

The effectiveness of performance management in KwaZulu-Natal  
automotive component manufacturers

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## **ABSTRACT**

In an increasingly competitive environment, sustaining high performance is critical. Effective performance management can enhance performance to support organisational success. Individuals in organisations want growth, and yet businesses are not leveraging the opportunity to develop them.

Literature has identified four elements that influence the effectiveness of performance management. The purpose of this study is to determine the impact that the elements; employees, managers, the performance management system and context, have on the effectiveness of performance management.

The study was qualitative and exploratory, involving semi-structured interviews with 22 respondents from four automotive component manufacturers in KwaZulu-Natal. The respondents comprised executives, senior managers, line managers and employees. Each interview was analysed utilising thematic analysis.

Findings from the research confirmed the literature that the elements do influence performance management and highlighted two other elements, the human resource department and leadership. The relationships between the elements revealed effects that served as enablers or deterrents to the elements working efficiently. A framework emerged from findings and reviewed literature, which depicts the interconnection of the elements and aspects for businesses to consider, in order to utilise performance management effectively. The findings from this study adds to the existing literature in the field of performance management.

## **KEYWORDS**

Performance management, employees, managers, system, context

## **DECLARATION**

I declare that this research 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 authorisation and consent to carry out this research.

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29 March 2021

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# CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

## 1.1 Background and Description of the Problem

Effective performance management encourages individual development, frequent communication and promotes interpersonal relationships with the intent to enhance performance (Aguinis & Pierce, 2008). Managers can benefit from employees having the drive and mind-set to sustain high performance on a frequent basis. In order to leverage high performance, an organisation will need to assess how to complement or amend human resource management practices to develop performance. Performance management is a useful mechanism that offers information about the developmental needs of employees (Aguinis & Pierce, 2008). Furthermore, as highlighted by DeNisi & Murphy (2017), performance management involves activities, policies and procedures that are devised to support employees to better their performance. Aguinis & Pierce (2008) stated that the improvement in employee performance can be directed towards achieving the goals of an organisation thereby supporting the performance of the entity.

The business environment is continuously changing which creates the need for organisations to have a competitive advantage. Globally, organisations are rethinking the effectiveness and relevance of performance management and are considering overhauling current practices (Cappelli & Tavis, 2016; Pulakos, Mueller-Hanson, & Arad, 2019). Moreover, the motivation for change is to develop future talent, improve current performance issues and to move the focus away from assessing employees on past performance. In recent years this is evidenced, as a number of organisations have already transitioned from formal processes to adopting informal practices in order to drive performance (Pulakos et al., 2019).

Entities that have abandoned traditional processes, have devoted time to training managers in conversing with employees about their development (Cappelli & Tavis, 2016). In order to confirm execution, managers were following up with employees to ensure interventions were happening. The scholars went on further to state that there are certain organisations that have reverted to conventional practices. This stems from their preference for formal feedback that has clear outcomes and holds individuals accountable. A survey was done in Australia which revealed that about 96% of organisations had implemented some type of performance management

system (Aguinis & Pierce, 2008). It was reported that fewer than 20% of employees in the Australian organisations, had seen their performance improve. The employees were dissatisfied with the level of feedback and frequency of performance reviews from their managers.

Furthermore, the connection between individual and firm level performance is being challenged. Studies on organisations that use formal performance ratings, reveal that business units that have highly rated individuals are not much profitable than units with low rated individuals (Pulakos et al., 2019). Merrill Lynch, one of the world's leading financial management and advisory firms, made changes to move from performance appraisal to performance management (Aguinis, Joo, & Gottfredson, 2011). Merrill Lynch encouraged frequent conversations between managers and employees to obtain feedback and coaching where required. Management's expectations were made clear, and they provided commitment to support their employees' development. If performance management is well implemented, it may yield benefits for business entities.

It is evident that businesses are challenging the status quo regarding the effectiveness of performance management practices to derive performance improvements and individual development. A literature review was done to determine the elements that have an impact on the efficacy of performance management. There were three common elements that featured as being impactful, which are employees, managers and the performance management system (DeNisi & Murphy, 2017; Kehoe & Han, 2020; Okwir, Nudurupati, Ginieis, & Angelis, 2018; Pulakos et al., 2019; Schleicher, et al., 2018; Smith & Bititci, 2017).

For performance management processes to achieve high commitment, it depends on the level to which employees recognise the process and outcomes to be fair (Farndale, Hope-Hailey, & Kelliher, 2011). Moreover, the researchers have noted that perceptions influences the behaviour and attitudes of employees which may lead to organisational commitment. Kehoe & Han (2020) highlighted that the role of line managers in implementing human resource practices had been oversimplified by scholars. The research study conducted by Kehoe & Han (2020), emphasised the significance of line managers in effecting such practices and drew attention to the variation in application by various line managers across areas in an entity.

Over the period, performance management practices have changed to serve various purposes which is an inherent challenge in many enterprises (Schleicher et al., 2018). In designing the system the purposes of it needs to be clearly defined, as having various purposes may result in not fulfilling the objectives that have been set (Pulakos et al., 2019). Having clarity on this, would assist performance management goals not being in conflict with each other. This can occur where performance ratings may result in employees focusing on the rewards associated with their ratings (Pulakos et al., 2019). In this situation, appraisal goals may impede effective development.

The literature review that was conducted revealed an element for future research. Pulakos et al. (2019) suggested research in organisational settings to establish whether effective performance management can be driven. Contextual factors can influence the strategy of an organisation which impacts the human resource practices that are adopted to align with the respective strategy. In a study conducted by Okwir et al. (2018), performance management systems are successful in certain businesses in comparison to others, even if the systems have similar features. The study indicates that organisations need to consider which practice to adopt by understanding the context in which the performance management system is operating. This element will be included as part of this research study, as there may be insights gained, that can be used to change the design of performance management systems to align with contextual factors.

In South Africa, the automotive industry is a critical contributor to the economy. The industry supports the reduction in unemployment through job creation and international competitiveness through exports (Badenhorst-Weiss & Tolmay, 2016). In the South African automotive industry, there are various original equipment manufacturers that have made contributions to the economy (Badenhorst-Weiss & Tolmay, 2016). With high production levels generated by the original equipment manufacturers, there has been an impact on component manufacturers and a strengthening in the supply chain (Barnes, Black, & Techakanont, 2017). In recent years, there has been a strong reliance on government to support its growth trajectory in terms of industrial policy (Barnes et al., 2017). This reliance assisted manufacturers economically but has not necessarily supported the development of international competitiveness. As highlighted in a study on performance management in the South African motor manufacturing industry, conducted by Van

der Merwe & Visser (2008), there are many challenges facing the automotive industry in terms of: high industry competitiveness, declining trust from domestic customers due to high prices, and threats from international competitors. Van der Merwe & Visser (2008) go on further to suggest that in order for automotive manufacturers to obtain a competitive advantage, the effectiveness of performance management is important.

Collective performance from employees in the automotive industry in South Africa can have a significant impact on the economy. Van der Merwe & Visser (2008) conducted their study on six South African motor manufacturers and did not include component manufacturers. And yet the automotive component manufacturers contribute more value to the South African automotive industry. The original equipment manufacturers generate approximately 30 to 35 per cent of value, with the majority of value being generated by component manufacturers (Afsharipour, Afshari, & Sahaf Amin, 2006). Considering the performance management dynamics at component manufacturers, it is therefore an important aspect to understand in the South African automotive industry. The scope of the research will be in the KwaZulu-Natal region. The question on whether performance management in KwaZulu-Natal automotive component manufacturers are effective, requires further investigation. The results from a study conducted by Gerrish (2016) revealed that performance management systems that use best practices are two to three times more effective than average performance management systems. The insights gained on best practices utilised by participants in organisations may support improvements to current performance management practices used by component manufacturers.

## **1.2 Purpose of research**

The purpose of this research study is to determine the impact that each of the elements; employees, managers, the performance management system and context, have on the effectiveness of performance management. In doing so, the investigation will offer an understanding on how the elements relate to one another and the aspects that enable or deter them from working together. The research will be conducted in actual firms to allow for a better interpretation of the impact and cooperation between the elements. There may be other elements revealed that were initially not identified and research results may highlight it to be impactful. The findings from this research study and reviewed literature will be used to recommend and develop a framework. This will be beneficial to guide managers on areas to place

greater emphasis on, so that performance management is used effectively to improve employee performance.

The organisational values, assumptions and beliefs are displayed in its structures, practices and procedures (Ali Taha, Sirkova, & Ferencova, 2016). Based on the objectives and the desired results of performance management, businesses can then determine the changes to be made to current practices. An important aspect when making changes to performance management, is to ensure that it fits with the organisation's strategy and culture, to determine whether it can be implemented in the current context. As with any change, success depends on obtaining buy-in, communicating effectively, enabling employees and managing their expectations. The improvements made to performance management can promote a supportive culture that may positively impact engagement and performance (Smith & Bititci, 2017).

With the current challenges facing the South African automotive industry, enhancing employee performance will be beneficial for future sustainability. The study can determine the relevance of current performance management practices and identify changes that can be implemented. The ultimate goal of this study is to support enhanced performance at the employee level thereby contributing to improved organisational effectiveness.

### **1.3 Research problem**

The research problem that will be investigated in this study, is that performance management conducted by automotive component manufacturers in KwaZulu-Natal may not be effective in enhancing employee performance.

The research study aims to:

1. Obtain an in-depth understanding on the key elements that will influence the effectiveness of performance management.
2. Obtain an understanding on the relationship between the elements.
3. Establish new insights into what are the other elements that can have an impact on the effectiveness of performance management.
4. Identify changes that can be made to current performance management practices used by automotive component manufacturers in KwaZulu-Natal.

## **1.4 Outline of the Research Study**

**CHAPTER 1** introduces the background and provides a detailed description of the research problem and purposes of the research study.

**CHAPTER 2** provides the literature review highlighting the definition and purpose of performance management. The chapter offers a comparison of performance management and performance appraisal, a review on the elements and related aspects that have an influence on the efficacy of performance management. It also offers relevant theories that are used in the study.

**CHAPTER 3** presents the research questions that will address the purposes of the research study.

**CHAPTER 4** provides the research methodology and the approach adopted for the research study. The chapter reflects the sample size, population and the research tool. There is also an explanation on research limitations.

**CHAPTER 5** presents the detailed findings of the research study based on the research questions and interview questions. The chapter presents the findings by use of tables and quotations from respondents. It also highlights new findings.

**CHAPTER 6** discusses the findings that are presented in chapter five. The findings are compared and contrasted to the reviewed literature.

**CHAPTER 7** provides recommendations and concludes the research study. The connection of the research objectives and research findings are shown. The chapter presents and explains a framework that has been developed. It offers recommendations for future research and recommendations to managers.



## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

Chapter 2 unfolds as follows. Firstly, the literature review offers an understanding on the definition and purposes of performance management. Thereafter, the distinction is made between performance appraisal and performance management. Following is the literature review on the identified elements that influence the effectiveness of performance management. The review also includes other elements that are considered to be supportive and may be influential. The chapter concludes with a description on performance management theories.

### **2.2 The definition and purposes of performance management**

Aguinis (2009) stated that 'performance management is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organisation'. This definition features two significant points. Firstly that performance management is a continuous process which indicates that it is ongoing and secondly, that it creates alignment of performance with the achievement of business goals. It is through this process of alignment that strategic initiatives are communicated to individuals in the business, with the intent of reinforcing the required behaviours (Aguinis, 2014). The linking of strategy and performance management is not simple. Time is invested in creating performance measures, effectively communicating changes throughout the enterprise and anticipating acceptance on changes from individuals (Melnyk, Bititci, Platts, Tobias, & Andersen, 2014). It is imperative that there is no misalignment hence performance management necessitates time and effort.

Lebas (1995) had broken down the meaning of performance management into two separate constituents. Firstly, the objective of *performance* with regard to management, is perceived to be not so much about past accomplishments, but about the potential of the unit being assessed to meet future requirements. Secondly, the objective of *management* is seen to be about influencing and designing the future of the organisation. This would postulate that it is imperative to augment the capabilities of the workforce in order to support and attain this.

The most current research on the purposes of performance management focuses on the communication and emphasises strategic priorities, preservation of high quality

personnel, development of employees and collation of information for decisions on talent management (Aguinis & Burgi-Tian, 2021). Over the years, changes in the business landscape have seen human resource practices evolve and organisational focus move towards developing individuals by means of talent management (Cappelli & Tavis, 2016). Performance management regulates the connection of talent management to business performance by identifying talented employees that need to be retained (Almohtaseb, Shaheen, Alomari, & Yousef, 2020). Organisations are analysing approaches to reform performance management due to its inherent challenges that are impacting the ability to sustain talent management practices (Pulakos et al., 2019).

The external business environment and corporate strategies have an impact on human resource management practices that are applied by the organisation. Dewettinck (2008) postulated that the purpose of performance management can be placed on a continuum from a strong performance orientation to a strong development orientation. In the study conducted by Dewettinck on Belgian organisations, their findings revealed that businesses responded with a performance oriented purpose when challenged with a competitive market. This emphasised that the business context frames the strategy that is used to manage human resources. It was further identified that where the focus is on a developmental purpose, performance management was more effectual in nurturing employee development and motivation. Moreover, in organisations where there was a leaning on a performance purpose, performance management was not as effective in increasing employee performance. This posits that contextual factors may guide the human resource practices to be adopted, though it may not yield the desired objectives of enhancing performance.

### **2.3 Performance management and performance appraisal**

DeNisi & Murphy (2017) highlighted that performance appraisal relates to the formal and infrequent process by which the performance of employees are assessed and scored by their managers and feedback is provided regarding the rating. DeNisi & Murphy (2017) went on further to state that, performance appraisal forms part of performance management, which encompasses a wide range of human resource activities such as performance feedback, determining incentives and providing guidance to align employees to organisational goals. This proposes that performance management is a mechanism to motivate employees and enhance their capabilities,

with the ultimate intent of improving firm-level performance. The view postulated by Aguinis & Pierce (2008) is that performance appraisal is a human resource management requirement which does not include strategic business considerations, whereas performance management due to its focus on strategic alignment is a mechanism that also supports improving organisational performance.

Most businesses tend to focus exclusively on the evaluation aspects of performance management (Aguinis et al., 2011). When there is a strong reliance on appraisals as a mechanism to conduct performance management, this limits the view to reflect only on past achievements, with the resultant effect of less consideration about future performance (Levy, Tseng, Rosen, & Lueke, 2017). However, performance appraisals are important as it is centred on the measurement of individual performance. Lebas (1995) stressed the importance of measurements by asserting that management could barely exist without measurements. Lebas (1995) went on further to state that an effective performance management system reinforces measures that offer autonomy to employees within their work, reveals cause and effect associations, empowers individuals and creates a foundation for discussions to take place.

Measurements facilitate strategy implementation and are used to convey strategy in terms that individuals in the organisation can understand (Melnyk et al., 2014). In deciding on performance measures, the key questions that need to be considered by management are: 'what do we want to measure and why do we want to measure?' (Lebas, 1995). In the current business environment where there are rapid changes, the organisation needs to adapt quickly and hence understanding what and why to measure is critical. When there is a requirement for transformation, employees must be able to shift direction as managers anticipate the need to move in a new course. If current performance management practices hold employees accountable for past performance and not on improving current and future actions, it impedes the firm-level performance required to be competitive (Levy et al., 2017). Hence performance measures that are retrospective need to be transformed into meaningful information that generates an understanding of the capabilities required to achieve future success (Lebas, 1995).

The performance appraisal process is considered to be time-consuming, lacks utility, and is often a bureaucratic requirement (Levy et al., 2017). Adobe established that

their managers spent 80 000 hours a year carrying out performance appraisals and superceded the annual performance reviews with frequent check in processes (Evans & Tourish, 2017). Furthermore, as it is perceived that appraisals are offering less value, this has resulted in businesses not utilising ratings (Pulakos et al., 2019). These entities have implemented agile, short term goals and have focused on making behavioural changes such as real time feedback and effective coaching (Pulakos et al., 2019). It was suggested by DeNisi & Murphy (2017) to have informal appraisals and more communication to provide visibility on how employees are progressing. Revisions to traditional performance management practices in terms of frequent feedback, can increase the involvement by employees and make it less burdensome (Levy et al., 2017). This may reduce the reliance on infrequent appraisals that are considered to yield less utility.

## **2.4 Elements that have an impact on the effectiveness of performance management**

A literature review was conducted and elements were identified that can have an influence on the effectiveness of performance management. The aspects that were deemed pertinent as highlighted by literature, were described in relation to the element that it has an impact on.

## **2.5 Employees**

### **2.5.1 Involvement**

Farndale et al. (2011) suggested that there are two types of performance management practices to augment employee commitment. The first type is a high personal involvement focus by employees in formulating objectives, having frequent feedback on performance, and having some option on pay and benefits. The second type is employees realising that there are opportunities for them to be empowered and developed and that there are set challenges for them to work towards. If an employee is involved in the process of setting objectives and targets, they will have more trust in the performance management practices and this may reduce the intention to leave the organisation.

Boxall & Macky (2009) postulated that high involvement work practices tend to stimulate high commitment. It was further elaborated that the intensification of high involvement needs to consider that it does not increase the stress of employees and managers. Moreover, this work practice may result in an increase in labour costs as

employees can benefit from above average remuneration. This was identified in a study conducted on manufacturing organisations by Osterman (2006). The bargaining power of employees increased, and as a result employers were being penalised for this. However, this proposed work practice may still be an ideal condition to attain high commitment. Research by Pulakos et al. (2019) confirmed the suggestions by Farndale et al. (2011), that inclusive goal setting by employees assists them to effectively perform. However, if employees know they will be rewarded for meeting a goal, they will be involved to ensure that they can achieve the goal (Pulakos et al., 2019). This may hinder the development of individuals though Farndale et al. (2011) did highlight that if employees are made aware of the development interventions available to empower them, this may stimulate their involvement.

### ***2.5.2 Understanding and awareness***

It is asserted that employees' perceptions of performance management can have an impact on their behaviours and attitudes (Bauwens, Audenaert, Huisman, & Decramer, 2019). The effect of the perceptions by employees with regards to the fairness of performance management practices as implemented by management is imperative (Farndale et al., 2011). The extent to which performance management provide fair outcomes and treatment, determines the acceptance of performance management by the employees and guides their feelings and attitudes (Bauwens et al., 2019). The trust that employees have in the organisation as represented by management is a determinant of the organisational climate. Productive working relationships are characterised by openness, transparency and trust (Pulakos et al., 2019).

From an organisational context, in a study conducted by Bititci, Cocca, & Ates (2016), visual dialogue such as message boards and strategy maps, had increased the employees' levels of understanding on the organisation's strategy and the status on performance to achieve it. Through the integration of strategic and operational aspects, it encouraged members to engage in conversations. It was further highlighted by Bititci et al. (2016), that there are risks as there may be misinterpretation or lack of acceptance on the visualisation. Hence the design and content of the visual communication needs to be carefully considered.

Feedback and coaching gives rise to awareness on the strengths and weaknesses

that employees have and they can also identify developmental mechanisms to advance themselves (Aguinis et al., 2011). Moreover, they understand the expectations of their work and the behaviours required to fulfil it. Employees may obtain better views about themselves through the process. The awareness that is created on employee performance and what they are responsible for, to what the organisational goals are, may support the employee and manager's understanding on how it aligns. When organisational change is enabled through a change in strategic direction, performance management if well implemented, can bring about alignment (Melnyk et al., 2014). It is imperative for all in the organisation to understand and connect to the strategic vision.

### **2.5.3 Communication**

Employees that take the initiative to be proactive about their development, solicit feedback from managers and mentors ahead of formal appraisals (Dachner, Ellingson, Noe, & Saxton, 2019). In this instance, employees own this activity of communication rather than waiting for prompts from the human resource department or line managers which is reflective of employees holding themselves accountable. When employees seek feedback, they use the information that they receive to conduct some inner reflection and to identify an action plan to obtain new knowledge and skills (Dachner et al., 2019). This may assist employees to better understand areas of development and motivate them for future performance.

When employees have perceptions about the performance management system regarding it to not be fair, the sources to not be credible and the feedback to not be accurate, then they will probably disregard the feedback being given by their managers (Levy & Williams, 2004). It has been suggested that employees be involved in the development and implementation of performance management systems to increase perceptions on fairness and to increase the system's effectiveness (Gorman et al., 2017). Feedback is a useful intervention for improving performance provided it does not reduce one's self esteem, is perceived to be accurate and is accepted and reflected upon by the individual (Schleicher et al., 2018).

The quality of the feedback is imperative in order for it to be impactful. Although, positive feedback can be given, feedback that is critical is often more effectual and mentally noted rather than good feedback (Evans & Tourish, 2017). However,

negative feedback can initiate self-fulfilling prophecies where employees may be demotivated hampering their development and effectiveness (Evans & Tourish, 2017). There may be times where employees become defensive in receiving feedback as they perceive it to be too critical. The level of intelligence and maturity to accept and challenge feedback is therefore important (Uslu & Uslu, 2019).

Gorman et al. (2017) conducted a survey of human resource executives on whether current performance management practices in 101 United States organisations as identified by human resource executives, included best practices. It was surprising that only 23% of organisations used a 360-degree feedback system. This rating strategy has been followed by certain organisations and is a form of multisource feedback from different relationships that employees and managers have (Pulakos et al., 2019). The resultant effect is that feedback is received from diverse performance perspectives (Pulakos et al., 2019). Multisource feedback is considered to be impactful when direct reports and peers are included and when it is given for developmental rather than administrative purposes (Schleicher et al., 2018). However the divergent view is that there is risk in receiving such feedback, as biases and errors from these feedback ratings may not be recognised or may be used for remuneration purposes such as pay increases instead of employee development (Kehoe & Han, 2020). In addition, peers can hurt or help employees. In a competitive environment, the culture may encourage employees to be critical of one another's performance thereby pushing others to the bottom of the ranking (Cappelli & Tavis, 2016).

#### ***2.5.4 Emotional intelligence***

Emotional intelligence refers to the capability to manage and understand emotions thereby improving self awareness (Zhou & George, 2003). It may have an impact on the attitudes and behaviours of employees. Emotionally intelligent employees are less likely to be affected by negative issues such as conflict and task ambiguity and are mature enough to handle managerial shortcomings (Uslu & Uslu, 2019). This level of intelligence and maturity supports managers in having difficult conversations about performance as they are not fearful and can embrace the feedback being given. In addition, successful change is likely to occur when individuals apply a learning versus performance orientation (Pulakos et al., 2019). This can be done through the intrinsic motivation to change on their own, rather than being told to change (Pulakos et al., 2019).

### **2.5.5 Reward and Recognition**

People could choose to work more effectively and efficiently. Systems of reward and punishment, frequent feedback and close supervision can support in increasing the motivation levels to do so (Evans & Tourish, 2017). The employees' self-worth, self-efficacy and involvement in their work, can be enhanced when they see how their efforts lead to expected outcomes (DeNisi & Pritchard, 2006). An adequate reward management system can be a motivator for employees to enhance their skills, and improve their work (Aggarwal & Bhargava, 2009). Monetary rewards directly related to performance such as merit increases and bonus pay can be considered to be the most efficacious incentives and can impact attitudes and behaviours (Nyberg, Pieper, & Trevor, 2016). However, developmental feedback may not be prioritised in a performance appraisal, as a link to pay may change an employee's focus (Evans & Tourish, 2017).

It has been noted that financial rewards incentivises past performance and sets future expectations. From a cash flow perspective, organisations may prefer to offer bonus pay as merit increases. The thinking behind this is that future salaries will increase and financially commit organisations to past performance (Nyberg et al., 2016). Conversely, high performers may want to leave if there is no merit increase. This emphasises the importance of having accurate measurements in order to determine individual performance (Lebas, 1995). This will support the identification of top, average and low performers. Businesses will need to determine how to appeal to the high achievers to ensure their skill and talent is retained. In certain organisations, pay for performance systems has not succeeded as performance have not been adequately differentiated and there are insufficient variable pay levels to meaningfully differentiate the rewards (Pulakos et al., 2019). If the decision is made to reward good performance, there should be clear guidelines reflecting the pay at the varying levels of performance.

## **2.6 Managers**

### **2.6.1 Communication**

Managers are an essential source of providing information on performance as they are normally able to measure performance in relation to the strategic business objectives and related measures set. In certain organisations, employees have highlighted that performance reviews did not support the improvement of their



performance and they were dissatisfied with the scope and frequency of feedback received from their managers (Aguinis & Pierce, 2008). Performance feedback is an important principle of performance management and is a medium used by management to provide information with the purpose of changing an employee's behaviour. When an employer gives feedback to an employee on performance, it is an indicator to the employee of the employer's contribution to the employment relationship (Aggarwal & Bhargava, 2009).

