figure 5. The themes are an integration of the research questions as discussed by the respondents. The frequencies of the themes were calculated for each respondent and provided in rank order, with number one being the theme with the highest total frequency of mentions.

Table 10: Performance management themes

Rank	Themes	Mentions by Group R	Mentions by Group Y	Mentions by Group G	Mentions by Group B	Total Mentions
1	Lack of trust and negative employee perceptions	4	6	3	3	16
2	Design and execution	2	4	3	3	12
3	Lack of commitment by manager and employee	3	5	1	1	10
4	Inconsistent application	1	3	3	1	8
	Total	10	18	10	8	46

5.5.4 Lack of trust and negative employee perceptions

Respondent C3 summarised the negative perception that employees have of performance management systems in the below comment:

"Perception that people seem to have, it's like the necessary evil, you have to do it so you do it, it's not something that adds value in any way, it's just ticking boxes " [C3]

This theme was shared among all respondents. They agreed that trust is absent

between employees and managers. This has created an environment where there is little transparency and honesty and where cynicism and perceived unfair practice are strongly embedded. The respondents maintained that employees participate in performance management as a means to an end and not because they see the value in the system. They do not perceive the process to be fair because there is no clear connection between their ratings and their remuneration and between their efforts versus the benefits received from the system.

"employees are sceptical, where there is not necessarily a connection or relationship between the employee and the line manager there will be that lack of trust" [B3]

"Lack of trust which may be as a result of lack of perceived or lack of actual transparency, fairness or lack thereof, lack of perceived fairness." [A1]

"To be honest and come to work and say you are feeling good, there is nothing like walking into a pea soup every day and not knowing what your boss is thinking and does he hate me, or is he going to fire me, is he going to pay me, you know, there is absolute no trust that everything is going to be out on the table, it is going to be fair, even if you do get paid badly, you will know why." [A4]

"not enough honesty, not enough, so once you get out to a certain level, I think it is pretty poor, and that is where we do not train enough, and we do not guide enough, and we do not plan enough" [A4]

"people become cynical, it's that time of the year, we are just doing it for the sake of it, doesn't matter what I say, manager has already decided" [B4]

"I think another thing that gives performance management a bad name is when people don't, it is not seen as fair, it doesn't matter what I do so if you have got a rating scale I will never be a whatever because it's out of my control" [B4]

"If the team do not trust that the leader is being fair and they can't hand-on-heart say, we have been through a discussion and I could not say to you hand-on-heart, there is no lack of trust throughout the whole system. There probably are pockets, where people do not trust the process." [B5]

"trust is so important because staff feel they can't trust management, no interest, always out to get you....we are not a lucrative organisation because we are not trusted,

we don't know what to do, we have to double check everybody's else's work, make a decision that is committee based because you don't trust to make the call" [C2]

"And it's complicated, I think people look at these things, and it's all about creating history and audit trail, people are worried that it's going to be used against them in the future and I think people do it and they don't tend to keep them up to date or hand them in" [C2]

"but if the person perceives their reward doesn't quite match up with the performance discussion, then there's kind of an honesty factor, the fact that you have to decide how to use your pool, forces an honest outcome and again I have seen instances where people complain about a bonus and say but my performance discussion with my manager, he had no issue but yet I got a very disappointing bonus, and only then the issue comes out" [D1]

"That perception that people don't get value out of it, or as much as they could or should versus the effort that they put in." [D2]

Respondents D4 and A1 explained that managers pose a challenge to performance management when they do not act with authenticity, sincerity and integrity and use the system for positive outcomes.

"That goes back to my corporate skills of leadership. If you are not doing something with authenticity and sincerity, people see through you straight away. The message you are giving me as my boss, is that you are actually not really interested." [D4]

"The way people instead of helping other ... the line managers instead of helping people improve they're looking for things that they can find so that they can use as an excuse to rate people down. So that was the negative part of the system." [A1]

Respondent D2 challenged the negative views associated with the frequent system changes and maintained that the change must be viewed more positively. The system change could be resultant of the system failing to deliver on the desired outcome.

"I do think it does change too often, and that might be a sign that it is not effective, or the feedback is not as effective. Time and effort to do the formal formality side of it, versus the benefit the people to see that they get out of it." [D2]

5.5.5 Design and execution

The second theme that emerged from the qualitative interviews regarding the findings of research question two, were concerns regarding the design and execution of the performance management systems. The respondents explained that the systems were too complex, were changed too frequently and were too administratively intense.

"I would say that it would be a more quantitative and a more structured approach to professional development, I think you have to address the capacity and the organisation on how you do that." [A2]

"If it was easy simple and straight forward, bang, we do not have that, it is coming, I think in today's world, it is massively complex. If you have got six or seven people reporting to you, all the 360s you have to do, then all the reading and the write up and the typing and the agreement, it is like a week of your time, we don't have a week in these days" [A4]

"It is deadline driven which I think can be frustrating and does put people under pressure because it always has to be done over and above your day job, system is very slow, if you try to connect remotely it makes it incredibly difficult, you can be bombed out if you are trying to connect remotely and you have got to make time to do it, even me, I would have to block out 4 - 7 to sit and do the reviews of all of my team. People definitely see it as admin and people require time and planning" [D3]

"become very tedious because they are very admin intensive" [B2]

"it was a box ticking exercise and if that becomes the case then it's a waste of time" [B3]

"Is the sense that it is quite an administratively burden process, and very process orientated." [B5]

"Its design ... the execution is floored. If there was a better way of maybe increasing the frequency with which we look at our performance management, rather than twice a year" [C1]

Respondent B5 from Group Y challenged the administration-intensive theme and maintained that as a leader, individuals should accept the process and use the system to work with his/her subordinates. The manager continues to have a responsibility to

the subordinate to provide some guidance and feedback, even though it does not have to necessarily be recorded on the system.

So I work to try and mitigate that inhibitor, it has been to say, it is not about the process it's not about admin, first of all if you are a manager and a leader, understand managing people is administrative, understand that, it is what comes with managing a team, suck it up, first of all. Secondly, it is not about the process, so I don't care whether there is a hard copy PDP in a file, I don't care, I do care that the managers are engaged with the employee and they have had the conversation. So we are a lot less prescriptive, we don't insist on, so I for example, if you open my file there is not a PDP there, I understand very clearly what my objectives are, I know very clearly how well I am doing against them, here and now and we talk weekly. So I don't need a piece of paper, clearly there is an inherent risk in that, so if one day if my manager left and somebody new came in, so you do want paper for good governance, but it is not about the piece of paper in the file. It is about the engagement and the conversation, and the coming together, and the negotiating boundaries and terms." [B5]

Respondent D1 contested the view of most of the respondents and maintained that the perceived unfairness of the process is mitigated in the moderation phase.

"Yes what I find is our moderation process helps reduce that last minute risk, so that moderation process is very important, if it's just left to punching numbers into a system on the last day then I think it will become an admin process." [D1]

5.5.6 Lack of commitment by manager and employee

The third theme evident from the interviews in relation to research question 2 is the lack of commitment by both employee and manager to the performance management process. The manager is responsible for driving the process; however it can only be effective if both parties are committed to the process. The process fails if the discussion lacks honesty and there is no clear contract detailing the desirable outcomes. Respondents B5 and B7 maintained that leadership maturity is a vital input for the process to be successful.

"The thing that bothers me, is that I don't think people put enough effort into it" [A4]

"I think it depends predominantly on how serious a line manager takes this process and how much they use it as a platform to get more detailed feedback and guidance that doesn't happen on a day to day basis, so by and large I think it is done pretty well but I

know I can think of one or two examples, for whatever reason the managers haven't been careful enough about planning and articulating and giving the guidance" [B3]

"It is hard, but it requires the leadership maturity and the honest conversation, you can mitigate a lot of that risk with meaningful contracting performance feedback and conversation." [B5]

"it all comes down to what is the maturity of the leadership and how serious they tend to take this" [B7]

"you actually have to be quite honest in your performance discussion, but there are huge negatives as well, if there is any lack of integrity with the manager, if the manager is weak or lacks integrity or is under threat, or feels vulnerable, that can have a very unfair impact on incentives and either unfair to the company or the employee." [D1]

5.5.7 Inconsistent application

Given the complex nature of banks, it is difficult to employ a single system across the various businesses. There are efforts to implement certain frameworks and allowances are made for business units to customise the framework for their respective areas.

Respondent B3 stated that this inconsistent process is an inhibitor; however the desired outcomes can be achieved by trying to implement a balance between the various business units. She noted that this is a balancing act and careful consideration must be made to implement a full-scale balanced scorecard methodology due to its linear all-encompassing approach.

"I think the one challenge though is always finding the middle ground...people said they didn't feel there was consistent performance management across all the units and the reality is that's true because it wasn't compiled to do 360....focus of the implementation of a system is to provide that consistency but within limits, still be flexible within the business units, and the challenge is finding that middle ground, not going to the other extreme of having a score card but being able to provide valuable feedback" [B3]

Group G maintained a full-scale balanced scorecard methodology and respondent C1 maintained that the largest inhibitor is that the objectives are drafted genetically the same across the organisation, with very little room for maneuvering. Respondent D2 shared a similar view and explained that enforced performance management systems are undesirable as there is no buy-in from the participants to use the system.

