

UNIVERSITY OF KWAZULU-NATAL

**THE LINK BETWEEN KEY PERFORMANCE AREAS AND
ORGANISATIONAL STRATEGY**

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DECLARATION

I, Laurette Naidu, declare that

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Abstract

In the global market, the lines between pioneers and followers are immensely blurred, industries are fraught with intense competition and products versus price have since lost the competitive edge. These trends have made it difficult for organisations to meet their strategic goals and have made it necessary for organisations to revisit their strategies far more regularly than in the past. In this economic era, people have become the focal point of differentiation – organisations have come to realise that it is the calibre of people employed that will assist in the efficient realisation of long and short term strategies. Accordingly, organisations have spent exorbitant amounts of money investing in performance management systems that promise to utilise the organisations human capital to the maximum in order that the strategic goals of an organisation are met. The aim of the study is to investigate the link between key performance areas and organisational strategy, to evaluate whether performance management systems are utilised as optimally as it should be to create competitive edge in changing market conditions. The sample comprised 155 respondents, of which 51 were valid responses. The research study showed that South African organisations, more specifically in KZN, make use of performance management systems to implement the corporate strategy. Some of the responses indicate that these performance management systems are not correctly implemented and the measurement of key performance areas is a mere formality in certain organisations as opposed to a sincere measurement of whether employees are meeting the objectives of the workplace. It has also been found that the strategy of the organisations remains at top of the hierarchy and does not filter down to the base. Based on these findings it is recommended that managers redress their view of performance management systems and key performance areas to ensure successful strategy implementation and execution.

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CHAPTER ONE

Introduction to Research

1.1 Introduction

The working world is in a state of ongoing transition. The technological era has transformed an eight hour working day into a day of multitasking, meetings and mergers. The impact of more advanced and efficient human resource systems, technological progress, increasingly regular mergers and developments means that the average human resource department needs to think more strategically in order to keep up with the overall business pace. Globally, human resources must now factor in a wider variety of modern issues, including cultural variations and changing workplace demographics to make a positive difference to the business. Technology has impacted the markets so much so that the global arena has widened to online shopping and price wars. The global economy is a knowledge economy and knowledge workers exist at all levels of the global workforce. To succeed in such a workforce, human resource management needs to direct policies and practices that recognise the requirements of individuals and that create fluid boundaries between organisations. As technology remains at the forefront of the era, people have become the focal point. Organisations have shifted from being “product driven” to “market driven” and as a result the focus is on people – within the organisation, as employees and outside the organisation, as customers.

This chapter will provide a brief overview of this research study illustrating the motivation, focus and objectives this study.

1.2 Motivation for the Study

Many organisations, successful as they might be, fall short in ultimately achieving their long term goals in a far more efficient manner and instead of assessing the

internal environment of the organisation and the factors that may influence these inefficiencies, management focuses on the external environment and continuously redress their short term strategies (Altman: 1979). A major oversight is the fact that the majority of employees in organisations are not familiar with the company's mission and vision, and the fact that in performing their individual tasks, they are actually contributing to the accomplishment of the company's mission and vision.

The primary motivation of this study is to determine whether the goals of employees are aligned with the company's strategic goals, and if so, are employees aware of this alignment and of the company's strategy.

This study is aimed at benefiting organisations by illustrating that a workforce that is more cohesive in respect of organisational objectives will assist in meeting those objectives far more effectively and efficiently. It will also benefit organisations by illustrating that the performance management system and key performance areas are not merely the function of the HR department, but should be the primary concern of each and every manager and employee as these are ultimately the functions that give life to the company strategy. In addition, this study aims to highlight that key performance reviews and appraisals should not be seen as a mere formality to simply meet the organisations requirements.

This study will also benefit academia with respect to students who have an interest in conducting research in the same field.

1.3 Focus of the Study

According to Misselhorn (2005: 172), "Organisational structure and design has grown out of the issues that arise when we have many people coming together with different jobs to be done to achieve a common purpose". "Strategy refers to the long term plans developed by top management, usually for periods of two to ten years or even

longer. These plans are used to evaluate and seize opportunities, as well as to allocate resources. Strategy includes plans to create new products, to purchase other organisations, to sell unprofitable sections of the business, to make shares available and to enter international markets” (Nel et al: 2004:524).

Human resources practices can only be effective if they are aligned with the strategic direction of the organisation. Dessler (2006) states that most companies have or are gaining access to the same technologies, therefore technology is not enough to set companies apart. It is usually the employees and the management system that makes a difference. In general, companies emulate one another, offer similar products with the only point of differentiation being price. Once the information on price becomes public knowledge, competing companies respond by reducing their prices. This therefore weakens the competitive advantage of companies. In essence, the generic strategy of organisations is to be different from the competition, i.e. what it does relative to the competition (Dessler: 2006).

HR Strategy can add value to an organisation by identifying, analysing and balancing the company’s external opportunities on the one hand and its internal strengths and weaknesses on the other. The results thereof initiate strategic plans to capitalise on the organisations strengths and opportunities and minimise its threats and weaknesses (Cummings: 2005).

Human resource management plays a pivotal role in the organisations strategy formulation because they are able to supply competitive intelligence that may be useful in the strategic planning process. They also supply information on the organisations internal human strengths and weaknesses (Nel et al: 2004).

HR Strategy implies the development of the human capital pool which gives an organisation “the unique ability to adapt to an ever changing environment” (Noe, Hollenbeck, Gerhart and Wright: 2006: 61). The development also entails the changeover in the organisation to a learning or knowledge organisation in which

employees continually expand their capacity to achieve the results they desire. The organisation therefore is in a constant state of learning and therefore gains competitive advantage.

The focus of this study is to identify whether the HR function in an organisation is using their human capital to meet the objectives of that organisation and if so, whether the key performance areas allocated to the human capital are an integral part of the process in achieving the goals of the organisation.

Misselhorn (2005:173) stated: “Unfortunately, human organisations don’t function well on pure instinct. Without careful thought being given to how to organise the people doing the work, we would have chaos”. He stated further that “Key performance areas are the priority outcomes we hope to achieve expressed as broad headings.....They usually come from a careful examination of the internal and external forces affecting the achievement of the overall goal”. Misselhorn reinforced the objectives of this research and that is to illustrate that employees need direction to deliver on the grand plan of the organisation and that direction will arise out of a carefully thought out, well implemented performance management system.

1.4 Problem Statement

Performance management is the process of measuring the performance required to meet strategic goals, convert them into team and individual goals, and manage them through reward and recognition (Nel et al: 2004). Performance management therefore seeks to ensure consistency and achievement of the overall strategy of the business and to ensure that the necessary objectives are met within the business.

Traditionally, the formal performance appraisal system was viewed as the primary means for managing employee performance (Otley: 1999). Performance appraisal was an administrative duty performed by managers and was the primary

responsibility of the human resource function (Noe et al: 2006: 329). The role of the human resource function has evolved over time to become that of a strategic partner, whose strategies are aligned with the business strategies of the organisation.

Strategic Human Resources means formulating and executing human resources systems, i.e. policies and practices that produce employee competencies and behaviour the company needs to achieve its strategic aims. In short, it refers to specific human resources courses of action a company pursues to achieve its strategic goals. "Strategic HR management entails synchronising and integrating the organisations strategic business needs and plans with all those aspects stemming from and relating to the management of its employees" (Nel, Van Dyk, Haasbroek, Schultz, Sono and Werner: 2004:531).

It is therefore imperative that organisations have good performance appraisal systems in place and ensure that employee goals are aligned with the company's strategic goals. However, it has been recently observed that in several organisations, the performance appraisal process is practised as a mere formality, not as a significant tool to meet the objectives of the organisation. This is supported by Noe et al: 2006: 329) who state that "Managers now view performance appraisal as an annual ritual". This ritual, however, is practised only at the base of the hierarchy, while the organisation's strategic business needs and plans are synchronised with the key performance areas of those individuals that occupy the upper echelons of the hierarchy.

1.5 Objectives

The purpose of this study is to ascertain whether the performance management systems in place within corporations form part of the integral process in meeting the organisations objectives. It also aims to examine whether employees are familiar with the organisation's mission and vision, the significance of their KPAs and how it contributes to achieving the organisations goals. This study is aimed at benefiting the

organisations by illustrating the benefits of a well implemented performance management system and students who want to pursue research in this field in the academic arena.

Objectives:

1. To establish whether employees are familiar with the vision and mission of the company.
2. To determine whether employees understand what are KPAs.
3. To determine whether employees are aware of the significance of their KPAs in achieving the company's objectives.
4. To draw a comparison between different levels of employees' awareness of their KPA's and its impact on the company objectives.
5. To determine whether demographics (age, gender, race, level of education and rank) impacts on employees' awareness of KPA's and company objectives.
6. To determine employee perceptions of the performance management process.

1.6 Research Questions

The following questions will be answered by this study:

Are the key performance areas of employees aligned with the mission and vision of their organisations?

Are employees aware that their key performance areas are linked to the company strategy?

Do employees know that they individually contribute to meeting the objectives of their organisations?

Do employees know the significance of having a performance management system in place at their workplaces?

Are employees aware on the significance on KPA reviews and contracting with their line managers?

1.7 Limitations of the Study

The possible limitations of this study include:

Time constraints,

Lack of response from respondents,

The chosen sample size

1.8 Chapter Structure

This research study will be presented in six chapters. Chapter 1 provides the background to the research, highlighting the motivation for this study as well as the aim and objectives of this study. The research problem and possible limitations of this study will also be discussed here. This study was purely quantitative and not qualitative.

Chapter 2 will present the literature reviewed for this study. This chapter will highlight the definitions of performance management, present different models of performance management and discuss the link between key performance areas and organisational strategy.

Chapter 3 provides a discussion of the research methodology that was adopted for this study. The research design and instruments, data collection methods, sampling techniques and use of questionnaires will also be discussed.

Chapter 4 presents the findings of this study on the basis of the research objectives and the empirical data collected. The data from this research is statistically analysed, interpreted and presented in the form of tables and graphs.

Chapter 4 is the interpretation of the findings linking the empirical data with the literature reviewed for this study.

Chapter 6 presents the conclusions of this research study. This chapter provides a critical assessment of this study as well as recommendations for future studies.

1.9 Summary

This chapter outlined the intent and purpose of this study as well as the motivation and focus of the study. It also briefly described the possible limitations of the study as well as benefactors of this study.

The next chapter will provide a review of the literature used for this research more specifically research done in the same area.

CHAPTER TWO

The Literature on Performance Management

2.1 Introduction

This chapter explores the literature available on performance management systems, key performance areas and the link to organisational strategy. The chapter will present the past research that has been done on this subject as well as findings and recommendations. The literature will also present the various performance management frameworks and models that are available to organisations.

2.2 A few definitions

Performance measurement systems are formal devices for control and for the formulation and communication of strategy (Wouters 2009) – they are used as a management tool to ensure that employees perform the tasks that really matter to the organisation.