A culture that encourages feedback interventions results in improved performance and employee responses (Schleicher et al., 2018). It is however essential for there to be an ethos that promotes continuous feedback being exercised organically and this may contribute to its sustainability (Cappelli & Tavis, 2016). Managers are seen as leaders that can influence the culture of the organisation by cultivating a positive feedback environment to exhibit the frequency and availability of feedback at the workplace (Levy et al., 2017). Managers can motivate for performance management policies to take into account increased frequency of manager and employee interactions (Tseng & Levy, 2019). It can be argued that the frequency of performance management communication can involve a significant amount of time for managers (Levy et al., 2017). Managers will need to make decisions on their time allocation to employee development.

Managers may find it challenging to have feedback sessions and may avoid having the difficult conversations. Appraisers which are often line managers, can cause the appraisal process to be dysfunctional by lacking in feedback skills, being bad listeners, having biases in their perceptions of others and providing too frequent or infrequent feedback (Evans & Tourish, 2017). Furthermore, if a manager focuses on providing positive feedback and less on suggesting improvements, this can reduce its effectiveness (Schleicher et al., 2018). Managers can be discouraged should the employee not accept the constructive feedback and may question their competencies and abilities to communicate. This can result in an intractable outcome and difficult conversations may be avoided.

Gorbatov & Lane (2018) argued that a feedback rich culture requires structures and persistence. The researchers went on further to state that managers do not always know what to suggest to employees to support their development. The manager may need to seek support to be skilful in providing effective feedback. It was highlighted

that the human resources department has a responsibility to provide clear and concise guidance to managers on how to provide feedback.

### **2.6.2 Management skills**

Management are directly involved in the implementation of human resource practices in organisations. In a study performed by Kehoe & Han (2020), it was found that the involvement of managers in human resource management had been oversimplified by scholars. They are argued that this has limited the understanding of the influential factors on the relationship between human resource management and organisational performance. According to Aguinis & Pierce (2008), performance appraisal is an annual event that is led by the human resource department whereas performance management is a continuous way of managing the organisation, driven by management. Managers have technical and social attributes which shape how they act and behave. Leadership styles and competencies are an important attribute which managers display and influences the manner in which they manage employees (Kehoe & Han, 2020). It also frames how they approach working towards goals, and strong management skills are more integral as organisations undergo significant changes.

Human resource devolution refers to the transfer of the responsibilities associated with executing human resource practices to line managers (Kehoe & Han, 2020). The researchers further highlighted that the move of responsibilities, needs to be supported by an adequate knowledge transfer from the human resource department to managers. When line managers receive support from the human resource department, it enhances the managers' beliefs in the values of utilising performance management (Dewettinck & Vroonen, 2017). To be effective in implementing performance management, managers need to obtain extensive training to conduct the reviews and set performance objectives and targets (Aguinis & Pierce, 2008). Research has found that when managers have a strong involvement in human resource practices, it can be linked positively to employees receiving managers' support which results in intrinsic motivation, increased commitment and reduced staff turnover (Kehoe & Han, 2020).

### **2.6.3 Emotional intelligence**

In an instance where there has been a decline in performance for a given task, a manager may react negatively to discern the cause of the problem. The manager will

need to manage their emotions to deal with the issue rather than being fixated on blaming the individual. A manager that has high emotional intelligence has the ability to ensure that the feedback and evaluation they give to employees will be delivered in an informational and encouraging manner and at the same time, reinforcing intrinsic motivation (Zhou & George, 2003). When managers integrate relational leadership styles into performance appraisal conversations such as offering interpersonal encouragements, it generates active participation from employees (Tseng & Levy, 2019). Leadership behaviours can therefore enhance the benefits of the performance management system (Aguinis & Pierce, 2008).

#### ***2.6.4 Influence and motivation***

The manager may be seen as the enabler of performance management by being an interpreter of formal practices and having an influence on informal processes. Gerrish (2016) conducted a study on performance management in public organisations. Gerrish (2016), indicated that the support by managers to implement performance management and to use information generated from the process, is determined by how they perceive the effectiveness of performance management. Managers play a key role in the process and engagement from managers is important for successful implementation.

The implementation by managers can influence employees' perceptions about performance management practices. A manager may have autonomy in an organisation depending on the organisational structure. Decisions can be made by the manager on what to change or introduce in terms of performance management policies and procedures (Tseng & Levy, 2019). The managers would need to ensure that it fits in with the business objectives.

Managers can have an effect on employees by motivating for self-regulatory practices which can result in behavioural changes (Levy et al., 2017). These behavioural changes can result in feedback seeking or reflections being conducted by employees. Managers can develop a feedback culture by promoting free and open communication, making themselves available to encourage feedback-seeking from employees and by providing coaching (Tseng & Levy, 2019).

#### ***2.6.5 Fair, transparent and respectful***

Managers may apply an organisation's human resource practices or utilise different

practices that align with their abilities, context and deliverables (Kehoe & Han, 2020). Hence the managers become a source of variance by applying human resource practices differently within the organisation. Employee engagement are sometimes impacted by performance ratings and the inadequate exercise by management of performance management practices (Smith & Bititci, 2017). Hence, employees may become complacent in their roles when they are disengaged.

Cappelli & Tavis (2016), highlighted that there is a considerable amount of discrimination which exists where managers give unfair, low ratings to employees. When there are differences between the application by managers in implementing performance management practices, it can affect the employees' perceptions of the fairness of performance management and their feelings and actions (Bauwens et al., 2019). Employees may be sensitive to being treated unfairly and rudely by their managers which can be disruptive and places strain on the relationship between employees and their managers.

By respecting fair treatment and providing adequate information to the employees, it can lead to engagement and employees trusting in the transparency and fairness of performance management processes (Bauwens et al., 2019). It is highly probable that negative feedback from a trusted manager will be accepted and considered by the employee and conversely will not be accepted if the manager is not trusted (Farndale et al., 2011).

It was emphasised that the human resource department has a role to play to ensure that people in positions of leadership are educated on bias and to follow through with expectations that biases must be minimised (Gorbatov & Lane, 2018). Feedback can be audited by other parties which is a tool to calibrate standards and to deter any manipulations by management.

### **2.6.6 Reward and recognition**

Managers are often the decision makers on rewards related to performance evaluations. Appraisals are a way that managers will reward employees for their work. Managers may apply their judgements and may be criticised for being biased if they give low ratings (Cappelli & Tavis, 2016). The manager may focus on what is beneficial to them rather than the achievement of organisational goals. The manager may give high ratings to employees to contribute to their own advancement and not

to the employees.

Kehoe & Han (2020) suggested that there are differences amongst leaders where there are managers that do not spend time in providing ratings that reflect variations in performance and also do not focus on seeking out talented individuals. The research goes on further to state that there are other types of leaders who assess the strategic efforts of employees, provide rewards based on employee contributions and rigorously seek top talent.

Some organisations found that their managers had no difficulty in allocating merit-based pay without appraisal ratings (Cappelli & Tavis, 2016). This type of evaluation required managers to pay close attention to the performance of employees during the year to validate their merit-based pay.

## **2.7 Systems**

### **2.7.1 Alignment**

A three phase model on implementing performance management systems was proposed by Bourne (2000). The first phase is the design of the performance measures which must align with the organisation's strategy. The second phase includes the placement of systems and procedures to conduct performance management and measurements. The third phase is to ensure that the measures are used for decision making purposes and that the relevance of the measures are challenged on a regular basis. The communication and cascading of goals are used as mechanisms to link the strategic goals of an organisation down to each employee. This provides an understanding to the employees of how their work affects the achievement of organisational goals (Pulakos et al., 2019).

### **2.7.2 Purpose**

Performance management systems can be centred around behaviours on how work is conducted, measuring results of performance or on processes such as competencies and skills based systems (Aguinis & Pierce, 2008). The behavioural aspect was supported by Pulakos et al. (2019), who highlighted that an employee's performance is behavior related and this impacts how they deliver results. Organisations may adopt a system that is developmental or administrative or utilises a combination of both.

In a study conducted by Smith & Bititci (2017), it was identified that changes of social-controls led to changes in the technical-controls of the performance management system. This resulted in substantial improvement in employee performance and engagement. Social controls are the cultural and behavioural practices applied when using the performance management system and it ranges from controlled management to participative management (Smith & Bititci, 2017). The controlled aspect relates to managing work, exercising tight controls, rewards and punishment. The participative aspect includes autonomy, idea generation and job enrichment.

The purposes that the performance management system is meant to serve must be defined by the organisation. As suggested by Dewettinck (2008), organisations can have tendencies towards a performance orientation or a development orientation. The purpose is framed by the strategy that the executives want to achieve. As an example, if the objective of an organisation is to maintain a competitive edge, they may adopt a development orientation and focus on talent management (Almohtaseb et al., 2020). Performance management systems will be therefore be designed to support this purpose.

### ***2.7.3 Formal and Informal systems***

There are two components of a system. Firstly, Schleicher et al. (2018) indicated that there are formal processes which comprises the structures and procedures that are designed and documented for individuals to perform in alignment with strategy. Secondly, there are informal processes that takes into account contextual factors such as business environment changes. Some organisations have abandoned performance management systems as they have considered it to be too time-consuming and an administrative burden while not yielding much value (Cappelli & Tavis, 2016). However, aspects such as setting objectives and managing individuals to achieve this, still remains.

### ***2.7.4 Policies, procedures and design***

Employee trust in the organisation is construed through the performance management policies and practices (Farndale et al., 2011). The adoption of the performance management system depends on whether there is a top-down or bottom-up approach. It has been suggested that where there is an internal policy for an organisation to implement performance measurements to achieve business goals, it can result in buy-in to implement that policy (Gerrish, 2016).

The business may also need to consider whether systems must be designed so that efforts by employees that achieve the organisational goals, are rewarded by the organisation (DeNisi & Pritchard, 2006). Organisations should assess their current performance management practices and to what extent they include best practices, as the problem may be in the design of the performance management system and not its existence (Gorman et al., 2017).

## **2.8 Context**

### **2.8.1 Alignment**

External factors such as organisational culture, distinctiveness of business performance, and strategy shapes the performance management system (DeNisi & Smith, 2014). The alignment between performance management systems and the organisational context is important. Research conducted by Okwir et al. (2018), examined practices used by different organisations in different contexts. It was identified that performance management consists of various interdependent components which change and adapt over time to the internal environment changes. If the organisation's measures are not aligned with the strategy and environment, then it may result in complexity and the organisation may need to consider the techniques that it uses to bring alignment (Okwir et al., 2018).

### **2.8.2 Structure**

An organisation's structural contexts determine the autonomy that managers have to make decisions (Kehoe & Han, 2020). This highlights the extent to which managers have influence over strategic initiatives and managing employees. In hierarchical organisational structures, managers may be the main source to provide information on performance. In contrast, managers may also deviate from human resource practices where there are less formal organisational structures (Kehoe & Han, 2020). When the human resource practices are well aligned with the environment in which the manager is functioning in, there may be minimal deviations (Kehoe & Han, 2020).

### **2.8.3 Performance management system design**

Contextual factors such as the external environment, culture, strategy, organisational structure and size have an impact on the creation of performance management systems (Ferreira & Otley, 2009; Schleicher et al., 2018). The effectiveness of performance management may vary across different contexts (Schleicher et al.,

2018). Performance management practices may be effective for an organisation operating in a specific context and for specific purposes, though what works for one organisation may not work for another (Schleicher, et al., 2018). Hence although the design of performance management systems may be robust, there may be aspects in the context, that are working independently to performance management practices.

#### **2.8.4 Culture**

Leaders can influence the organisation's context through their communication and behaviours (Schneider, Ehrhart, & Macey, 2013). Leaders represent the organisation's values and practices and articulate the vision to individuals in the business (Schneider et al., 2013). Employees form perceptions based on these values, practices and the environment. Leaders can utilise the opportunity to influence employee perceptions by fostering a positive culture to enable performance management to be accepted and implemented.

#### **2.9 Other elements**

There may be other elements that could have an impact on performance management practices. The human resource department and leadership present a supportive role to employees and managers that are directly involved in performance management.

It had been highlighted that the benefits of performance management are for those involved in the process and hence it is a function of business and not the exclusive function of the human resource department (Aguinis et al., 2011). Though many individuals believe that the human resource department are responsible for performance management. Their role cannot be underestimated as the department is a significant custodian of human resources in the company. The department is involved in developing strategies, policies and procedures and directs the practices to be adopted in managing the workforce. It was suggested by Gorbatov & Lane (2018) that the human resource department in some cases has to mediate. When feedback is lacking due to trust issues between managers and employees, the department will need to consider other means of obtaining performance feedback such as a 360-degree assessment.

The human resource department normally focuses on and requires business to



complete performance appraisals whereas managers utilise performance management as a tool due to its inclusion of strategic and business considerations (Aguinis & Pierce, 2008). As organisational needs are changing, there has been resistance by the human resource department to abandon appraisals as the department has designed systems and processes that focus on performance ratings (Cappelli & Tavis, 2016). Hence the department has an influence on how individual performance is managed and measured.

High performance and workforce retention are achieved when there is congruence between human resource practices and leaders in an entity (Nerstad, Dysvik, Kuvaas, & Buch, 2018). Leaders are in a position of influence and some of them have made the transition to move away from appraisals as it was identified to be bias and ineffective (Cappelli & Tavis, 2016). In contrast there are leaders that favour appraisals due to the accountability that it promotes. Leaders and culture are interwoven and making changes to any human resource practice requires support by leadership and a culture that reinforces the required behaviours (Cappelli & Tavis, 2016). It was postulated by Gorbatov & Lane (2018) that leaders envisioning a feedback culture, should not perceive that it is about training managers to improve feedback. However, it is about the culture and leaders sharpening the focus on performance and being held responsible for individual development. Leaders are part of the process and hence their role cannot be discarded.

## **2.10 Performance management theories**

The application of work motivation theories in practice is being challenged (Buchner, 2007). There are three performance management theories that were considered for this study and are covered in this section. The comparison of theories and findings will be discussed in Chapter 6.

The intended focus of performance management is a continuous process of optimising employee performance which will support the achievement of positive outcomes for the organisation (DeNisi & Murphy, 2017). A manager in the workplace would obtain benefit from linking theories of work motivation to enhance the effectiveness of performance management practices (Buchner, 2007). This may result in the adoption of a strategic approach to increase organisational performance. Many organisations are making changes to move from formal to informal processes, where the focus is on behavioural changes to enhance performance (Cappelli &

Tavis, 2016). A comparison to theories may support to understand the behavioural changes to make and related support mechanisms that are required.

### **2.10.1 Goal-setting theory**

Effective performance may be achieved when goals are clear, specific, challenging and used to assess performance. Goal-setting theory (Locke & Latham, 1990) asserts that values and intentions (goals) are the two determinants of behaviour where a person's values determines the action to take and goals are the targets to be achieved. According to goal-setting theory, clarity of goals motivates employees, and enables them to know where to apply efforts (Locke & Latham, 1990; Audenaert et al., 2019). In the initial stages of performance management, goal-setting will be determined, thereafter feedback and support will be provided in terms of monitoring, with rewards to be provided if expectations are met (Aguinis et al., 2011).

Lunenburg (2011) indicated that for managers to enhance performance they would need to make goals specific, challenging, achievable, and acceptable to employees. When a goal is achieved, feedback is essential and must be used to evaluate performance. There has to be commitment from the employee and employer to use the resources required to meet the goal. Feedback can be informal when the task is continuous. When it is complete, a formal feedback session can be held.

### **2.10.2 Expectancy theory**

Expectancy theory (Vroom, 1964) is based on the postulation that people have choices, and will make the decision based on the best possible outcome for them. This model focuses on the choice of where individuals should direct their efforts and the attractiveness of the outcomes in relation to enhanced performance. Individuals form cognitions about performance levels and the attainment of specific rewards (Ilgen, Fischer, & Taylor, 1979). The stronger the association of behaviour to rewards, the more the individual perceives the reward to be based on behaviour. Feedback influences the effort-performance relationship by providing information that relates to the effort expended to reach a specific performance level. In addition, individuals have specific needs that they desire to satisfy. Ramlall (2004), reaffirmed this theory by indicating that the tendency to act in a certain way is dependent on the expectation that the act will lead to a given outcome and the appeal of that outcome to the individual.

According to the theory by Vroom (1964), the motivation that drives the required behaviour to ensure performance is a combination of expectancy, instrumentality and valence. Expectancy relates to the employee's understanding that effort will lead to a given performance, instrumentality is the perception that the result of performance will attain a reward and valence is the extent to which an individual has a preference for the result (Vroom, 1964). Lloyd & Mertens (2018) argued that there is a fourth element that needs to be considered as a criteria to influence the outcome and that is the social context of employees. The social element was further explained that although an employee can work and put in effort, perform to attain output goals and obtain a reward for related performance, if the employee is influenced by a group of employees to go on a strike, the employee will probably join the strike. Hence Lloyd & Mertens (2018) enhanced the model to include this element.

Results by a study conducted by Nerstad et al. (2018), highlighted that the human resource department and leaders should consider the alignment of human resource practices to organisational factors such as the motivational climate. The climate is depicted as one that has more leaning to a mastery climate which refers to a goal-reward structure where the individuals seek challenging tasks, focus on self development and building competencies. Reward has to be agreed upon and can be intrinsic such as a recognition of effort and progress. Nerstad et al. (2018), went on further to state that when the communication from the human resource department and management are consistent with the motivational climate, it motivates high performance from employees to adopt the attitudes, behaviour and actions required to achieve organisational goals.

### **2.10.3 Systems theory**

Performance management systems are successful in some organisations and not so in others, even when they have similar components. Changes to the organisational controls and performance management systems give rise to new behaviours (Okwir et al., 2018). This indicates that the system displays complex properties that are unique to the specific context requiring specific monitoring and control (Okwir et al., 2018).

Nadler & Tushman (1980) developed the congruence systems model which is a diagnostic tool for organisations to evaluate how well the various elements in an organisation work together, the result of which is the identification of performance

gaps. In addition to the inputs and outputs of the system, the process component is split into four inter-related parts which are tasks, individuals, formal processes and informal processes. It analyses the communication structures to identify if information is processed effectively as possible.

A framework may be developed that underlines the interconnection of the elements of performance management. Performance management systems include individuals who perform the tasks of performance management either by means of formal or informal processes and the outputs are the products of the tasks (Tseng & Levy, 2019). There are factors that are external to the system that are regarded as inputs and influence performance management such as strategy and culture of the organisation.

## **2.11 Conclusion**

The literature presented in this Chapter highlighted the purposes of performance management to be the measurement and development of individual performance to support the achievement of organisational goals and objectives. The purposes were extended to what does the organisation want to achieve. Research shows that organisational purpose drives the practices that are implemented and reflects the orientation of entities to be either development or performance focused. The elements and the related aspects that impacts the effectiveness of performance management were described according to literature. Other elements were also included. Performance management theories that were considered relevant were included in this study and compared to findings. This will be discussed in Chapter 6.

## **CHAPTER 3: RESEARCH QUESTIONS**

Chapter 3 presents the research questions. The research study aims to answer three research questions. These questions were developed from the reviewed literature. The objective is to understand the effectiveness of performance management and the impact of the elements in this regard.

### **3.1 Research Questions**

#### **Research Question 1: What are the key elements that influence the effectiveness of performance management?**

The aim of this research question is to understand what are the main elements that impact the efficacy of performance management. As identified in the literature review, there are three common elements that form part of performance management practices which are considered to be impactful. These are employees, managers and the performance management system. The context in which performance management occurs is the other element that was suggested as an item for future research. This question will validate whether the key elements under research are influential and the extent of its influence. In addition, this question will ascertain any other elements that were not considered.

#### **Research Question 2: How do the key elements work together to influence the effectiveness of performance management?**

The aim of this research question is to determine the relationship between each element and understand the dynamics of the relationship. The positive aspects that enable the elements to work together will be revealed. The results may also show that there is a disconnect between the elements and that they cannot work together. The relationship to the contextual element may be challenging to establish since there are controllable and uncontrollable aspects related to it. However, this can support the development of an understanding on how it works together with the other elements.

### **Research Question 3: How relevant are current performance management practices?**

The aim of this research question is to ascertain whether performance management practices are still relevant and are still being utilised. As highlighted in the introduction and literature review, performance management practices have evolved in certain organisations. Furthermore, this research question will aim to establish best practices utilised by individuals in the organisations. The insights gained will assist in understanding changes that can be made to performance management.

## **CHAPTER 4: RESEARCH METHODOLOGY AND DESIGN**

### **4.1 Introduction**

Chapter 4 describes the chosen research methodology that was applied in this research study. The approach adopted was qualitative and exploratory in nature. This was underpinned by the research methodology, research design, data sampling and data analysis. The reviewed literature was considered in designing the methodology and determining the interview questionnaire.

### **4.2 Chosen Research Methodology and Design**

The research is based on the philosophy of interpretivism which relates to the impact of objects and events on the behaviour of people and what meaning they attach to it (Maxwell, 1992). It deals with the perspective of the participant rather than that of the researcher, in terms of their beliefs, values and evaluation (Maxwell, 1992). This supports the approach of Goldkuhl (2012) who asserted that the intention of understanding the subjective meanings of individuals in studied domains is necessary in the interpretive paradigm. The core view of interpretivism is to work with subjective meanings by reconstructing, understanding and utilising them as theoretical building blocks (Goldkuhl, 2012). There was a qualitative study conducted, on the experiences of performance management of healthcare workers in hospitals in the United Kingdom (Brewster, Tarrant, & Dixon-Woods, 2016). The study was qualitative and interpretive to understand the reactions and behaviour of employees towards performance management. The findings highlighted that the extrinsic aspect of performance management, resulted in negativity where people were fearful and it affected their relationships with management. The positive aspect was that, when people were held accountable, actions were taken towards reducing infections. The reason for selecting this philosophy was to understand the participant's perspective rather than that of an organisation. Benefits may be yielded by understanding the individual's view to address an individual's performance.

The inductive approach is a bottom-up approach and is driven by what is in the data (Clarke, Braun, & Hayfield, 2015). In order to support the development of a framework, the inductive approach had been adopted. The codes and themes were derived from the content of the data. The mapping of the information completed by the researcher during the data analysis phase closely matched the content of the data. Inductive thematic analysis is experiential in its orientation by giving a voice to

experiences and meanings as reported in the data (Clarke et al., 2015). This supported the research study to draw from individuals' opinions and experiences relating to performance management.

There has been minimal research conducted on performance management practices in automotive component manufacturers. Furthermore, studies were mainly focused on the firm-level and not on the individual level. For instance, previous research on vehicle assemblers looked at performance management at the organisational level and the recommendation was to introduce a balanced scorecard to measure organisational performance (Van der Merwe & Visser, 2008). The objective of this research study is to contribute to existing literature on how performance management can be improved. As highlighted in the introduction, this is critical to support the sustainability of the South African automotive industry.

The key elements and the relationships between the elements need to be established. Hence, the method selected was a mono method, which is only one type of method being used and it supported qualitative research being done to interpret the relationships between the variables (Azorin & Cameron, 2010). The researcher based all data collection on a specific sample in the automotive industry and conducted semi-structured interviews. In the qualitative study carried out by Brewster et al. (2016), one method was selected.

The overall design of this research was exploratory in nature as it involved discovering information about a topic where there were gaps in research and new insights were to be gained (Saunders & Lewis, 2018). A study was conducted on the perceptions of human resource executives on their organisations' performance management practices, as to whether it met best practices as supported by previous researchers (Gorman et al., 2017). The study was exploratory as there were gaps between research and best practices. This research study involves understanding the effectiveness of performance management in KwaZulu-Natal based automotive component manufacturers. The research strategy was a narrative inquiry where the interviews involved participants sharing their diverse views and experiences (Saunders & Lewis, 2018). It was highlighted by Rhodes & Brown (2005), that by listening, analysing and reporting on the diverse stories that individuals share about their organisations, it brings the experiences of individuals in organisations into research. The narrative inquiry approach assisted in understanding people's diverse



views about performance management. This supported establishing the variations and similarities of opinions on current practices as well as considering suggestions on what can be changed.

The time horizon was cross sectional as the researcher collected data from participants at one period in time (Saunders & Lewis, 2018). The semi-structured interviews were conducted with participants working at the automotive component manufacturers and will not be repeated over time. From the study relating to human resource executives' perceptions on performance management practices, the results reflected that it was a cross sectional study (Gorman et al., 2017). Semi-structured interviews were used to collect data. The guideline on conducting semi-structured interviews as provided by Saunders & Lewis (2018) was used. In research done by Van der Merwe & Visser (2008), semi-structured interviews were also conducted. A total of six participants were interviewed. The participants represented the views of the organisation and not themselves. The views of individuals are represented in this research study.