"Balanced score cards are quite linear. In that they look at that environment in isolation of anyone else. It is starting to present a problem where a percentage of your score card is dependent on another department. So you can't deliver on X until so and so has provided input into it. So how do you measure that? So that cross-functional dependency in a matrix environment becomes difficult to measure. Here is the score card, it gets cascaded, and there isn't a science behind how that gets cascaded....when we went with the 80/20 principle that became clear. Because it was basically, it wasn't a perfect science. And now when you know 80% of my score card generically is the same, across job families so if risk job family, finance job family, IT job family. So we have sixteen job families in the bank. And across all we use 80/20 principle. So you know 20% is what is within your world and you have got control of that and in terms of how you deliver on that." [C1]

"So I think enforced management systems, I think often they do not do their job, I think it has become a formality that people have to comply with them, and HR feels good when the system has been done, signed off and it has been work flowed and the system is 90% complete, so I am a bit sceptical about them" [D2]

Respondent C3 offered that performance management systems are flawed in that they are open to interpretation and can be manipulated by employees and managers.

"It's still open to way too much interpretation. Even ... even quantitative measures are open to too much interpretation. So I think that people use the system incorrectly. So you could not have made your targets. So because I think, you know, you're a nice person I go, you know, sorry you didn't make it." [C3]

5.5.8 Other notable themes

In analysing the qualitative data, the lack of training and skills emerged as a prominent inhibitor of performance management systems. The respondents maintained that managers must be attuned to their environment and need to possess the skills to manage employees effectively. Respondents C3 and B2 maintained that it is necessary for both the manager and the employee to have skills training in order to participate in the process effectively.

"the skilling and training issue is an issue, I think new leaders do need to be looked after because often they have been part of the team, they have now been promoted, they have performance managed, people who were their peers just now, or they are new to the role, they need to develop those skills, but even experienced leaders kind of carry bad habits" [B4]

"you need training skills to support it, but I think it's very important to realise historically it always looked at from a manager perspective and people don't feel empowered enough to on the other side to look at it from a perspective where they should be driving the process, it should be more bottom up as opposed to it being top down" [B2]

"So skills both sides as well. Not just involvement, skills on both sides. One is not skilled enough to have the conversation with the employee and the employee themselves has no clue how to go about dealing with this." [C3]

The difference between performance management and performance appraisal was also noted as a key inhibitor. Respondents A2 and B5 shared concerns that performance appraisal is a tool for development and not a means to an end in itself.

"Performance management and appraisal should never be conflated into the two issues; they are two completely separate things. The problem is that people maul them and mix them into the one thing" [A2]

"We have realised, that in amongst all this employee engagement work, the 360 degree should form far more of a, it should be a development tool, as opposed to a performance feedback tool.... I think, is the lack of understanding, between performance, enhancement processes and development, so that issue of 360 versus a contract, because of where we have come from, there is still a little bit of grayness there, so that is an education process" [B5]

Finally, respondent B5 maintained that the "halo effect" was an inhibitor to performance management and negatively impacted the process.

"It (the halo effect) is an inhibitor, so it can happen, how do we mitigate it, we mitigate it through regular conversations throughout the year, so that it is not the last thing on your mind, so just because he said that I got a report that was shit quality, doesn't mean I am going to penalize you tomorrow, because over the year it is one, so it could be a mitigator, you have to manage it" [B5]

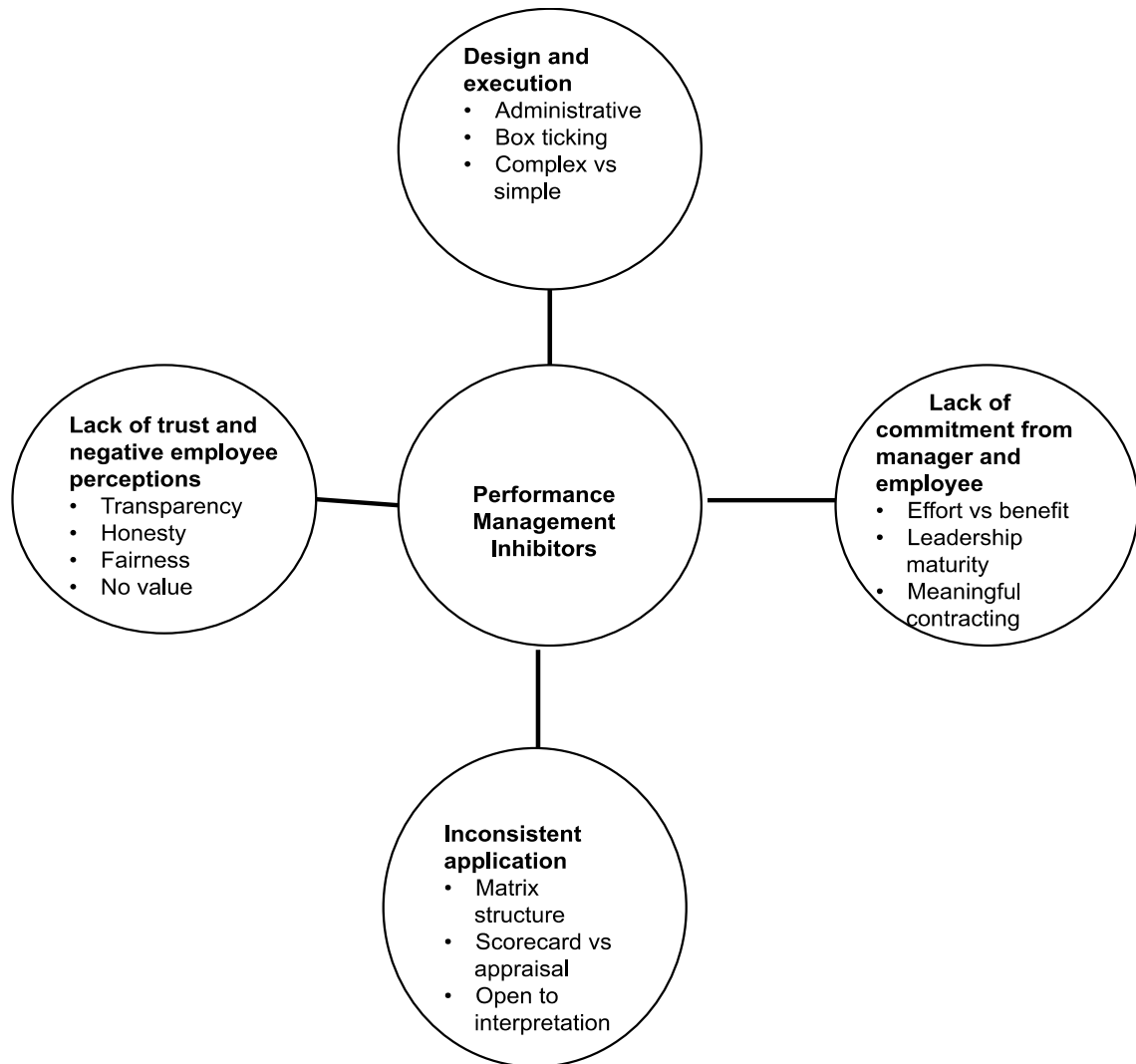


Figure 5: Structure of findings – Barriers to performance management

5.6 Findings for Research Question Three

This section of the discussion guide explored whether performance management can be used to enhance engagement. The findings were undisputed across the respondents; all agreed that performance management enhances employee engagement as the two are correlated. The caveat to this success was also unanimous and was dependent on the design, implementation/execution and maintenance of performance management systems.

Table 11: Employee engagement and performance management relationship

<u>Respondent</u>	<u>Corporate Title</u>	<u>Group</u>	<u>Does performance management enhance employee engagement</u>
A1	Head of Business Transformation	Group R	1
A2	Head of Strategy and Planning	Group R	1
A3	Executive assistant to Chief Executive	Group R	1
A4	Chief Executive	Group R	1
B1	Head of Global Markets (CIB)	Group Y	1
B2	Head of Corporate Banking	Group Y	1
B3	HR Partner Corporate Banking	Group Y	1
B4	Head of Human Resources Corporate Banking	Group Y	1
B5	Head of Human Resources CIB	Group Y	1
B6	Head of Corporate and FI Sales	Group Y	1
B7	Chief Investment Office Architect	Group Y	1
C1	Head of Human Resources Retail Banking	Group G	1
C2	Head of Prime Services	Group G	1
C3	Head of Segments	Group G	1
D1	Chief Financial Officer Group	Group B	1
D2	Chief Financial Officer of South Africa	Group B	1
D3	Head of Human Capital Finance	Group B	1
D4	Head of Risk and Compliance	Group B	1
	Total		18

5.6.1 Role of performance management in employee engagement

Respondents B2 and C1 maintained that people craved feedback and wanted to know how to improve themselves and wanted to learn. Performance management, if used correctly, is the tool that can be used to release the untapped potential of employees and improve employee engagement.