“Performance management is the process of defining clear objectives and targets for individuals and teams, and the regular review of actual achievement and eventual rewarding for target achievement” (Lowe and Jones, 2004, p. 1314); a process that should ensure that individual and team effort support the organisational objectives and that key stakeholder expectations are realised.

Grobler, Warnich, Carrell, Elbert and Hatfield (2002, p. 260) define performance appraisal as “the ongoing process of evaluating and managing both the behaviour and outcomes in the workplace”, while Noe, Hollenbeck, Gerhart and Wright (2006, p. 330) define performance appraisal as “the process through which an organisation gets information on how well an employee is doing his or her job”. None of the preceding definitions have embedded in them the association on the performance appraisal system to the long-term objectives of organisations.

Just as performance management has been defined as “the means through which managers ensure that employees’ activities and outputs are congruent with the organisation’s goals” (Noe et al, 2006, p. 330), so too should the definition of performance appraisal clearly and explicitly illustrate the link between an employee’s performance and the organisation’s goals. Performance management must be used as a strategic tool for it to be truly effective in the organisation, i.e. the organisation’s strategy must be linked with its performance management system.

Traditionally, performance management was viewed from a pure accounting perspective i.e. overheads were allocated on the basis of direct labour, “which up to the 1960’s was a reasonable method, direct labour being a significant proportion of cost of goods sold (Rouse & Putterill 2003, p. 792). In the 1920s, the Du Pont pyramid of financial measures was a framework used to measure performance – “The pyramid of financial ratios had an explicit hierarchical structure, linking measures at different organisational levels” (Rouse & Putterill 2003, p. 792). A major shortcoming of the Du Pont pyramid, albeit a relatively sophisticated method of analysing financial performance, is its sole focus on financial performance. Technological advancement in the 1980’s brought substantial introductions of automation and computer controlled processing, reducing the proportion of direct labour in the cost of goods sold to a much lower level” (McAdam and Bailie, 2002, p. 973). The traditional method of measuring performance led to misleading information and consequently wrong decisions where continuous improvement and innovation were concerned. Letza (1996) highlighted that the financial and accounting measures were an “insensitive and inadequate” tool for decision-making with regard to alignment with business strategy. Performance measures must reflect the strategies and capabilities of the organisation, not just the financial results, as supported by Kaplan and Norton (1996) who state that “an organisation’s measurement system affect the behaviour of people inside and outside the organisation”.

According to Rouse and Putterill (2003, p.75) business today is highly integrated, data is generated in large volumes, and processes are in many instances continuous.

Above all else competition is intense and the environment dynamic. To make progress on the performance measurement front requires researchers to explicitly recognise the business world as it now is, and to be prepared to experiment with permutations other than the single perspective that has been the dominant paradigm. The fundamental shift in business is that organisations have transcended their cost phase and entered a value phase, i.e. businesses today operate in an environment where value is paramount and have to continuously strive to deliver products and services which are of greater value to their customers at lower costs. To do so, they have been compelled to adopt a variety of performance improvement programmes, the vast majority of which demand that they upgrade their business performance measure systems (Neely 1999, p. 214).

2.3 The Company Strategy

Strategy refers to the long term plans developed by top management, usually for periods of two to ten years or even longer. These plans are used to evaluate and seize opportunities, as well as to allocate resources. Strategy includes plans to create new products, to purchase other organisations, to sell unprofitable sections of the business, to make shares available and to enter international markets (Nel et al 2004, p. 524).

Mintzberg (2001, p.11) states “Human nature insists on a definition for every concept. The field of strategic management cannot afford to rely on a single definition of strategy”. He describes strategy as some sort of consciously intended course of action, a guideline to deal with a situation, comprising of five pillars i.e. a plan, ploy, pattern, position and perspective. This definition illustrates some of the most fundamental issues about organisations as instruments for collective perception and action.

Porter (1991, p.96) describes strategy as a way of integrating the activities of the diverse functional departments within a firm, including marketing, production,

research and development, procurement, finance and the like. He stated further that “an explicit and mutually reinforcing set of goals and functional policies is needed to counter the centrifugal forces that lead functional departments in separate directions”. Porter stated that success of a strategy depends on three essential conditions – firstly, the strategy must be well understood throughout the organisation and secondly, the strategy must align the organisation with its environment. The third condition for success is that a company’s strategy must be centrally concerned with the creation and exploitation of its distinctive competences.

Dessler (2006) states that most companies have or are gaining access to the same technologies, therefore technology is not enough to set companies apart. It is usually the employees and the management system that makes a difference. In general, companies emulate one another; offer similar products with the only point of differentiation being price. Once the information on price becomes public knowledge, competing companies respond by reducing their prices. Neely (1999, p. 211) states further that “many organisations now actively seek to differentiate themselves from their competitor in terms of quality of service, flexibility, customisation, innovation and rapid response. They have been forced to do so because they now find themselves competing in markets where value rather than cost is the primary driver”. This therefore weakens the competitive advantage of companies. In essence, the generic strategy of organisations is to be different from the competition, i.e. what it does relative to the competition.

A well thought out competitively advantageous strategy is futile if it cannot be successfully executed in an organisation. “The strategy must be translated in concrete action and that action must be carefully implemented” (Pearce and Robinson 1995, p. 323). The implementation of strategies in organisations is tremendously challenging especially if the organisation operates in a rapidly changing industry and it is therefore critical for organisations to ensure that their entire human capital is a dynamic workforce, well versed in the strategy of the organisation and is committed to the implementation of their company’s strategy. In their article, Kaplan

and Norton (2005, p. 27) state “The gap arises, we believe, from a disconnect in most companies between strategy formulation and strategy execution”. Their research reveals that 95% of a company’s employees who are closest to customers and who operate processes are unaware of, or do not understand, its strategy. They further state that if the processes that create value are unaware of the strategy, they surely cannot help the organisation implement it effectively. Communication is vital to the strategic implementation process. Kaplan and Norton (2005, p. 72) further state that “Effective strategy execution requires communicating corporate strategy, ensuring that enterprise-level plans are translated into the plans of various units and departments, executing strategic initiatives to deliver on the grand plan; and aligning employees’ competency development plans and their personal goals and incentives with strategic objectives”. Employees must be properly informed on exactly why they are commissioned to perform the tasks require for successful strategy implementation, because if they are uninformed then they are merely working towards purpose-less objectives. Collis and Rukstad (2008, p. 9) purport that circulating the strategy statement throughout the company, with the value proposition and the activity system map attached thereto, is the starting point for incorporating strategy into everyone’s behaviour.

2.4 Human Resources Strategy

Human resource practices can only be effective if they are aligned with the strategic direction of the organisation; hence strategic human resources management means formulating and executing Human Resources (hereafter referred to as HR) systems, which comprise policies and practices that produce employee competencies and behaviour the company needs to achieve its strategic aims (Redman and Wilkinson, 2001, p.10). In short, it refers to specific human resource courses of action a company pursues to achieve its strategic goals. “Strategic HR management entails synchronising and integrating the organisations strategic business needs and plans with all those aspects stemming from and relating to the management of its employees” (Nel et al 2004, p. 531). Strategic human resource management is a

pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals. Miller (1987 cited in Redman and Wilkinson 2001, p. 10) defines strategic human resources management as “those decisions and actions which concern the management of employees at all levels in the business and which are directed towards creating and sustaining competitive advantage”.

According to Sparrow and Hiltrop (1994, p.629) the underlying assumption is that organisational effectiveness depends on there being a tight ‘fit’ between human resource practice and business strategies. They further state that different HRM practices serve to elicit and reinforce appropriate behaviours in the organisation. These ‘role’ behaviours cut across the specific skills, knowledge and abilities that are required to perform particular tasks. They are considered to be instrumental in the implementation of competitive strategies. HRM strategies are, therefore, all about making business strategies work.

Strategic human resource theory posits that an organisation’s human resources assets are potentially the sole source of competitive advantage, where competitive advantage depends solely on the organisation having “superior, valuable, rare, non-substitutable resources at its disposal and such resources are not easily imitated by others” (Redman & Wilkinson 2001, p. 10). Pivotal to this is the non-imitable aspect of the organisation’s resources, as competitors would soon follow suit through replication and the competitive advantage of that organisation would soon be lost. A significant point to note is that human capital is not an easy to imitate concept considering the complexities of personalities and emotions, more especially if the organisation has subtly implemented a human resource value creation process.

2.4.1 How can HR Strategy add value to an organisation?

HR Strategy can add value to an organisation by identifying, analysing and balancing the company’s external opportunities on the one hand and its internal strengths and weaknesses on the other. The results thereof initiate strategic plans to capitalise on

the organisations strengths and opportunities and minimise its threats and weaknesses with regard to human resources. Human resource management plays a pivotal role in the organisations strategy formulation because it is able to supply competitive intelligence that may be useful in the strategic planning process. They also supply information on the organisations internal human strengths and weaknesses (Dessler 2006).

HR Strategy implies the development of the human capital pool that gives an organisation “the unique ability to adapt to an ever changing environment” (Noe et al 2006, p. 61). The development also entails the changeover in the organisation to a learning or knowledge organisation in which employees continually expand their capacity to achieve the results they desire. Senge (1990) stated “Through learning we re-create ourselves. Through learning we become able to do something we never were able to do. Through learning we re-perceive the world and our relationship to it. Through learning we extend our capacity to create, to be part of the generative process of life”. The organisation is in a constant state of learning and thereby gains a competitive advantage. “Hiring competent employees and developing those competencies through effective human resource practices, underpins organisational capability” (Hiltrop 1996, p. 629).

Competitive advantage is defined as the factors that allow an organisation to differentiate its products and services from those of its competitors to increase market share (Dessler 2006, p. 10). In his article, Cummings (2005, p. 28) purports that the main difference between competing organisations is the attitude and quality of its people. According to Cummings (2005, p. 28) the concepts of risk management, best practice and benchmarking have closed the gap between organisations competing in the same industry; “you cannot, by definition, be a leader by following best practice”. In his opinion, human resources can be strategic by motivating employees to see a benchmark as challenge to go one better, rather than the norm to copy and to identify “next practice” as opposed to settling for best practice.