### **4.3 Population**

The population that was identified as relevant for the study, were employees and employers at all levels that work in various business areas at the automotive component manufacturers. This included executives, senior management, line management and employees. The participants were individuals that were involved in performance management and shared knowledge in this regard. The reason for selecting diverse business areas, is that performance management is applied across the organisation.

### **4.4 Unit of analysis**

The executives, senior managers, line managers and employees were the final units of analysis. This was determined during the data analysis phase where respondents' views and opinions were analysed. *Although the focus was on the individual, there was an organisational lens through which the individuals' responses were mediated. In section 5.4.2, the findings were presented through an organisational lens, but represented the views of the respondents.*

The overall research analysis was based on the data obtained from the semi-structured interviews conducted with the sample population. The research objectives

as provided in Chapter 1 were supported by the participants' responses to understand the impact of the key elements on performance management, the relationships between the elements and an exploration of possible enhancements to current performance management practices.

#### **4.5 Sampling method and size**

The context is automotive component manufacturers which are based in KwaZulu-Natal. It was determined to conduct the research study on four automotive component manufacturers consisting of two top performing and two low performing firms. There are automotive component manufacturers that are suppliers to an original equipment manufacturer also based in KwaZulu-Natal. A general manager from the commercial division at an original equipment manufacturer, was contacted by the researcher to provide information in terms of supplier performance. The reason for requesting information on supplier performance was to distinguish between the top performing and low performing component manufacturers. It was indicated that the original equipment manufacturer had supplier scorecards that measured performance. The scorecard consisted of performance ratings on categories such as safety, quality, delivery and cost.

The researcher had received supplier scorecards for a number of suppliers and could not determine which component manufacturers to interview as the scorecard information offered varying trends in each performance category. This was due to the researcher not having experience and knowledge on supplier scorecards. It was identified by the researcher to request support from the general manager that has authority, the required years of experience and knowledge on supplier scorecards, to make the decision on which suppliers to interview. The researcher met with the general manager and obtained feedback on the two top performing and two low performing component manufacturers. The general manager made the decision based on years of experience with suppliers and after having reviewed the supplier scorecards.

A supplier scorecard contains various performance categories and the researcher established it was challenging to interpret the information. An example of a supplier scorecard and the permission letter that outlined the original request by the researcher to obtain company records, has been included as supporting research data to this study. The initial permission letter was authorised by the general manager

who eventually made the decision on which suppliers to interview. This was included as supporting research data, to reflect the validity and credibility of the approach adopted by the researcher. The required confidentiality guidelines and ethical clearance was adhered to.

The method that was used was non-probability sampling which included a combination of purposive sampling and snowball sampling. The reason for selecting this method was to collect qualitative data from a small sample. The target population were employees and employers from four automotive component manufacturers. Initially the plan was to conduct four interviews per manufacturer which would bring it to a total of 16 interviews. The structure of the four interviewees were to comprise of an executive, a senior manager from the human resources department, a line manager and an employee from either production, finance, sales, marketing, purchasing or logistics departments. The sample that was selected was heterogeneous, as the sample would have sufficiently diverse characteristics (Saunders & Lewis, 2018). In addition, qualitative data was to be obtained on the views and experiences from employees and employers in various business areas. The premise behind this, was to establish any patterns that emerged which reflected key themes (Saunders & Lewis, 2018).

The purposive sampling technique was utilised when initial engagements were made with the component manufacturers. The researcher emailed and contacted the executive head of each business in order to obtain the contact information for the human resource senior manager. Permission letters were sent requesting engagement with the organisation and letters were signed off by the executives. Thereafter, the snowball sampling technique was utilised to obtain access to individuals in the business for interviews. The human resource senior manager provided contact information for participants. Each person in the sample was contacted by email and by telephone. The initial plan of 16 participants changed to 22 participants. Details of the sample are provided in section 5.2.

#### **4.6 Data collection tool**

Primary data was collected using semi-structured interviews. There were 22 semi-structured interviews that were conducted with executives, senior managers, line managers and employees from four organisations. The duration of the interview varied depending on the individual and the contribution offered to the interview

questions. The longest recorded interview was 1 hour and 14 minutes and the shortest interview was 40 minutes. The average interview time was 1 hour. Due to the covid-19 situation, most interviews were conducted by means of video conference calls. If the participants preferred to be interviewed in person, the researcher advised on email that precautions would be adhered to, to ensure there were no health risks. 20 interviews were conducted by video conference calls and 2 interviews were conducted at the interviewee's place of work. An invitation to participate in the research study was emailed to all respondents describing the background and objectives of the research study. When the respondents agreed to participate, a consent letter was emailed, requesting the respondent to sign and return it. Thereafter, agreement on the date and time of the interview was done telephonically with each respondent. After agreement, the researcher proceeded to setup the meeting. Examples of the invitation and consent form are exhibited in Appendix 1 and 2 respectively. Before starting the interview, the researcher obtained information to understand the background of the organisations and participants. The researcher requested the participant's consent to record the interview using the video conference call functions.

When the semi-structured interview guide was developed, the five phases as outlined by Kallio, Pietila, Johnson, & Kangasniemi (2016) were used, which are the:

1. Identification of the prerequisites for using semi-structured interviews
2. Retrieval and use of previous knowledge
3. Formulation of a draft semi-structured guide
4. Testing of the guide
5. Presentation of the final guide

According to Kallio et al. (2016), interview questions should be split into main theme questions and follow up questions. The main theme questions that were developed focused on the content of the research. Follow up questions allowed the participants to expand on answers given, and to maintain the flow of the interview. The interview questions were mapped to the Research Questions described in Chapter 3. This ensured consistency between the Research Questions, the reviewed literature and the interview questions. The interview question number in Table 1 aligns to the question number as reflected in the interview questionnaire.

**Table 1: Research Question and Interview Question Mapping**

**Research Question 1: What are the key elements that influence the effectiveness of performance management?**

1. What do you understand to be the purpose(s) of performance management?
2. What are the current performance management practices at your organisation?
4. Which of the following key elements have the most impact on the effectiveness of performance management in your organisation and can you provide reasons for why you believe this? The key elements as identified by research are:

***Employees, managers, performance management system and context***

Can you please rank them in order of importance:

4 – highest impact, 3 – high impact, 2 – average impact, 1 – lesser impact

6. What do you consider to be the other elements (if any) that have an impact on the effectiveness of performance management in your organisation and can you provide reasons?

**Research Question 2: How do the key elements work together to influence the effectiveness of performance management?**

5. What are the positive and negative effects that each of the key elements have on performance management practices?
7. What management practices do you believe enhances employee performance?
8. Is performance management being used by all areas of the organisation? If not, which areas do not use performance management, and how do they measure performance.

**Research Question 3: How relevant are current performance management practices?**

3. What are the advantages and disadvantages of the current performance management practices in your organisation?
9. What do you understand to be performance management practices that organisations are adopting both locally and globally? You can provide a separate answer for local and global views.
10. What recommendations would you suggest to your organisation to improve their performance management practices?

#### **4.7 Data collection**

Prior to the interviews, two pilot interviews were conducted in order to test the interview guide and the technique of the interviewer. The interviews were conducted to mirror an actual interview setting. The interviews were recorded and pilot participants answered the interview questions. Once completed, constructive feedback was provided by the pilot interviewees. This resulted in changes to the interview questions as the pilot interviewees shared that answers were repeated, hence it was identified that the questions displayed a duplication. The researcher noted that the interview technique needed to be improved. The guideline as per Saunders & Lewis (2018) was used in preparing for the interviews.

Subsequent to introductions, the researcher thanked the participant for agreeing to participate in the research study. The researcher proceeded to explain the research study and assured the participant that information will be treated with confidentiality. Permission was obtained by the participant before recording the interview. The semi-structured interview guide as per Appendix 3 was used for the interview. When asking the questions, the researcher noted that clarity was important and interpretation was confirmed by summarising the participant's response. Additional questions were asked when the participant did not provide sufficient feedback and where a more in-depth understanding was required. The interview continued until data saturation was reached, and participants were prompted to ask additional questions or provide any comments. Post the interviews, the researcher listened to the recordings and made detailed notes of the interviews which formed the data that was analysed.

#### **4.8 Data analysis**

Thematic analysis is a method used to systematically identify, organise and provide insight into patterns of meanings or themes in the qualitative data collected (Clarke et al., 2015). The six-phase approach to thematic analysis as outlined by Braun & Clarke (2006), was followed in order to analyse the data collected. Using the notes created for each of the interviews and the interview recordings, the researcher analysed the data as follows:

1. **Familiarising yourself with the data** – Using the notes from each interview the researcher read the data thoroughly and noted down ideas. The researcher listened to the recordings on several occasions to identify any omissions in the notes that were written up.
2. **Generating initial codes** - The data was coded according to the features of the data in a systematic manner and collated according to the codes.
3. **Searching for themes** – Codes were collated according to possible themes.
4. **Reviewing the themes** – The themes were checked in terms of the codes and a map developed of the data analysed.
5. **Defining and naming themes** – The themes were analysed to refine and reduce the categories to come closer to core themes with clear definitions and theme names.
6. **Producing the report** – Final analysis of the themes were conducted and links established to the research questions and findings. A report was compiled reflecting the analysis.

Each interview took approximately four hours to analyse using the six-phase approach. Themes that were established aligned to the research questions. The data was captured onto an excel template and the interview data was analysed by each interview question. Frequency analysis was used to record the number of times themes were repeated. Thereafter, these were ranked according to their frequency. The themes derived were linked to the research questions and findings, and used in the development of a framework.

#### **4.9 Quality controls**

Qualitative research is subjective and hence it is essential to have controls in place. According to Steinke (2004), there are quality criteria for qualitative research. It is important to ensure dependability, credibility, transferability and authenticity of research. This will support the requirement for validity and trustworthiness of research information. It was imperative for the researcher to ensure that the research was valid and trustworthy, hence the importance of following this approach.

When conducting the interviews and analysing the data, bias might occur (Saunders & Lewis, 2018). As a result, the researcher ensured that the semi-structured interview guide was standardised to support the validity and reliability of research data. Questions were well formulated to obtain the best output from interviews. The testing

of the guide, assisted in refining the questions to improve the quality of data collection. The respondents were given autonomy to explore the concepts and thoughts that were highlighted through the interview process. The researcher made an effort to reduce the biases by focusing on the input provided by the participants.

#### **4.10 Limitations**

There were 22 interviews conducted across four automotive component manufacturers in KwaZulu-Natal. The research information obtained from the small sample was used to obtain an in-depth understanding and knowledge of performance management in their organisations. The sample that was selected was heterogenous and included views that are diverse. However, the effect of such diverse views were limited to a small group of participants. Therefore, the findings may not represent a wider population.

Another limitation was that due to the snowball sampling technique that was applied, the sample population may not have been adequately represented. In two organisations, the sample went over the four participant requirement per component manufacturer. The researcher was open to more diverse views to enrich the study. The methodology was followed but the consequences of increasing the sample needs to be identified.

In analysing the data, the inductive approach led to the refinement of categories to derive the major themes, which formed the basis for the framework. There may have been unique categories that were taken out during the refinement process that may have been a significant finding. With the inductive approach, the theory is developed from the data during the research process. A further limitation was that the interviewer was not skilfully trained to conduct interviews which could have had an impact on the results of the collected data.



## **CHAPTER 5: RESULTS**

### **5.1 Introduction**

Chapter 5 presents the key findings in accordance with the research questions as outlined in Chapter 3. The data was collected from semi-structured interviews that were conducted with 22 participants from four component manufacturers in the automotive industry in KwaZulu-Natal. The structure used to present the findings of the research study was derived by mapping the research questions to the interview questions, as displayed in Table 1. The theme that each research question sought to answer was used to present the results from the study.

### **5.2 Description of the Sample**

The respondents have been categorised according to the level occupied by the individual in the organisation, the area the respondent works in and the number of years of experience the respondent has, in the automotive industry. This information is displayed in Table 2. Top management comprises directors in the enterprise. Middle management are senior managers and line managers of various departments. There were three respondents that were not part of the management teams in the respective organisations. Participants from firm D do not have a performance appraisal process in place. During the engagement stage which was used to understand the firm's background, it was advised that the performance appraisal process is currently being implemented. The respondents were still open to being interviewed to share knowledge to support the research study.

**Table 2: Information on Respondents from the Sample**

<b>Firm</b>	<b>Respondent</b>	<b>Level within the organisation</b>	<b>Area the respondent is working in</b>	<b>Years of experience</b>
<b>A</b>	A1	Top management	Human resource	30
	A2	Middle management	Human resource	15
	A3	Middle management	Supply chain	5
	A4	Specialist	Human resource	2
	A5	Middle management	Business management	30
	A6	Administrator	Business management	14
	A7	Middle management	Engineering	20
<b>B</b>	B1	Top management	Overall business	31
	B2	Middle management	Finance	4
	B3	Top management	Human resource	5
	B4	Middle management	Human resource	3
	B5	Line management	Production	24
	B6	Middle management	Business management	22
	B7	Top management	Production	25
<b>C</b>	C1	Top management	Overall business	3
	C2	Top management	Human resource	3
	C3	Middle management	Quality	15
	C4	Buyer	Purchasing	7
<b>D</b>	D1	Middle management	Human resource	13
	D2	Middle management	Engineering	5
	D3	Clerk	Finance	7
	D4	Middle management	Operations	26

### **5.3 Presentation of Results**

The results are presented as per the research questions described in Chapter 3 and the interview questions as displayed in Table 1. Results are displayed according to themes, ranking frequency. Only frequently cited themes are explored and described in detail.

## **5.4 Results for Research Question 1**

### ***What are the key elements that influence the effectiveness of performance management?***

The aim of Research Question 1 was to understand and identify the key elements that have an impact on the effectiveness of performance management. The common elements as identified in the literature reviews presented in Chapter 2, were employees, managers and the performance management system. The context in which performance management occurs was highlighted as an element for future research. The objectives of this question were to validate that the key elements under study do have an impact on the effectiveness of performance management, to determine which key element has the most impact and to ascertain whether there are other elements that have an influence on performance management.

#### ***5.4.1 The purposes of performance management***

Firstly, the interviews commenced with setting the scene on the subject of performance management. The intent of interview question one, was to understand the purposes that performance management serves from an individual's perspective as a preface to ascertaining the key elements of performance management. The views of people in an organisation regarding the purposes of performance management can diverge. Moreover, a common understanding may exist and may reflect the orientation that is prevalent in component manufacturers. Some views were concise and focused whereas other views were extensive. The purposes of performance management as given by respondents are displayed in Table 3. Most of the participants were able to clearly articulate their perceptions. The highest ranked purpose of performance management is considered to be the measurement, monitoring and management of individual performance.

**Table 3: The Purposes of performance management**

Rank	Theme	Frequency
1	Measurement, monitoring and management of <b>individual performance</b>	20
2	Achievement including measurement, of goals and strategies to support <b>organisational performance</b>	17
3	<b>Alignment</b> of individual performance to achieve organisational goals and objectives	12
4	<b>Individual development</b> of employees and managers	8
5	Clarity and understanding of <b>expectations</b>	7
6	<b>Communication</b> of the organisation's goals and feedback on individual performance	6
7	Improving <b>team</b> relationships	3
8	<b>Organisational</b> development	1
8	<b>Stakeholder</b> expectations	1

In exploring the highest ranked theme, it was identified that the majority of participants acknowledged that individual performance is either measured, assessed or evaluated. In explaining this further, interviewees represented these measurements taking place against tools such as key performance indicators, job specifications and deliverables. Concurrently, it was specified that performance is monitored, tracked and reviewed to ensure that intended results are achieved. The combined views of seeing performance management as a management tool, were reflected as it being used to manage and direct employee efforts and behaviours to ensure functions are performed efficiently and effectively. In addition to this consolidated interpretation, it was stipulated by respondents that it can distinguish variations in performance.

*“In my opinion, it’s basically to evaluate how an employee performs according to their job specification, the KPIs that’s been allocated to them. So it also allows for an employer or let’s say a manager for that matter, to manage the employee and highlight areas where performance is not as required or where performance is better than required so you know where there is recognition to be made.” [B7]*

The top ranked theme was noted by respondents as being linked, to the next ranked theme, which is the achievement of organisational performance. The participants' responses, highlighted that employee performance corroborates the achievement of the strategies, desired goals, and outputs of the organisation. A simple opinion was expressed by respondent C3 suggesting that performance management can create a "win-win" situation where if the employee performs better, then the organisation in turn can benefit. Top management respondents B1 and C1 who are heads of their respective establishments, centred their replies on the measurement and monitoring of the organisation's performance against set targets. During the interviews, both participants spoke very passionately about the operational side of the business and used production performance examples to substantiate the evaluation aspects. On a consistent and regular basis, the two respondents monitored the performance of their manufacturing plants. It was recognised by the respondents, that operational performance is dependent on the output of individuals.

In depicting the integration of individual efforts into the business, respondents shared an understanding of the alignment of individual performance to the achievement of business goals and objectives. The importance of alignment was acknowledged by participants and hence was ranked third as a common purpose. It was explained by some participants, that strategies, targets, and objectives are established by the organisation and this is then translated and cascaded through to departments and individuals for performance to be measured. Respondent B1 that previously stressed the importance of organisational performance, summed up the approach adopted by the management team.

*"The first is to align the team through various levels in the different departments into a common direction, which is important for the company to achieve whatever its goal is, so it needs to set a target, it knows what it wants to do, and now you got to align people with it..." [B1]*

Interestingly, the majority of the interviewees gave responses with more weighting towards the measurement, monitoring and management of performance. Only eight participants identified the developmental purpose of performance management. These individuals recognised performance management to be a tool to develop employees to promote their individual growth. Examples of interventions provided by some participants were training, development plans, succession plans, coaching and

mentoring. Another intervention suggested by respondent B2 was to, develop and challenge individuals by setting stretch targets. Though responses were centred on “employee” development, human resource respondents B3 and D1 shared similar views that there are opportunities for management to understand their shortcomings by utilising the feedback mechanism.

A thought provoking point was made by respondent B7, emphasising that how performance management is utilised depends on what the organisation wants to achieve.

*“...it can be used from a developmental point of view or from an evaluation point of view, but it is highly dependent on how we would use it.” [B7]*

Respondent A1 asserted a very strong perspective on performance management as a development tool, with a specific focus on talent management. At firm A, performance management is a key component of the broader talent management strategy, with the vision being a talent based organisation that aspires to identify, develop and retain talent.

*“...so performance management effectively is a process of growing an individual into a capacity of maximum potential to where the organisation is able to achieve a certain level of succession within an organisation and hopefully also achieve talent transformation within an organisation. So that essentially is our understanding of performance management, it forms part of a holistic program, in its broader context forms part of talent management.” [A1]*

The clarity on expectations and what is required, was recognised as a purpose that can create understanding for employees to perform. This theme is followed closely by communication which is regarded as imperative. In order to provide an understanding on expectations, communication of strategies, targets and objectives is needed. Additionally, it was identified that feedback is a mechanism required for an individual to understand the status on their performance. Feedback can be regarded as “helpful or critical” as mentioned by one participant. Further views by four individuals, highlighted feedback to be an instrument that can be used more frequently between managers and employees. An interesting point was made by respondent B3, that performance management offers the opportunity for 360-degree

feedback to occur, and that two-way feedback is further encouraged where managers can have a better understanding on how they conduct themselves. This correlated with the development of individuals in the business to consider managers as well.

*“...it gives somebody the chance to actually receive constructive feedback, not just the subordinate but the manager as well, to say this is what I would like to see you do more of and this is what I would like to see you do less of as my manager...but in all of this, what is key is how do we grow the individual, how do we get the best value and the best out of the candidate...” [B3]*

#### **5.4.2 The current Performance Management Practices for each of the component manufacturers**

It is important to obtain an understanding of the current performance management practices adopted by each component manufacturer and to establish the similarities and differences between each. Interview question two served three purposes. Firstly, it was to determine the key elements that form part of performance management as provided by participants. Furthermore, the interview question served a supplementary purpose, to ascertain the relationship between the elements which would feed into addressing research question two. Finally, the knowledge attained supports research question three, to establish the relevance of current performance management practices.

The structure of the results are displayed by each component manufacturer based on views as expressed by participants. The presentation of results in this manner clearly displays the performance management practices at the firm level. The explanations of the practices for each manufacturer are very descriptive and the intention is to formulate an in-depth understanding to corroborate all research questions. Gerrish (2016), highlighted that benchmarking is an effective way of learning about practices and performance in other organisations.

Respondents used the following acronyms in their responses: KPI is key performance indicator, KPA is key performance area, KRA is key responsible area, HR refers to the human resource department

## **Firm A - Top performing component manufacturer**

### ***a) Performance management as part of a Talent Management strategy***

An interview was held with respondent A1 who is part of top management overseeing the human resources department. The respondent took the initiative to begin explaining performance management with the sharing of a presentation. The component manufacturer is a subsidiary of a holding company. The holding company had mandated each of its subsidiaries to follow a talent management model. This led Firm A to formulate a talent management strategy with the resultant effect of performance management forming part of the holistic human resource model. The various components of the talent management strategy are talent identification, talent attraction and selection, career planning, talent growth, leading talent and talent retention. Performance management forms part of career planning, which also comprises rotational development (career pathing), individual development planning and succession planning (career management).

When elaborating on the model, respondent A1 went on to state that the organisational context first needs to be considered. The context was represented as comprising internal and external elements. The external context is the business environment in which the firm is operating in. The internal context is the culture at the organisation, which was identified and explained to be a hierarchical culture. The hierarchical culture is regarded as normative where strict rules and regulations are adhered to, that uphold policies. In addition, it is a culture where the employees' steps are monitored to ensure that they meet company standards and expectations. The resultant behavioural trait of the workforce in this culture is one that is conformative. Respondent A1 who has 30 years of experience shared that the culture in the automotive industry is predominantly a very hierarchical one.

Once the culture of the organisation is determined, policies, procedures and guidelines are developed to direct what happens in the organisation and to support the talent management strategy. The mandate at firm A is to build a pipeline of future talent to deliver on the business strategy. The participant stressed that the human resources department's focus is to move away from siloed human resource processes to strategic talent management which is considered as the single greatest strategic challenge. It was shared that siloed human resource processes may involve having systems in place but no targeted development. The intent of the talent



management strategy in Firm A, is to promote the mind-set of individuals on the aspect of building talent. The researcher inquired as to the success of this strategy and it was pointed out that the organisation has made progress, however, individuals in the business and certain subsidiaries have moved back to focusing on operations rather than embracing strategic and transformational thinking.

*“So people they default quite quickly into operational thinking and the same thing happens at for example at engineering level, manufacturing level and stuff, that people kind of get very comfortable with operating...” [A1]*

### **b) Performance appraisal process**

Various aspects of the performance appraisal process were collaborated by the seven interviewees which confirmed alignment in understanding the performance appraisal process at Firm A. The process commences with the roll out of the key performance areas from the holding company outlining the expectations. The executive team which includes the managing director and divisional directors, determine the key performance areas for the business. Once determined, the key performance areas are cascaded down to the different structures in the business from divisional directors to divisional managers. It was highlighted that the key performance measures are reviewed during the year, to determine if it is still valid in line with business changes. According to respondent A3’s knowledge, there have been no changes in previous years except in 2020, where there were changes due to Covid.

Business partnering forms part of the appraisal process and is conducted by means of a compilation of service contracts for each division that provides a service to another division. The example that was used to explain business partnering, was the manufacturing division which is supported by service areas such as the Finance and Supply chain divisions. Consensus is reached on department objectives and these are subsequently derived. A performance contract is drawn up for each employee which has to be agreed between the line manager and the employee. The human resources department plays a pivotal role in setting up these performance contracts. The contract outlines the performance criteria in terms of agreed deliverables, measurements and targets. Business partnering is key in Firm A, to ensure that departments that are requiring services, have their requirements met. Hence there is the focus to ensure department objectives are met. The performance of individuals

is imperative to support the achievement of service contracts.

There are three focus areas in the performance appraisal process. It comprises of the monitoring of key performance areas together with the key performance indicators. This is followed by leadership competencies such as self-awareness and self-management. The third area is the development plan intended to enhance the individual's development through time allocated as 70% on the job training, 10% on technical skills and 20% on softer skills. The appraisal happens on a quarterly basis. There is a major review which happens at nine months, which is a reflection of performance to date. Thereafter the final review is held where the full year's performance is discussed in detail. The follow-up items from the final review is considered for inclusion in the following year's performance contract such as outstanding developmental areas.