"if you do performance management right, and if you have got an genuine interest in the person, it must make a massive difference, I mean they say people leave managers not businesses, I mean that tells you everything, I don't need to know more than that and once, you know, people come into a job, they will learn as much as they can, and when they feel they can't learn anymore and they have got a boss above them, that is not giving them space, or not helping them, or not you know, they will leave, it will happen anywhere you know." [A4]

"I think absolutely the two are linked because if people aren't getting.....people crave feedback, they want to know where they stand and if people feel they know where they stand, they have the confidence to go out and do what they need to do, so knowing and having a performance discussion whether it's positive or negative is a vital part of knowing where you are within the organisation and therefore how you need to behave and sometimes it's not so easy, sometimes the messages are quite hard in the performance management, hopefully 95% is all good and the people are performing and stuff but sometimes people just do get blind spots, they actually don't see that they are missing something and those are where it's vital to have a very authentic conversation" [B2]

"if you do performance management right, and if you have got an genuine interest in the person, it must make a massive difference, I mean they say people leave managers not businesses, I mean that tells you everything, I don't need to know more than that and once, you know, people come into a job, they will learn as much as they can, and when they feel they can't learn anymore and they have got a boss above them, that is not giving them space, or not helping them, or not you know, they will leave, it will happen anywhere you know." [A4]

"Yes, absolutely. Absolutely. I think it is important for sort of a good performance management process or system. And I hate calling it system, because it is not a system. I think we need to find a better way of actually referring to it, but a good performance management process should be able to increase employee engagement because if you are having the regular conversations with me, you are aware of where my short comings are. You are helping me address those short comings through development programmes. I can only be more engaged. But if it is a clinical, very bureaucratic and a very administrative kind of process, I can't see how it can improve employee engagement. Because it is just a tick-box exercise. Oh, it is that time of the year. Let's pull out the score cards"[C3]

Respondent D1 from Group B maintained that the relationship between performance management and employee engagement was binary. The respondent described that the system itself did not provide answers; it was the facilitation of the system that generated these answers. The respondent further explained that it was imperative to have an HR business partner who was integrated into the business and could be capable of taking on management when the system was being abused or neglected.

"it's a binary thing, if it's badly designed it's going to destroy engagement, there is no middle ground here because again, people won't see integrity in the system and if there

is a lack of integrity in the relationship between employer and employee nothing will work after that, so I think why it's improved engagement, I think it's kind of basic things on record, it's encouraged moderation, it's made sure that it's a written down opinion is signed off and it's ensured, there is some form of consistency, I think where it has been negative is where it's rushed or perfunctory where people just tick the box and employers see that straight away, so it's kind of how you use the system, the system itself won't give you all the answers, it's how you use them, I do find a good HR person is kind of on your case all the way through and watches your behavior and is honest and tells you that guys I think you are screwing up here or you are not paying enough attention to this and I think that's incredibly important, I don't think HR must never be expected to assess performance, it's your job as a manager but they can make sure they know where it's been done properly and where it's not." [D1]

5.6.2 Why performance management increased/not increased employee engagement?

The main themes that emerged from this research question are very similar to the inhibitors to employee engagement and performance management. Leaders and their roles as leaders in performance management and employee engagement were strongly evident, together with creating an environment of trust. A principle inhibitor that was identified was the highly complex nature of performance management systems.

Respondents C1 and B5 asserted that leaders are fundamental to determining performance management and employee engagement. When leaders are committed to performance management, employee engagement is improved with the more frequent discussion and feedback sessions. Respondent A1 shared this view and asserted that it was necessary to have an environment of trust in order for performance management to improve employee engagement.

"You could have the best performance management performance processes in place. It is going to fall apart if you don't have the right leadership in place" [C1]

"on the back of the CLC survey, when we got that feedback, about 36% do not feel like their managers are showing interest, and 40% feeling like their performance feedback didn't help" [B5]

"performance management systems that are just horrendous to run, the technical side of things, it's just becomes too complex so it needs to be very easy to drive the process, it also needs to not hinge completely on a kind of technology solution, it must

5.6.3 Key indicators to measure the success of performance management in achieving employee engagement

In terms of the key success indicators, the quotes from respondent D4 illustrate the strong positive relationship between performance management and employee engagement. If performance management is designed, implemented and maintained appropriately, employees become ambassadors for the organisation and they act and talk like owners of the business.

"Successful engagement and performance management results in better performance of the organisation. People are ambassadors for the organisation. They will tell me openly why I don't like my manager, is because they can trust me. Bring family members to bank with the organisation. So they are not just employees, valued employees doing a good job. But they become part of the DNA of the organisation. They don't talk about the bank. They talk about my bank. Our bank" [D4]

5.7 Significance of Findings

Based on the high frequency of mentions that were calculated and presented in Tables 9, 10 and 11 the results emerging from the three research questions are deemed significant. The relevance of the findings is discussed in more detail in Chapter 6.

5.8 Validity and Reliability

Validity and reliability in the research process was achieved through a level of consistency and standardisation of the data analysis methodology.

5.9 Conclusion of Findings

The main purpose of this chapter was to present the findings of the qualitative analysis that was performed. The findings from the three questions generated aggregated results of significance and validity and demonstrated support of the existing literature around employee engagement and performance management and provided an association between the two processes.

Table 12: Summary of pertinent findings according to each research question

<p>Research question 1: Employee engagement barriers</p>	<p>Four main themes were identified.</p> <ol style="list-style-type: none"> 1. Leadership was the highest ranked barrier identifying lack of commitment, skills and development, accountability and communication as being the specific barriers. 2. Culture was the second theme which was strongly linked with leadership as leadership drives culture and was recognised an employee engagement inhibitor. 3. Communication is the golden thread in all organisation and lack thereof contributing factor. 4. Organisational structure was the fourth theme and the hierarchical layers inhibited employee engagement. 5. Trust and Transformation were highlighted as contributing factors
<p>Research question 2: Performance management barriers</p>	<p>Performance management systems were not delivering on their intended purpose and productivity was influenced by performance management. Four main themes were identified.</p> <ol style="list-style-type: none"> 1. Lack of trust and negative employee perceptions was the highest ranked barrier identifying the role of leaders in the process, specifically their communication, training and development. This environment permeated cynicism and dishonesty and lack of transparency. 2. Design and execution was the second theme, the system was too complex and administratively burdensome with little buy-in and thus inhibiting performance management 3. Commitment is dependent on the leader and lacking leadership maturity and honest open dialogue. 4. Inconsistent application was the fourth theme where inconsistent application created subjectivity and increased perception of mistrust and dishonesty in the process. 5. In ability to attune to the environment meant leaders were not aware of relevant issues resulting in low participation in performance management and confusion between performance appraisal and performance management implied the inappropriate use of the system and increased barrier.
<p>Research question 3: Optimal performance management system to enhance employee engagement</p>	<p>Performance management can be used to enhance employee engagement provided it is designed, executed and maintained.</p> <ol style="list-style-type: none"> 1. Employee engagement and performance management shared similar inhibitors 2. Success meant increased productivity, turnover and bottomline profits

In Chapter six, the findings from the qualitative analysis are comprehensively discussed, with the aim of compiling a framework of best practices to enhance employee engagement.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

Chapter five presented the results of the research process that involved eighteen in-depth qualitative interviews which were conducted to explore whether performance management can be used to enhance employee engagement. In this chapter, the research findings are analysed and interpreted using the literature review on employee engagement, performance management and the barriers to employee engagement and performance management as examined in Chapter two.

The three questions that are discussed include the following:

- What are the current barriers to employee engagement?
- What are the current barriers to performance management system?
- What is the optimal performance management system to enhance employee engagement?

The research results discussed in this chapter contribute to the enhanced understanding of employee engagement and its link to performance management. The results serve to contribute to the existing academic literature already published on these topics.

6.2 Definition of Employee Engagement

The structured findings in Figure 3 in Section 5.3 provided a structural summary of the codes (Table 5.3) linked to the respondents' definition of employee engagement.

The analysis of the data demonstrated that there was a general consensus that employee engagement was described as a sense of feeling, an intrinsic employee connection, and the fulfillment of the psychological contract and a culture of tapping into discretionary effort. Respondents B5 and D1 defined employee engagement in terms of being "proud, energetic and confident advocates" and where employees feel like they are "owning the brand and the company, it's your own company". The qualitative data supports the definition of employee engagement as proposed by Kahn (1990), Maslach et al. (2001) and Schaufeli and Bakker (2004), who defined employee

engagement as the manner in which employees immerse themselves in their job roles cognitively, emotionally and behaviourally.

The qualitative data also emphasised organisational context as influential on employee engagement, which supported Jenkins and Delbridge's (2013) argument that employee engagement is highly dependent on “contextual contingencies”, even when enacted with commitment from management. In terms of the need to include the organisational context in the definition, the comment from respondent D4 summons up the feelings of most of the respondents, “sincerity, authenticity and the culture of trust”.

In some instances, the respondents viewed engagement in terms of the organisational constructs of organisational commitment and job satisfaction, which support Gruman and Saks (2011) and Welch's (2011) argument that there is confusion between the engagement definition and the general practitioner organisational constructs, thus negatively impacting the focus on employee engagement.

6.3 Research Question One

Research question one concentrated on investigating the barriers to employee engagement with focus on the measurability and monitoring of the success of engagement programmes.

6.3.1 Employee engagement programmes

The purpose of question 1.2 and 1.3 (Appendix 4) of the discussion guide was to explore whether the four organisations have recognised or are recognising the wealth of potential and opportunity that their workforce holds. The literature of Harter et al. (2002) and Gallup (2012) posited that a well-aligned workforce has significant impacts on an organisation's productivity, profits, innovation, customer ratings and employee turnover and ultimately stakeholder and shareholder value. There was consensus from all four banks that supported the literature regarding the importance of employee engagement and the necessity to entrench the relevant culture and practices.

The qualitative data revealed two distinct schools of thought regarding the manner in which the organisations viewed employee engagement. Group Y set itself apart by viewing engagement as a “way of being” that is inculcated into the fabric of the organisation as opposed to employing “engagement activities”. This complements Rich et al.'s (2010) argument that higher level of engagement culture engenders citizenship and stewardship behaviours among employees.

Paradoxically, the comments from respondent C3 contended that employees in process and production roles are not necessarily interested in intrinsic motivation and thus the programmes directed at these employees may be wasted. This view contests the arguments of Bakker et al. (2001), Bakker and Demerouti (2007) and Kahn (1990) that employers can engage with employees by providing the necessary job resources as all employees possess intrinsic motivation.