2.5 Performance Management and Key Performance Areas

The performance appraisal initiative should be the platform that managers use to communicate and give life to the long and short-term strategic goals of the organisation. According to Neely (1999) a company must use relevant performance measures to achieve sustainable business success in the demanding world marketplace. Letza (1996, cited in McAdam and Bailie: 2002) purports that the main function of performance management in a strategic context is to provide the means of control to achieve the objectives required to fulfil the company's mission or strategy statement. Neely et al (1994) support this view by stating that performance measurement is a key part of strategic control; and together with Fawcett et al (1997, cited in McAdam and Bailie 2002, p. 974) develop this argument by stating the need for performance measurement to exercise this control through:

- Helping managers to identify good performance
- Setting targets
- Demonstrating success or failure

Neely (1999, p. 211) states further that many organisations have realised that one of the hidden benefits of matching measures and strategies is namely that measures can encourage the implementation of strategy. Measures that are aligned with the strategy not only provide information on whether the strategy is being implemented, but also encourages behaviour that is consistent with the strategy. Neely (1999) further advocates the acceptance of Mintzberg's (1978) thesis that when an organisation realises that the strategy is a function of the "pattern of decisions and actions" it takes, then it becomes clear that the appropriately designed performance measures can encourage the implementation of strategy. Companies often fail to turn strategy into action due to inadequate or inappropriate measures.

Redman and Wilkinson (2001) cite Bevan and Thompson (1991) who describe performance management as:

- A shared vision of the organisations' objectives communicated via a mission statement to all employees
- Individuals performance targets which are related to the operating unit and wider organisational objectives
- Regular formal reviews of progress towards targets
- A review process which identifies training and development needs and rewards outcomes
- An evaluation of the effectiveness of the whole process and its contribution to the overall organisational performance to allow changes and improvements to be made.

According to Neely (1999, p. 210), there are seven main reasons for performance management being necessary in the current business environment namely, the changing nature of work, increasing competition, specific improvement initiatives, national and international awards, changing organisational goals, changing external demands, and the power of information technology.

“Increasing competition and globalisation of markets has led to organisations striving to differentiate themselves from their competitors. Markets are driven more by value than cost, forcing organisations to consider quality, customer service response and other such attributes” (McAdam and Bailie 2002, p. 974). Bourne et al (2000, cited in McAdam and Bailie, 2002, p. 974) advocate that this change of focus has generated the need for performance measures to facilitate the control of these attributes.

The aforementioned literature provides compelling reasons why performance measurement assumes a more strategic outlook. In view of this, models and mechanisms must be developed to address the need for appropriate supporting performance measures for business strategy in a rapidly changing environment (McAdam and Bailie 2002, p. 974).

2.5.1 Performance Management Frameworks

The review of literature presents frameworks and models that are recommended for efficient performance management systems

2.5.1.1 Hierarchy Model

As early as 1965, Anthony (cited in Rouse & Putterill 2003, p. 792) dimensioned decision making and information requirements into three broad hierarchical levels as illustrated in the following diagram:



Figure 2. 1 The Hierarchy Model

Anthony's (1965) framework focused predominantly on the management control level, deliberately neglecting the other two levels. The impact of this framework however has been pervasive and has been adopted in subsequent frameworks.

Although Anthony's (1965) framework has been criticised for its strong accounting flavour and separation of planning from control, it does provide a useful model for

depicting the notion of managerial measures linking strategic objectives to operational control activities (Rouse and Putterill 2003, p. 792).

2.5.1.2 Three Components of Performance Monitoring Model

This model designed by Altman (1979) was built on three desirable components of performance monitoring systems in the public sector, i.e. a data component which captures and processes data, an analysis component which translates data into information, and an action component which refers to management's use of this information.

Altman (1979, p. 32) states "Whereas organisational goals are general statements of desired social or organisational outcome and are usually not time limited, programme objectives are quantifiable, time-limited statements of planned results" - this means that the three components prescribed by Altman's (1979) model are programme objectives which reflect the organisation's goals.

2.5.1.3 Performance Pyramid

In 1989, Cross and Lynch (cited in Rouse and Putterill 2003, p. 792) devised a performance pyramid where strategic objectives flow down the hierarchy through the organisation with a reverse flow of information flowing upwards. The pyramid comprises four levels that embody the corporate vision, accountability of the business units, competitive dimensions for business operating systems and specific operational criteria.



Figure 2. 2 The Performance Pyramid

2.5.1.4 Multi-dimensional Approach

Azzone, Masella and Bertele (1991 cited in Rouse and Putterill 2003, p. 792) provided a multi-dimensional approach to performance measurement comprising four dimensions of an organisation's competitiveness i.e. cost, quality, innovation and time. The focus on time and measures to assist firms competing on this dimension, organisational learning is realised by the importance placed on human resources as a critical success factor for time based competition.

2.5.1.5 Linked Structure Model

Beischel and Smith (1991, cited in Rouse and Putterill 2003, p. 792) proposed the link structure model explicitly focusing on the structure of the measures linking critical success factors to process levels. Every measure must meet two criteria, namely, it must be linked to a critical success factor at the top of the organisation and it must be

linked to the manufacturing process.

The rationale behind this is that measures that cannot be linked in these two ways are either not indicating movement towards the achievement of the strategic goals or cannot be explained in terms of process drivers, implying that no control response can be taken (Rouse & Putterill 2003, p. 792).

2.5.1.6 The Balanced Scorecard

Kaplan and Norton (1992) recognised the need to provide managers with a balanced presentation of both financial and operational measures. "...managers should not have to choose between financial and operational measures. In observing and working with many companies, we have found that senior executives do not rely on one set of measures to the exclusion of the other. They realise that no single measure can provide a clear performance target or focus attention on the critical areas of the business" (Kaplan and Norton 1992, pp. 172). During a yearlong research project with 12 companies in 1992, Kaplan and Norton introduced the balanced scorecard, which was a "set of measures that gave top managers a fast but comprehensive view of the business. The balanced scorecard includes financial measures that report the results of actions already taken; and it complements the financial measures with operational measures on customer satisfaction, internal processes, and the organisation's innovation and improvement activities – operational measures that are the drivers of future financial performance" (Kaplan and Norton 1992, pp. 174).

The balanced scorecard (figure 2.3) is a strategic approach and performance management system that enables organisations to translate their mission and strategy into implementation, tailored around four perspectives – financial, customer, internal business, and innovation and learning

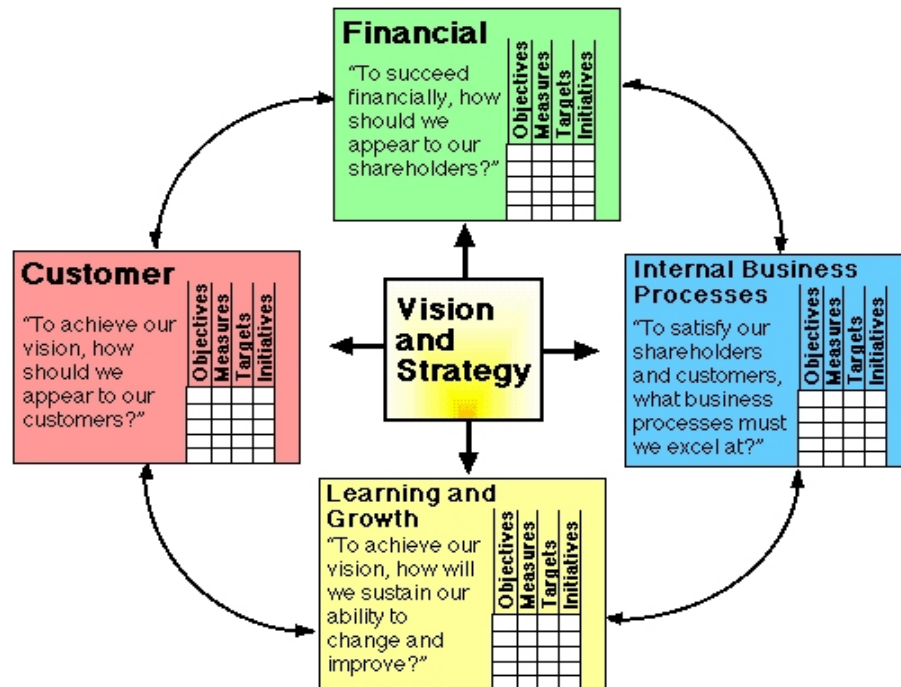


Figure 2. 3 The Balanced Scorecard

Adapted from: <http://www.businessintelligence.com>

The financial and customer perspectives of the balanced scorecard are intended to reflect the needs of stakeholders and target groups, which include measures such as sales, profitability, market share and customer satisfaction. The internal business perspective focuses on the internal operations that are necessary for customer satisfaction and efficiency; and includes measures of cycle time, and unit cost data.

The innovation and learning perspective reflects the ability of the organisation to continue to improve and create value for its customers and stakeholders. The measures under this perspective include the period of inception of a new product to its introduction onto the market i.e. "time to market", rates of improvement in reducing defect rates, and the half-life measure.

The balanced scorecard sets out to provide the answers to four basic questions (Kaplan and Norton 1992, pp. 174) i.e. how do customers see us, what must we excel

at, can we continue to improve and create value, and how do we look at shareholders?

The balanced scorecard forces managers to focus on a handful of measures that are most critical to an organisation. It also meets several managerial needs, such as bringing together, in a single managerial report, many of the seemingly disparate elements of a company's competitive agenda: becoming customer oriented, shortening response time, improving quality, emphasising teamwork, reducing new product launch times and managing for the long term. The scorecard also guards against suboptimisation, by compelling senior managers to consider all the important operational measures together, granting them the ability to see whether improvement in one area may have been achieved at the expense of another (Kaplan and Norton 1992, pp. 174).

Kennerly and Neely (2000 cited in Rouse and Putterill 2003, p. 793) point out a number of shortcomings of the balanced scorecard namely the absence of a competitive dimension, failure to recognise the importance of aspects such as human resources, supplier performance, and no specification of the dimensions of performance that determine success.

2.5.1.7 The Otley Framework

In 1999 Otley proposed a framework with a strong emphasis on management control purposes that is organised around five main sets of issues: organisation objectives and their evaluation, strategies and plans, their implementation and ongoing appraisal, performance targets, incentive arrangements, and information and knowledge management.

2.5.1.8 The Performance Prism

Kennerley and Neely (2002) provided a performance prism that is organised around five distinct but linked perspectives of performance: stakeholder satisfaction, strategies, processes, capabilities, and stakeholder contributions.

2.5.2 An integral framework for Performance Management

According to Rouse & Putterill (2003, p. 791) the integral framework for performance management has two parts: “a macro view of the organisation that recognises the general themes; and second, three separate but interrelated dimensions of performance that emerge from the first component”. McAdam & Bailie (2002, p. 972) state that it is important to establish a comprehensive view of performance measures that indicate the overall health of a business, which can then be more fully aligned with business strategy. Nanni et al (1992, cited in McAdam and Bailie 2002, p. 972) described this approach as moving towards “integrated performance measures”.

An important characteristic of the integral framework for performance management is the systematic structure of measures, methods of analysis and process of evaluation that form the core of sustained planning and control practice. The integral approach to performance management incorporates the broader evaluation processes relating to the organisation’s mission and objectives and recognises that performance appraisal encompasses a multitude of processes and tools, requiring a systems view that may not be tractable to a single framework focussed solely on performance measurement (Rouse and Putterill, 2003).