In Firm A, the employee drives the performance appraisal process and sets up sessions with the line manager to review performance. This was mentioned by respondents A2, A5 and A6. As part of the formal performance review, the line manager will determine whether there are developmental gaps. It is also incumbent on the line manager to identify individuals that display talents and skills that need to be retained and developed. In addition, individuals that should go on a succession plan or rotational plan are ascertained. Human resource respondents A2 and A4 pointed out that the performance appraisal document is excel based. Once finalised, it gets uploaded onto the system for review by human resource. There are follow ups done by human resource to determine which managers have not completed their reviews. The scoring of the appraisal is reviewed by human resource. If there are significant deviations in the line manager's rating and the employee's rating, human resource will hold a meeting to discuss and determine the reasons with the aim to resolve the issue. Respondent A2 mentioned that human resource sends out communication to serve as reminders that appraisals are to be done by specified timings.

### ***c) Reward and recognition***

The researcher raised the question about incentives to understand whether performance is rewarded. Respondent A2 highlighted that financial adjustments are made at group level depending on which salary band an employee is in. There is no link between performance management and financial rewards. There is a slight

correlation however the firm does not use performance appraisal for merit increases. Though if there is an employee that is not continuously performing according to the line manager's feedback, that employee will only receive a cost of living adjustment. The strong belief from respondent A1 is that performance management is one of talent development and talent management.

*"So we specifically don't use the performance appraisal to link it to increases. Some companies do. We feel that the performance appraisal, specifically its purpose, is one of talent development, talent management and the transformation of talent and the organisation. So our focus is more on the development program..." [A1]*

### **Firm B - Top performing component manufacturer**

#### **a) Determination of the organisation's deliverables**

Firms A and B are both subsidiaries reporting to the same holding company. The roll out of the key performance areas by the parent organisation follows the same process as per Firm A. Respondent B1 who is top management at Firm B, shared in detail how the key performance measures are disseminated. In order to start the process of determining key performance measures, the simple question the respondent asks is:

*"What do we want to performance manage?" [B1]*

Firstly, the expectations from the parent organisation are shared by respondent B1 to the directors and divisional managers. The team goes through brainstorming sessions where the organisation's deliverables are mapped out on a board. The expectations from stakeholders such as shareholders, customers and employees are presented and discussed in detail. The compliance objectives also form part of the discussion. The purpose for going through this process, is to present a holistic picture of the various expectations that the organisation needs to work towards achieving. This framing displays items where there are overlaps and brings simplicity to a complex business environment as pointed out by respondent B2.

The aim of Firm B is to meet all of the expectations which leads to the creation of the vision:

*"The vision is to meet and exceed expectations of all stakeholders in society, by*

*delivering on what's important to them in a balanced and sustainable way.” [B1]*

Respondent B1 was very passionate when sharing the vision and explaining the process of unpacking and understanding the deliverables. The researcher noted that all of the participants that were interviewed, spoke about the organisation's key deliverables. Respondent B2 pointed out that the key performance indicators for the Finance division are not specific to finance functions, as the respondent also gets measured according to work performed cross functionally. Divisions at Firm B have key performance measures that are integrated with other areas' objectives.

Respondent B1 is very focused on the measures in the business and emphasised the importance of alignment. It was shared by the participant that the impact of performance from the member at the lowest group level, impacts performance throughout the hierarchy. Hence the buy-in at all levels in the organisation is imperative.

*“Every person must complete their work within a specific time and they got to achieve a certain quality level. So if the line says we want to achieve 0.003 defects per unit and one operator is making too many defects per each one, the whole line is going to fail, so we will monitor. You will roll that up, it rolls into the performance management of the team leader, the team leader into the group leader, all the group leaders rolls up into the senior manager... and finally it ends up with the top here, where I'll be evaluated on, did we achieve 75% efficiency? So it's rolling up from a very low base...It is almost like a top down breakdown of what the objective is up there, and then a bottom up measurement and then the sum total of the top guy is the combined efforts of...people.” [B1]*

Respondent B1 mentioned that performance of the organisation is monitored closely. On a monthly basis, they have a four hour meeting to review the results. It contains information by area. It was further mentioned by the participant that the divisional managers explain the results and deviations to targets, to which measures need to be provided on how to close the gap. *“This is performance management.” [B1]*

### **b) Performance appraisal process**

In Firm B, respondent B2 adopted a similar approach to respondent A1 by sharing a presentation to outline the firm's human resource practices. It was explained that the

performance appraisal is a three pillar process which involves planning, tracking and reviewing. In the planning phase, the key performance areas are agreed at the executive committee meeting and cascaded down from each divisional manager to employees which includes employees working on the production floor.

The deliverables, measurements and targets are agreed and the performance contract is developed and signed by the manager and employee. The concept of the performance contract is used by Firm A and B. It has been noted though that the contract information differs to Firm A. The contract at Firm B is split into measuring the achievement of department goals, job specific goals and the utilisation of behaviours that are required from the individual to perform the functions. Each item has a weighting towards the performance appraisal rating. The department goals have a 10% weighting, job specific goals have a 70% weighting and behaviours have a 20% weighting. To explain the behavioural aspect, the example provided by respondent B2 was that as a finance member, the expectation is that integrity and accuracy from employees are the required traits.

During the year, the performance measures are assessed for validity in terms of business changes. As was the case for Firm A, performance measures for Firm B changed due to Covid. There was no mention of business partnering service contracts from the interviews conducted, though it cannot be inferred that these are not in place. Tracking and reviewing are the next two pillars where reviews happen on a bi-annual basis, and performance is measured against the key performance indicators. Formal and informal feedback is promoted as part of the process. However, respondent B2 was very adamant that the performance appraisal process had not been implemented effectively.

*“To be honest with you, it was very poorly rolled out and handled....There was a drive from an HR point of view to try and re-implement or roll out some kind of standard performance management system which is the documentation I am showing you now.....what was not clearly agreed and spelt out is exactly what this performance rating meant for the employee.” [B2]*

This was corroborated by respondent B5. It was further highlighted that the respondent had not completed a performance appraisal document for some time now.

*“So the company tried to roll out a performance management, performance appraisal system a couple of years ago, and then with some change in leadership in the HR department, that seemed to have fallen by the wayside. So whilst the company does have a formal document, it’s not mandatory for employees to populate or even be measured against that document.” [B6]*

The researcher inquired as to how the respondent’s performance gets measured. Respondent B5 pointed out that there is a key performance indicator document where the individual’s performance measures are linked to the managing director’s key performance indicators. The respondent’s output as reflected in this document is how performance is measured. This document differs to the performance appraisal document which the individual had highlighted was not completed.

It was highlighted by respondent B2 that the performance appraisal documents are submitted, however, they do not receive any subsequent feedback from management and the human resources department. The participant was very disappointed and highlighted that the performance management process is led by the manager, with very little involvement from the human resources department.

*“So I think the one major weakness, is that there’s not a very well structured policy in terms of the performance management system and including in that policy, there’s not very well rolled out training on exactly what the expectations of the outputs of this performance management system are...it ends up being a very line manager led system rather than something which is very clearly spelt out.” [B2]*

Respondent B2 mentioned that the end of year results of the department are not shared. Appraisal scores are handed to human resource, and the respondent is not *“what happens after that point, I’m not 100% sure.”* It was further explained that performance management is a human resource department responsibility to coordinate and follow through with.

This is in contrast to the interview with respondent B3 who heads up the human resource department, who believes that the department have transitioned from stringent human resource responsibilities to a more supportive role. The respondent believes that the line manager is key to driving the performance management process and the manager needs to take accountability.

*“So at the moment is that we will then have a discussion with mid-year reviews in around about June, July, those happen at a line manager level. I must say that from an HR perspective we have found that those discussions at mid-year don’t happen as robustly as we want them to. The nature of production people is that they are often too busy to have these sit down formal discussions...but very often what we are trying to do because of the number of people we have... we need to make sure that line managers take accountability and take responsibility.” [B3]*

### **c) Reward and recognition**

At the interviews, the researcher raised the question about incentives to determine if rewards are linked to performance. Respondent B2 mentioned that there are performance incentives at executive level. There are no incentives below executive level. It was further shared that there is no link between rewards and recognition and actual performance ratings.

Respondent B1 did confirm that executives receive incentives, there was no mention of incentives to other levels. One of the respondents working in the production department mentioned that employees in production are rewarded by means of awards and gift vouchers for achieving production targets or no absent days.

## **Firm C - Low performing component manufacturer**

### **a) Determination of the organisation’s deliverables**

Respondent C2 indicated that the key responsible areas (KRA) are provided by the global parent organisation. This information is utilised by respondent C1 and the management team to develop the organisational objectives. The overall business goals and objectives are discussed and understood. This includes the requirements by area.

### **b) Performance appraisal process**

Human resource Respondent C2 provided a brief description of performance

management practices at the organisation by mentioning the on-line system.

*“So we currently have a performance management system which is called...it’s an online system that is managed with your KRA setup, mid-year review and final year review.” [C2]*

This initial response from respondent C2 was similar to an initial response from one individual that is not part of the management team.

*“I have not seen anything except for the system...the KPIs they give you and see if you’re meeting the KPIs.” [C4]*

Interestingly, all four respondents referred to the online appraisal system in providing information on current performance management practices. According to respondent C2, the system is led and run by the global parent organisation. The KRAs are determined and cascaded from the management team to managers. Managers from each department will determine key performance indicators and share with the teams. Meetings are held between the managers and employees to determine the progress on work activities and performance against the key performance indicators. Performance reviews happen on a bi-annual basis and are conducted on an on-line system. The employee populates information on the system and the manager reviews the information. If there are training needs, it is determined and requested by the employee. Performance ratings and feedback happens by means of the online system. There are minimal face to face meetings to discuss appraisal ratings and performance feedback.

### **c) Reward and recognition**

The researcher raised the question about the link of incentives to performance. It was shared by respondent C2 that the results from the performance appraisal process determines the salary adjustment. A budget is determined by the firm in terms of increases to allocate. If there is an employee that has not performed well, then a cost of living adjustment will be given, similar to the approach by Firm A.

*“There’s no annual increases, nothing is guaranteed, it is all based on your performance, so they will give you obviously a budget or whatever is determined... if you perform well, you get above. If you don’t, you get below.” [C2]*



Respondent C1 shared that there are awards given to production such as best employee of the month and best department of the month. It was also mentioned that vouchers are given to production members to motivate them.

***d) Other information***

Respondent C1 explained that there are daily meetings to assess production performance and there are monthly meetings to discuss organisational performance. In addition, it was acknowledged that production have measurements that vary to how other areas are measured.

**Firm D - Low performing component manufacturer**

***a) Determination of the organisation's deliverables***

According to respondent D4, the organisational goals and objectives, are developed from five year strategic plans, which are cascaded down to the team leader. The response on the dissemination of corporate goals and objectives was provided by only one interviewee. The other participants did not have much to share about the distribution of corporate information.

***b) Performance appraisal process***

All respondents stated that there is no formal performance appraisal. Respondent D1 who is from the human resource department mentioned that, the intention was to roll out a formal appraisal process in 2020. However, due to Covid this had to be delayed to 2021. A key performance indicator document was developed which contains the deliverables, measurements and targets and also includes training needs. The intention is for key performance indicators to be agreed between the line manager and the employee. Currently, employees are measured according to their job descriptions. The human resource respondent mentioned that there have been no counselling sessions on performance so the assumption is that there are no issues. Respondent D3 indicated that the line manager follows up on deliverables by requesting a status on daily activities. In terms of an appraisal session, the respondent recalled that in 2019, the manager had a "*quick five minute interview*" with her to discuss performance.

Respondent D2 mentioned despondently that there are no individual key

performance indicators and went on further to state that there has been high attrition and there is room for improvement. Due to the organisational structure being flat, there is limited scope for mentoring and succession planning. The respondent went on further to explain that monthly meetings are held between the executive head and the department heads where progress is reviewed against the department objectives.

***c) Reward and recognition***

Respondent D2 highlighted that for department heads, there is a performance bonus that forms part of the salary structure, and is paid based on performance targets being met. Increases given are not related to the performance of the individual. Respondent D4 mentioned awarding production staff with certificates such as employee of the month.

***5.4.3 Key elements that impact the effectiveness of performance management***

The initial two interview questions were to orientate the participant's thinking towards performance management. Additionally, it was to set the foundation to delve further into considering the key element that has the most impact on the effectiveness of performance management. The fourth interview question forced participants to rank the elements under study in order to determine the extent of its influence. The ranking were as follows: highest impact was four, high impact was three, average impact was two and lesser impact was one. This question was the toughest as the researcher noted that certain individuals struggled to rank as they believed all elements were important and hence a lot of time was spent deliberating the response.

Participants understood the common elements being employees, managers and the performance management system. However, there were some participants that struggled to understand the contextual element and its impact on the effectiveness of performance management. The researcher explained each element to enhance the individual's knowledge, and also answered the participants' questions on context. One participant was unable to rank the elements as it was strongly perceived that all have a high impact, hence this response was not included in the analysis.

Reverse scoring was used which involves running the numerical scoring in the opposite direction. An example of how it was applied is as follows, if a participant

ranked an element as having the most impact, a score of one was given and if a participant ranked an element as having a lesser impact, a score of four was given. When the scores were aggregated, an element that has the lowest score, was considered as being most impactful. ***All elements are impactful according to literature, however, the scoring supported understanding the significance of the impact of the elements in relation to each other.*** The results are displayed in Table 4.

**Table 4: Impact of Key Elements in relation to each other**

Rank	Element	Score
1	Employees	48
2	Managers	50
3	Performance management system	52
4	Context	60

Employees were ranked as being most impactful on the effectiveness of performance management, *in comparison to the other elements*. This was followed by managers that was second ranked. The third ranked was the performance management system and fourth ranked was context. The close scoring reveals that the participants view all the elements, excluding context, as being impactful.

### **Employees**

In deliberating on the influence of employees on performance management, some participants suggested that it is the employee's performance that is getting measured, so the employee has to be part of the process. Individuals recognised the importance of the employee, whether it was to achieve the goals by management or to support organisational performance. Opinions revolved around the employee being at the centre of performance management.

*"...ultimately, the employee is the subject of management. So an employee's response to performance management is the focus." [D2]*

There were frequent use of the words "buy-in", "inclusive" and "engagement". Participants justified their view by highlighting that these aspects are important as an enabler to make performance management work. It was identified that employees are part of the process but they need to accept to be on board. Respondent B4

acknowledged the importance of employees.

*“...without line managers you can still run the system, but without the employees you might have the best managers...system, but you won’t get anything out of it. So that’s why employees are also important...more important than the managers for buy-in and they live the vision.” [B4]*

The aspect of buying in to the “*fairness*” of what the employees are being evaluated against was an interesting comment made by respondent B1.

In Firm A where employees drive the process, two respondents made the comment that employees are responsible and accountable for their development. A participant from Firm C offered a strong view that the employee is the most affected person, as the employee knows that the performance appraisal is linked to the increase that will be obtained. The responses offered were divergent which reflected intrinsic and extrinsic motivators.

### **Managers**

The importance of setting the tone for performance appraisal and performance management was highlighted as a responsibility of managers. Some interviewees provided responses relating to the technical attributes that the manager has such as setting deliverables, measurements and key performance indicators.

It was acknowledged by one participant that managers have authority to administer the process, though, positioned employees above managers as more impactful. The reasoning for this was the “*huge role the employee has in accepting and engaging with the process.*” A contrasting view was defended by one individual that ranked managers above employees.

*“From my perspective, I think performance management thrives where there is a good relationship between the manager and the direct report. So if the manager creates a conducive environment for that communication, then the rest of the process becomes a lot easier. I think I would say that is the starting or foundational point.” [A4]*

Respondent B2 ranked context second and mentioned that the business context can

determine the merit rewards. The explanation provided was that if the business does not do well, merit increases will not be afforded. The individual went on further to rank and rate managers third. An interesting point was provided on the supporting and influential role that a manager has on employee development in the face of a business not performing well.

*“...a line manager can still focus rather on the developmental aspect. So they can still end up with an employee being satisfied from performance management because their employees are still rewarded with the developmental aspect...financial rewards are not the only element of job satisfaction...” [B2]*

The influential role was further justified by respondent A2 by ranking the manager as being most impactful. The individual mentioned that managers understand what they expect from the individual and what the future role of the organisation will be. The respondent went on further to state that they have *“a bigger picture of the future.”*

In Firm C, it was shared by respondent C2 that the structure is lean with very few managers and hence managers are in charge of a large workforce. The understanding by the human resource respondent is that there is not much involvement that is required by managers

### **Performance management system**

The structure within which performance management is conducted was noted by some participants as relevant. Respondent A2 believes that the other three elements are far more important than the performance management system. The reasoning in providing this answer was that if the purpose of the performance management system is understood and if there is alignment with the other elements, the purpose will be achieved. This was in contrast to the opinion offered by respondent A3. The individual identified the importance of policies and guidelines in terms of providing expectations that are transparent and by enforcing engagement in performance discussions. This was strongly reinforced by respondent B2.

*“...would definitely be the system itself, which includes the policy, the guidelines and importantly, the training that comes with that. So there is no point of having a well-defined policy and guideline, and nobody understands what it is or how to implement it...that is the foundation that everything else in terms of performance management*

*rests on. And if we fail on that element, the whole thing is gonna come falling down.” [B2]*

It was highlighted by respondent A4 that performance management is a supportive mechanism, it can enable better performance and make performance management information more readily available. However, it was highlighted that what goes in determines the value that comes out.

*“If you don’t have appraisals and assessments taking place on a regular basis, then what you’re gonna put in? You know that garbage in you gonna get garbage out...if it’s not correctly used, you don’t get the best value out of it...the three factors need to be... in place for the overall system to work at its optimum.” [A4]*

Although majority of the participants provided motivations for a system to be put in place, respondent B6 shared a very different perspective on it. The individual sees that employee performance is measured and yielding results for the organisation. However, the requirement at the employee level is not only to perform but to be developed.

*“There is no system...but having said that what we have in terms of measuring...is the KPI process...It seems to be yielding results...employee performance which is leading to organisational performance. I think the customer metrics and the organisational metrics is clearly outlined. So there is some effectiveness in the loose system that we have.” [B6]*

### **Context**

Context was ranked the least impactful in relation to the other elements. Respondent A1 pointed out that the organisation needs to be understood in terms of what it wants to achieve and the environment in which it wants to achieve it in. Hence the respondent indicated that the performance management system was the next ranked element as it needs to align with the context in order to achieve efficiency from performance management.

The manufacturing environment and the impact it has on performance management in an organisation was shared by respondent A4.

*“In...our environment, for example, you know manufacturing... you strive for maximum efficiency with every bit of time that you have available and it does not leave a lot of room for conversations...people do not have much idle time to have formal and informal conversations...”[A4]*

One participant acknowledged the manufacturing context and spoke about the need for culture in an organisation to stimulate the informal discussions between manager and employee. Respondent B3 concurred stating that if performance management discussions were encouraged, the business could achieve more on a competitive basis. Another individual emphasised the importance of culture in the business.

*“...the business environment plays a bigger role in regulating the relationship between people...it is the culture...that enable or disable whatever that could take place.” [B4]*

Respondent D1 and B6 both shared the impact that top management can have on culture in an organisation.

*“...everything stems from the culture in the organisation. It all comes from top management...so if you have a culture that you know respects people and values your employees...all that will influence the way your employees react to systems that are put into place.” [D1]*

*“...in the organisation has a good culture...it is a very engaged culture, a culture to succeed...it comes back to openness within the organisation...the MD addresses the workforce once a quarter and the information that he shares in that forum is the same information that he will share with a customer...employees get that inclusiveness... from an organisational perspective.” [B6]*

#### **5.4.4 Other Key elements that impact the effectiveness of performance management**

The aim of the interview question was to identify other key elements that were not included as identified elements in the study. There were a few participants that provided key elements that were already addressed. Moreover, there were responses provided on elements that impact “performance” and not performance management. As a result, these responses were not considered. The two highest

ranked additional key elements were the role of human resource and leadership.

**Table 5: Impact of Other Key Elements**

Rank	Theme	Frequency
1	<b>Human resource department</b> as a <b>business partner</b> to offer <b>support, training</b> and <b>guidance</b>	15
2	<b>Leadership</b> drives performance management and provides strategy	10
3	<b>Employment</b> criteria (legislation and qualifications)	2
4	<b>Technology</b> for better performance appraisal systems	1
4	<b>Resources</b> to support performance management (financial)	1

***Human resource department***

It was highlighted by a majority of participants that human resource is integral for performance management to be effective. There were respondents that strongly believed that there is a lack of human resource involvement.

*“HR can impact performance management to a great degree but in our organisation, I find there’s a lack of transparency or even the lack of direction... which is what is concerning, so when I talk about that, I am talking about succession planning, talent management etc. and then it comes back to the development element...that is not forthcoming.” [B5]*

*“Some managers and some employees saw this as a kind of a paper work exercise because they felt it did not really mean anything. It was just some kind of compliance item that HR wanted to roll out...and in terms of what exactly would this performance rating be used for? It wasn’t very clearly agreed and communicated with at management and employee level.” [B2]*

The opinions shared by respondent B2 and B5 were confirmed by respondent A5. The individual felt that human resource must not leave the responsibility of performance management to managers and employees and that human resource must provide supporting mechanisms.

It was reflected upon by respondent B3 that in manufacturing organisations, human



resource have not evolved to a strategic human resource model where human resource are a business partner. It was believed by the respondent that human resource still need to achieve strategic alignment to the objectives of the business.

Respondent A1 mentioned that human resource must be seen to be a business partner and that human resource needs to bring alignment of performance management practices to the holistic human resource strategies such as a talent management strategy. In a broader perspective, the interviewee mentioned that performance management has to align to the business context. The expectation is also that human resource should be looking at better ways of doing things and the example used was that research should be done on what are best practices including faster and user-friendly systems.

Some participants strongly believed that human resource must take the lead to create awareness on performance management so that all understand their role in the organisation, and how they impact the organisation's goals and objectives. This includes the roll out and implementation of performance appraisals. As part of the creation of awareness, a participant mentioned that the linking of rewards to performance needs to be looked at and clearly defined. Respondent D2 highlighted that the benefits of using performance management needs to be shown and training to be provided to understand performance management.

It was highlighted by respondent A4 that human resource does offer support in terms of the drafting of key performance areas and key performance indicators. This was further corroborated by respondent A3 that human resource does play an active role and are involved in performance management discussions to address gaps, deviations in scoring and developmental issues. Respondent A4 also shared the interventions that have been undertaken in the firm, which focused on inter and intrapersonal effectiveness to improve self-awareness. The interventions included emotional intelligence assessments and workshops with the intent to enhance performance and communication of the individual and team.

### ***Leadership***

Respondent A4 shared that executive buy-in is important as they communicate the expectations to managers that performance management is a requirement. This was concurred by respondent A1 that believed that leaders set the strategy and outline

the business deliverables. Another individual mentioned that if leaders request for performance management to be implemented, employees and managers will need to adhere to it and it influences the employee buy-in to conduct performance management. The mind-set of leaders was questioned by respondent C3, as to whether leaders understand performance management and what it can do for the organisation in order for the managers to drive it forward. It is understood that if the leaders do performance management for the sake of doing it, and that such a mind-set may be cascaded down throughout the organisation as well.

The leadership style is also considered to be important as it influences the culture and encourages employees which can improve organisational performance. Respondent B3 highlighted that what is required in organisations is the need for “decisive leadership” to deal with low performance and to make tough discussions. This leadership style is believed to be required in order for organisations to be competitive.