"Highly processed modulators, and production modulators, aren't necessarily interested in the intrinsic. Now more cerebral-type work has more opportunity for this kind of stuff. So when people are doing stuff that is design orientated, creation orientated. I find those areas to be far more receptive to allowing staff to be more intrinsic." [C3]

6.3.2 Measuring employee engagement

The qualitative data presented that employee surveys are the most common measurement tool used by the four banks and there are concerns relating to the accurate measurability of employee engagement using the tool. These findings support Gruman and Saks (2011), who argued that the surveys are useful even though there are limitations. Gruman and Saks (2011) asserted that the principal limitation is that the surveys are not designed to measure behaviour, and it is behaviour and not feelings that determine company performance.

The respondents implied that there is no shortage of measurement in the organisations, however there was not adequate follow through to determine whether the programmes achieve their goals. This complements Gallup's (2012) findings that measurement is useless, unless something is done with the results.

6.3.3 Employee engagement inhibitors

The analysis of the qualitative data revealed four main themes, which are clustered and presented in Table 9 and summarised as a structure of findings in Figure 4. These findings are analysed against the barriers to employee engagement theory discussed in Section 2.6.

6.3.3.1 Leadership

The qualitative data delineated the common theme of the impact leaders have on employee engagement. The data provided substantial evidence that the absence of commitment, skills and development and accountability in leaders negatively impacts employee engagement.

In the current business landscape, leaders need to be dynamic, innovative, adaptable and accountable in order to build, grow and sustain businesses. There are limited opportunities to grow businesses given the costs; therefore businesses require the right leaders to indicate changes. The qualitative findings were mixed, where some respondents from one bank maintained that their respective organisation retained good leaders who displayed the appropriate leadership behaviours, whereas another bank maintained that there was a clear leadership gap.

All respondents maintained that improving the skills of and developing its people, especially leaders and managers, was a core focus strategy of their respective organisations. In order to close the loop, Group Y maintained a very singular view, that it is necessary to also train non-managers on effective engagement in order to maintain optimal engagement between colleagues and managers, in order to create a culture of engagement with the goal of extracting the best from their employees. Respondent D3 shared a paradoxical view and maintained that leaders from Group B were only promoted to senior positions after meeting certain criteria. In this way, leaders were not necessarily a challenge to employee engagement, as they all possessed the right qualities and demonstrated the right behaviours.

A consistent leadership theme evident from the qualitative data was that, given the nature and culture of banking, employees were promoted to managers based on their technical ability and not necessarily on a combination of technical and managerial abilities. Conversely, the respondents maintained that this was mitigated by offering specific manager development training. A dim view was taken by one respondent who maintained that in certain instances where a manager did not possess the appropriate managerial skills, there was a direct negative impact on the manager and employee engagement model. This implied that in certain circumstances, the manager displayed behaviours that led to perceptions of unfairness and cynicism.

In terms of the literature discussed in Chapter Two, Section 2.6.2, the main leadership barriers supporting the qualitative data were asserted by Macleod and Clarke (2009). Macleod and Clarke (2009) argued that the lack of training and development of leaders negatively impact employee engagement and has implications on the delivery of the strategy of the organisation. Macleod and Clarke (2009) further asserted that this creates an environment absent in awareness that harbors mistrust.

6.3.3.2 *Culture*

The culture of banking is one of high performance and long hours, thereby implying that the relationship between leaders, culture and employee engagement is amplified. In general, the culture in banking is people centered, because banks sell services and

not tangible products and in order to make these sales the banks are dependent on their employees for new innovation, establishing relationships with clients and adhering to the regulatory frameworks. Given the complexities of the banking cultures, it is imperative that the banks embed the right culture to attract and retain their competitive advantage, which is human capital.

The qualitative data provided substantial evidence of the importance of culture as a significant barrier to employee engagement. The respondents from Group Y placed a strong emphasis on culture as strategic to their engagement model. There was consensus among the respondents that culture was determined strongly by the organisations' leaders and how the employees interact with each other and their clients. Respondent C1 stressed this association and maintained that where there was a lack of leadership, the leadership development culture broke down. The culture of the organisation differentiates the organisation from its competitors and it takes years to entrench; however, it can be easily eroded and quickly destroyed by bad leaders.

The qualitative data supports Macleod and Clarke (2009), who asserted that the culture must be part of and aligned to the organisation's strategy. If the alignment is absent, it is impossible to achieve the organisational goals and scarce resources are wasted in the process, which negatively impacts the business's competitive capabilities.

6.3.3.3 *Communication*

With globalisation and the arrival of the Internet, people have the ability to connect and communicate to anyone anywhere. In addition, as there are now numerous channels and mediums of communications, businesses are finding they need to have a presence on these platforms to compete and be relevant. Similarly, this resonates with banks as these organisations recognise they have use these mediums externally and internally to retain and communicate with clients and employees.

Information is useless without ability to act on it. Banks are recognising that in order to use information effectively they have to create networks to disseminate information within the organisation. Previously, information was only shared between senior management, but with the new cascading model of strategic objectives, the flow of information from top to bottom and bottom to top is vital.

The qualitative data suggested that the effective dissemination of information within organisations is gaining importance among the younger generations entering the workforce and the ineffective use of alternative communication channels is becoming a barrier to employee engagement. Employees need and want to know what is happening in order to understand how their contribution is valid within the overall vision

of the organisation. Respondent B5 asserted that employees are critical of leaders, because although they communicate, their communication is not transparent and creates more ambiguity, which often leads to people who disengage.

The qualitative data also suggested that there must be alignment between communication and leaders' behaviour. Employees desire authentic leaders who communicate well and demonstrate their message through their behaviour.

The findings of the research complement the barriers to employee engagement argued by Macleod and Clarke (2009). Although Macleod and Clarke (2009) were mentioned in the literature reviewed, and were not absolutely supported in the qualitative data, the researcher believes the archaic communication infrastructure impedes an organisation's ability to be nimble to adapt to changing environments.

6.3.3.4 Organisational structure

The third barrier that was evident in the qualitative data was the existence of organisational structures. Historically, organisations were built on hierarchies in order to maintain control and disseminate information; however over time these structures have become a barrier to employee engagement. The respondents maintained that with the numerous layers, it is difficult to disseminate information to the lower levels and back upwards. This can be compared to the old adage of the broken telephone call, the further away you get from the origination of the message, the more distorted the message becomes. In addition, given this archaic structure and the continuous passage of time, the relevance of the information provided to employees is always being questioned.

In respect of this barrier, Group Y faced a different challenge because although the organisation maintained a relatively flat structure, some employees continued to disengage because they are used to the traditional hierarchical structure. The findings of the research are not supported by any literature discussed and reviewed in Chapter 2, and this could confirm a potential gap in existing literature.

6.3.3.5 Other notable themes

The qualitative data presented that trust was seen as prominent inhibitor to employee engagement. Environments exhibiting a lack of trust can be costly and detrimental to an organisation since employees do not share information and continue working in silos on individual as opposed to collective agendas. The qualitative data suggested that the environment of trust is directly related to the leader and behaviours of the leader. In instances where employees do not see consistency in their leaders, they

distrust their leaders and question their intentions and disengage. The research findings support the findings of Macleod and Clarke (2009), who asserted that a lack of trust leads to perceptions of unfairness, which results in disengagement.

The last barrier that emerged in the qualitative research of research question 1 was the issue of transformation. One respondent maintained that she received numerous complaints from Black employees who felt that they did not see enough Black leaders in management and hence did not have role models to aspire to in their organisations. This negatively impacts Black employees as they feel there is no aspirational motivation for them to achieve management seats. This is an emergent theme that is relevant only in South Africa's context given the country's history; it is not supported by the literature reviewed in Chapter 2 and could present a gap in existing literature.

In conclusion, the qualitative data emphasised that leaders and the role of leaders was a dominant barrier to employee engagement and was supported by the literature reviewed in Chapter 2. In addition, the qualitative results and literature found that leadership was related to the engagement barriers of culture, communication and organisational structure.

Respondent D4 encapsulated what a leader should be in the below quote:

"They need to be human beings, who care about the people that follow them"

6.4 Research Question Two

6.4.1 Delivering on intended purpose

In respect of the question of whether performance management systems deliver on their intended purpose, there were two conflicted views expressed by the respondents. The first view is that, performance management offers a less subjective yardstick by having quantitative and qualitative measures, however there is room for manipulation and interpretation. The second view builds on the first and finds that performance management is failing in its purpose since the design is complex; and it is dependent on users and its positioning in the overall organisation. Respondent D4 cautioned that the system can only deliver on its intended purpose if it has the right measures in place. The qualitative data supports Heathfield (2007), Vasset et al. (2010) and Gravina and Siers (2011a) as evidenced by the quote below regarding the barriers to performance management:

“Unless right measures in place otherwise you run the risk of having an incorrect outcome”. [D4]

6.4.2 Performance management and productivity relationship

The respondents were unanimous in maintaining that performance management plays a pivotal role in increasing productivity by using feedback as a mechanism to promote continuous positive reinforcement. The respondents maintained that if designed, executed and maintained well, performance management is a powerful tool that can be used to motivate, develop and engage with employees. The qualitative data supports the literature by Aguinis et al. (2011) who asserted that a well-designed performance management system benefits the employee, manager and the organisation as it permits and promotes two way communication; a heightened sense of self-esteem; focus on maximizing strengths and overall organisational performance.