Rouse and Putterill (2003) state further that the flexibility of contemporary business with global ramifications and wide ranging just in time interdependencies promoted by computer facilitated connectivity is beyond the scope of a traditional, single, all encompassing approach. The task today is to match contemporary business and

performance feedback requirements. Rouse and Putterill (2003) prescribe a framework that is intended to contribute to the development of performance management as an interdependent discipline. This framework (figure 2.4) provides both macro and micro views of the organisation and captures the salient notions of performance along three dimensions i.e. evaluation, analysis and measures.

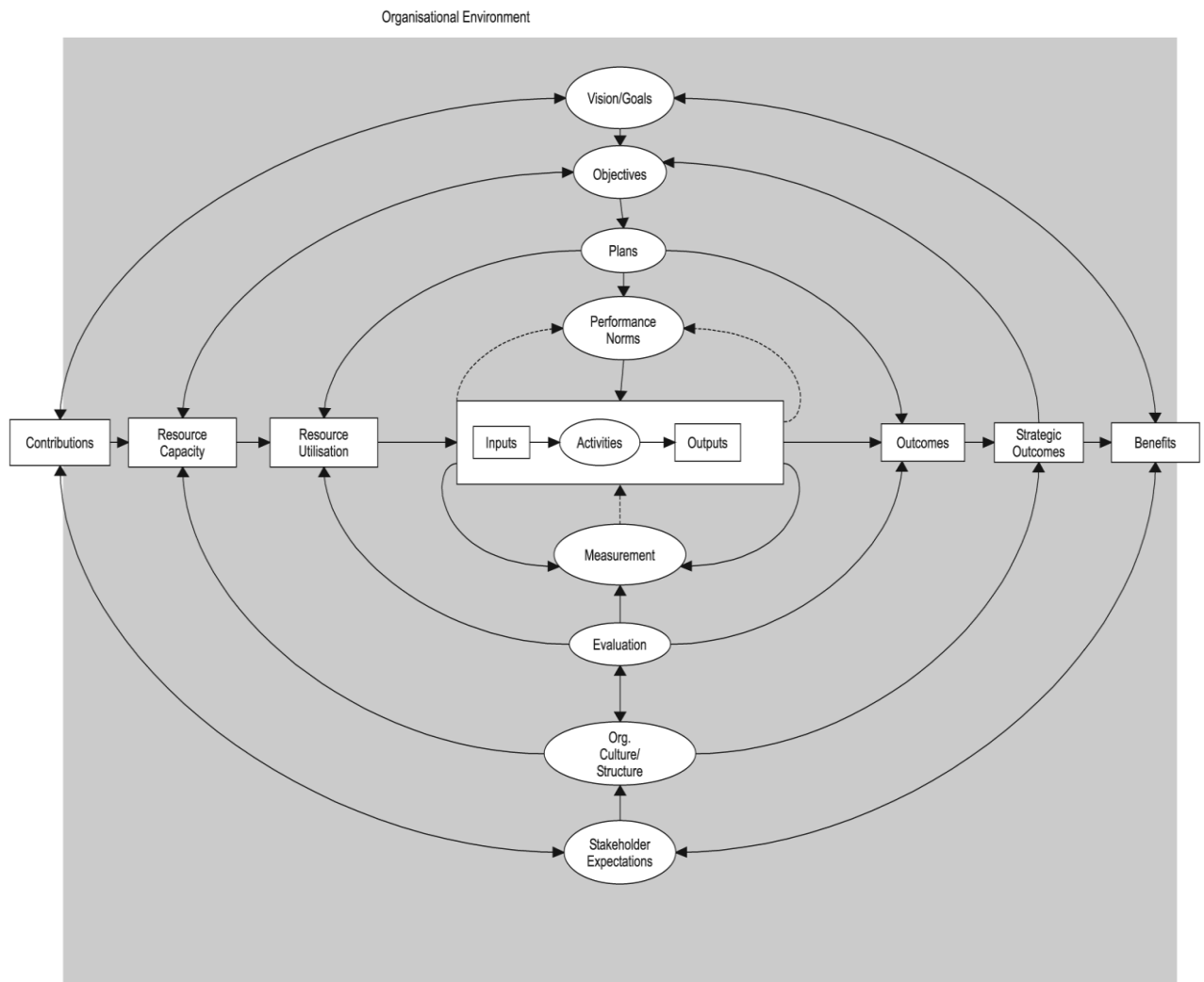


Figure 2. 4 The integral Framework for Performance Management

Adapted from Rouse, P and Putterill, M 2003 'An integral framework for performance management', *Management Decision*, vol. 41, issue 8, pp. 799.

Rouse and Putterill's (2003, p.799) framework provides the following contributions:

- A sense of balance is conveyed between the macro and micro views of the organisation and their interactions.
- Planning and evaluation control processes are combined with resource and achievement management considerations i.e. integrated performance management should manage work rather than cost.
- Performance is viewed in an holistic organisational sense that facilitates an open system interpretation, while allowing for dynamic flows between the various levels (the concentric circles) as well as for the entire system.

These contributions provide an integral approach to performance management illustrating an holistic approach to managing the performance of the workforce or organisations

2.6 An organisational model of Performance Management

Noe et al (2006, p. 331) advocate a performance management system that has three parts i.e. defining performance, measuring performance and feeding back performance information. According to these authors the performance management system must first specify which aspects of performance are relevant to the organisation, primarily through job analysis. Second, it measures those aspects of performance through performance appraisal and third, it provides feedback to employees through performance feedback sessions so they can adjust their performance in line with the organisation's goals. The major purposes of a performance management system must be looked at from an organisational rather than a measurement perspective as illustrated in Figure 2.5.

According to Noe et al (2006), individuals' attribute – their skills, abilities and so on – are the raw materials of performance. These raw materials are transformed into objective results through the employees' behaviour. However, these behaviours can

only be exhibited if the employees have the necessary knowledge, skills and abilities. Employees with little product knowledge or indifferent interpersonal skills cannot effectively display those behaviours. “The objective results are measurable, tangible outputs of work, and they are a consequence of the employee’s or the work group’s behaviour” (Noe et al 2006, p. 331).

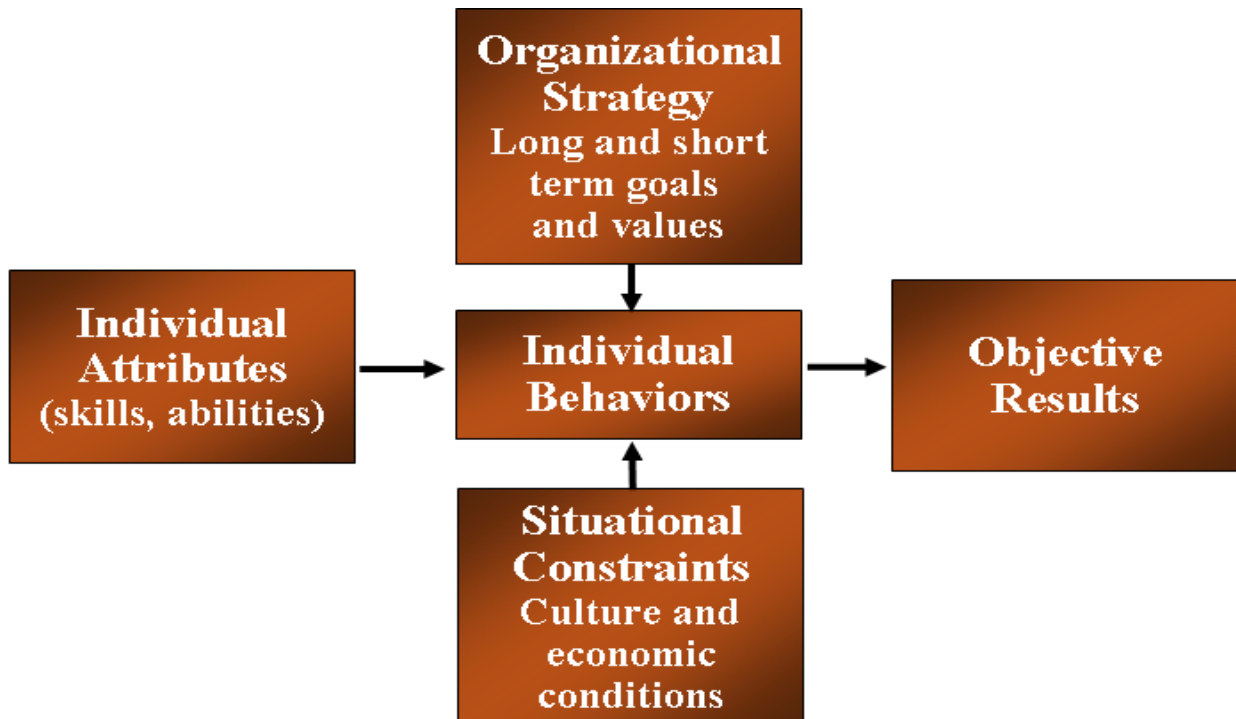


Figure 2. 5 Model of Performance Management in Organisations

Adapted from Noe, R.A; Hollenbeck, J.R; Gerhart, B; Wright, P.M. 2006. *Human Resource Management. Gaining a Competitive Advantage*, Fifth Edition, McGraw Hill, New York. Page 331

Important component in this organisational model of the performance management system is the organisation’s strategy. “Divisions, departments, work groups and individuals within the company must align their activities with these strategies and goals” (Noe et al 2006, p. 331). The link between performance management and the

strategies and goals of organisations is often neglected; and this lack of alignment makes the possibility of achieving the goals very small. The performance planning and evaluation (PPE) systems, which seek to tie the formal performance appraisal process to the company's strategies by specifying at the beginning of the evaluation period the types and level of performance that must be accomplished to achieve the strategy (Noe et al 2006, p. 331).

2.7 Vision & Strategy

An organisation's shared vision provides clear direction to its desired future position and its strategies define or determine the manner in which this shared vision will be accomplished. It is imperative that an organisation's vision be translated into strategies and actions, which is quantified by performance measures that determine whether the vision is accomplished.