#### ***Other notable themes***

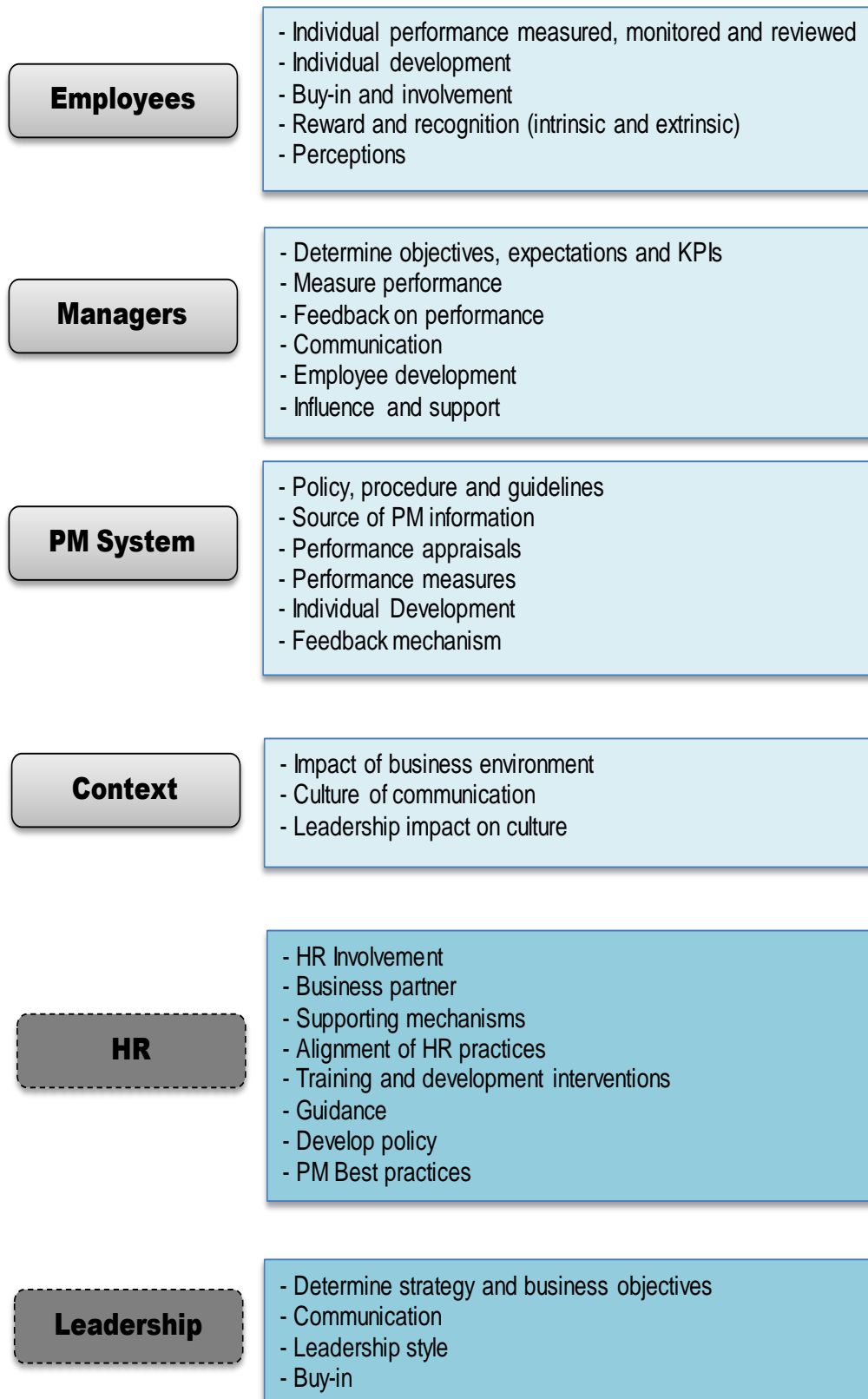
An interesting perspective was offered by respondent B4 on the limited knowledge of the impact of legislation on performance management in the organisation. Appointments are made based on employment equity rather than performance. In addition, there are employees that are sent for training ahead of other employees due to their demographic status. Respondent B1 mentioned that there are employees that have worked for many years in the business. These employees are evaluated as top performers but they only have a matric qualification and hence are not promotable. These are demotivating factors to the employees in the participants’ opinions and negative impacting performance management.

#### ***5.4.5 Summary of the Findings for Research Question 1***

The findings from Research Question 1 indicated that of the four key elements, employees were ranked as having the most impact on the effectiveness of performance management. There was a close ranking between employees, managers and the performance management system. Other elements that were highlighted by participants that were not part of the identified elements were human resource and leadership. The responses to current performance management practices of organisations included each of the key elements that are part of the study, and also highlighted human resource and leadership. The identified elements

under study, the other elements and the connection of how it impacts performance management as identified by respondents are depicted in Figure 1.

**Figure 1: Structure of findings for Research Question 1**



## 5.5 Results for Research Question 2

### How do the key elements work together to influence the effectiveness of performance management?

The aim of research question 2 was to determine the relationship between each element and the positive effects that will be an enabler for the elements to work together. The results may yield negative effects which can be used to establish the mechanics that caused it. Furthermore, other elements may be identified that could form part of the interplay between the identified elements. The intention is for this information to be used to enhance current performance management practices.

#### ***5.5.1 Effects of each key element on performance management practices***

Once the participants ranked the elements according to their perception of which element has the most impact on performance management, participants were asked to consider the positive and negative effects that each element has on performance management practices. The depth that respondents went into for the fourth interview question, facilitated the fluidity of responses to this question. These responses have been represented under each element in tables 6 to 9, according to their frequency ranking.

#### **Employees**

**Table 6: Effects that Employees have on performance management practices**

Rank	Theme	Frequency
1	<b>Mind-set</b> and <b>perceptions</b> on performance management	15
2	<b>Attitudes</b> and <b>behaviours</b>	12
3	Understanding <b>expectations</b>	9
4	<b>Involvement</b> and <b>buy-in</b>	8
5	<b>Reward</b> and recognition	4
6	Lack of <b>challenging</b>	2
7	Employee <b>initiative</b>	1

### ***Mind-set and perceptions of performance management***

The perceptions that employees have of the performance management process were mainly portrayed as negative by respondents.

*“They might see it more as a hassle, you know they’re not necessarily wanting to do anything more than what they are doing on a day to day basis. They don’t necessarily want to be part of a measurement plan. They don’t necessarily want to be part of the development plan, they just want to work from seven to half past three and go home. They don’t want to be bothered.” [A1]*

There were three respondents that pointed out that employees see performance management as a “tick-box exercise”, with one respondent going further to say that employees need to understand that “Performance management is not a big stick.” It was evident that participants saw the need for employees to understand the value and benefits that can be derived from the performance management process. Other explanations indicated that employees have an expectation to see how performance management will help them in terms of career and job satisfaction.

It was suggested by respondent A7 that an employee needs to have an open mind, be mature in their thinking and not be defensive. This was corroborated by respondent B3, offering a response on the emotions of an individual.

*“This thing of people being called... creatures of emotion. They do not fully appreciate what the objective of that criticism is. They will immediately actually can I say take offense, will become defensive when they are being taken up...” [B3]*

It was recognised that the mind-set affects the behaviour of the employee, as passionately expressed by respondent C3.

*“We are not abundantly blessed with knowledge, we are learning on a daily basis. So if someone tells you something like advises you on some way to be better. It is because you are stuck in your one way that you are focused and they are looking at you holistically from a different viewpoint so you can choose whether to accept or reject it...So it’s the mind-set and the thought pattern that the employees have that could affect positively or negatively on the performance management practices and yes, the behaviour in the organisation, how they influence other members in the organisation.” [C3]*

### ***Attitudes and behaviour***

Views provided by two participants highlighted that the system can be “manipulated” or “sabotaged” by employees in terms of the way performance is being reflected. This was substantiated by respondent B4 in recognising how the softer side of employees can be influenced and the resultant actions that employees will take.

*“So if to them it is presented as a punitive measure, they are ultimately going to be negative towards the system. And employees when they are negative towards a system, they’ll try to kill it, or they’ll try to...discourage you as part of management from actually rolling it out...it comes back to them being informed on what this is all about...What is in it, for them?” [B4]*

Respondent D1 shared that although a company can work at making employees feel valued, there are “defiant militant employees” who want to fight everything that the company tries to introduce and are not willing to embrace it. It was simply proposed that it is an “*individual thing*”. The importance of hiring the right employee which can contribute to team morale, was emphasised by respondent D2. The participant shared his opinion about the individual’s impact on the culture of the organisation.

*“...I am told that to change your company culture, you are looking at it in the sort of order of a magnitude of five years which I think is a long time. But if that is the case and you have a negative culture, it is going to be a long time for you to turn that around. So, again...bringing the right employees in and having the right employee attitude...improves on the organisation’s culture as a whole.” [D2]*

Honest behaviour by employees in terms of dealing with managers, was raised by three participants. The benefits that were believed to be derived, were a better understanding in the relationship, and a way in which employees are empowered.

### ***Understanding expectations***

It was considered that understanding can be created by means of the clarity provided on what is expected. An interviewee pointed out that when the employee is better guided in terms of the work that needs to be done, that work happens faster. It is recognised that tasks are executed much more diligently because there is clarity on the goals. The respondent went on further to explain that companies that survive are

flexible and agile with tasks being executed faster. This view was supported by respondent B5 mentioning that employees will give you what you want when given direction.

### ***Involvement and buy-in***

The effect that buy-in can have on performance management was highlighted as important. If employees are not bought into the process, it can hinder it from working. A respondent from Firm A mentioned that employees are integrated at every level to the company strategic objectives, so employees see themselves as part of the organisation. Respondent B2 embraced the concept of living the spirit of performance management”.

*“We can look at it from both the positive and negative way. So if there is a good level of buy-in...that the employee truly understands...lives the spirit of the performance management system that’s in place, it can have such a positive impact on performance management for the organisation as a whole...so a negative effect is, if it is seen as a tick box exercise. I mean I have been in these kind of performance management sessions as well where you can clearly see a lack of buy-in from an employee. They just basically complete the paperwork, agree a rating and move on with life.” [B2]*

### ***Reward and recognition***

The linking of performance to reward and recognition was brought up by four interviewees. One participant expressed that if there is no consequence for performance, employees will not care too much about it. In addition, the individual shared that performance needs to be linked to incentives, to reward good performance. Respondent A2 corroborated this by offering a view, that if employees do well, they will feel that they are giving their all and question why performance is not linked to an increase.

## Managers

**Table 7: Effects that Managers have on performance management practices**

Rank	Theme	Frequency
1	Management <b>style and approach</b>	10
1	<b>Communication</b>	10
3	<b>Involvement</b> and <b>implementation</b> of performance management	8
4	Manager <b>Bias</b>	7
5	Management <b>understanding</b> and <b>capabilities</b>	6
6	<b>Emotional intelligence</b>	3
7	<b>Ability</b> to delegate	1
7	Provide <b>resources to employees</b>	1

### ***Management style***

An interesting story was communicated by respondent B1 on the individual's learning journey of performance managing people.

*"A line manager that doesn't understand performance management is probably going to apply it wrongly and I was a staff sergeant in the army and I applied it very wrongly. I got very bad results because I thought my role was supposed to be to scream at people and get stuff done. Nothing got done..." [B1]*

This experience was supported by an opinion from respondent D2 asserting that if a manager is too strict on the team, it will impede on morale and the divergent comment was that if the manager is too soft, the team will take advantage of the manager. It was identified by respondent B3 that managers can change the approach on managing employees from a "superiority perspective" of highlighting underperformance to the role of a "mentor and coach" focusing on increasing the employee's value.

### ***Communication***

Participants saw communication as an imperative tool that managers must use in performance management. It is perceived by some participants, that managers are not having the tough conversations.



*“Often they don’t enjoy giving the negative feedback...on non-performance and then often what happens is that the performance management system is inefficient from a development point of view, because the real feedback and the real conversation does not necessarily take place.” [A1]*

Respondent C4 was disappointed that employees in the organisation are not aware of what is happening in the business. A similar view was expressed by respondent A2 that the executive team will communicate the business deliverables, though this may not cascade down to the various levels in the company.

It was asserted by respondent B4, that *“perception is reality”* and so managers need to *“walk the talk”*. The participant further commented that if employees see the manager as someone who is out to get them or stifle their voices, then employees will rebel which works against the intention of performance management.

Respondent B1 shared that at their firm, there are boards everywhere in the company that states *“you have got the power to escalate anything which you believe is wrong, irrespective of the rank of the person that you are escalating it to or with.”* Management have provided a mechanism for employees to have a voice.

### ***Involvement and Implementation of performance management***

To strengthen the comments on involvement, respondent B2 shared an example of previous experiences with a line manager. It was highlighted that the individual was really inspired and motivated by a previous line manager, taking interest in the individual’s career path. There was guidance provided in terms of the respondent’s development areas and direction given on how to progress to the next level. Interestingly, the respondent contrasted this experience with one that was negative. In this situation, the manager handled performance management badly by not mentioning the development of the employee neither explaining the role in relation to the organisation’s goals and objectives. The respondent was adamant that a manager can create a negative experience for an employee which feeds into a negative setting for performance management in the organisation.

Further insights were provided by respondents A4 and A2 on the consistency of implementation by managers. It is considered that inadequate implementation of performance management, can result in the manager not having accurate

performance management information which is important in the event of non-performance issues. A manager must also be consistent in providing performance feedback, as it was highlighted, that an employee cannot be advised that they are performing well and later on be told it was incorrect feedback.

### ***Manager Bias***

The perception on how a manager is seen to be fair was raised as an important enabler by participants. Bias was understood to affect the employment relationship.

*“...that frustrates the relationship. It limits the person’s ability to perform better...they are not fair and consistent, and then with things like favouritism, racism, those kind of things, it impacts negatively...” [A4]*

*“They need to be fair, they have to ensure the process, is perceived to be fair in the employee’s viewpoint.” [A7]*

These opinions were similar to respondent B4 that stressed, that the fair and transparent application of performance management encourages employees. If not applied correctly, it can create a problem that *“will cause the system to lose its legitimacy.”*

A manager may feel that there is a limited amount of people that they would want to invest time in from a talent management perspective, as indicated by respondent A1. This may be seen as a waste of efficient time by the manager to focus on everyone. This displays a manager not being fair. Respondent A6 expressed the same view by indicating that managers will have favourites and not measure people accordingly. The result will be that some people will not develop, some training gaps will not be properly identified and hence *“people will just stagnant”*.

### ***Management understanding and capabilities***

Participants noted the importance of management understanding performance management and the capabilities required to implement the practices. A participant stressed that if managers do not understand the business deliverables, they may miscommunicate to employees which will impact performance. This would vary to the business expectations hence the participant mentioned that understanding needs to be clear.

Respondent C3 shared that if the manager knows how the system works and how to complete performance management with the employees and there is an understanding with each other, it can have a positive impact.

**Performance management system**

**Table 8: Effects that the Performance Management System can have on performance management practices**

Rank	Theme	Frequency
1	<b>Defined policies, procedures and guidelines</b>	12
2	Performance <b>appraisal tools</b>	7
3	Performance <b>measurements</b>	4
4	<b>Reward and recognition</b>	3
4	<b>Frequency</b> of performance management	3
6	<b>Alignment</b> of performance management	2
7	<b>Source</b> of information	1
7	<b>Formal and informal</b> method	1

***Defined policies, procedures and guidelines***

Participants presented positive comments on the structure that performance management systems creates for individuals to work within. Respondent A4 referred to the performance management system as a channel through which optimum performance is guided from the individual to the department. It was further recognised that this performance yields a contribution to the organisation. Similar insights were received from other participants.

*“Guidelines are properly defined and so in that, I think everyone knows what is expected of them and the rules are very clear so no one can say that they do not understand what they are supposed to do...” [A2]*

The significance of having policies and guidelines in place was strongly emphasised by respondent B2, in that, organisational goals can exist in some piece of paper somewhere, but if not lived by each individual in the organisation, it could have negative impacts. The individual saw that a formal structure is needed.

Another respondent looked at it from the perspective of enforcing discussions and development to take place.

*“Having a system where you are monitoring and forcing the discussion and then tempering it an HR level, it creates the balance. Especially for individuals who should grow, where opportunities don’t come their way, because maybe the relationship between them and their line manager is not solid. So a formal system, for me will always have a positive effect because it then regulates, that the discussion is happening at the base...” [B3]*

This corresponded to a comment from respondent D1 relating to individuals that do not know where they are going wrong without any feedback being given. This also adds to them not knowing, where they should be “upping their game.”

The shortcoming of having too many procedures, was voiced by respondent D2 and went on further to reflect on what can be done to address.

*“So I suppose with anything that’s procedural, it can put a lot of red tape into the way. So if there is too much red tape, you’re going to be spending your life at meetings, doing performance appraisals, looking at too many figures that do not add real value. So the performance management system, needs to fit the business, at least the context...but that it’s measuring what is important...and what it’s measuring, is done accurately.” [D2]*

### ***Performance appraisal tools***

Some respondents shared their views that the appraisals are done on excel and that the business should integrate the appraisals into the system. Interestingly, all four respondents from Firm C provided responses on the on-line system that is in place. There were mixed views. Three respondents mentioned that the system is user-friendly and depends on the user inputs. Respondent C1 mentioned that there have been issues as the system is only over a year old. Respondent C4 did not see the value of the on-line system.

*“...the actual system, I do not see anything coming from it...I know everyone in my department has put in training requests but I do not know what is happening with that.” [C4]*

### ***Measurements***

Respondents B4 and B7 raised the issues about variances in the measurements from one employee to another employee. An example that was used to substantiate was that there are different evaluations for the “exact same KPI.” This was supported by respondent D2 that commented about the need for accurate measurements.

### ***Other notable themes***

A very interesting comment was made by respondent B1 on the alignment of performance management. The participant confirmed that the elements under study are “inter-linked” and if one of those elements are taken out, there will be non-alignment. A story was shared about the individual’s work experience as a line manager in 1994. This was when the country was undergoing a transition. The comment made was that employees at the individual’s work place were not happy. The point shared was that, although there was a very good performance management system, as a line manager, the individual found it difficult to implement performance management.

*“You had a disconnect which had nothing to do with the performance management system, as employees had a different agenda to the managers.”[B1]*

Reward and recognition have been raised previously. However, respondent B2 provided an interesting example of a “bad” performance management system, which is one that is linked to financial incentives. The individual considers this bad as the company is being financially committed in future for past behaviour. The proposal offered was for there to be a performance bonus instead of a merit increase.

### **Context**

**Table 9: Effects that context can have on performance management practices**

<b>Rank</b>	<b>Theme</b>	<b>Frequency</b>
1	<b>External context</b>	12
2	<b>Culture</b>	9
3	Clarity of <b>expectations</b>	4
4	<b>Structure</b> of the organisation	1
4	<b>Size</b> of the organisation	1

### **External context**

Participants recognised the external environment as having an impact on the business and, in addition, frames how the business reacts. Respondent A1 highlighted that the context of the organisation “sets the tone” within which the organisation operates in. The strong opinion offered by respondent A1 referred to the understanding of the context in order to draft the performance management system. The participant went on further to explain, that any misinterpretation of it will result in a poorly executed performance management system. Respondent B1 provided a contrasting view by reflecting and indicating that although the context has changed, the performance management system in the firm has remained the same from “2002” and acknowledged there were some improvements. The participant shared that what is changing all the time, is “*what goes into the performance management system*”. To re-iterate the point, the respondent mentioned that the holding company still requires the deliverables to be met and it has not changed, even with “*post Covid*”. However, “*what changes is what and how to measure.*”

The external contextual challenges were mentioned by five participants. Respondent D2 expressed that the automotive environment is “mature” which leaves very little room for poor performance. And went on further to state that the cost of failure is very high. Another participant stressed that the business context takes precedence before individuals. Production is a priority in most automotive firms.

*“There are contextual challenges, you know customer expectations increase, there may be supplier constraints that create constraints for the company and that becomes pretty hectic and that does happen often. I would say our employees in our organisation and industry, they work under pretty tough demands, in our context.”*  
[A4]

A supporting comment provided by respondent A2 shared that human resource has to extend the timings for performance management to be done due to the nature of the business they are in, which is the manufacturing industry.

### **Culture**

In terms of the aspect of culture, individuals identified this as an important backdrop to have for performance management to be work. Respondent A6 spoke about the

environment in the firm and conveyed that a culture of learning motivates people to develop themselves, which builds loyalty towards the company and management. Two participants highlighted the need for culture that promotes frequent communication and platforms to provide feedback.

Respondent D1 ardently expressed that if the company culture values people, it will definitely have a positive effect. Further to this, the participant highlighted that *“management determines the culture of the company”* which influences employees.

There was an interesting view given by respondent A3 on what has been identified in the manufacturing sector. The individual mentioned that the perception by employees is very sensitive, and has quite a huge impact on how they engage with line management and company management. And hence the culture needs to be appropriate to not have a top down approach which can have a negative consequence. Contrary to that opinion, was one offered by respondent B3 on performance not being monitored and where no performance discussions take place.

*“We are as we allow and I say that because the culture that... fails at the end of the day, is dictated by the worst behaviour that a manager is willing to tolerate and if we have an organisation where poor performance is not tolerated...this kind of strict approach, I think would benefit any organisation much better.” [B3]*

### **Clarity of expectations**

Participants spoke about the clarity of expectations having an impact on performance management practices. Respondent A4 mentioned that in the firm that the individual is working in, the employees are very structured and systems driven, where the expectations are known which removes the ambiguity in the manufacturing environment. The individual went on further to state that the firm provides as much structural clarity to employees as possible.

### **5.5.2 Management practices that enhance employee performance**

Performance management has been recognised, according to the literature review, as an instrument that can improve employee performance. The aim of this interview question was to understand the management practices that can support the identified elements in working together to enhance the efficacy of performance management. The resultant effect would be to improve employee performance. It should be noted

that the term “leaders” and “managers” were used interchangeably by interviewees.

**Table 10: Management practices that enhance employee performance**

Rank	Theme	Frequency
1	<b>Communication</b>	10
2	Management <b>support</b>	9
3	Management <b>style</b>	8
4	<b>Reward and recognition</b>	7
5	<b>Culture</b>	4
5	Clarity of <b>goals and expectations</b>	4
7	<b>Monitoring and measuring</b> performance	3
7	Manager <b>capabilities</b>	3
9	Other (policies and training)	4

### ***Communication***

Participants recognised communication as a tool to influence performance. There were various aspects raised as a requirement such as frequent discussions and constructive feedback. Respondent B7 works in the production environment and shared that “*face to face*” interaction motivates employees as they feel that you are interested in what they are doing or what their problems are. The individual further suggested that instead of communication by email or “*WhatsApp*”, rather go and have a chat with employees. Open communication also was indicated by respondent C3 as key and it reinforces employees to open up as well.

In order for employees to be open and have a voice, respondent B4 suggested a management practice that involves a collaborative management system where the views of employees are considered and thereafter employees receive responses to items they raised. The example proposed was the implementation of an employee engagement survey and management can rank and prioritise which items to work on.

### ***Management support***

Many participants shared that support from management can come in the form of guidance for work, coaching and mentoring. It was considered that assistance must also be through identifying training needs and “*making employee development a*



*priority*". It was highlighted by one participant that employees must understand that management are there to support them.

### ***Reward and recognition***

Reward and recognition was raised again as a theme. One participant highlighted that recognition is important and employees are motivated and driven by different things.

*"The reinforcement of appreciation, that tap on the back, that recognition means a lot...recognition can be tangible or monetary, each person is different and what drives them differs...some of them need a pat on the back and those kind words, and they would give you their undivided support...some require an increase, those kind words do not make a difference."*[C3]

Respondent B7 acknowledged that there is a flaw in management that they do not thank employees, and say "well done" and "good job". The opinions expressed by respondent C3 and B7 were concurred by one participant.

*"You acknowledge you know good performance or progress, I think that's the first step...by saying well done...I think that is a huge side of people management... You know people are motivated differently..."* [A3]

### ***Management style***

The way in which leaders or managers conduct themselves was considered by some participants. Individuals perceived that leaders and managers must be transparent, open, honest and more approachable. The style and approach used to get buy-in and engage with employees was strongly represented by respondents.

*"I worked in a company previously where there was an autocratic management style and it had a negative impact on the organisation. And now when I look at the new culture within the organisation, it is a more relaxed management style...a more trusting approach, more empowering approach to the employees and then obviously you seeing that coming through the results as well."* [B6]

*"...Management is purely sitting in the driver's seat, only to control where the car goes but the steering and the tyres going forward, that is the buy-in from employees,*

*so an engaged management style and an open management style...and it is not just that we are expecting employees to respect us and follow us because we are leaders but having the kind of management style where you can be open and honest and drop the guard.” [B3]*

### **Culture**

Respondent B3 indicated that there is a necessity for strong leadership to encourage a culture of progressive thinking. This was confirmed by respondent A6 that sees the need for an environment where growth is encouraged. Respondent B2 mentioned that at their firm, employees are on-board with organisational goals due to the awareness created by management. However, the downside to the management approach, is that performance is neither rewarded or disciplined.

*“I think from a cultural perspective, there’s both good and bad. So the good things are things like the level of awareness of employees...that is why I really believe we have managed to be successful in meeting the goals of the organisation, in spite of what I would say is a poorly rolled out performance management system. And on the negative side perhaps an area where there is a poor cultural aspect is a lack of accountability. So where employees are doing well, I feel perhaps they are not rewarded adequately and similarly where they are not...they are not appropriately disciplined...or held accountable for that poor performance.” [B2]*

### **Clarity of goals and expectations**

It is perceived by some respondents, that the ability to set clear goals, from an organisational level to the employee level is key and that it is important to ensure the appropriate translation of such goals. This according to individuals, supports the employees’ understanding of expectations.