6.4.3 Barriers to performance management

The prominent themes evident in the barriers to performance management are closely related and lead into each other. In an environment that is perceived to be dishonest and lacking trust; where the system is badly designed and executed; where there is an inconsistent application of the measures; and there are low commitment levels from managers, employees see no merit in participating and only engage because they are forced to and extract no value from the process.

6.4.3.1 Lack of trust and negative employee perceptions

The qualitative data suggested that in respect of performance management, the most dominant barrier is trust and perceived trust. The respondents asserted that in its present state, the performance management system added little value and was in fact burdensome. The respondents maintained that the lack of transparency in the process and a lack of understanding of the relationship between performance management, promotions and remuneration contributed to perceived lack of trust.

“The perception that people seem to have, it is like the necessary evil, you have to do it so you do it. It is not something that adds value in any way, it is just ticking the boxes” [C3]

The research data supports the literature of Vasset et al. (2010) and Gravina and Siers (2011a) that there is a negative correlation between perceived trust and performance management. In instances where negative perception is high, trust in the system and trust between manager and employee is reduced and employees only participate

because they have to. Gravina and Siers (2011a) and Viswesvaran et al. (2005) asserted that given the subjective nature of performance management, employees mistrust the system and are dissuaded to buy-in. Respondent A4 maintained that this negative perception was compounded where employees do not see their managers as displaying honest behaviour. The role of the manager in this process is instrumental; the system fails without the right drive and behaviours of the manager.

6.4.3.2 Design and execution

The qualitative data gathered showed consistently that the design and execution of the process is vital. The design and execution of the respondents' systems are flawed which renders the achievement of its outcomes impossible. The majority of the respondents asserted their organisations continuously reviewed the system to ensure it is relevant and adhered to the changing landscape. Conversely, the respondents maintained that the change management process needed to support the implementation was absent. With the exception of one bank, Group Y, the other banks implemented new systems without providing adequate constant training. The nature of performance management's design ensures that performance management systems are deadline driven and when it is complemented with insufficient communication and training, the outcome may be achieved however the quality of the outcome is questionable. The qualitative data contested Kennerley and Neely (2003) who argued that in respect of the implementation of new systems, there is very little evidence to support that attention is given to test the validity and relevance of existing measures in new systems. It is apparent from the qualitative data that testing for relevance is no longer a barrier. However a new barrier is the integration of change management in the process.

In addition, the respondents maintained that the design and support of the system negatively influenced participation in the process. Where HR did not provide adequate training and support, managers maintained that performance management was seen as a "necessary evil" and participants completed only the bare minimum. One respondent was of the dim view that HR should play more of a business partner role in performance management and not be only cracking the stick. The outcome is only valuable if the right input is captured into the system. The qualitative data supports Gravina and Siers (2011b) who asserted that organisations misunderstand performance appraisal to be performance management. Performance appraisal is an outcome or summary of performance management and it is the responsibility of leaders and HR specialists to drive this.

6.4.3.3 *Lack of commitment*

In terms of performance management the first step, contracting, is fundamental to committing the process. The respondents maintained that the manager is responsible for driving the process however without the appropriate level of commitment, from the both parties, the process breaks down. The lack of commitment by the manager and employee was recognised as the basic barrier to performance management. This is supported by Heathfield (2007), who maintained that the traditional process was a top-down autocratic model where was not contracting, as the employee relied on the manager for the formulation of the objectives. This model was built on fear where commitment was absent.

The qualitative data demonstrated that in order for the process to be effective, the process commands leadership maturity and honest dialogue. The respondents maintained that the process warrants that the line manager gains and maintains the necessary skill to contract with the employee, provide constructive feedback and guidance with the aim of developing the employee to achieve the set objectives and to grow. The results of the qualitative study affirmed that the lack of manager skills and training was evident in their respective performance processes. Biron et al. (2011) asserted that the training signals to managers and employees the level of organisation's commitment to performance management. In instances where there is a lack of training or incorrect training, the likelihood of rater-bias and inflated and deflated subjectivity increases and becomes a barrier to performance management.

In terms of commitment, the qualitative data emphasised the importance and the lack of regular honest feedback. This lack of honest feedback was attributed to deficiency of leadership maturity and the skills. The majority of the respondents maintained that managers did not exhibit behaviours consistent with leadership integrity and honesty. The qualitative data supports Heathfield (2007) and Biron et al. (2011) who argued that managers lack skills in providing honest feedback, which negatively impacts the employee who maintains a defensive stance, as she/he feels threatened. The qualitative data further supports Biron et al. (2011) in the assertion that if managers do not receive adequate training the performance management process could be compromised with rater bias and inflated and deflated subjectivity.

In respect to communication, the qualitative data shows the ineffective communication and feedback is an inhibitor and impacts the commitment of the manager and the employee. These findings support the literature from Brion, Mothe and Sabatier (2010) and Gravina and Siers (2011a) who asserted that without clearly articulating the organisation's goals and manager and employee expectations, the performance

management process falls to the wayside and fails, whilst negatively impacting on the commitment of managers and employees. Biron et al. (2011) maintained that there were three main communication mechanisms, supervisor feedback; socialisation; and communication tools and Elliott (2011) agreed with Brion, Mothe and Sabatier (2010) and Gravina and Siers (2011a) and maintained that if these communication mechanisms were low or absent, performance management was absent.

6.4.3.4 Inconsistent application

There is a good reason why the respondents maintained that inconsistent application is an inhibitor in respect of performance management. Banking by its nature is large and complex with numerous cultures and sub-cultures and various nuances between the business units. Given this background, performance management is applied inconsistently between business units, causing the participants to raise questions regarding the application of the measures within the process. Respondent B3 maintained that the inconsistent application is an inhibitor as it negatively affects employee participation. Employees maintained that they do not see the consistency across business units, as system is open to interpretation and manipulation by employees and managers. Given that the literature review was broad and not necessarily focused on banking, the literature did not support the qualitative data.

6.4.3.5 Other notable themes

The respondents maintained the inability of leaders to attune to their environment renders their leadership and management ineffective and negatively impacts performance management. In addition, some of the respondents cited that the confusion between performance appraisal and performance management was a strategic barrier to performance management. Certain managers and organisations did not recognise the performance appraisal as a tool and an outcome of performance management. The qualitative data supports Aguinis et al. (2011) who argued that performance appraisal is a component of performance management and will not be achieved without going through the three phased process.

"Performance management and appraisal should never be conflated into the two issues; they are two completely separate things. The problem is that people maul them and mix them into the one thing" [A2]

Lastly, a notable theme the respondents maintained that affected performance management was the "halo effect". This theme is closely associated with perceived trust and honesty and the actions and behaviours of the leader. The qualitative data supports by Viswesvaran et al. (2005) with the argument that given the subjective

nature of performance management, certain managers appraise likeable employees higher and that the current performance is affected by previous performance.

In conclusion, the main theme impacting performance management is behaviours and traits of leaders. The qualitative data supports the literature in that if leaders possess leadership maturity and leadership, they can remedy the barriers of trust, commitment, design, complexity, execution, adaptability and relevance.

6.5 Research Question Three

6.5.1 Role of performance management in employee engagement

The purpose of the study was to explore whether performance management can be used to enhance employee engagement. From the qualitative data, there was consensus from the respondents that performance management plays a role in employee engagement and if used appropriately can enhance employee engagement.

Respondent D1 maintained that the relationship between performance management and employee engagement is binary. In maintaining conversations and regularly reviewing objectives and goals, the manager and the employee are better positioned to mitigate any risks threatening to compromise the delivery of the contract.

This is consistent with the findings of Mone et al. (2011) and Gruman and Saks (2011) who argued that when performance management is applied effectively and positioned well, high levels of employee engagement can be maintained. In terms of the qualitative interviews, however it was not very apparent regarding the extent of the influence that performance management has on employee engagement. Respondent A4 stated that performance management must be used as a tool or a mechanism to develop a genuine interest in the employee and a way to develop and retain the employee in the service of the organisation.

6.5.2 Why performance management increased/did not increase employee engagement?

The purpose of this question was to test whether employee engagement and performance management were related. The qualitative data complements the literature discussed in Chapter 2 and reaffirms the connection that is being tested between performance management and employee engagement. From the qualitative data, in Section 5.4 and 5.5, it was evident that performance management and employee engagement share similar barriers. This implies that the combined barriers

discussed in Section 6.4.3 and 6.3.3 impact using performance management to enhance employee engagement and the qualitative data is supported by the literature discussed in Section 2.10 and 2.6.

The qualitative data emphasised that leadership was a barrier shared in both performance management and employee engagement. The main theme to emerge was the role leaders, their behaviours and their training for both processes. The traits and behaviours leaders display is critical to influencing how these systems are seen, how they are experienced and the extent of participation in the processes. This directly influences the extent of the transparency; trust and honesty embedded in the processes and ultimately determines its success.

6.5.3 Key indicators to measure the success of performance management in achieving employee engagement

The respondents maintained that the success of using performance management to enhance employee engagement is evident when the organisation's overall performance is doing well, where employees become proud ambassadors of the company, where they refer their family and friends to join the organisation. By maintaining an ongoing dialogue between manager and employee, the feedback allows the both manager and employee to give more of themselves to the process and the organisation.

In conclusion, the qualitative research suggested performance management can be used to enhance employee engagement especially as both processes share similar challenges. This complements the findings of the 2012 Gallup Report that maintained that increased employee engagement positively influenced organisational performance by increasing productivity and profits. The extent of the positive impact is discussed in Table 1 in Chapter 2.