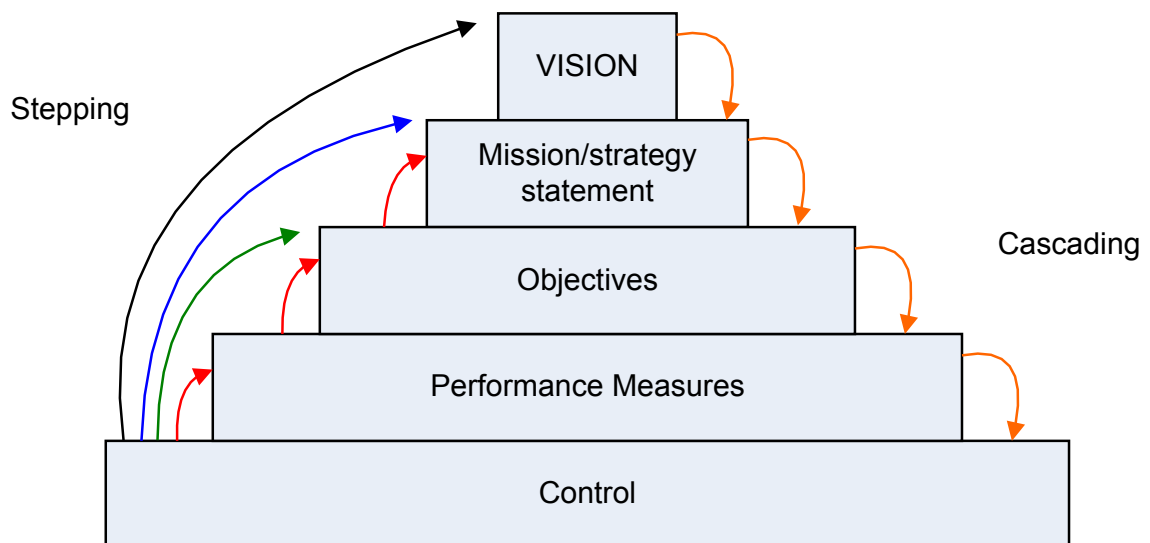


Figure 2. 6 Vision-Strategy-Performance Measurement Link

Adapted from Letza, S 1996 'The design and implementation of the balanced scorecard – an analysis of three companies in practice', *Business Process Management Journal*, vol. 2, no. 3, pp. 54 – 76.

Figure 2.6 illustrates how the vision is translated into strategies, objectives and performance measures and advocates Lowe and Jones's (2004, p. 1313) recommendation of "the development of a strategic control system involving the facility to review performance against strategic goals and targets". To ensure that this process is results driven, it is important for an organisation to specify in its strategic intent exactly what it wants to measure - there must be a focus on the things that really matter to the organisation, which should be contained in the organisation's vision, mission and strategy i.e. the organisation's strategic map.

Parker (2000, cited in Lowe & Jones 2004) is of the opinion that performance measures should be constantly reviewed to ensure that it is still aligned with the strategy. Ultimately this implies that the organisation's human capital needs to be educated on all actions and tasks which are aligned with the strategic direction of the organisation. As previously pointed out by Kaplan and Norton (2005, p. 72) "effective strategy execution requires communicating corporate strategy, ensuring that enterprise-level plans are translated into the plans of various units and departments, executing strategic initiatives to deliver on the grand plan; and aligning employees' competency development plans and their personal goals and incentives with strategic objectives".

Figure 2.6 links the organisation's strategy with the required actions and outcomes and also indicates that performance measures lead to feedback which will then result in increased knowledge and value that will influence the strategy. In this way the knowledge gained and value added result in a process of continuous strategy formulation, with new actions and outcomes. These actions and outcomes are then translated into a set of performance measures that continuously link the strategy with the performance requirements through continuous learning (Parker 2000, cited in Lowe and Jones 2004).

2.8 Summary

An organisation's capability is underpinned by the competence of the employees it hires and its ability to develop those competencies through effective human resource practices. This chapter has highlighted the importance of performance management in modern organisations. The more recent models have shown that performance management of individuals must be aligned with the organisations strategy. In essence, if alignment between performances measures and business strategy is to be meaningful and effective, then there must be more consistency of both decision making and action. This consistency and hence alignment can only be achieved in rapidly changing and complex environments by developing a more comprehensive range of performance measures (McAdam and Bailie 2002, p. 976). The literature reviewed suggests that the strategies of organisations are translated into action through accurate and effective performance management systems that are put into place. Measures that are aligned with strategy not only provide information on whether the strategy is being implemented, but also encourage behaviours consistent with the strategy (Neely 1999, p. 212). Performance management is a key process in any organisation that focuses on key issues and business objectives to ensure sustainability. After conducting numerous searches through academic literature it was evident that no literature existed on this topic from a South African perspective. Due to the paucity of South African literature the empirical study will attempt to add to the literature on the link between KPA's and strategy.

CHAPTER THREE

Research Methodology

3.1 Introduction

This chapter presents a description of the methods followed in undertaking this research study. The definitions of research as well as research instruments and analysis are discussed in this chapter illustrating the many options there are in conducting an empirical study. In this chapter, the research problem, the objectives, sampling, research tools, approach and instrument to investigate the link between Key Performance Areas and Organisational Strategy will be discussed.

3.2 What is Research?

“Research methodology is the general approach the researcher takes in carrying out a research project, to some extent, this approach dictates the particular tools the researcher selects” (Leedy and Ormrod 2005, p. 12). A research method is simply a method for collecting data. Leedy and Ormrod (2005, p. 2) define research as “a systematic process of collecting, analysing, and interpreting information (data) in order to increase our understanding of the phenomenon about which we are interested or concerned”, they propose that formal research typically has eight distinct characteristics:

1. Research originates with a problem or question.
2. Research requires clear articulation of a goal.
3. Research requires a specific plan for proceeding.
4. Research usually divides the principal problem into more manageable sub problems.
5. Research is guided by the specific research problem, question or hypothesis.
6. Research accepts certain critical assumptions.
7. Research requires the collection and interpretation of data in an attempt to

resolve the problem that initiated the research.

8. Research is, by its nature, cyclical or, more exactly helical.

What Leedy and Ormrod (2005) offer is that research occurs in a format, a chronological path of inquiry, in search of empirical evidence to prove or disprove the problem or question that initiated the research process; and research involves the application of various methods and techniques in order to create scientifically obtained knowledge by using objective methods and procedures.

3.3 Types of Research

The different types of research, their processes, methods and analysis are explained below.

3.3.1 Qualitative Research

According to Leedy (2005, p. 133) qualitative research focuses on phenomena that occur in natural settings, that is, in the “real world”; and they involve studying those phenomena in all their complexity. The emphasis in qualitative research is on words rather than on numbers or quantification in the collection and analysis of data (Bryman & Bell 2007, p. 402).

Bryman and Bell (2007, p. 16-22) state that qualitative and quantitative originate from two predominant positions:

- The epistemological position, wherein the key question is whether or not the social world can or should be studied according to the same principles, procedures and ethos as the natural sciences, and
- The ontological position is centred on the question of whether social entities can and should be considered objective entities that have a reality external to social

actors, or whether these social entities are built from the perceptions and actions of those social factors.

In qualitative research, the epistemological position is described as interpretivist. This means that the emphasis on the understanding and interpretation of the social world is through examination of that world's participants.

The ontological position is described as constructionist. This implies that the social make-up of the world is a result of the interactions between individuals, as opposed to being derived from phenomena, which are just 'out there' (Bryman & Bell 2007, p. 402).

Gubrium and Holstein (1997, cited in Bryman and Bell 2007, p. 403) illustrate the four traditions that arise from the epistemological and ontological positions:

- Naturalism:
Provides rich descriptions of people and their interactions in the natural world by seeking to understand social reality in its own terms, 'as it really is'.
- Ethnomethodology:
Has a naturalistic orientation where researchers attempt to interpret how social order is created through talk and social interaction.
- Emotionalism:
This tradition exhibits a concern of subjectivity and the inner reality on humans, i.e. gaining access to an inside experience.
- Postmodernism:
The emphasis in this tradition is on method talk, sensitive to the different ways social reality can be constructed - reality is accessed through narratives.

3.3.1.1 The qualitative research process

Bryman and Bell (2007, p. 406) illustrate the main steps of qualitative research:

- Step 1 – General research questions
- Step 2 – Selecting relevant sites and subjects
- Step 3 – Collection of relevant data
- Step 4 – Interpretation of data
- Step 5 - Conceptual and theoretical work
- Step 6 – Writing up findings and conclusions.

It should be noted that steps four and five may become iterative processes, in that it may be necessary to develop a tighter specification of the research questions following step five. This follows with the collection of further data and repeated interpretation of the data (step four).

3.3.1.2 Qualitative Research Methods

The key methods of qualitative research designs are outlined below:

- Case Study

Leedy and Ormrod (2005, p. 135) explain that in a case study, a particular individual, programme or event is studied in depth for a defined period of time. In some instances, researchers focus on a single case because it is unique or exceptional qualities can promote understanding or inform practice for similar situations. In other instances, researchers focus on two or more cases, often cases that are very different in significant ways, to make comparison, build theories or propose generalisations. A case study may be useful to investigate how an individual or programme changes over time, perhaps as the result of certain circumstances or interventions. Either way, the case study is useful for generating or providing preliminary support for

hypotheses. A major disadvantage of the case study method, especially where a single case is concerned, researchers can't be sure that the findings are generalisable to other situations.

- Ethnography / Participant observation

In ethnography, the researcher conducts an in depth study of an entire group – more specifically a group that shares a common culture – in depth. The researcher studies the group in its natural setting for a lengthy period of time, often several months or years (Leedy & Ormrod 2005, p. 137). In ethnography also known as participant observation, the researcher does not observe the experiences of the individuals involved as a detached outsider, but experiences them first-hand as an insider. The participant observer thus becomes a member of the inner circle of the group or event that is being studied (Welman & Kruger 1999, p. 192). Observation includes the daily experiences of the members of a group, community or organisation. The observer must remain close enough to see the detail, yet distant enough to remain objective. The focus of this investigation is on the everyday behaviours e.g. language, interactions, rituals of the people in the group, with the intention of identifying cultural norms, beliefs, social structures, and other cultural patterns (Leedy & Ormrod 2005, p. 137).

- Qualitative interviewing:

According to Bryman & Bell (2007, p. 472), this method is probably the most widely employed method in qualitative research, which usually takes the form of either semi-structured or unstructured interviews. The respondent is afforded the liberty of discussing reactions, opinions and behaviour in relation to a particular issue. The role of the interviewer is to provide lead questions and to record the responses in order to later understand the respondents' reactions, opinions and behaviour.

- Semi-structured interviews usually begin with a relatively clear focus, where the researcher has a list of questions on a specific topic to be covered and

the interviewee has a large amount of leeway on how to reply (Bryman & Bell 2007, p. 474).

- Unstructured interviews are usually employed in explorative research. The researcher tries to identify important variables in the particular area. As the area is generally unfamiliar, it is usually difficult to compile or begin with a preconceived schedule (Welman & Kruger 1999, p. 196), hence the need to adopt a less-prescriptive, more iterative approach.

- Focus groups

Focus groups typically emphasise a specific theme which is to be explored in depth. The researcher is concerned with the way in which participants discuss issues as a group, rather than as individuals i.e. how people will react and respond to one another's views and to build a holistic view from these joint engagements and interactions within the group (Bryman & Bell 2007, p. 510).

- Language-based approaches – Conversation and Discourse Analysis:

Conversation Analysis is the fine-grained analysis of talk as it occurs in interaction in naturally occurring situations. The analysis is concerned with uncovering the underlying structures of talk during the course of interaction (Bryman & Bell 2007, p. 531).