### **5.5.3 Overall utilisation of performance management in the organisation**

Performance management may not be applied consistently across organisations. The aim of this interview question was to establish the application of performance management practices across the various business areas in the organisation. This interview question was linked to research question 2 with the purpose of determining that if there are areas where performance management is not being applied, whether any of the elements under study were the result of performance management not being applied.

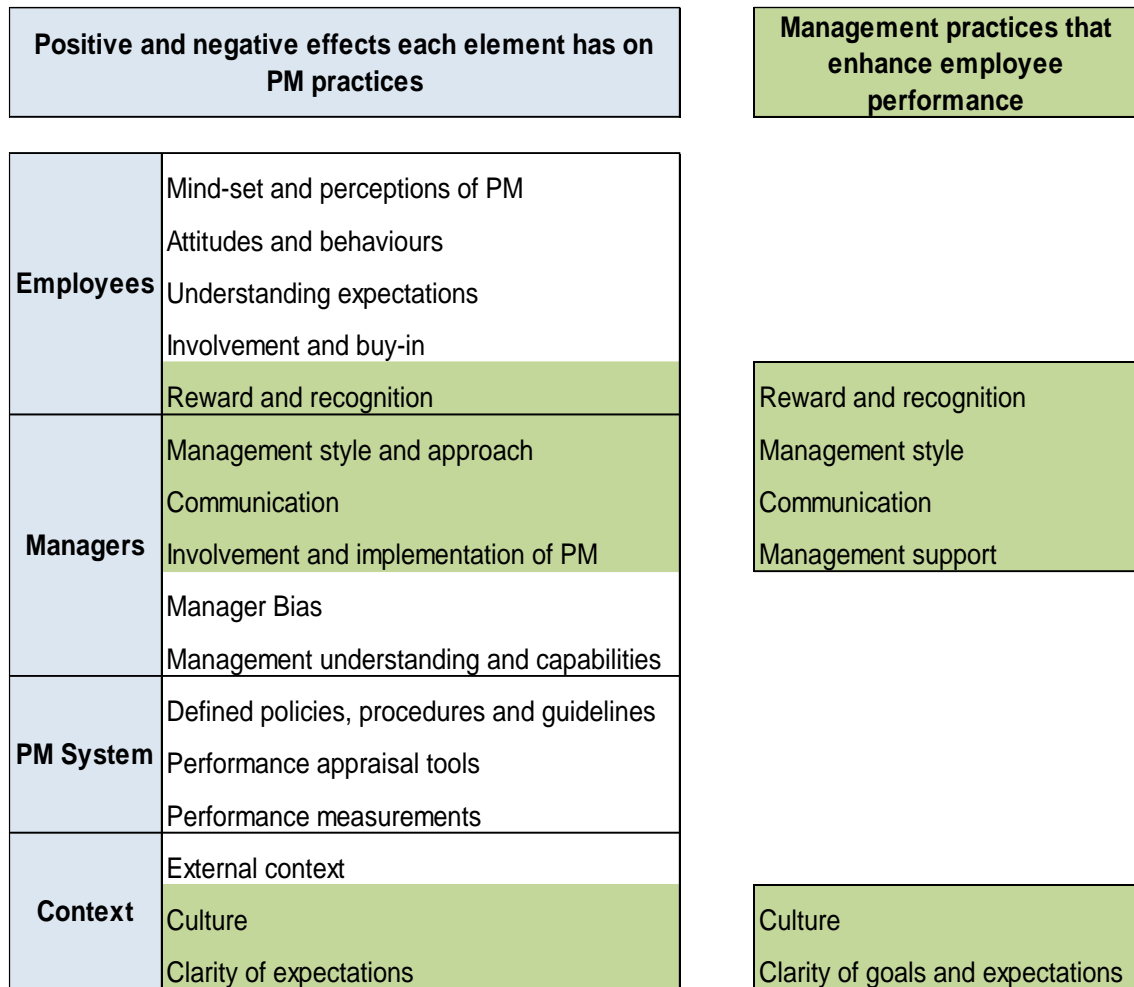
Respondent A1 mentioned that there are formalised performance management processes for employees, mainly office workers. In addition, employees in production are measured using production measures and do not receive individual performance feedback as there are no appraisals. It was further highlighted that performance management practices are more effectively applied in areas where there are performance appraisals being done, in comparison to production departments. It is perceived that performance of production workers is measured more on a collective basis rather than an individual basis.

Participants have not provided information that highlights that the elements under study hinder the application of performance management in business areas in the organisation.

#### ***5.5.4 Summary of the Findings from Research Question 2***

The findings from Research Question 2 highlighted the positive and negative effects of each of the elements which displayed the relationships between the elements. The elements do not work in isolation, as each one has an impact on the other. The responses to the question on management practices reflected commonalities when compared to the effects of the identified elements. Figure 2 displays the structure of the findings for Research Question 2.

**Figure 2: Structure of findings for Research Question 2**



**5.6 Results for Research Question 3:**

**How relevant are current performance management practices?**

The aim of research question 3 was to understand the relevance of current performance management practices that are adopted by organisations. The scope of the questions were to address the advantages and disadvantages of current performance management practices as perceived by participants and the recommendations that can be considered to improve. The insights that are gained will be used to determine enhancements that could be made to the organisation’s current human resource practices.

### **5.6.1 The advantages and disadvantages of current performance management practices**

The interview question followed shortly after participants had provided an understanding on current performance management practices at the firms. This approach was used to allow for the foundation to be set on current practices and to encourage participants to think deeply about the advantages and disadvantages relating to this. There were many commonalities in comparison to previous identified themes, and there is limited value in repeating these descriptions. The summary of advantages and disadvantages are therefore displayed in Table 11 and Table 12 according to their frequency ranking. The details are reflected in a more comprehensive table, which has been included as Appendix 4.

**Table 11: Advantages of current performance management practices**

Rank	Theme	Frequency
1	Understanding	9
2	Performance management System	6
3	Communication	5
4	Development	2
4	Alignment	2
6	Accountability	1
6	Recognition	1

**Table 12: Disadvantages of current performance management practices**

Rank	Theme	Frequency
1	Performance management System	11
2	Communication	7
3	Perception	6
4	Role of Human resource department	5
4	Management	5
4	Reward and recognition	5
7	Employee involvement	3
7	Organisational structure	3
8	Employment criteria	2
8	Business environment	2

### **5.6.2 Performance management practices that are adopted by global and local organisations**

The purpose of this question was to provide a source of information that could be used to provide recommendations in the final interview question. Participants were asked about their understanding of effective performance management practices that are being utilised by organisations globally and locally. Respondents struggled to provide answers to the question, as the participants were not experts in the field of performance management. Only nine respondents answered the question. The researcher prompted the respondents to consider this as part of the response to the final question, to which respondents did link the answers. Hence the responses for question nine have been merged with the responses to the final interview question.

### **5.6.3 Recommendations to improve current performance management practices**

The aim of the interview question was to obtain recommendations from the respondents on how to improve their organisation's performance management practices. The findings are presented in Table 13.

**Table 13: Recommendations to improve current performance management practices**

<b>Rank</b>	<b>Theme</b>	<b>Frequency</b>
1	Performance management system	14
2	Communication	7
3	Reward and recognition	6
4	The role of human resource department and management	4
5	Changing perceptions	2
6	Enhancing employee value	1

#### ***Performance management system***

Respondent C2 from the human resource department did not see any need to improve current performance management practices.

*"No, I would not want to change or improve anything on that because it works well for us and the way it is working is very interactive. It's a good system and it is fair..."*

*[C2]*

There was a recommendation provided to not only focus on the “KPI element” which respondent B6 regards as the organisational side of performance management but to look at individual development such as talent management and succession planning.

*“Look at who is going to be the next directors in the organisation... You do not see that with this loose approach. You only getting the one benefit which is where the company is performing which is not a bad thing. But at the same token, people want to grow within the organisation.” [B6]*

Respondent A1 identified the need for a proper development gap analysis to be done by managers, where they have to understand employees and their development and training needs.

The requirement for a clear policy to be implemented was a recommendation by respondent B2. An important point was made by with regards to the application of Performance management in the different business contexts worked in by the participant, which is the financial sector and the manufacturing sector.

*“...in a manufacturing entity, it is all about...is your quality, is your cost right? Is your efficiency on the line right? ... but the real focus is not so much on support departments like finance, HR, quality, engineering and so on. But in the context of something like an auditing company, which is a professional services company...is totally reliant on making sure that the employee is well incentivised and given good opportunities for development.” [B2]*

In firm D where is no formal appraisal system, respondent D1 had acknowledged that there is a definite need for one. Once a formal appraisal system is in place, it was proposed by respondent D4 to increase the frequency of appraisals from annual to quarterly. The request for an increase in frequency was corroborated by respondent C3.

Respondent D2 acknowledged the importance of having accurate information that provides accurate measurements to allow for management to make better decisions and to leverage on employees that perform. There are areas where it is difficult to

measure which was highlighted by respondent B1. The recommendation was to identify if definite targets can be determined.

The enhancement of the PA tool moving from being excel based to online was highlighted by respondents A4 and A5.

### ***Communication***

Respondent D1 proposed that there be an improvement in communication between management and employee. This was supported by respondent A1 who believes that the “discomfort” between managers and employees needs to be addressed where they need to start talking to each other on a more authentic and honest basis.

Respondent D4 argued that it is the responsibility of management to improve communication and to create awareness about performance management. Firm C, where communication takes place on the on-line system, respondent C3 suggested that there needs to be one on one reviews between the line manager and the employee.

The inclusivity of employees through interventions such as listening to people and aggregating their views was highlighted by respondent B4. Management are to be given a “cocktail of activities” to provide feedback to employees. The thinking behind this is to encourage employees being involved in the solutions.

### ***Rewards and recognition***

A defined incentive was recommended by respondent C1, which can be a percentage based on the employee’s basic pay. The view about a financial incentive was supported by respondent C3. The proposal offered was to provide a performance bonus that is related to the achievement of key performance indicators and that is a percentage based on basis pay ranging from 0% to 100%. The background to this proposal was based on experience in the previous organisation that the respondent worked for.

Respondent B1 suggested that salaries be adjusted for performance, though they were very cautious about introducing it.



*“If there was a way to adjust salary slightly based on it, you could, but you have to be so good with your performance management, that it is fair... and I think every person working in a company believes that they do more than their neighbour, but if they do more than you, even if everything was fair, you probably still going to have unhappiness. So you got to make sure that whatever you put in does not create unhappiness.” [B1]*

### **The role of human resource department and management**

Training on the performance management system to improve understanding was suggested by respondent C1. This was confirmed by respondent C3 that saw this as the responsibility of human resource department to provide training to employees and management on the benefits of performance management.

*“It is basically just driving it through the management team and employees so you get the buy-in from the managers who can support the activity and then you get the buy-in from the employees whose resistance to performance management...change and make it easier for them to understand.” [C3]*

This was contrary to respondent B3 that saw that everybody should accept their role in driving the performance management discussions.

*“It is a joint exercise...that is going to grow the organisation and help us to achieve more performance and higher levels of competitiveness. If it becomes an exercise for an individual department... it will lose its value.” [B3]*

Respondent A4 adopted a similar view that human resource department must feedback to managers so that managers can take accountability for performance management.

### **Other notable themes**

A suggestion offered by respondent D2 was to ensure that the organisation hires the employee that can “add value” and management needs to recognise that it is key to “enhance that value” and to “retain that value”.

Respondent C1 accepted that in firm C every individual needs to understand the benefits of the performance management system. The importance of creating a

culture where performance management is not seen with a negative perception in order to get more buy-in was raised by respondent B3.

#### ***5.6.4 Summary of the Findings from Research Question 3***

The findings from Research Question 3 reflected that the respondents maintained the same themes throughout the research study as was evident in Table 4. The findings that explained current performance management practices and the themes in this research question will be used to discuss the relevance of current performance management practices.

### **5.7 Conclusion**

In this chapter, the results from the ten interview questions are presented. The themes that emerged during the analysis of data collected from the in-depth interviews are supported by literature on the subject of performance management. Additionally, new insights that were obtained during this process will contribute to understanding the elements that are likely to have an impact on the effectiveness of performance management in organisations, with specific focus on automotive component manufacturers in KwaZulu-Natal. In Chapter 6, the findings from the qualitative analysis are comprehensively discussed and a proposed framework to understand the elements that influence performance management practices in an organisation and the inter-relationships between the elements will be presented.

## **CHAPTER 6: DISCUSSION OF RESULTS**

### **6.1 Introduction**

Chapter 5 described the key findings to emerge from the research study. In chapter 6, the results are analysed in more detail, and in relation to the literature review that was provided in Chapter 2. Key findings from the research investigation are related to the concepts and constructs provided in the reviewed literature. The intention is to answer the research questions outlined in Chapter 3 and to assess their contribution to the performance management literature.

### **6.2 Discussion of Results for Research Question 1**

#### **What are the key elements that influence the effectiveness of performance management?**

Research question 1 sought to determine what the participants identified as the key elements that are impactful on the effectiveness of performance management. The key elements as provided by the reviewed literature were employees, managers, the performance management system and the context in which performance management occurs. (DeNisi & Murphy, 2017; Kehoe & Han, 2020; Okwir et al., 2018; Pulakos et al., 2019; Smith & Bititci, 2017). The research question sought to confirm the validity of these elements in impacting the effectiveness of performance management, to determine which element is most impactful and to establish other elements that may have an influence.

#### ***6.2.1 Purposes of performance management***

The information from the interviews supported the in-depth understanding of the purposes of performance management as perceived by the participants. Table 3 displays the purposes offered by participants. The data was analysed based on response frequencies. The purpose that was ranked the highest was the measurement, monitoring and management of individual performance with a frequency count of 20. This was the most common understanding as expressed by the participants across the automotive component manufacturers.

Performance management involves the identification, measurement and development of individual and team performance and the alignment of performance with the strategic goals of the organisation (Aguinis, 2008). The themes that were

ranked from 1 to 5 were encapsulated by and linked to the definition provided by Aguinis (2008). The measurement of performance of individuals were validated by participants. The participants' responses were mainly concentrated on the individual in comparison to the team. Participants acknowledged that employee performance supports the achievement of the strategies and goals of the organisation. The alignment of performance was clearly articulated by the majority of the participants and these views were shared by participants in diverse areas of business.

In order to establish alignment, communication on company purposes are imperative. Participants recognised the need for the translation and cascading of strategies, targets and objectives. The effective dissemination of information within the organisation is important. Employees want to understand the validity of their contribution within the overall vision of the company. In addition, to the requirement for corporate communication, is individual performance feedback and clarity on expectations. The qualitative data suggests that employees require knowledge on what is required in order to get the job done. In working towards objectives, there is a need for employees to receive feedback. Some respondents identified that employees and managers should be receiving feedback, which calls on two way communication. The frequency and quality of feedback was also pointed out as a prerequisite.

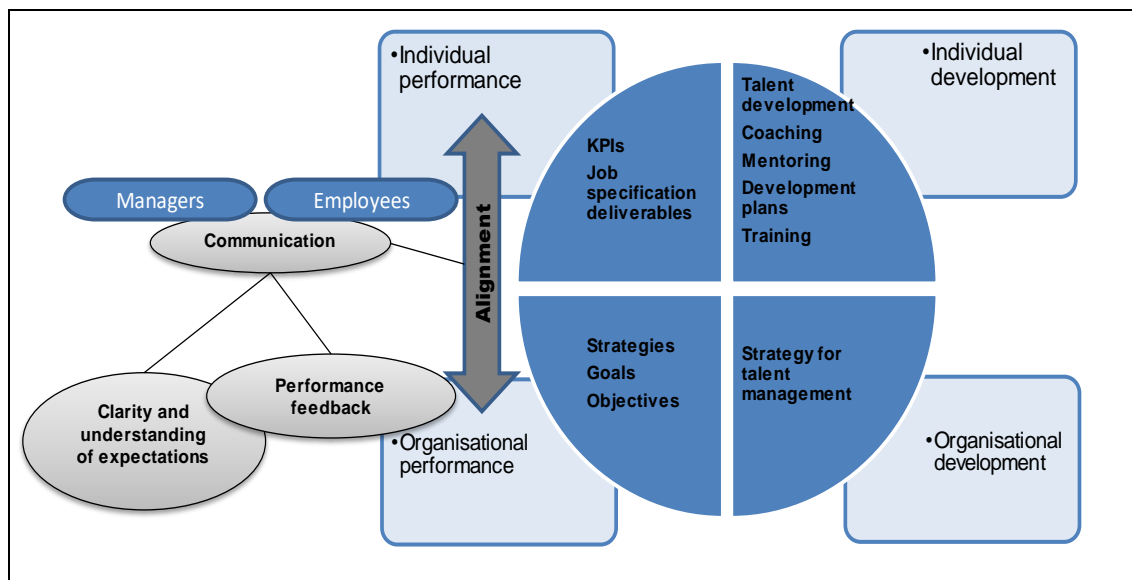
Participants' responses revealed there to be more of a weighting on the measurement, management and monitoring of individual performance rather than the development of performance. The development of individuals were explained in terms of various types of interventions that could be undertaken. Dewettinck (2008) stipulated that businesses can utilise performance management with a strong orientation towards performance or development. The tendency of human resource practices that automotive component manufacturers are using, could not be inferred at the initial stage as the first research question was introductory and a preface to subsequent questions. Though, it can be overlooked, that the tendency is beginning to lean towards a performance orientation.

The findings recognise the relationship between performance management and talent management. This affirms the postulation by Almohtaseb et al., (2020), performance management is a tool to regulate talent management to firm performance by identifying, retaining and developing talented employees. Comments

relating to long term sustainable development of organisations by means of a “certain level of succession” and “talent transformation” appear to be key in this regard.

The intentions of performance management as offered by participants appear to align with the extant literature. This is evident in respect of Aguinis & Burgi-Tian (2021), who reflect that one of the purposes of performance management is to communicate organisational priorities, maintenance of a high quality workforce, development of employees and compilation of information on the talent inventory in the business. Figure 3 provides a visual depiction of the study responses, as categorised into various aspects pertaining to the purposes of performance management.

**Figure 3: Purposes of Performance Management**



**6.2.2 Key elements that impact the effectiveness of performance management**

The second interview question requested participants to provide an understanding on current performance management practices. From the responses offered, various elements and mechanisms were highlighted. The fourth interview question requested participants to rank the elements under study to determine the extent of its impact on the effectiveness of performance management. Additionally, it displayed the relation of one element to another. The results of the ranking of the elements are displayed in Table 4. The sixth interview question allowed for respondents to consider other elements that were believed to be impactful.

When interviewees imparted an in-depth description of current performance management practices in their organisations, various elements were noted as critical: employees, managers, the performance management system, the operational context, leadership, the human resource department, and parent organisations. The human resource department and leadership were two critical themes that were not directly included in interview schedule, but that featured very strongly when the respondents were asked to reflect on any other elements that they deemed impactful on the efficacy of performance management. The themes are integrated and are discussed in relation to this as per the structure of findings displayed in Figure 1.

### ***Employees***

Employees were ranked as being the most impactful on the effectiveness of performance management. As the “subject of management”, the respondents acknowledged that employees by default are part of the process as it is their performance that is being measured, managed and monitored. Furthermore, employees are developed as part of the performance management process. This development intervention can be through the employee’s initiative or from the manager. The resultant effect is improved performance to align and meet the organisation’s strategies and goals.

Employees are expected to deliver on what the organisation requires hence their involvement and buy-in into human resource practices is important. This is recognised in the literature: High commitment can be achieved when employees are involved in determining objectives and targets (Farndale et al., 2011). Employees, managers and leaders should be involved in the setting of the business key performance indicators. The process allows for a detailed understanding of the expectations and a holistic view of the business. This confirms the postulation by Pulakos et al. (2019), that inclusive setting of goals assists employees to perform.

The findings also draw attention to employee performance contributing to firm performance. Interestingly, the high involvement had been attained without an effective PA process being in place. In addition, there are no performance related increases except at the executive level. Evans & Tourish (2017) indicated that individuals can choose to work effectively and efficiently and that close supervision

with frequent feedback can increase motivation levels. High involvement and close monitoring can result in employee buy-in without being incentivised, although respondents clearly believe that there should be rewards for demonstrated efforts.

In some firms, the employee drives the performance management process. The purpose was outlined to be either intrinsic which is related to developmental objectives or extrinsic where performance is linked to pay increases. Pulakos et al. (2019), posited that if employees know they will be rewarded for achieving work objectives, they will be performance driven, which deters the development of individuals. Evans & Tourish (2017) shared a similar standpoint that performance linked to pay, will detract the employee's focus away from development.

### ***Managers***

Respondents often referred to the involvement of the manager in performance management practices. As highlighted by Kehoe & Han (2020), the involvement of managers in human resource practices cannot be underestimated. Aguinis & Pierce (2008) suggested that performance appraisal is led by Human resources, though performance management is driven by management. The findings suggest that managers need to understand what they expect from the individual and what the future of the organisation will be. This is consistent with Lebas (1995), who highlighted that management influences and designs the future of the organisation. This stresses the importance of the manager role.

From a technical perspective, as offered by the respondents, the managers are involved in discussions developing the business performance measures, determining the department and individual objectives, measuring, and monitoring performance and developing employees. Managers are the mediators between leaders and employees. They are the source of the employees' interactions with human resource practices (Kehoe & Han, 2020). Hence the direction that employees go in, is guided by the manager.

Respondents highlighted that managers influence the operating environment and hence have an impact on employees. Communication is an important attribute for managers to have. Managers will communicate business priorities, provide individual performance feedback, and hold regular meetings to discuss the status of work activities. Through this regular engagement with employees, relationships are built

and determines how employees are treated. Schleicher et al. (2018) posited that managers that focus less on improvements and more on positive feedback, may reduce the effectiveness of performance. Hence managers need to determine the quality of communication that is being given.

### ***Performance management system***

The findings suggest that the automotive industry has a conformance culture where the workforce must adhere to rules and regulations. The majority of the research participants spoke about policies, procedures and guidelines which directs the organisation and supports the human resource strategies. The findings reveal that firms would want formal performance management systems to reinforce the required actions and behaviours. Participants also emphasised the need for employee development. Respondents shared that having policies, procedures and guidelines enforces the necessary engagement. Gerrish (2016) postulated that where there is an internal policy for an organisation, it can result in buy-in for implementation. Furthermore, employee trust is constructed through formal policies and practices (Farndale et al., 2011).

Denisi & Murphy (2008), indicated that performance appraisal is an aspect of performance management and forms part of a broad range of human resource activities. When responding to the question on current performance management practices, most of the participants centred their responses on performance appraisal. The heavy reliance of individuals on performance appraisal was evidenced through focused explanations on the appraisal process and on-line system. This supports the assertion by Aguinis et al. (2011), that most businesses engage in performance appraisal rather than in performance management.

Schleicher et al., (2018) highlighted formal and informal structures where policies and procedures are developed to align individuals with strategy, compared to informal structures which are not documented and consider contextual factors. In understanding the performance management system at a firm level, with regards to the top performing firms, Firm A displays an effective formal performance management process compared to Firm B. The performance management process at Firm A includes performance measurement, monitoring and individual development. There is also a formal, infrequent performance appraisal process. At



Firm B, the focus is mainly on performance measurements with an ineffective and inconsistent performance appraisal process. The structure and procedures are less formal than Firm A. Though, both firms take context into account. As pointed out by respondents from Firm B, there is minimal employee development. With regards to low performing firms, Firm C has an appraisal process whereas Firm D does not have one. Firm C is heavily reliant on a parent company directed online appraisal system to manage the performance of employees. Firm D does not have adequate measures to manage performance at the individual level.

The design of the performance management process is important as all other elements must align with the process. Context is also important as this can define the human resource practices adopted by the organisation. Aguinis (2011) postulated that performance management systems can be focused on performance measures or enhancing competencies and skills. The firm can have a singular focus or a combination of both.

The frequency of performance appraisal varies by firm and happens either on a quarterly or bi-annual basis. Although some respondents from Firm B mentioned formal and informal feedback being promoted, other respondents revealed that informal feedback is centred around achieving organisational performance and by default looks at individual performance.

Many participants raised reward and recognition frequently. Respondents wanted performance to be linked to a financial reward. This necessitates clear, defined guidelines on reward and recognition. Aggarwal & Bhargava (2009) pointed out that an adequate reward management system motivates employees to improve their work.