6.6 Conclusion

The qualitative research provided evidence that employee engagement and performance management are related processes that share common barriers. This qualitative data supported the literature reviewed and can be used to contribute to the existing literature. In order to mitigate the barriers presented in this research report, Chapter 7 presents an optimal framework that an organisation can adopt to use performance management to increase employee engagement.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

Chapter 7 is the culmination of the research findings and the research objectives, with the aim of ascertaining whether the outcomes of the research study were consistent with the research objectives. This chapter provides a reviewed assessment of performance management as a tool to enhance employee engagement, emphasising the areas in which this study contributed to develop the existing literature regarding the subject. Suggestions are made to human resource managers (HR), change experts and executive managers based on these findings and recommendations for future potential research are provided.

7.2 Research Background and Objectives

Of the leaders surveyed in the Deloitte (2014) Global Human Capital Trends Survey, 78% asserted that the most pertinent business challenge that was routinely confronted was retention and employee engagement. Accordingly, there is a call for new employee engagement tools and approaches that can provide a more integrated, holistic and real-time approach to drive employee passion and commitment. One of the predominant frameworks identified and proposed by Mone et al. (2011) as the driving force behind employee engagement is the use of an integrated performance management system.

This research study sought to recognise employee engagement, the barriers to employee engagement and performance management and performance management barriers in the context of employee engagement. The research considered that if the barriers to performance management and employee engagement were shared—by implication this would mean that if the performance management barriers were addressed—employee engagement would be improved. The main findings discussed in Chapter 6 are summarised below.

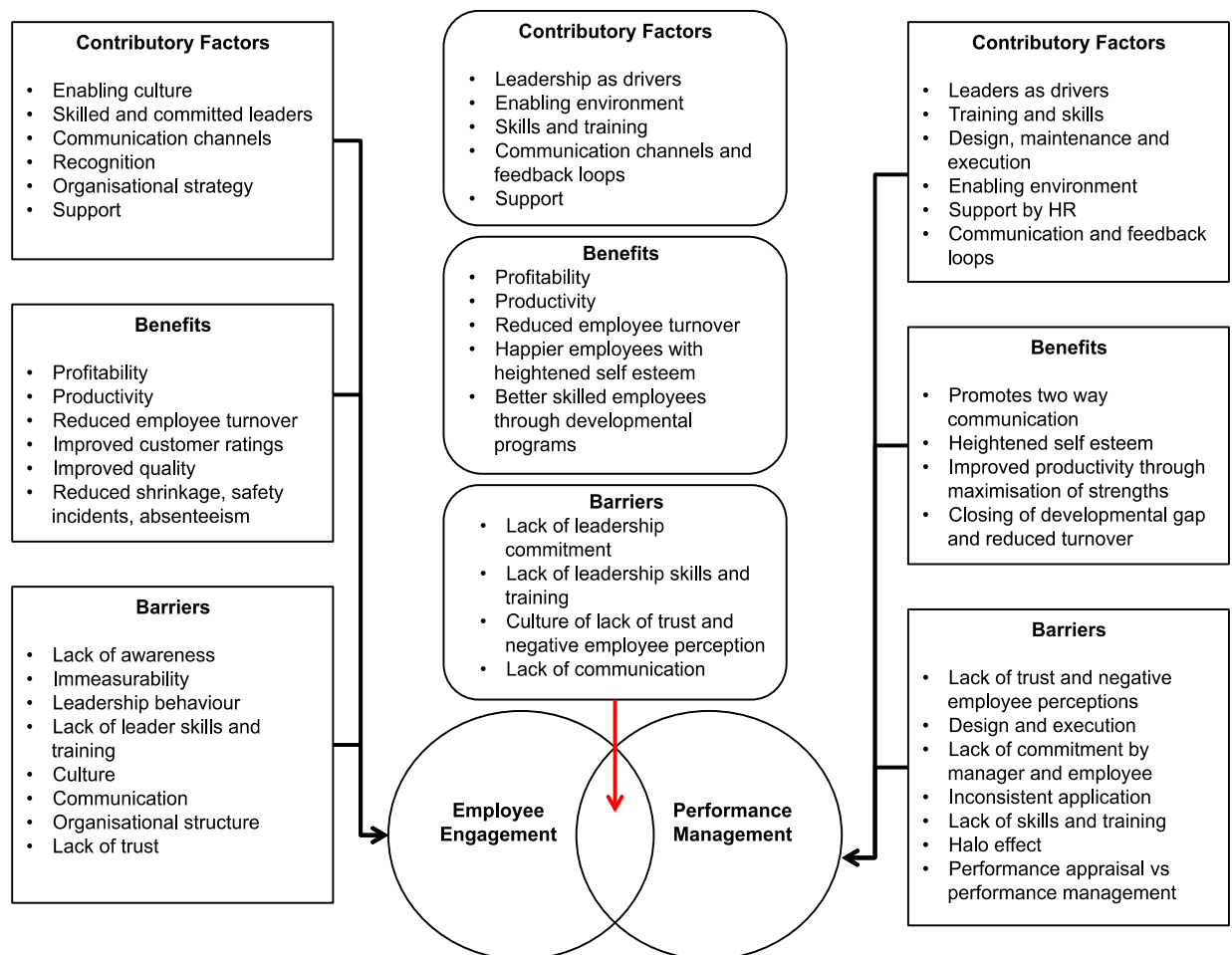
7.3 Main Findings

A summation of the findings of the research study in terms of the research questions is presented as an optimal framework for employee engagement by utilising the

performance management as a tool, as presented in Figure 6. In the framework, the employee engagement contributory factors, barriers and benefits correspond to the results shown in Figure 3 and Table 9 in Chapter 5, and with Tables 1 and 2 as presented in Chapter 2. The performance management contributory factors and barriers refer to results revealed in Figure 4 in Chapter 5 and Table 3 in Chapter 2.

The framework ultimately demonstrates to leaders and human resource managers the relation between performance management and employee engagement by enclosing the common contributory factors, benefits and barriers. The framework offers leaders insights on the optimal framework to use performance management to improve employee engagement.

Figure 6: Summary of main findings of the research study



7.3.1 The barriers to employee engagement

The initial findings revealed that there were two distinct perceptions regarding the meaning and essence of employee engagement, mainly noting that one view regarded employee engagement as part of the culture of the organisation, whilst the other viewed engagement as an activity programme that an organisation pursues in order to

engage with the workforce. Despite the different views, leadership was appreciated as the common dominant barrier to employee engagement, which was followed by culture, communication and organisational structures barriers. Leadership engendered the work environment and dictated the level of trust and transparency present in the work environment and strongly predicted the subsequent barriers.

7.3.2 Current barriers to performance management systems

The second fundamental finding was that performance management has not fully delivered on its intended purpose. There exists a correlation between productivity and performance management, implying that a badly designed and executed system impedes company productivity. Leadership behaviours and traits were evidently the main barrier to performance management, dictating that the level of trust and determiners of commitment and participation were intrinsically related to management. Furthermore, the complex design of the system determined the level of participation and leadership commitment. It was concluded that unless the main barriers are addressed, performance management would not deliver on its intended purpose

7.3.3 What is the optimal performance management system to enhance employee engagement?

The third main finding was that there is a correlated and related relationship between employee engagement and performance management, and that performance management plays a role in employee engagement. Both processes share challenges, and by addressing this overlap, an optimal framework was compiled. The optimal framework (Figure 6) presented in Chapter 6 could be used as a referencing tool to enhance employee engagement through performance management for leaders.

7.4 Recommendations

Based on the main findings of the research study that was conducted, the following recommendations have been made:

7.4.1 Recommendations for Managers

Globalisation continues to drive innovation and change across organisations universally. For an organisation to be successful, its leaders must develop the ability to understand employee engagement and its relationship with performance management. By understanding the definition and the determiners of employee engagement, leaders

will have the ability to access the potential of their employees and develop new competitive advantages. Additionally, by developing a shared definition of employee engagement, leaders will have the capability to cultivate an employee value proposition that is fair, honest and transparent.

Given the central role that employee engagement plays in profitability and growth, leaders are still failing to provide a clear vision of how employee engagement is related to an organisation's mission and growth strategy. Organisations will continue to experience failure or slow delivery of their strategy and plans, if leaders treat engagement as an administrative burden. There must be a modification in thinking, leaders need to acknowledge employee engagement as the link to communicate and achieve organisational strategy and vision. The best leaders are self-aware and have a good understanding of the emotional currents that flow within an organisation and use these to his/her benefit.

The values of an organisation are fundamental and guide employee behaviours with internal and external clients and provide meaning and dimension to the organisation's brand promise and value proposition. Most employees are brand ambassadors both during and after hours when they are with friends, family, clients and colleagues. Most leaders and organisations do not take the time to engage with the employees and develop and groom them into brand ambassadors, hence making it more difficult to differentiate themselves from competitors.

In a highly engaged workforce, employees are held accountable for themselves and for their team performance. By using performance management, leaders can create the environment where accountability is worn as a badge of honour and is encouraged. By valuing the association between performance management and employee engagement, it engenders a responsible and accountable environment, which promotes performance.

The ability to comprehend employee engagement similarly provides insights into the traits and behaviours that a leader must possess. A leader will develop an appreciation of the essential skills needed in order to engage sincerely and in an authentic manner. The implications are two-fold: a leader will have a clear understanding of his/her role in employee engagement and performance management and will also be self-aware. Self-awareness allows the leader to ensure the manner in which he/she acts is aligned to that which he/she communicates. Furthermore, this allows a leader to understand his/her responsibility in employee engagement and performance management.