Discourse Analysis - This is based on the way we say things, our phrases, our emphases and rhetoric which all impact on the way in which people perceive and understand their own and our reality (Bryman & Bell 2007, p. 536).

- Qualitative analysis through review of texts and documents:

This method is best suited to situations where the researcher wishes to gain an impression of the how a program operates without interrupting the programme itself. The disadvantages of this method are that it is time-consuming, the information may be incomplete, the researcher needs to be specific about what they are looking for; and the data is restricted to what is available and is therefore

inflexible.

3.3.1.3 Reliability and Validity of Qualitative Research

Reliability and validity are important criteria in establishing and assessing the quality of research as explained below (Bryman & Bell 2007, p. 410):

- External reliability
This is the extent or degree to which the study can be replicated. This can be difficult in qualitative studies since it is impossible to ‘freeze’ a social setting and the circumstances which exist during the initial study by virtue of the dynamic nature of the subject matter as well as the participants.
- Internal reliability:
This refers to the extent to which more than one observer or member of a research team agree about what they see and hear, and how they interpret the results – a similar notion to inter-observer consistency
- Internal validity:
This refers to whether or not there is a good match between a researcher’s observations and the theoretical ideas they develop.
- External validity:
This refers to the extent to which findings can be generalized across social settings.

3.3.1.4 Analysis of the data

One of the main difficulties with qualitative research is that it very rapidly generates a large, cumbersome database because of its reliance on prose in the form of such media as field notes, interview transcripts, or documents (Bryman & Bell 2007, p. 579). Researchers become overwhelmed by the sheer volume and richness of the data and many researchers become captivated by this richness and fail to carry out a true and reflective analysis of this data.

The process of analysis of data is dependent on the method that the researcher adopts in qualitative research for e.g. the steps involved in the analysis of data in a case study are organisation of details about the case, categorisation of data, interpretation of single stances, identification of patterns and synthesis and generalisations (Welman & Kruger 1999, p. 136).

One of the most notable developments in qualitative research in recent years is the arrival of computer software that facilitates the analysis of qualitative data. Computer-Assisted Qualitative Data Analysis Software ('CAQDAS') such as NVivo, analyses, appraises and evaluates the efficacy of qualitative research projects.

3.3.1.5 The critique of qualitative research

Bryman and Bell (2007, p. 423) highlight four main areas of criticism of qualitative approaches:

- Qualitative research is too subjective and impressionistic
This means that the qualitative findings rely too much on the researcher's often unsystematic views about what is significant and important; as well as on the close personal relationships that are often formed between the researcher and respondents.
- Difficult to replicate
Qualitative research is generally unstructured and often reliant on the researcher's ingenuity. As a result thereof, this type of research can be difficult to replicate.
- Problems of generalization
This problem relates to the fact that the scope of findings of qualitative investigations is often restricted for example when research is conducted through participant observation or unstructured interviews, particularly in the case of small

numbers or individuals within a certain organisation or locality, it is difficult to know how the findings can be generalized to other settings.

- Lack of transparency

It is often difficult to establish exactly what the researcher did and how conclusions were arrived at or inferences drawn.

Qualitative research methods are most useful in allowing the researcher to build hypotheses and derive explanations for inductive and exploratory research. The emphasis on qualitative research is on understanding and interpretation, a more explorative orientation, with a subjective 'insider view' where the researcher finds themselves close to the data. Therefore researchers employ a limited number of generally more detailed observations, the outcomes of which provide a more in-depth explanation of the problem (Bryman & Bell 2007, pp. 436-437).

3.3.2 Quantitative Research

Bryman & Bell (2007, p. 28) propose that quantitative research can be construed as a research strategy that emphasises quantification in the collection and analysis of data and that it:

- entails a deductive approach to the relationship between theory and research, in which the emphasis is on testing theories;
- incorporates the practices and norms of the natural scientific model of positivism in particular; and
- embodies a view of social reality as an external, objective reality.

The deductive process works on the basis of what is already known about a particular domain and the theoretical considerations of that domain. Theory and the hypothesis which is deduced from this theory come first and drive the process of gathering data (Bryman & Bell 2007, p.11).

3.3.2.1 The quantitative research process

Bryman and Bell (2007, p. 155) outline the main steps involved in quantitative research:

- Step 1 - Theory
- Step 2 - Hypothesis/Problem Statement
- Step 3 - Research design
- Step 4 - Devise measures of concepts
- Step 5 - Select research site(s)
- Step 6 - Select research subjects or respondents
- Step 7 - Administer research instruments/collect data
- Step 8 - Process data
- Step 9 - Analyse data
- Step 10 - Findings/conclusions

3.3.2.2 The main elements of quantitative analysis

Bryman & Bell (2007, p. 168) highlight four distinctive elements of quantitative analysis in research:

- Measurement

According to Stevens (1951, cited in Welman & Kruger 1999, p. 133), measurement involves the assignment of numbers, in terms of fixed rules, to individuals (or objects) to reflect differences between them in some or other characteristic or attribute. Leedy & Ormrod (2005, p. 21) define measurement as limiting the data of any phenomenon – substantial or insubstantial – so that those data may be interpreted and, ultimately compared to an acceptable qualitative or quantitative standard.

- Causality

Bryman & Bell (2007, p. 168-169) state that quantitative researchers are rarely concerned about describing how things are, but are keen to explain why things are the way they are. In search of such explanations, researchers are required to examine the underlying causes more carefully. In such research the idea of the dependent and independent variables emerge, which reflect the tendency to think in terms of cause and effect that is a change in the independent variable will cause an effect to occur on a dependent variable, or conversely, a change in the dependent variable takes place as a result of a change in the independent variable.

- Generalization

In quantitative research, researchers are concerned with being able to generalise the findings of their research beyond the confines of the particular contexts in which the research was conducted. The sample will therefore need to be as representative as possible in order to infer that the results are not unique to the particular group upon whom the research was conducted. Probability sampling is the main way through which researchers seek to generate a representative sample. Probability sampling allows a researcher to employ tests of statistical significance that allows inferences to be made about the population from which the sample was selected (Bryman and Bell, 2007).

- Replication

Replication refers to the concept of reproducing or repeating a study to see if the same or comparably similar results are obtained. If there is a failure to replicate a study, then serious questions will be raised about the validity of those findings.

3.3.2.3 Reliability and validation of Quantitative Research

Reliability is fundamentally concerned with issues of consistency of measures (Bryman & Bell 2005, pp. 162- 164). The authors further illustrate three prominent factors involved when considering whether a measure is reliable:

- **Stability**
This involves checking whether the measure is stable over time, so that the researcher can be confident that the results relating to the measure for a sample of respondents do not fluctuate.
- **Internal reliability**
The key issue with internal reliability is whether or not the indicators that make up the scale or index are consistent.
- **Inter-observer consistency:**
This refers to activities such as recordings of observations, where more than one observer is involved. There is the possibility that there is a lack of consistency of their decisions.

According to Leedy & Ormrod (2005, p. 28) the validity of a measurement instrument, is the extent to which the instrument measures what it is supposed to measure. Measurement validity is concerned with whether or not a concept really measures that concept (Bryman & Bell 2007, p. 164). The authors outline five ways of assessing validity (pp. 165-166):

- **Face Validity**
With this type of validity, the researcher ensures that the measure reflects the content of the concept in question.
- **Concurrent Validity**
The researcher seeks to gauge the concurrent validity of the measure, by using a criterion in which cases are known to differ and that is relevant to the concept in question. If a lack of correspondence is found, doubt may be cast on whether or not the measure is really addressing the concept in question.

- Predictive Validity

Predictive validity is similar to concurrent validity; however in this case, a researcher uses a future criterion as opposed to a contemporary one.

- Construct Validity

With construct validity, the researcher deduces hypotheses from a theory that is relevant to the concept.

- Convergent Validity

The validity of a measure should be gauged by comparing it to measures of the same concept developed through other methods. The example provided by the authors Bryman & Bell (2007, p. 165) collecting data through a self-completion questionnaire and then carrying out a structured interview to compare the results. This is the running of two data-collection methods concurrently.

3.3.2.4 Collection of data in quantitative analysis

Bryman & Bell (2007, pp. 208-347) offer four main methods of data collection in quantitative analysis:

- Sampling

Sampling is the process of selecting a limited number of respondents from a population to represent that population. If the sample is chosen by using the appropriate sampling techniques, and the results are subjected to the proper statistical validation tests, then the conclusions reached from the sample may be viewed as being representative of the population as a whole.

- Self-Completion questionnaires

In a self-administered questionnaire, the respondents read the written instructions and provide their answers to the questions on a standard response sheet which forms

part of the questionnaire. The data is then retrieved from the questionnaire responses, recorded and analysed using mathematical and/or statistical techniques.

- **Structured interviewing**

A standard format of an interview is used, with an emphasis on fixed or pre-defined response categories, using systematic sampling and coding procedures combined with quantitative measures and statistical analysis. The structured interview is similar to the self-completion questionnaire, except that the research medium is verbal and is executed by the researcher in discussion with the respondent.

- **Structured observation**

Structured observation is a method of systematically observing the behaviour of individuals in terms of a schedule of categories. This allows the behaviour to be observed and recorded directly in natural surroundings, based on real-life events.

3.3.2.5 Data Analysis

Data is collected from respondents using the abovementioned methods and is subjected to rigorous statistical analysis in order to assess its validity, the correlation between relationships tested and the extent to which the sample can be relied upon as a reasonable representation of the population as a whole. Statistical analysis is conducted using software packages such as the Statistical Package for the Social Sciences (SPSS).

3.3.2.6 Critique of quantitative analysis

Quantitative analysis has endured a great deal of criticism over the years. The authors Bryman & Bell (2005, pp. 174-175) provide some insight on this:

- Researchers fail to distinguish people and social institutions from the 'world of nature'.

- The measurement process possesses an artificial and spurious sense of precision and accuracy.
- The reliance on data-collection instruments hinders the connection between research and everyday life.
- The analysis of relationships between variables creates a static view of social life that is independent of people's lives.

Quantitative analysis can be characterised as a linear series of steps moving from theory to conclusions through the use of samples that adequately represent a population. It fundamentally entails the collection of numerical data from respondents or observations which are analysed statistically or mathematically to draw inferences on the broader population based on the results obtained from the sample.

3.4 Aim and Objectives of this Study

The aim of this study is to ascertain whether the performance appraisal systems in place in South African organisations are aligned with the companies' long term strategies and whether these performance appraisal systems form part of the integral process in meeting the organisations' objectives.

This research study will be examine whether employees are familiar with the organisation's mission and vision, whether employees are aware of the significance of their KPAs in the organisations in which they work and how their KPAs contribute to the achieving the organisations' goals.