There are various mechanisms in the performance management process such as performance contracts, service contracts, development plans, key performance indicator documents. However, it is the efficient use of these mechanisms that is important. Employees and managers need to ensure the effective use of performance appraisal tools.

## **Context**

The context within which organisations operate is clearly very important. DeNisi &

Smith (2014) highlighted that external factors such as business strategy shapes the performance management system. If there is no alignment with the environment, then the organisation will assess what mechanisms to apply to create alignment Okwir et al., (2018).

The manufacturing environment as presented by respondents is busy and does not allow for much conversations. There may be performance management practices in place, as is the case in Firm A, however, the environment influences the application of performance management practices and its effectiveness. As highlighted by Schleicher et al. (2018), performance management practices for an organisation may be effective in specific contexts and its implementation may work for one entity and not for another. The contexts for firms will vary, which may impact their strategies and business deliverables. This in turn influences the practices that firms adopt.

Furthermore, structure is a factor that can affect management from focusing on performance management. A flat management structure in a firm could, for example, limit the environment for development interventions to take place. Kehoe & Han (2020), stipulated that the autonomy of the manager is influenced by the structural contexts.

In terms of the internal context, a leader can promote the inclusivity of employees through open and effective communication. Leaders are in a position to change the culture of the organisation as they are in a position of authority and should be leading by example.

### ***The role of Human Resource***

Human resource practices are recognised to be more important in human resource literature than human resource policies (Gorman et al., 2017). The effectiveness of HR practices is therefore of paramount importance. Human resource respondents A1 and B3 highlighted the importance of human resource department occupying the role of business partners in the organisation. Respondent A1 asserted that human resource department are responsible for designing and developing strategies and practices to manage human resources in order to achieve the organisation's deliverables. This is consistent with the suggestion by Gorman et al. (2017) that human resource systems are developed by human resource personnel. As shared by the respondent A1, the focus from the human resource department at Firm A is to

move from siloed human resource practices to strategic talent management which is considered to be the “single greatest strategic challenge”. Human resource can influence the business to think strategically.

The role of human resource is also to develop policy, procedure and guidelines. In developing this, it is important to ensure understanding and awareness is created on this, by means of training (Gorman et al., 2017).

### ***Leadership***

Leaders determine the key performance areas for a business and are responsible for cascading this to the business. Leaders dictate the direction of business and have a key role to play in how human resources are managed to get there. Several respondents emphasised that their performance management system could be attributed to strong leadership at the firm. Though leaders may be focused on the organisation, it was also emphasised that they should not lose sight of the development of individuals.

In order drive performance management, it was seen by interviewees that culture can have an impact. Leaders and managers are in positions where they can influence the environment and stimulate it for engagement. As one respondent pointed out, the culture can be to live the spirit of performance management. It was also identified by another respondent, that in order to influence culture, the leader’s mind-set on performance management needs to be considered. If the leader is not focused on the organisation following through with performance management, then this may not occur.

### ***6.2.3 Findings for Research Question 1***

The research findings determined that the main purpose of performance management are the measurement, monitoring, and management of individual performance. The next ranked purpose was the achievement of organisational performance where the alignment of individual performance is essential. Individual development was not highly ranked in comparison to individual performance measurement.

Moreover, the findings identified that there are elements in addition to the identified elements, that influence the effectiveness of performance management. These relate

to the human resource department and leadership. Employees were the top ranked element, having the most impact on the effectiveness of performance management. Context was ranked as having the lowest level of impact, although all four elements covered were deemed important.

### **6.3 Discussion of Results for Research Question 2**

#### **How do the key elements work together to influence the effectiveness of performance management?**

Research question 2 sought to determine the relationship between each of the elements that will contribute to the efficacy of performance management. Moreover, it was to establish the enablers and the deterrents of each element and how these impact the relation of one element to another. The themes are integrated and are discussed in relation to this as per the structure of the findings displayed in Figure 2.

#### ***6.3.1 Effects that each element has on performance management practices***

##### **Employees**

The top five ranked themes are displayed in Table 6.

##### **Mind-set and perceptions on Performance management**

Majority of participants responded negatively about how performance management is viewed by employees. It was argued that they do not see the benefits and the associated support mechanism that is offered by performance management. Perceptions of the performance management system can centre on its transparency. Employees may recognise the outcomes of the performance management system in relation to the efforts that have been invested. This may well influence the views on the fairness of performance management when such outcomes are shared. In the absence of such transparency, employees will frame opinions about performance management on what they believe it to be.

These beliefs dictate employee behaviours and attitudes (Bauwens et al., 2019). Gorman et al. (2017) suggested that employee involvement in the development and implementation of performance management systems can increase system effectiveness and employee perceptions.

### Attitudes and behaviours

The emotions of employees can affect perceptions with the resultant impact on the way employees respond through their attitudes and behaviours. If these emotions can be managed well and understood by individuals, it can improve employee engagement with performance management (Zhou & George, 2003). This may corroborate the relationships that employees engage in. As highlighted by Uslu & Uslu (2019), emotionally intelligent employees are better able to deal with negative issues. If the ability exists to handle situations in a positive light, this will assist managers in the engagement over performance management issues. Employees are equipped to receive performance feedback. This could also result in honest, open and transparent discussions from both perspectives. Involvement from managers and the human resource department to provide learning on emotional intelligence is also important.

### Involvement and buy-in

In order to build work relationships that may influence attitudes and behaviours, time will need to be invested by employees and managers to accomplish this. High involvement work practices can inspire commitment in the workforce (Boxall & Macky, 2009). The responses provided by participants revealed the dark side of what employees can do, in terms of “manipulating” or “sabotaging” outcomes. It is clear that employees can impede the efforts by management in implementing performance management, hence the importance of creating employee awareness. By involving employees in the process, they will have more trust in performance management practices (Farndale et al., 2011). As a result, buy-in to the process must be attained. The negative side to high involvement is the bargaining power that employees will have, hence management will need to assess how to manage this.

### Understanding expectations

Respondents perceived that by providing clarity on expectations, guidance on work and goals that have been set, supports employees in understanding what is required. Through feedback and coaching, employees understand the expectations of work and behaviours necessary to meet it (Aguinis et al., 2011). Furthermore, employees and managers obtain a better understanding on how performance aligns with the organisation.

### Reward and recognition

Most respondents want to be rewarded for performance and requested financial rewards. There were individuals that are satisfied with intrinsic motivators. It was acknowledged that people are motivated differently, some are driven by financial rewards, others by intrinsic factors. DeNisi & Pritchard (2006) suggested that employee morale improves when they see that their work results in anticipated outcomes. Financial rewards that are linked to performance impacts employee behaviours (Nerstad et al., 2018). The research suggests that high performers may feel despondent if they are giving their all and performance is not linked to an outcome. Therefore, if the business decides on rewarding performance, it is imperative to differentiate performance levels. Lebas (1995), underlined the importance of accurate measurements to assess employee performance.

### **Managers**

The top four ranked themes are displayed in Table 7.

### Management style and approach

There are individual factors that lead to variations in the implementation of human resource practices by managers. Kehoe & Han (2020), asserted that managers have attributes which are used to manage employees. This shapes how they apply themselves in working towards achieving goals. The styles utilised by management are guided by perceptions of how they believe employees should be managed. Management styles can either positively or negatively impact a business. Contextual factors such as resource and structural aspects impact on the manager's response to it. Managers need to adopt an approach to positively influence employees. The findings suggest that an engaging and open management approach is likely to have more success. Emotional intelligence of a manager is imperative in working with employees and reinforces intrinsic motivation (Zhou & George, 2003). Furthermore, integrating leadership styles in performance conversations improves employee participation levels (Tseng & Levy, 2019).

### Communication

Managers are in a position of holding information on organisational priorities and the communication of these priorities are imperative. Not being aware of what is happening in an organisation appears to have a potentially negative impact on performance management. The quality of communication in disseminating company

information is a key management attribute to achieve alignment. The other aspect is that if management do not understand the business objectives, this could result in miscommunication. This aligns with Bititci et al. (2016), who emphasized that visual dialogue can increase an employee's level of understanding, which encourages individuals to engage in conversations.

Schleicher et al. (2018) suggested that a feedback culture can prompt employee participation. Levy et al. (2017) noted the significance of managers in influencing the culture of an organisation, by means of a positive feedback environment. Communication can be done on a frequent basis, and the quality of the feedback can be constructive. This signals to the employee about the availability of performance management information. Evans & Tourish (2017), highlighted that line managers that do not provide proper feedback, can cause the performance appraisal process to be dysfunctional. This was emphasised in the research findings. Where "real feedback" and "real conversations" fail to take place, because individuals are wanting to avoid giving negative feedback, performance management is compromised. The relational dynamic may need to be assessed as to why this may be the case. Managers may be discouraged if employees reject the feedback and hence difficult conversations are avoided. The improvement in feedback skills can be addressed by human resource by means of clear guidance (Gorbatov & Lane, 2018).

#### Involvement and implementation of Performance management

The involvement and implementation by managers impacts how employees perceive performance management practices. As pointed out by Kehoe and Han (2020), managers can be the source of variance in applying human resource practices within and across the organisations. Further to this, the variations can be prevalent due to the manager's capabilities, emotional intelligence, daily management activities and the environment in which they are managing. As highlighted in the research, individuals can have both positive and negative performance management experiences in the same operating environment because of management changes. Consistent application is also noted as important to successful performance management.

#### Manager Bias

The findings highlight the importance of perceived fairness to effective performance management implementation. Cappelli & Tavis (2016) suggested that there is

discrimination when managers evaluate employees in an unfair manner. This affects employee perceptions which leads to disengagement. The findings support this contention, with systems losing their legitimacy when unfairness is perceived. This is consistent with the assertion by Bauwens et al. (2019) that employee trust and engagement in the fairness of the performance management process is achieved through a manager respecting fair treatment. To address the issue of bias, Gorbatov & Lane (2018) identified that human resource has a role to play in educating management and to follow up to assess if bias has been minimised.

### ***Performance management systems***

The top three ranked themes are displayed in Table 8.

#### Defined policies, procedures and guidelines

The findings emphasise that individuals favour defined policies, procedures and guidelines being in place in an organisation, as it offers a clear and predictable structure to work within. The views expressed highlighted the benefits in terms of channelling performance and providing an understanding on what needs to be done. It also is seen as a tool to enforce discussions between managers and employees. The approach by the human resource department and management in terms of rolling out performance management is key.

#### Performance appraisal tools

The performance appraisal tools were considered to be impactful. As part of the three-phase model, Bourne (2000) posited that systems need to be in place to conduct performance management measurements. Some respondents mentioned an on-line system which is used for appraisals. The on-line system is centred on measuring performance. The benefit of this type of system to organisational development is questionable. Aguinis & Pierce (2008) highlighted that organisations can adopt practices that are developmental or administrative. The purpose that the organisation wants to achieve needs to be understood.

#### Performance measurements

The findings suggest that measurements need to be consistent and accurate to ensure they are accepted by individuals and deemed legitimate. This accords with the findings of Bourne (2000), who stipulated that the relevant performance measures need to be challenged frequently as these measures are used for making



decisions regarding performance. If there are variations in measurements, employees may not trust the performance management process. There is also likely to be more distrust if the measurements are directly linked to financial rewards.

#### Reward and recognition

Any performance management policy needs to offer clear guidelines on the link of performance to reward. This clear finding aligns with the work of DeNisi & Pritchard (2006), who reflected on the importance of designing systems that reward employee efforts. This is also consistent with the postulation by Nyberg et al., (2016) regarding increasing future salaries. Depending on the financial position of the firm, a performance bonus could be considered as a financial reward rather a merit increase.

#### **Context**

The top two ranked themes are displayed in Table 9.

#### External context

Schleicher et al. (2018), postulated that the effectiveness of performance management practices differ by organisation as it is dependent on the context that it operates in. Participants shared that the external environment in which the firms are working in is demanding and highly structured. Delivery and quality demands are unrelenting, with little room for poor performance. According to individual responses, performance management is therefore often secondary to manufacturing outputs and hence in some instances, performance management may be delayed.

DeNisi & Smith (2014) suggested that the performance management system is modelled by the organisational context, highlighting a specific automotive component context to the findings. Per Okwir et al. (2018), it is critical that an organisation's measures align with its strategy and its operating environment.

### **6.3.2 Findings for Research Question 2**

The findings indicate that the identified elements of performance management cannot work in isolation and that the elements need to work together in order for performance management to be effective. There are a complex myriad set of relationships that exist between each element and for them to work in combination,

the enablers of each element need to be enhanced and the deterrents of each element need to be addressed.

## **6.4 Discussion of Results for Research Question 3:**

### **How relevant are current performance management practices?**

Research question 3 sought to determine the relevance of current performance management practices that are prevalent in organisations. The findings for this research question were received in the format of advantages and disadvantages of current performance management practices and recommendations as offered by participants on what can be done to improve. The researcher noted that there were commonalities that surfaced from the advantages and disadvantages in comparison to previous identified themes. Hence only the unique items were considered.

The responses to the second interview question provided an understanding on current performance management practices at each firm, and was compared to the findings and reviewed literature. In addition to the other data analysed, this was used to address research question 3.

#### ***6.4.1 Performance management and Talent management***

Firm A was the only entity that displayed performance management as part of a holistic human resource strategy and positioned themselves with a strong emphasis on employee development. Performance management appears to form part of a talent management model, while there is a strategy to develop and align the performance management systems with organisational culture and the business context. In Chapter 1, it was highlighted that the automotive industry is highly competitive. To keep up with industry developments, organisations are striving to adapt, and this reinforces the need to change how human resources are managed (Cappelli & Tavis, 2016; Pulakos et al., 2019).

The other three firms displayed a much stronger focus on the operational side of the business. In light of the backdrop of the automotive industry's competitiveness requirements, firms may default to direct operational efforts to achieve organisational performance and sustainability, as opposed to taking a longer-term developmental agenda.

#### **6.4.2 Development orientation versus performance orientation**

The measurement, monitoring and management of individual performance was the highest ranked theme of those explored, with individual development being ranked fourth. Firms B, C and D displayed tendencies towards a strong performance orientation over a developmental orientation. As a consequence these firms focus on the “organisational side of performance management” as opposed to individual development.

As per the findings from the study conducted by Dewettinck (2008) on Belgian organisations, firms responded with a performance oriented purpose when facing a competitive business environment. This reflected the contextual element influencing the strategy applied in order to manage human resources. One of the respondents offered an interesting perspective on the “financial sector” versus “manufacturing sector”. It was understood that the manufacturing sector is very focused on operations and getting the product, which are components. In the financial sector, the focus is on services provided and the individual offers the service. Hence, the focus is on developing the individual. This substantiates the focus from a manufacturing perspective to measure the performance of the employee making the product to deliver on business objectives.

#### **6.4.3 Performance measures**

As pointed out by Lebas (1995), to determine performance measures, there are key questions that management need to be asking. These relate to “what do we want to measure and why do we want to measure?”. Before disseminating key performance areas to a business, a detailed process of unpacking the expectations of the firm is therefore required. In doing so, the first question that is asked is, “what do we want to measure?”. With the volatile business context, the understanding on what and why to measure is imperative. The process that the management team from Firm B uses, displays the ability to shift course when there is a need for change.

Aguinis (2014), asserted that strategic initiatives are communicated to employees with the intent of attaining the necessary actions.

#### **6.4.4 Performance management and performance appraisal**

Aguinis, Joo & Gottfredson (2011), posited that most businesses carry out performance appraisal rather than performance management. Levy et al., (2017),

suggests that this limits the view to consider future performance by only reflecting on past achievements. The respondents often focused on the appraisal process in explaining the performance management practices and used the words “performance management” very loosely. It was noted that participants spoke about measurements quite frequently and less on development. Most firms considered performance appraisal to be important since it is orientated around measurements of individual performance. Firm B and D do not use the performance appraisal process effectively, with the former firm being the top performer. The relevance of the performance appraisal process is questionable as to whether it leads to firm level performance. Pulakos et al., (2019) asserted that performance appraisal has been noted to offer less value and businesses have implemented short term goals and real time feedback. Through the brainstorming process of stakeholder expectations, Firm B have implemented short term goals and the management works closely with the employees to monitor, measure and manage the individual performance.

Other proposals that were suggested by participants was to adopt a formal appraisal system where there is none. Furthermore, where there are appraisal processes, it may be important to increase their frequency, e.g. from annual to bi-annual, or to quarterly. If the tool is performance appraisal based, it was requested to move it to an on-line tool.

#### ***6.4.5 Other recommendations***

Additional recommendations highlighted from the research, include communication, reward and recognition and the role of human resource and management. Each of these are explored below.

##### **Communication**

This was raised as a recommendation. Management and employee communication was suggested as an improvement. The quality of the conversation needs to be “authentic and honest”. At a firm level, it was considered important for management to communicate and raise awareness about performance management. The inclusion of employees by giving them a voice in the organisation through surveys was one example given.

##### **Reward and recognition**

Merit increases and bonus pay were proposed by participants to reward and

recognise employees for good performance.

### **The role of Human resource department and management**

Participants recognised the need for human resources to provide training and understanding on performance management. It was recommended to have joint collaboration by human resource department and management to conduct performance management.

#### **6.4.6 Findings for Research Question 3**

The findings revealed that of the four firms, there are three firms that display performance orientation over development orientation. The respondents highlighted the need for development and acknowledge that performance measurements, monitoring and management will still be in place. Traditional performance appraisals still exist. Due to the nature of the automotive industry being conformative, participants prefer structure and hence there is still the requirement to maintain formal performance appraisals. The frequency has been recommended to be more regular. Rewards and recognition is a prerequisite, with most participants wanting to be rewarded for performance.

### **6.5 Framework of elements underlying the effectiveness of performance management**

The key findings from the research process provide insights into performance management that relate directly to some of the key theoretical tenets of the performance management literature. These are unpacked below.

#### **Goal setting theory**

The **external context** being the automotive industry has a high pressured and demanding environment. Individuals may be faced with conflicting priorities to achieve timings. The goal-setting theory may assist to direct employee efforts by providing clear guidance, feedback, and support to achieve goals (Locke & Latham, 1990). **Clarity on expectations**, objectives and measurements necessitates the manager to clearly outline what is required. Therefore the aspect of feedback and support by the manager will be needed to guide the employee in **understanding expectations** and efforts to be applied. This may enhance employee creativity as employees consider alternate options to achieve goals.

As outlined by automotive component manufacturers, the **performance appraisal** process includes a planning phase, where goals will be set. Lunenburg (2011) highlighted that managers can increase performance by setting goals that are specific, challenging, achievable and have a timing of when to attain. Consensus must be reached between the manager and employee on **performance measures** and goals. The interviewees in the respective firms displayed a strong performance orientation. Hence there will be a focus in creating an understanding on expectations and goals to be achieved. Participants have highlighted that goals are set, and measurements put in place to evaluate performance against it.

As highlighted in one of the interviews, setting challenging targets can be a way of developing individuals. This is consistent with Lunenburg's (2011) postulation that a learning goal orientation may lead to higher performance than a performance goal orientation. If employees are highly **involved** in the process of goal setting, **buy-in** can be achieved.

The feedback and support phase will form part of the monitoring and review phases of a performance appraisal. Lunenburg (2011) indicated that there has to be formal and informal feedback sessions. In addition, the manager needs to expend resources to support the employee. Participants had raised that there is inconsistent application of performance management by managers. The consistency of **communicating** and supporting employees needs to improve in order to provide clarity on expectations. This necessitates **involvement** and **implementation** of performance management by managers. When the employees view that they have a quality relationship with their line manager, they perceive performance management to be supportive rather than controlling (Audenaert et al., 2019). Managers can influence employees through the **management style and approach** they adopt.

Through the process of continuously following up with employees, it promotes performance management frequency and consistency which was advocated by DeNisi & Smith (2014). Managers in the automotive sector do find it challenging to have frequent follow-ups and discussions on performance. The requirement to increase frequency should not be at the cost of stress to the manager. Hence it is important to prioritise how to achieve.

Through effective performance appraisal and reward systems, employees

understand what needs to be done and are motivated to do it (DeNisi & Smith, 2014). Employees will be encouraged that their efforts will lead to an outcome.

### **Expectancy theory**

The theory by Vroom (1964) asserts that individuals will make choices on what will yield the best results for them. This motivational theory stipulates that it is an individual's belief that a certain level of effort will lead to required performance and that effort will lead to a desired performance that will be rewarded (Lloyd & Mertens, 2018). If a merit increase or bonus pay is related to performance, employees will perform based on the belief that high efforts will lead to a **reward** (Nyberg et al. , 2016).

Reward and recognition was raised by participants. **Clear expectations** need to be provided in terms of what is expected and what is rewarded. Managers will be evaluating the individual's performance. The **performance measures** that are used should be fair and accurate and align with variations in performance (Lebas, 1995). If managers are perceived to be **biased** and favouring one employee over another, it may lead to reduced employee morale. There needs to be **involvement** from managers to better understand employee performance. Furthermore, management create a **culture** where employees understand that there are consequences for performance.

**Policy** on rewards has to be clearly defined so that it removes any ambiguity and raises the trust of employees in the process. Employees need to **buy-in** to what they are being evaluated against. Furthermore, the stance by the organisation is important due to the financial commitment that merit increases and bonus pay introduces. If the **context** is such that the business is not performing, this may affect financial rewards.

### **Systems theory**

Systems theory relates to how elements of the system are connected and relate to one another (Schleicher et al., 2019). The framework developed by Schleicher et al., (2019) was based on the model created by Nadler & Tushman (1980). The developed framework has six factors which are inputs and outputs of performance management, tasks of performance management, individuals involved in performance management, and finally formal and informal processes of performance

management.

Inputs of the system are the context with which performance management has to work with and work within. Therefore this includes the business environment, strategy, and culture. The environment is pressured and demanding and this influences the effectiveness of performance management in the organisation. The culture in the organisation sets the tone for performance management to be conducted. This is impacted by managers and leaders as they are involved in implementing strategy and human resource practices. The internal and external contextual elements dictates the business deliverables and hence expectations are determined. The performance management system forms part of the inputs of the system. Policies, procedures and guidelines provides the structure for performance management to work in. It includes the policy on rewards and recognition. The outputs of the system are the reward and recognition which has been recognised as a need by respondents. In addition, performance feedback is an output. The formal processes are the performance appraisal process and infrequent feedback. Informal processes includes the frequent communication by manager. There is a need for frequency of feedback to increase. Though, respondents still want to maintain the formal performance appraisal process.

The individuals that form part of the performance management system are employees and managers. Employee mind-set and perceptions refers to the way employees feel and think about performance management. This influences the attitudes and behaviours of employee and how they react towards performance management practices. The relationship between managers and employees may be affected by these intrinsic aspects. Managers facilitate and implement human resource practices and hence their involvement also plays a key role. Managers are at the “front-line” of engaging with employees and can influence the buy-in and involvement from employees. Buy-in may be achieved through a level of awareness that is created on performance management in terms of individual development and performance. These items may be addressed by development interventions such as self awareness and emotional intelligence training. Management and employee need to work together by addressing issues that may be deterrents and leverage on enablers.