The influence of trust on the level of participation in employee engagement and performance management is ultimately dependent on the leader. By understanding

how trust is gained and maintained, the leader will have knowledge of the vital principles with which to build a culture where the philosophy exudes the interests of the employees, and trust and transparency are inculcated within the organisation. If implemented correctly, employees will be required to question themselves to make sure their values, needs and wants are aligned to those of their organisation. Leaders will also have the ability to address the issue of the perceived lack of trust, as these principles will eradicate ambiguity.

It appears that change is the only constant in the global environment where interconnectedness continues to drive innovation. The understanding of the role of employee engagement is becoming a crucial and is a competitive advantage since it allows for rapid feedback loops where employees can provide responses to business challenges without being afraid to express their views. Communication is important and the organisation can benefit if the engagement agenda across an organisation is singular and inclusive. Leaders and managers could share best practices and tools for engagement and thus display the focus and significance the organisation emphasises on communication.

By understanding employee engagement and its relationship with performance management, leaders can create an environment that is mature and balanced between monetary and non-monetary rewards. Employees are searching for more than monetary rewards as they become more self-aware and consciousness of the greater environment. By engaging with employees, leaders will have the ability to understand what the environmental considerations are that their employees believe that must be driven in order to be a responsible business.

By relating employee engagement to performance management, leaders will have a more profound understanding of an employee's view of the performance management system. A leader will be better positioned to guarantee that the system is working as intended; that the system has the right buy-in and is well-designed to meet the user needs. This will provide valuable insight to the leader regarding the change management support required for the system to be functional.

The ability to promote employee engagement is connected to performance management, in that a leader can explicitly determine the right management practices to address poor management. This will equip managers with the ability to have meaningful conversations where there is honest contracting, performance appraisals and performance management. There is limited room for ambiguity since expectations are managed for all involved parties and it will enable a culture where people can thrive without fear and can express themselves successfully.

The relation between employee engagement and performance management enables managers to develop the ability to coach and become a tutor and mentor. By promoting a leader's role as a coach, a leader is able to engage with an employee at the entry level, thereby firmly establishing the rules of engagement when the employee is introduced to the organisation. The newcomer will be coached on the performance management system and will receive training to ensure that he/she also knows how to engage with his/her manager. This will allow managers to attain and practice the coaching skills and will teach managers how to listen and to provide effective feedback. By engaging with the employee regularly on their performance, the manager will have the ability to make sure that the performance management principles are appropriately adopted and reviewed throughout the year and will overcome the shortcomings of the current twice-per-year performance review.

Top performing companies are outcomes focused. The implication is that an organisation must pursue an integrated approach, which encapsulates execution, vision, leadership behaviours, communication, culture of empowerment and accountability, hard work and persistence and employee engagement is a tool to unlock and deliver on these outcomes. By recognising and acknowledging the importance of employee engagement and its link to performance management, leaders can transform their organisations and achieve the positive outcomes (Gallup, 2013). The most successful organisations do not get there by chance; it takes everyone from the highest to the lowest levels to understand the vision and participate in the execution of the strategy by living by the values of the organisation.

7.4.2 Recommendations for Human Resource Managers

Trust is fundamental to all organisations and in an environment where managers and leaders are mistrusted; engagement initiatives can be employed yet there will be limited increase in performance since employees view these initiatives through the lens of mistrust. The HR processes around recruitment, performance management and leader/manager selection are vital contributors to organisational effectiveness and consequently have to reflect the importance of trust and remain sound and robust. Furthermore, the global context in which businesses operate drives leaders to be increasingly self-aware and dependent on HR managers to supply the right skills and training. Managers and leaders have to be capable of making rapid decisions, thus implying that the leader/manager needs to maintain trust in the team under his/her supervision. Accordingly, HR and HR systems are vital in training and challenging dysfunctional leadership behaviour that threatens employee engagement and performance management in efforts to deliver on organisational effectiveness.

Establishing and maintaining a culture of trust is central to all organisations and it is the responsibility of HR managers to guarantee that employees know and understand their roles and sustain a process that is transparent and fair. A culture of mistrust and fear can easily be inculcated where mistakes are related to punishment and are not seen as opportunities to learn. The success of performance management and employee engagement is dependent on HR's ability to create, sustain and drive the culture of trust.

The ever-increasing pace of change makes it imperative that HR plays a crucial role in designing, navigating and supporting employees through the organisational change. Creating and continuing change is fundamentally about people and by developing an understanding of the relationship between organisational change and employee engagement, HR managers can effectively communicate the change and influence employees to participate with opinions and ideas regarding improvements and innovations.

In the environment in which managers and leaders are evaluated on balanced scorecard metrics, rankings and industry benchmarks, there has been a shift in focus from being on people to managing the strategic risk and success indicators. This has essentially created a gap in employee management and HR managers have to play a significant role to develop the capability to effectively challenge leaders and managers, to emphasise the importance of the employee, employee morale and dialogue and direct the strategic focus on maintaining a positive employee engagement model and to bridge the gap. Additionally, HR managers also play a role in employee segmentation, which is similar to client segmentation. HR has to develop the capability to segment the employee base in order to construct targeted employee engagement tactics for the different segments.

A shared definition of employee engagement, will allow HR to be better positioned to support the organisation since there will be a consistent focus within the organisation. In developing the ability to perceive the relationship between performance management and employee engagement, HR can consistently offer leaders and managers more insight into the best practices and therefore overcome the administrative burden of the performance management process. With the more consistent engagement between HR and business, there will be greater involvement by HR in the business and thus the barrier between HR and business can be triumphed.

7.4.3 Recommendations for Change Experts

Rich et al. (2010) maintained that value congruence, perceived organisational support and core self-values are determinants of employee engagement. Change experts play a vital role in designing and inculcating an environment where trust, mission, strategy and values are aligned in order to aspire and motivate employees, to access their potential for innovation and creativity.

The success of change management is influenced by communication and trust; consequently change management experts have to be cognisant of the methods and channels of communication whilst implementing employee engagement and performance management initiatives. Change management experts have to elicit buy-in from employees by clearly communicating the goal, the end-state and the value of the role of every employee. If the change management process is not conducted appropriately, uninformed employees can sabotage current and future initiatives.

It is recommended that change experts source a well-positioned and influential change champion to drive the performance management and employee engagement agendas within each team. The champion can influence team members to help build the business case for the business change, reveal the value of the change initiative and drive readiness from within. Additionally, change management experts are generally technical and are ill-equipped to manage the employee engagement. By collaborating with HR managers, organisational obstacles can be easily overcome. This will lead to a change journey experience that is navigated with less difficulty and will consequently drive the engagement itinerary more effectively.

The pace of change in business is so rapid that leaders and change experts find it difficult to maintain these changes. Understanding the dynamic relationship between employee engagement and performance management will provide valuable insights to the change expert when designing and implementing these collaborative platforms. It will provide more clarity regarding the user specifications and processes required in the implementation stage in order to improve ownership and participation.

Macleod and Clarke (2009) asserted a lack of training and skills as one of the fundamental inhibitors of employee engagement and performance management. Training and organisational training must be a basic capability a change expert should execute as part of the delivery of the change plan. Without the necessary training and transfer of skills, the participation in employee engagement and performance management might be negatively affected.

Table 13: Summary of research recommendations

<p>Research question 1: Employee engagement barriers</p>	<p>Leaders need to:</p> <ol style="list-style-type: none"> 1. Acknowledge employee engagement as a key driver of strategy and agree on a shared definition. 2. Possess right leadership traits and display right behaviours. 3. Obtain training to learn how to engage 4. Understand the relationship with performance management and employee engagement. 5. Acknowledge the connection between engagement and profitability, client and growth. 6. Communicate clear vision of how employee engagement is related to organisational mission and strategy. 7. Cultivate an environment that is fair, transparent and trusting. 8. Use engagement as a tool to motivate employees to become brand ambassadors. 9. Acknowledge that engagement drives innovation
<p>Research question 2: Performance management barriers</p>	<p>Leaders need to:</p> <ol style="list-style-type: none"> 1. Engage with employees to gain more insight into the perceptions of performance management systems. 2. Attain the right training and skills to engage with employees. 3. Craft an environment that is perceived as trusting and maintain a balance between monetary and non-monetary rewards. 4. Be more self-aware and aware of the context of workplace. 5. Develop the ability to coach, tutor and mentor employees to help them develop and grow. 6. The performance management system must be integrated and cascades strategy, vision and objectives from the top down. 7. The selection, recruitment and retention must be robust and dynamic to promote and sustain organisational effectiveness. 8. HR managers must be integrated into strategy and business partner and help deliver on business unit strategy. 9. The system must be simply designed with good support from HR. 10. Elicit buy in the design, implementation and maintenance of performance management systems.
<p>Research question 3: Optimal performance management system to enhance employee engagement</p>	<ol style="list-style-type: none"> 1. Leaders are driving the employee engagement and performance management agenda and are being held accountable. 2. Leaders clearly articulate the vision, mission and strategy of the business. 3. Inculcate an environment of trust, innovation and transparency. 4. Leaders communicate more regularly and easily. 5. Leaders lead by example, their behaviours follow their speech.

7.5 Recommendations for Future Research

There has been limited academic research that serves to promote the appreciation of whether performance management can be used to improve employee engagement. Future research should be focused in the following areas.