The objectives of this study are to:

1. Establish whether employees are familiar with the vision and mission of their company;
2. Determine whether employees understand what are KPA's;

3. Determine whether employees are aware of the significance of their KPAs in achieving the company's objectives;
4. Draw a comparison between different levels of employees' awareness of their KPA's and its impact on the company objectives; and
5. Determine whether demographics (age, gender, race, level of education and rank) impacts on employees awareness of KPA's and company objectives
6. To determine employee perceptions of the performance management process

3.5 Data Collection Strategies

For the purpose of this study, a quantitative research method was used. This took place in the form of a self-administered questionnaire comprising both open and close ended questions to be completed by a random sample from different South African organisations located in KZN, that being employees belonging to different levels of the organisations. The questions were structured in a manner that did not prejudice the organisations in any way and respondents were assured of the confidentiality of this study.

3.6 Research Design and Methods

3.6.1 Description and Purpose

A research design provides a framework for the collection and the analysis of data (Bryman and Bell 2007, p. 40). Cooper and Schindler (2003) define research design as the strategy for a study and the plan by which the strategy is to be carried out. The research design provides the overall structure for the procedures the researcher follows, the data the researcher collects, and the data analyses the researcher conducts. Simply put, research design is planning (Leedy and Ormrod 2005, p. 85). A good research design forms an essential framework for research action and minimises the risk of collecting irrelevant data. It also ensures that the data collected meet the research objectives.

A choice of research design reflects decisions about the priority being given to a range of dimensions of the research process. These include the importance attached to (Bryman and Bell 2007, p. 40):

- expressing causal connections between variables;
- generalising to larger groups of individuals than those actually forming part of the investigation;
- understanding behaviour and the meaning of that behaviour in its specific social context;
- having a temporal (i.e. over time) appreciation of social phenomena and their interconnections

3.6.1.1 Construction of the Instrument

The research instrument that was used for the purpose of this study was a self constructed questionnaire. It is widely accepted that the questionnaire is one of the most popular instruments that is used to collect data in quantitative research. The self completed questionnaire was chosen for the purpose of this research due to the *advantages* presented by Bryman & Bell (2007, p. 241-242):

- Self-completed questionnaires are inexpensive, especially if the sample is geographically widely dispersed, as in the case of this research where the respondents belonged to various organisations in South Africa.
- Self-completed questionnaires are also quicker to administer – they can be sent out by post or electronically via e-mail. In this case, an electronic survey tool was used to send out the questionnaires and control the collection thereof. The survey tool also provided the option of sending reminders to those respondents that did not complete the questionnaire.
- The self-administered questionnaire eliminates the effect that an interviewer

may have on the answers that respondents provide. This type of questionnaire also eliminates the problem of interviewers asking questions in a different order or different ways and is more convenient for respondents as they can complete the questionnaire at a convenient time and pace.

Although questionnaires seem simple, they can be tricky to construct and administer. Leedy & Ormrod (2005, p. 190) provide the following twelve guidelines for constructing a questionnaire:

1. The questionnaire must be concise
2. Simple, clear, unambiguous language must be used
3. Check for unwarranted assumptions implicit in research questions
4. Word questions in ways that do not give clues about preferred or more desirable responses
5. Check for consistency
6. Determine in advance how responses will be coded
7. Keep the respondents task simple
8. Provide clear instructions
9. Give a rationale for any items whose purpose may be unclear
10. Make the questionnaire attractive and professional looking
11. Conduct a pilot test
12. Scrutinise the almost-final product carefully to make sure it addresses the research needs

In addition to Leedy and Ormrod's (2005) guidelines a researcher should also ensure that the questionnaire is free of spelling errors, is grammatically correct and that a list of abbreviations is provided should the questionnaire contain any.

The questionnaire for this research was measured against the recommendations made by Leedy and Ormrod (2005) to ensure that it was concise, easy to understand, clear instructions were provided and a pilot test was conducted. The research

questionnaire comprised four sections, the first of which requested consent from the respondent; the second provided a brief explanation of the purpose of the research the respondent's role in the research and to thank the respondent for their participation in the research. The third section contained demographic questions and the fourth section contained detailed questions pertaining to the objectives of the research.

The questionnaire comprised thirty one questions which contained "simple, unambiguous language" as recommended by Leedy & Ormrod (2005, p. 190). There were twenty eight closed ended questions and three were open ended. This was done with the purpose of easing the burden of a self completed questionnaire.

The *disadvantages* of using a self-completed questionnaire in research as presented by Bryman & Bell (2007, p. 242 – 243) are:

- Some of the disadvantages of a self-administered questionnaire are that it cannot prompt the respondent for an answer if the respondent is experiencing difficulty answering a particular question/s.
- There is also no opportunity to probe respondents to elaborate on an answer. Probing can be very important when open-ended questions are asked and interviewers are often trained to get more information from respondents. It is difficult to ask a lot of questions in a self-administered questionnaire, there is a greater risk of missing data and the response rate is much lower.

3.6.1.2 Recruitment of Study Participants

The quality of the population and representatives of the samples are important determinants for the results of a survey. Leedy & Ormrod (2005, p. 198) state that the results obtained from a sample can be used to make generalisations on the

population only if the sample is truly representative of the population.

For the purposes of this study, the randomly chosen participants occupied different levels in their organisational hierarchies. It was necessary to extend this research to the different levels in the hierarchy as one of the objectives of this research was to ascertain whether the employees at different levels in the organisation were familiar with the long-term strategy/ies of the organisation. The sample was truly representative of the population as this research was only extended to those organisations in South Africa that make use of a Performance Management System and the respondents were actually undergoing performance appraisal in their organisations.

The basic rule to the sample size is “the larger the sample, the better” (Leedy & Ormrod 2005, p. 207). Welman & Kruger (1999, p. 64) provide a few guidelines when calculating the sample size:

- When determining the sample size, the researcher must bear in mind the size of the population;
- The desired sample size does not depend on the population only, but also on the variance (heterogeneity of the variable). As a general rule, the larger the variance of the variable, the larger the sample which is required;
- If each stratum of a highly heterogeneous population is relatively homogenous, a relatively smaller stratified sample than that required for a random sample may be sufficient. If the population is markedly heterogeneous, a larger sample will be necessary than if the population is fairly homogenous; and
- In determining sample size, the researcher must bear in mind the number of units of analysis from whom he/she eventually obtain usable data may be much smaller than the number which was originally drawn.

The questionnaires for this research were submitted to 155 respondents. A total of 51 completed questionnaires were returned over a period of 8 weeks. Only 33% of

the sample completed the questionnaires – this reinforces the low response rate disadvantage of administering a self-completed questionnaire as stipulated earlier (Bryman and Bell, 2007).

3.6.2 Pretesting and Validation

Pretesting of the research questionnaire is recommended to test for errors, ambiguity, accuracy and to identify the average time taken to complete the questionnaire. Pretesting also allows the researcher to determine whether the questions actually provide answers to the objectives of the research. Reliability is fundamentally concerned with issues of consistency of measures and the question of whether the results of a study are repeatable and “validity is concerned with the integrity of the conclusions that are generated from a piece of research” (Bryman and Bell 2007, p. 41).

Due to the fact that this research was extended to employees working at different organisations, it was not possible to conduct a pilot study on a very small sample. The questionnaire comprised questions that were fairly simple and easy to understand – it was therefore not necessary to have the questionnaire tested on many respondents. The test questionnaires were sent to two MBA students, who pointed out spelling errors, ambiguity of questions and lack of clarity on certain abbreviations used in the questionnaire. They also confirmed that the questions were directly seeking answers to the objectives and that the average time taken to complete the questionnaire was fifteen minutes. Spelling errors, ambiguity of questions and abbreviations were corrected on the research questionnaire.

3.6.3 Administration of the Questionnaire

The questionnaire was administered to respondents electronically using Survey Monkey, which is survey software that enables the user to create professional online surveys easily and quickly. Survey Monkey allows the user to design surveys, collect

responses and analyse data. The questionnaire comprised the consent letter, a covering letter illustrating the purpose of the research and the respondents' role in this research; as well as the research questions. This electronic method provided confirmation that the questionnaire was delivered to the respondents; and where questionnaires were not answered, reminders were sent to the respondents.

3.7 Analysis of the Data

The questionnaires were collected on Survey Monkey, where a database was constructed and then exported to the SPSS software where the data was cleaned and analysed. The data was analysed using the following tests: Factor Analysis, Cronbach's Alpha, One sample Chi Square, Normality Test , Mann-Whitney T Test, Kruskal-Wallis Analysis of Variance (ANOVA).

3.8 Summary

The quantitative method of research was adopted for this study as it is a deductive approach to research. The aim of this study was to test the theory that performance management systems that are correctly implemented enable organisations to meet their strategic objectives. The quantitative method was also beneficial to this study in that it reached a wider audience from different companies using different performance management systems. The qualitative approach would have been a more focussed one therefore limiting the number of respondents participating in this study.

This specific methodology was adopted with the intention of completing the research in the simplest, uncomplicated manner; and in the quickest possible time. The questionnaire was used to ease the burden of interviewing respondents face to face, as well as to allow the respondents the luxury of completing the questionnaire within a time frame and to complete it in the comfort of privacy. The use of the questionnaire also ensured the speed of data collection, and eased the process of collating and analysing the data.

The next chapter presents the data collected and a detailed analysis of the results obtained.

CHAPTER FOUR

Presentation of Results

4.1 Introduction

This chapter is the summary of the findings of this study presented in the form of descriptive and inferential statistics. The data collected from the respondents as per the research methodology discussed in the previous chapter is presented statistically to provide a description of the sample used in this research and to illustrate whether the objectives of this research study have been met by analysing the responses to the research questions.

4.2 Descriptive Statistics of the Independent Variables

The demographic details collected from the questionnaire were age, gender, level of education, race, ownership of organisation and role in the organisation. The total number of completed questionnaires received was 51, out of 155 that were distributed electronically. The return rate for questionnaires was 33%. All tests were conducted at a significance level of 95%.