**Figure 4: Elements underlying the effectiveness of performance management**

Effects each element has on PM practices		GOAL-SETTING THEORY	EXPECTANCY THEORY	SYSTEMS THEORY
<b>Employees</b>	Mind-set and perceptions of PM		Perception that the appraisal and reward process is fair, is key	Perception that PM is useful and can support individual development
	Attitudes and behaviours		Motivate the attitudes and behaviours of employees, depending on what motivates them	Intrinsic and extrinsic motivators can influence attitudes and behaviours
	Understanding expectations	Goals must be specific, challenging, attainable and accepted - objectives and measurements to be clear	Clear expectations given on what is expected and what is rewarded	Clarity of requirements, what needs to be done
	Involvement and buy-in	Buy-in if there is high involvement in setting goals	Can result in high involvement and buy-in	Involving employees in the PM process, from setting objectives to evaluating performance
	Reward and recognition		Effort will lead to given performance. Perception that desired performance will lead to a reward	Reward system in place for good performance
<b>Managers</b>	Management style and approach	Build quality relationships for employee perception to see management as supportive		Management approach that is open and engaging and creates trust
	Communication	Continuous feedback on how performing against goals. Leaders can communicate goals	Open and honest feedback on performance	Open, honest and frequent communication
	Involvement and implementation of PM	Provide support and resources. Consistent application of PM	Implement a process that is fair, measure employees with fairness	Manager involvement supports the employee and adequate implementation influences PM
	Manager Bias		Bias must not exist. Improve perception	Bias must not exist. Improve perception
	Management understanding and capabilities		Managers to better understand employee performance since they are evaluating	Managers to better understand employee performance since they are evaluating
<b>PM System</b>	Defined policies, procedures and guidelines		Policy to be clearly defined on rewards and recognition	Policies required to create structure for individuals to work with
	Performance appraisal tools	Goals set as part of performance appraisal process, then monitored		Require adequate tools in order to conduct PA
	Performance measurements	Evaluate performance against goals	Ensure that performance measures are accurate and fair	Ensure that performance measures are accurate and fair
<b>Context</b>	External context	Individuals may be faced with conflicting priorities due to high demand environment	Context can affect business performance and individual reward	Environment is pressured and demanding. Influences PM.
	Culture	Culture of openness, leader to bring alignment by communicating goals	Awareness that there are consequences for performance	Require a culture of collaborative and management and employee relationships to be built
	Clarity of expectations	Targets derived from the external context. Goals set to align with corporate objectives.		Strategies are created, needs to determine how PM aligns with this

## **CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS**

### **7.1 Introduction**

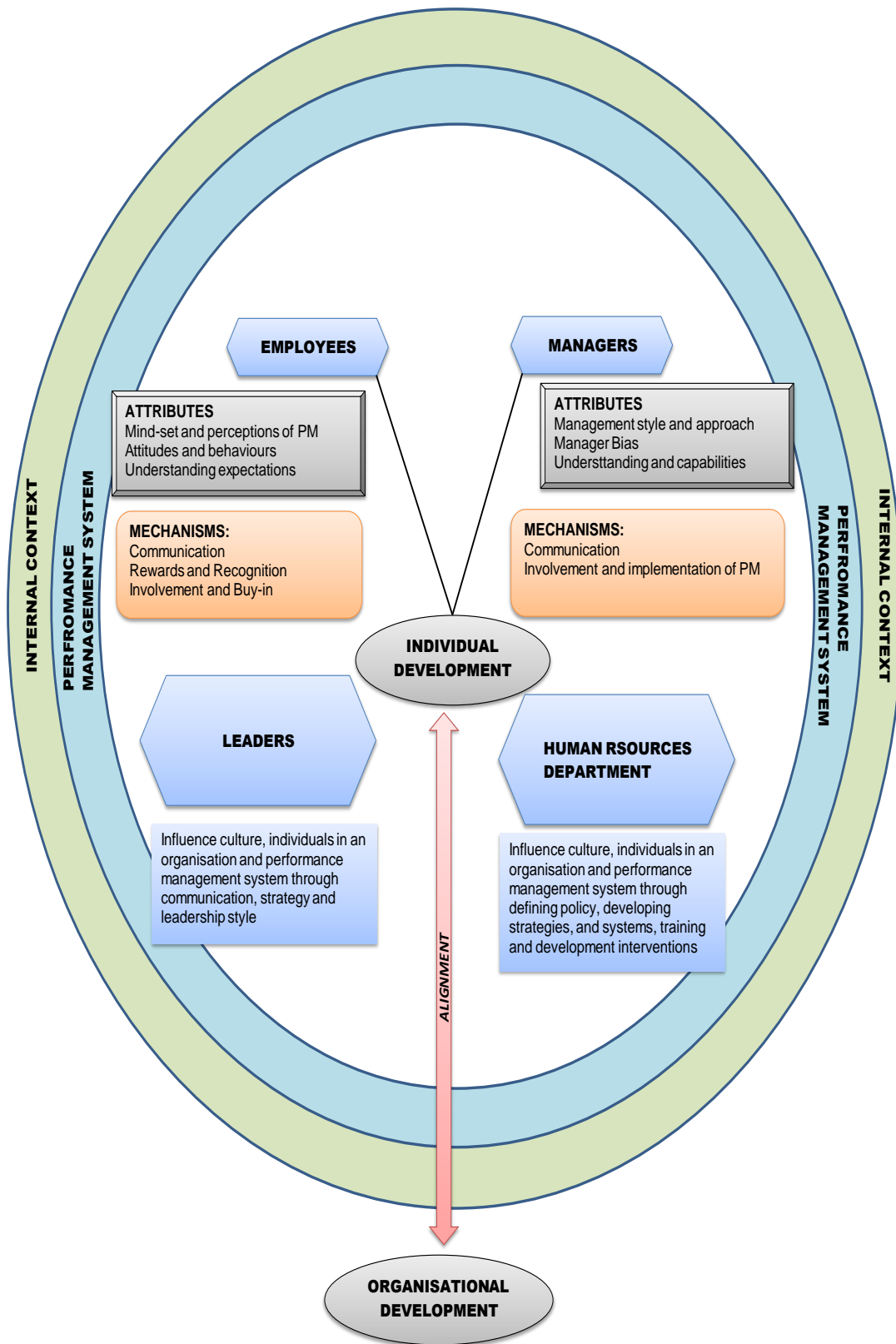
In this chapter, the aim is to highlight the consistency of the outcomes and purposes of the research study. A framework has been developed through the reviewed literature and the findings, as presented in Chapters 2, 5 and 6. This chapter provides a review of the framework to enhance the effectiveness of performance management in KwaZulu-Natal automotive component manufacturers. Based on the findings and the developed framework, recommendations for managers and recommendations for future research are provided.

### **7.2 Framework for performance management effectiveness**

A framework derived from the primary research and literature review is presented in Figure 5. The framework was developed through the integration of the themes that were identified in Chapter 5 and discussed in Chapter 6. The elements that are identified to have an impact on the effectiveness of performance management, the level of influence the elements have and how the elements relate to one another are factored into the framework.

There appears to be six elements that influence the effectiveness of performance management, four of which were identified in the literature review. The other two elements were briefly highlighted in the literature review as occupying a supportive role to the other elements. These elements were also identified from the research findings as presented in Chapter 5. Each of the identified elements have effects that are either enablers or deterrents to the effectiveness of performance management. The elements are interdependent and in order to enhance or remedy the effects, will require changes. The framework addresses these effects in order for the elements to work collectively and to achieve desired performance management outcomes. Furthermore, alignment between the elements can lead to enhanced employee performance which will contribute to the efficacy of the organisation. The framework is derived from the literature review and the primary research undertaken.

Figure 5: Framework for performance management effectiveness



### **7.2.1 Individual development**

The primary intent of performance management is individual development. This was discussed in section 6.2.1 and displayed in Figure 3. Hence this is the central focus of the framework. The alignment of individual performance is deemed important to achieving the organisational goals and objectives. By applying the same thinking of alignment, individual development can lead to the transformation and development of the organisation. All the elements that impact the effectiveness of performance management will support the growth of individuals, encompassing both employees and managers. By addressing the enablers and deterrents that affect the efficacy of the elements, the interaction and collaboration between each element can improve. This will contribute towards ensuring individuals develop to support the enhancement of organisational performance.

### **7.2.2 Internal context**

The external and internal context of the organisation frames the strategies and business objectives. Some of the factors that happen in the external environment are not within the control of the organisation. An example would be a supplier constraint issue that impacts the operations of component manufacturers. The automotive industry's general operating environment is highly pressurised and demanding. In order to meet the performance demands of the industry, alignment of the internal context of the organisation is key. The themes affecting the contextual element are culture and clarity of expectations.

Culture influences the effectiveness of performance management. Open and effective communication is clearly required. An environment can be created and nurtured where frequent and quality feedback is available and hence performance management becomes organic and embedded in the culture of the organisation. It also allows for an environment where performance has consequences. Management will not tolerate bad performance and employees are held accountable for it. Conversely, strong performance is rewarded with explicitly or implicitly in terms of codified practices within an organisation. When the central focus of performance management is on individual development, it motivates and empowers an employee. Culture can be positively or negatively influenced by leaders and managers (Schneider et al., 2013).

Strategies define the human resource practices in the organisation. Performance

management forms part of such practices and in order to performance manage, expectations need to be outlined. The organisation will set goals, and those goals will be translated and cascaded throughout the structures in place. Individuals must be able to identify what is expected of them and hence communication by leaders and managers is imperative.

### ***7.2.3 Leaders***

Leaders were identified in Chapter 5 as the other element that is impactful. Leaders and culture are deeply interwoven. The role of leaders is significant and they set the organisational values, ethics and required behaviours (Schneider et al., 2013).. Hence leaders influence the culture in their establishments which affects the efficacy of performance management (Cappelli & Tavis, 2016). Organisational goals and objectives are ultimately determined by leaders and the expectations required from individuals need to be clear. Therefore, clarity on expectations need to be provided. Human resource practices are determined by strategies and hence support from leaders are required to ensure successful implementation. Leaders can drive performance management by demanding support, but individuals may not adhere to the demand. Leadership dictates the direction the business should be taking and can set the tone that inadequate performance will not be accepted and will be dealt with.

### ***7.2.4 Performance management system***

The performance management system is considered to be very important. The design of the system must align with the purposes of the human resource practices. As the requirement is to develop the individual, this should form part of the performance management purposes. The system offers formal structures for performance management to be conducted in. Individuals that work in the automotive sector are accustomed to structures and hence require defined policies, procedures and guidelines. Policy will enforce engagement in the organisation and for managers and employees to have performance management discussions. The expectation is to receive an outcome for effort exerted and performance achieved or not achieved. There is a requirement for a clearly defined policy on rewards and recognition. This will set the tone that the outcome of good or bad performance has either positive or negative consequences for the individuals concerned. Other mechanisms are the performance appraisal process, tools and performance measurements. Performance measurements can assess the variations in performance and the appraisal process formalises the feedback on performance. Feedback will not be confined to the

appraisal process nor to discussing performance only; it must include development.

The performance management system supports leaders to influence culture and provide clarity on expectations. Moreover, it allows for the development of an operating framework that encompasses both formal and informal performance management practices.

### ***7.2.5 Human Resource department***

The design of human resource practices, strategies and systems are predominantly conducted by the Human Resource department. This includes developing the performance management system and its various supporting mechanisms. Training on performance management has been considered imperative to create understanding and awareness. This influences the performance management culture and addresses potentially negative perceptions that employees and managers may have. Development interventions can be implemented and support provided by the human resource department. Performance appraisals are led by the human resources department and performance management is led by managers (Aguinis & Pierce, 2008). There is a need for strong involvement, support and collaboration as a business partner in the organisation.

### ***7.2.6 Employees***

The individual occupies the pivotal role in the performance management process. The primary subject of the developmental focus is the employee. Therefore, the influence from an employee on the effectiveness of performance management is high. This was evident in the findings presented in section 5.4.3. With reference to Figure 2, through high involvement in performance management, it will attract employee buy-in. Furthermore, employees will have a better understanding of expectations. This can lead to a change in mind-set and perceptions and the resultant effect will be a change in the attitudes and behaviours of employees. Communication is a key mechanism and employees are encouraged to engage with managers and take the initiative to request developmental feedback. The employee needs to accept responsibility for personal growth. Motivating mechanisms frequently identified in the research are rewards and recognition and this can be supported by a clearly defined policy and fair implementation by managers.

### **7.2.7 Managers**

Managers are at the “front-line” and are directly involved in human resource management. The Human Resource department provides the platform in terms of strategies, practices and systems. Managers have the significant roles of working on the platform to implement and manage the workforce. Management attributes need to be enhanced to effectively performance manage employees. Attributes include the style and approach taken, fairness and the level of understanding and capabilities of the managers. These were highly ranked as effects on performance management. Communication can improve employee and manager dialogue. 360-degree reviews and two way feedback are recognised as communication mechanisms that can be encouraged. Managers are subjects that can be developed and this can be achieved by these support mechanisms.

### **7.2.8 Summary of Framework**

The framework is optimised when the six elements work together collectively. The attributes of employees and managers have to be improved in order to attain a better relational dynamic. Managers, the Human Resource department and leaders in an organisation have a role to play in framing how employees perceive performance management which can address attitudes and behaviours. The relationships between each element needs to corroborate the framework working effectively. The enablers need to be in place, and the deterrents reduced or removed. An organisation can have the best performance management systems in place and strong leadership and Human resources department to drive culture. However, if there is a disconnect between employees and managers, the framework will not work optimally. Hence effective collaboration is imperative to performance management.

### **7.3 Recommendations for Managers**

The findings from the Research Questions highlights that the development of individuals should be prioritised as part of fulfilling the purposes of performance management. The focus should not be primarily on the measurement, monitoring and management of individual performance. Further to this, key mechanisms should be put in place such as communication, rewards and recognition and high involvement in performance management practices. Understandably, the external environment is accustomed to high pressure and demands, however, the development of individuals and organisations are essential for competitiveness and sustainability. It is recommended that the framework to enhance the effectiveness of

performance management, be utilised by managers.

#### Internal context and collaboration with leaders and human resource department

Collaboration with leaders and the human resource department should be considered to embed performance management in the culture of the organisation. This will enable the spirit of performance management to be applied by all in the firm. In order to influence employees, engagement with the workforce is important and hence when implementing or introducing a practice, the opinions of employees should be taken into account. This will promote inclusivity and be seen by employees as collaborative management.

#### Performance management system

When applying the rewards and recognition policy, and conducting performance appraisals, it is important for managers to apply it consistently and without bias. Managers should provide open and honest feedback and have tough discussions with their subordinates. If managers have issues in terms of providing feedback, then can seek guidance from the human resource department (Gorbatov & Lane, 2018). Further to this, managers should ensure that they have a deep understanding of what they are implementing and have a vested interest in the development of employees. In order to grow employees, it is essential to understand them. Adequate development gap analysis should be conducted, monitored and addressed until improvement has been noted. As development is not only for employees, managers should accept the feedback given by employees to enhance their skills and competencies.

#### Employees

Potentially negative perceptions of performance management needs to be addressed by managers. Employees need to see the benefits in what they are being evaluated against and in the tool that is being used to develop them. This may result in a change of attitudes and behaviours. Tasks should be clearly stipulated and understood. Goals should be set that are specific, challenging and achievable. Feedback and support are important mechanisms to provide to employees. There may be individuals that have a negative attitude. Managers need to consider how to address. It is essential to hire the right employees that will offer value that a manager can nurture, maintain and retain. Hence this should be considered when recruiting.



## **7.4 Recommendations for Future Research**

Given the research limitations, the following recommendations for future research have been identified:

- Business strategies and objectives are cascaded down the organisation. This works when the business goals are held constant over a period. When there are short term business projects, the practice that is adopted by the manager to coordinate the individual, to meet the goals of the enterprise can be considered for future research.
- Time and effort are spent in appraisals, though there may not be an alignment to business performance. There have been few studies conducted on the impact of the appraisal process on business performance and is an aspect for further study.
- Within an organisation, there can be a consideration to introduce different performance management practices by area. This can be researched to assess effectiveness in a different functional context.
- Perceptions into performance management practices has not be a sole focus in research studies. The study should include employees, managers and leaders to obtain different perspectives and what are the proposed mechanisms to improve perceptions.

## **7.5 Research Limitations**

The identified limitations are as follows:

- The sample of individuals that were selected were directors, managers and employees from different areas of business. The intention was to obtain diverse views. However, the views were limited to a small group of 22 respondents and the findings may not be representative of the wider population.
- The sample was limited to automotive component manufacturers in KwaZulu-Natal and hence the findings may not represent the broader component manufacturing sector in other areas.
- As per the methodology, there were supposed to be four interviews per component manufacturer. However, due to the snowballing technique, there were more respondents open to being interviewed. More diverse views were secured, but this led to unequal distribution of views across firms, which may have influenced the findings.
- When analysing the data, major themes were used to develop a framework.

There may have been unique categories that were not considered using this approach, and this could have resulted in different findings.

- The interviewer was inexperienced in respect of conducting interviews and this could have affected the data collected.

## **7.6 Study contribution to literature**

The literature highlights that performance management is an instrumental human resource practice that is required to improve employee performance. The focus has been by most managers and organisations to measure, manage and monitor individual performance effectively in order to fulfil the business goals. Hence less focus has been placed on developing the individual.

The focus of this research study was to understand the effectiveness of performance management in relation to the influence and relationship of the elements; employees, managers, the performance management system and context. There has been minimal research that addressed the collaboration of all four elements in influencing the effectiveness of performance management. Hence this research sets out to contribute to existing literature.

The findings from the interviews with the 22 respondents determined the enablers and deterrents effecting the collaboration of the elements that led to the framework being created to achieve the purpose of individual development. This framework integrates the four elements identified to influence the effectiveness of performance management. The other two elements, the human resource department and leadership, are supporting the four elements and hence have also been included.

This research study contributes to the literature through empirical research that offered insights on the key elements and the relationship that exists between them. Insights were obtained on the current relevance of performance management and best practices adopted by individuals in their specific contexts. It is hoped that this study will contribute to improving performance management practices in organisations, with the resultant enhancement of individual performance.

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## 9. APPENDICES

### Appendix 1: Invitation to Participate in Research Study

Dear participant,

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and I am completing my research which is a necessary requirement to complete my MBA studies. My research study is on the effectiveness of performance management in the KwaZulu-Natal automotive component industry. The objective of my research study is to understand which of the elements; employees, managers, the performance management system and the context in which performance management occurs, are key to the effectiveness of performance management.

Here are the research questions that I aim to address in my research study:

1. What are the key elements that influence the effectiveness of performance management?
2. How do the key elements work together to influence the effectiveness of performance management?
3. How relevant are current performance management practices?

I understand that you have the required knowledge and experience, which will provide valuable insights for my research study. Hence, I kindly request your participation in this research study. I will base all data collection on a specific sample in the automotive industry and will conduct semi-structured interviews. The duration of the interview will be about an hour and the plan is to conduct the interviews over November and December 2020. Due to the Covid-19 situation, the interviews can be conducted by means of video conference calls. An interview can also be held in person if preferred, and precautions will be adhered to, to ensure no health risks. Attached is a consent form that will require your consent before the interview is conducted. The interview will be treated confidentially and you will be anonymous. Please can you advise as to whether you agree to participate in the research study. If you are in agreement, please can you confirm your availability.

Kind Regards

Jayshree Naidu

Email: [19401729@mygibs.co.za](mailto:19401729@mygibs.co.za)

## Appendix 2: Consent form

### Informed Consent Letter

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and I am completing my research which is a necessary requirement to complete my MBA studies. My research study is on the effectiveness of performance management in the KwaZulu-Natal automotive component industry. The objective of my research study is to understand which of the elements; employees, managers, the performance management system and the context in which performance management occurs, are key to the effectiveness of performance management.

The duration of the interview will be about an hour and knowledge and insights obtained from the interview will assist in understanding the effectiveness of performance management in the automotive sector. Due to the Covid-19 situation, the interviews can be conducted by means of video conference calls. An interview can be held in person, and precautions will be adhered to, to ensure no health risks. Your participation is voluntary and you can withdraw at any time without penalty. All information will be kept confidential. If you have any concerns, please contact my supervisor or myself.

Our details are provided:

Researcher Name: Jayshree Naidu  
Email: [19401729@mygibs.co.za](mailto:19401729@mygibs.co.za)  
Cell: 079 522 7677

Research Supervisor: Prof. Justin Barnes  
Email: [justin.barnes@twimsafrica.com](mailto:justin.barnes@twimsafrica.com)  
Cell: 082 787 5608

Name and Surname of participant:

Signature of participant:

\_\_\_\_\_

Date:

Name and Surname of researcher:

Signature of researcher:

\_\_\_\_\_

\_\_\_\_\_

### Appendix 3: Top three ranked themes – Advantages of current performance management practices

Top three Themes	Advantages
Understanding	<ul style="list-style-type: none"> <li>• Employee understands their performance, development gaps and is involved in setting the development plan</li> <li>• Employee understands job requirements, the department and organisational objectives and how they impact the business</li> <li>• Manager obtains insight and understands employees</li> <li>• Human resource department understands the gap in training needs for human resources in the organisation. Supports workforce planning</li> <li>• Employee understands what is required to do PAs</li> <li>• Identifies talent to be developed, individuals to be retained and to be promoted</li> <li>• If an employee is not performing, can assess whether the position is suited in terms of the employee's capabilities</li> <li>• Organisational key performance indicators enforces employees to go beyond their areas and understand other areas.</li> <li>• Employees understand the vision and strategies and awareness created</li> </ul>
Performance management system	<ul style="list-style-type: none"> <li>• The performance contract is a defined contract where managers and employees understand job requirements and key performance indicators</li> <li>• On-line appraisal is considered a fair system. Opportunity for individual to change performance during the year. Objectives are set, discussed and agreed with manager and employee.</li> <li>• Online system is user friendly. Ratings are done on the system and comments provided</li> <li>• Documentation outlines what is required of the performance appraisal</li> <li>• Performance is documented to track person's progression and development, it is used as supporting documentation for promotion</li> <li>• Proper performance management implementation improves morale, develops people and leads to retention</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• Feedback promoted and provided</li> <li>• Constructive feedback provided by manager in certain instances</li> </ul>

	<ul style="list-style-type: none"><li>• Communication of feedback on on-line appraisal system</li><li>• Organisational performance is good as there is clear communication on key performance areas and measures</li><li>• Through effective communication, key performance indicators are rolled out and managers structure their activities to support the key performance indicators (not done on a performance appraisal document)</li></ul>
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## Appendix 4: Top four ranked themes – Disadvantages of current performance management practices

Theme	Disadvantages
Performance management system	<ul style="list-style-type: none"> <li>• Current performance appraisal is not user friendly, using excel spreadsheets</li> <li>• Performance management is seen as time consuming – key performance areas, competencies and skills development</li> <li>• Reactive as performance appraisal is retrospective – feedback on past performance, not addressing current performance issues</li> <li>• Employee has to wait for bi-annual review to understand their performance</li> <li>• It is too formalised</li> <li>• Responsibility for performance appraisal is not clear – is it manager or employee driven</li> <li>• Policy is not well structured in terms of the performance appraisal process</li> <li>• Training not rolled out and expectations of the outputs of the performance management system are not highlighted</li> <li>• Actual performance rating is not linked to rewards and recognition, not clearly defined in the policy.</li> <li>• Employee cannot put forward any developmental requests. There is no platform to do that</li> <li>• Performance management and performance appraisal is not being consistently done at manager and employee level</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• There was no follow up or feedback on whether performance contracts have been agreed by departments, or whether half year and final reviews were completed by the departments</li> <li>• Communication and feedback on performance is not frequent</li> <li>• Manager and employee sometimes find it challenging to have the performance management discussions</li> <li>• When performance appraisal was rolled out, did not request input from employees and hence consultation was not done</li> <li>• Feedback is being given over the system. No one on one interaction when discussing performance</li> <li>• Performance appraisal document has been used, however, manager is not discussing the rating with the employee</li> <li>• Communication on performance appraisal has not been rolled out fully to all in the organisation</li> </ul>
Perception	<ul style="list-style-type: none"> <li>• There is no buy-in as people do not see performance management as a tool to grow</li> <li>• Employees feel they will get feedback that they are underperforming and will be criticised</li> <li>• Employees view that manager is biased and that there are</li> </ul>

	<p>biases in the process</p> <ul style="list-style-type: none"> <li>• Seen as a tick box exercise and paperwork exercise</li> <li>• Seen as an admin task and burdensome rather than an enhancement tool</li> <li>• Seen as a tool to punish rather than a tool to develop for future opportunities</li> </ul>
Role of Human resource department	<ul style="list-style-type: none"> <li>• Performance management and performance appraisal is line manager led, minimal human resource department involvement</li> <li>• Performance appraisal not clearly outlined in terms of procedure on how to conduct performance appraisal</li> <li>• There was no follow up by human resource department on whether performance contracts have been agreed and whether reviews have been completed</li> <li>• Proper policy have not been set on performance management and no feedback on development perspective</li> <li>• Performance management Training has not been done by human resource department. Lack of understanding on performance management and the outcomes</li> </ul>
Management	<ul style="list-style-type: none"> <li>• Managers are very operational and not focused on doing performance appraisal reviews hence inconsistent application</li> <li>• Have biases, which needs to be removed</li> <li>• Manager focuses on the one thing not done and not on the many things done right</li> <li>• Feedback is being given over the system. Manager is not giving one on one feedback</li> <li>• Manager emotional intelligence is not as high, affects attitude and behaviour</li> </ul>
Reward and recognition	<ul style="list-style-type: none"> <li>• Incentives rewarding past performance, committing the organisation financially going forward for past performance</li> <li>• Actual performance rating is not linked to rewards and recognition, not clearly defined in the policy.</li> <li>• No link between reward and performance contract.</li> <li>• No result for bad performance, no reward for good performance</li> </ul>

## Appendix 5: Ethical clearance email

### Ethical Clearance Approved Inbox x



**MastersResearch2020** <MastersResearch2020@gibs.co.za>  
to me, MastersResearch2020 ▾

**Gordon Institute  
of Business Science**  
University of Pretoria

**Ethical Clearance  
Approved**

Dear Jayshree Naidu,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.