- It is difficult to measure the success of employee engagement “programmes and activities”, as these are embedded within the culture of the organisation. The researcher proposes conducting a dedicated longitudinal study to determine whether the appropriate design, maintenance and review of performance management leads to improved employee engagement levels.
- A research study could be conducted to determine the extent of the influence of specific barriers to employee engagement and performance management. This could then be used to determine the type and the extent of invention that might be required to address employee engagement and performance management barriers.
- A research study could be conducted across other organisations, given that banking/financial institutions are structured and operate differently to the structure and operations of businesses across other industries. Thus it is recommended to conduct a study to determine whether the results are different or support the findings of this research study.
- A research study could be conducted within an organisation: The business units within a bank are different, dynamic and diverse with specific nuances. Thus it is recommended to conduct a study to determine whether the results within an organisation are consistent across the entire organisation. This approach will contribute to building the employee engagement profile within an organisation.
- A research study could be conducted regarding the leadership behaviours and traits associated with performance management and employee engagement and the extent of these.

7.6 Limitations

Limitations based on the research methodology are detailed further in Section 4.12 and refer to the use of non-probability sampling and the choice of the target population of banks, which may be a homogenous sample. The research study was limited to banks in the sample and hence the findings are restricted in their application to banks.

7.7 Concluding Remarks

The objective of the research study sought to determine whether performance management could be used to improve employee engagement. This objective was addressed by obtaining an understanding of the barriers to employee engagement and performance management as embedded in the defined research questions.

The findings from the research study revealed several recent trends. The first is that employee engagement is one the largest challenges faced by leaders today as they search for innovative ways to retain employees. This has led to a call from organisations to focus on understanding the fundamental barriers to employee engagement in order to access the untapped potential of employees. The second trend exposed that given the limited resources at a company's disposal, companies are analysing internal processes to achieve competitive advantages. One of the pertinent tools aligned to this research study utilise performance management to enhance employee engagement.

The optimal framework, as presented in Figure 6 provides managers with a holistic view of the barriers that influence employee engagement and performance management, and can be used as a reference tool to promote employee engagement through performance management. Accordingly, performance management is a collaborative platform and when designed, maintained and used appropriately the research findings reflected that employee engagement within an organisation can be improved.

The outcomes of the research study reflected that the objective of the research study was achieved and the research study contributed to the existing academic literature pertaining to employee engagement and performance management.

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APPENDICES

Appendix 1: Consistency Matrix

TITLE:

Exploring performance management to enhance employee engagement

PROPOSITIONS/ QUESTIONS/ HYPOTHESES Do they match the title?	LITERATURE REVIEW Complete sections of literature expected to be covered in the main body of the report	DATA COLLECTION TOOL Where is it on the questionnaire?	ANALYSIS Is this data analysable?
1. To explore the current barriers to employee engagement	MacLeod and Clark (2009), Welch (2011), Gruman and Saks (2011); Gallup (2013)	One-on-one semi structured interviews Q1.1, 1.2 1.3	Content analysis on open ended questions
2. To explore the current barriers to performance measurement in the context of employee engagement	Aguinis, Joo, & Gottfredson (2011); Bussin (2013); Heathfield (2007); Latham, Almost, Mann, & Moore (2005); Biron, Farndale, & Paauwe (2011); Gravina & Siers (2011); Kennerly and Neely (2003)	One-on-one semi structured interviews Q2.1, 2.2 2.3	Content analysis on open ended questions
3. To explore the optimal performance measurement to enhance employee engagement.	Gruman and Saks (2011); Mone, Eisinger, Guggenheim, Price, & Stine (2011)	One-on-one semi structured interviews Q3.1, 3.2 3.3	Content analysis on open ended questions

Appendix 2: Participation Letter

Using performance management to enhance employee engagement

Significant shifts in the global economy have accelerated the need for organisations to find innovative ways to address new technological, demographic and marketplace realities. These shifts have forced organisations to reevaluate costs associated with talent, necessitating a need to do more with less.

While new strategies are executed in response to these changes, high workforce performance and organisational success must be maintained. The key to ensuring this is the introduction of processes that will measure and improve employee engagement. With these significant shifts, many organisations are refocusing attention internally for productivity and performance gains.

The 2013 Gallup Report indicates that only 13% of employees across 142 countries are engaged in their jobs, in other words only 13% are emotionally invested in their roles and focused on creating value for their organisations. This active disengagement is an immense drain on global economies and is estimated to cost the US four hundred and fifty billion to five hundred and fifty billion dollars annually (\$450-\$500bn).

Most organizations today realize that a satisfied employee is not necessarily the best employee in terms of loyalty and productivity; the best employee is an engaged employee, who is intellectually and emotionally aligned with the goals of the organization. It is about creating the passion among associates to do things beyond what is expected from them. When employees are positively and affectively engaged they share an emotional bond with their organisation.

To create this emotional bond, an organisation needs a holistic coordinated effort to ensure that the key elements are in place to promote alignment. Employee engagement and performance measurement are recognised as two of these elements.

Performance management is a critical aspect of organizational effectiveness and is recognised as the key process through which work is accomplished and is considered a key tool to promote employee engagement.

The purpose of the research project is to explore how performance management can be used to enhance employee engagement. The objective is to investigate how the barriers in employee engagement can be overcome by using performance

management.

The aim is to conduct an in-depth interview to gain a comprehensive understanding of what employee engagement and performance measurement practices are practiced and what barriers and benefits are experienced in the process with the intention of compiling a best practice document.

Appendix 3: Consent Letter

I am conducting research on employee engagement and am trying to find out more about using performance measurement to enhance employee engagement.

The interview is expected to last about an hour and will help us to understand how employees view employee engagement and performance measurement. Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential.

If you have any concerns, please contact me or my supervisor. Our details are provided below.

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Research Supervisor: Andre Vermaak

Email: andrepv@mweb.co.za

Tel: 083 308 0235

Signature of participant: _____

Title of participant: _____

Date: _____

Signature of researcher: _____

Appendix 4: Discussion Guide

Research Question One:

What are the current barriers to employee engagement?

1. To you, what does employee engagement mean? In your opinion, does is your view the same view shared by 108organisation?
2. Has your 108organisation invested in employee engagement programmes? If so, to what extent?
3. To date what results have been achieved from these programmes?
4. What measures are in place to measure the success of these programmes?
5. Please list the issues you feel are inhibiting employee engagement.

Research Question Two

What are the current barriers to performance management system?

1. What is the performance management system used by your 108organisation?
2. Do you believe these programmes are delivering on their intended purpose?
3. To what extent do you believe these performance management processes play a role in increasing productivity?
4. Please list the issues you feel are inhibiting performance management processes.

Research Question Three

What is the optimal performance management system to enhance employee engagement?

1. Do you believe performance management plays a role in employee engagement?
2. In your experience, why do you think performance management systems have increased/not increased employee engagement in your 108organisation.
3. What are the changes needed to use performance management systems to promote employee engagement?
4. What are key indicators you would consider to measure the success of performance management systems in achieving employee engagement?

Appendix 5: Summary of Respondents

<u>Respondent</u>	<u>Corporate Title</u>	<u>Role</u>	<u>Tenure with employer</u>
A1	Head of Business Transformation	Business Manager	10 years and over
A2	Head of Strategy and Planning	Business Manager	5 - 10 years
A3	Executive assistant to Chief Executive	Business Manager	10 years and over
A4	Chief Executive	Business Manager	10 years and over
B1	Head of Global Markets (CIB)	Human Resource Manager	0 - 5 years
B2	Head of Corporate Banking	Human Resource Manager	5 - 10 years
B3	HR Partner Corporate Banking	Human Resource Manager	10 years and over
B4	Head of Human Resources Corporate Banking	Human Resource Manager	10 years and over
B5	Head of Human Resources CIB	Human Resource Manager	5 - 10 years
B6	Head of Corporate and FI Sales	Human Resource Manager	0 - 5 years
B7	Chief Investment Office Architect	Senior Manager	0 - 5 years
C1	Head of Human Resources Retail Banking	Senior Manager	5 - 10 years
C2	Head of Prime Services	Senior Manager	0 - 5 years
C3	Head of Segments	Senior Manager	0 - 5 years
D1	Chief Financial Officer Group	Senior Manager	0 - 5 years
D2	Chief Financial Officer of South Africa	Senior Manager	5 - 10 years
D3	Head of Human Capital Finance	Senior Manager	10 years and over
D4	Head of Risk and Compliance	Senior Manager	10 years and over

Appendix 6: Research Results Summary Per Group

Rank	Themes	Mentions by Group R	Mentions by Group Y	Mentions by Group G	Mentions by Group B	Total Mentions
1	Leadership development	2	6	5	6	19
2	Culture	3	7	4	3	17
3	Organisational structure	5	4			9
4	Communication	3	6			9
5	Behavioural attributes		3		4	7
6	Trust	2	1	1		4
7	Integrated approach	1			2	3
8	Transformation		1			1
	Total	16	28	10	15	69

TABLE 5: Summary of Interviewee's Information

Rank	Themes	Mentions by Group R	Mentions by Group Y	Mentions by Group G	Mentions by Group B	Total Mentions
1	Lack of trust and negative employee perceptions	4	6	3	3	16
2	Design and complexity of system	2	4	3	3	12
3	Lack of commitment from senior managers and employees	3	5	1	1	10
4	Inconsistent system	1	3	3	1	8
5	Lack of skill and training	2	2	2		6
6	Misinterpretation of performance appraisal and performance management	2	2		1	5
7	Halo Effect		2		2	4
8	Lack of continuous check to determine appropriateness and alignment to strategy		1		2	3
9	HR function not supported by senior management	1	2			3
	Total	15	27	12	13	67