4.2.1 Age Group of the Respondents

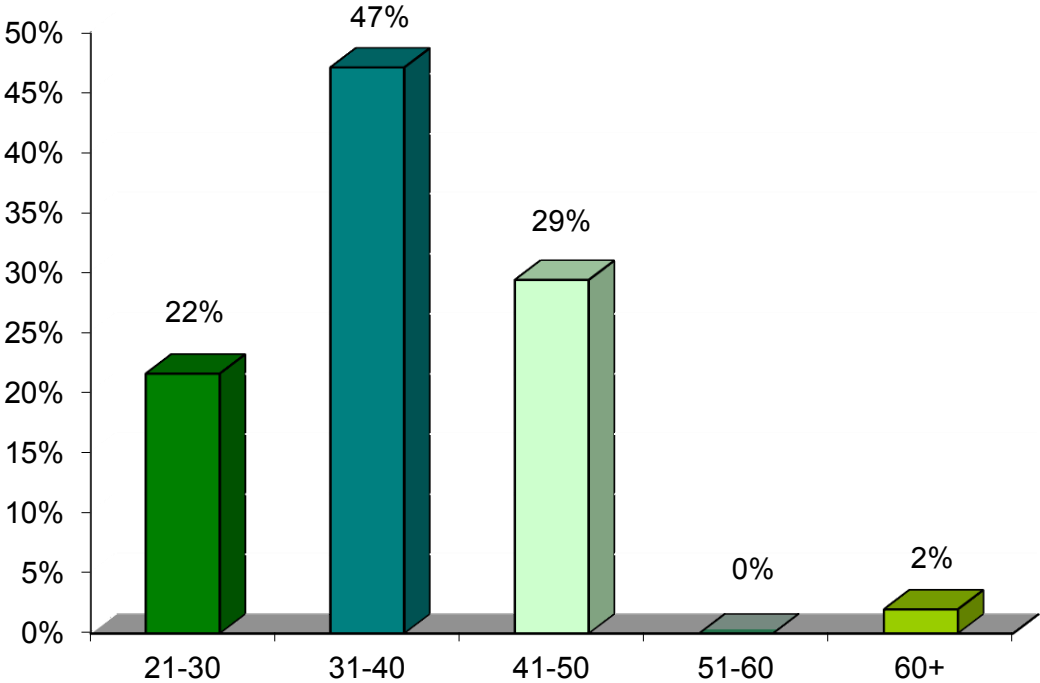


Figure 4. 1 Responses per Age Group

Figure 4.1 illustrates that 47% of the 51 respondents belonged to the 31-40 year age group and the second highest, 29%, belonged to the 41-50 year age group, 22% of the respondents were between 21-30 years old and 2% were more than 60 years old. None of the respondents belonged to the 51-60 year age group.

4.2.2 Gender of the Respondents

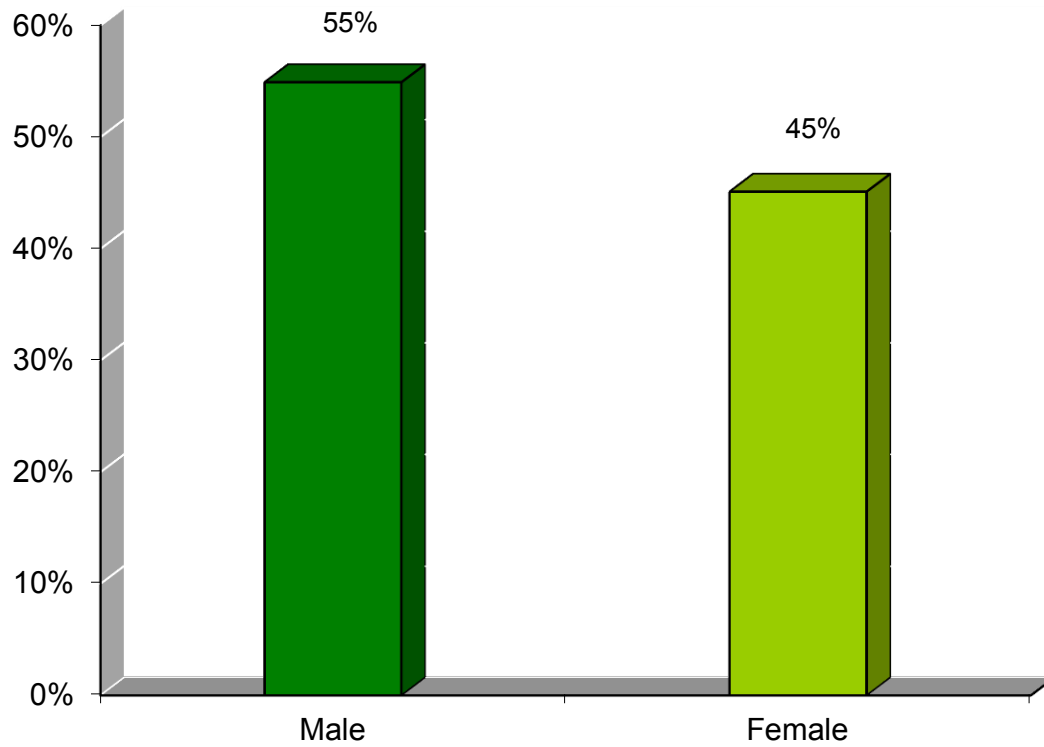


Figure 4. 2 Responses by Gender

There was no significant difference between the number of male and female respondents; male being in the majority, 55%; and females comprising 45% of the respondents.

4.2.3 Level of Education of the Respondents

Level of Education	Percentage of Respondents
Matric (Grade 12)	18%
Diploma	27%
Degree	24%
Post Graduate Qualification	31%

Table 4. 1 Educational Qualification

It is evident from Table 4.1 that the majority of respondents, 31%, had a post graduate qualification, 27% had diplomas, 24% had degrees and 18% possessed a grade 12 qualification. It is significant to note that, in total, 82% of the respondents had a tertiary qualification.

4.2.4 Race Group of the Respondents

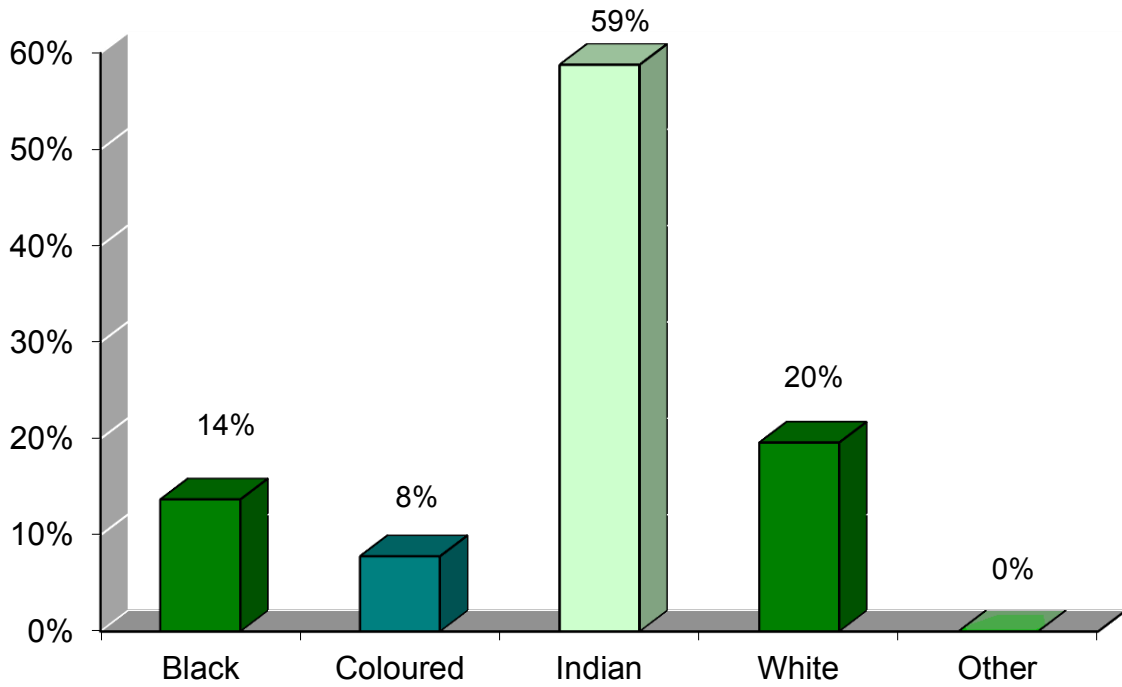


Figure 4. 3 Percentage of respondents by Race Group

It is evident from Figure 4.3 that the least number of respondents were Coloured (8%), while the highest were Indian (59%), 20% of the respondents were White and 14% were Black.

4.2.5 Ownership of the Organisation

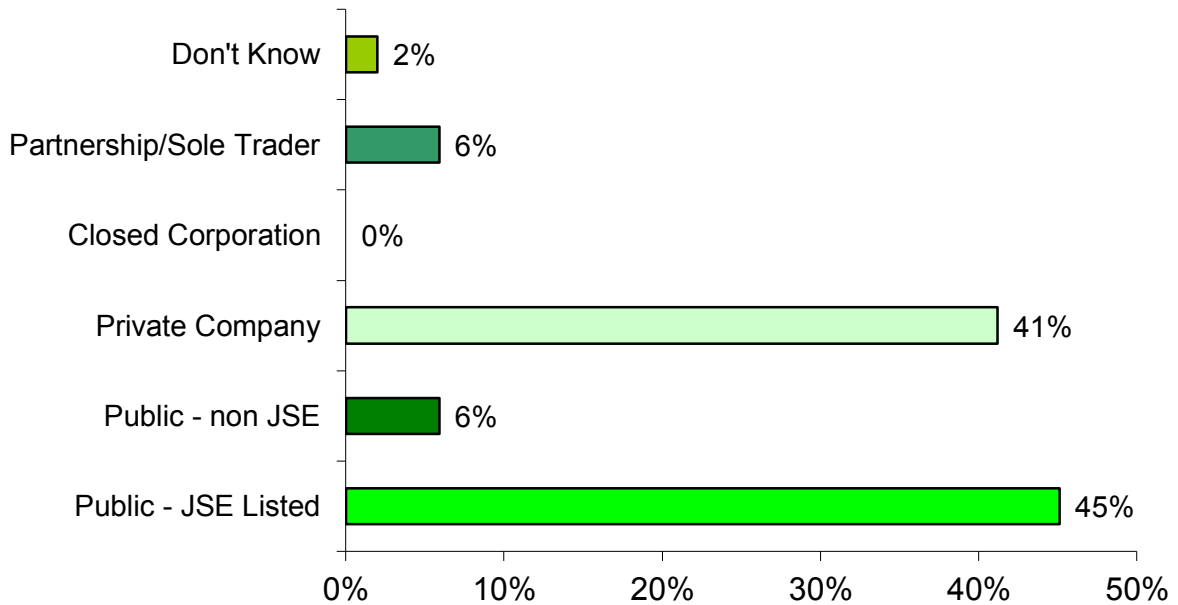


Figure 4. 4 Ownership of Organisation

The majority of the respondents (45%) worked in public companies, listed on the JSE while the second highest number of respondents was from private companies (41%). None of the respondents worked at closed corporations, 2% did not know the type of organisation they worked at and 6% worked at unlisted public companies.

4.2.6 Role in the Organisation

Role in the Organisation	Percentage of Respondents
Executive Management	10%
Senior Management	23%
Middle Management	37%
Administration	12%
Operational	18%

Table 4. 2 Positions in the Organisation

Table 4.2 illustrates that 37% of the respondents belonged to Middle Management, while the least (10%) were Executive Managers. Only 12% of the respondents performed Administrative duties and 18% worked in an Operational capacity.

4.3 Descriptive Statistics of the Dependent Variables

Descriptive statistics is concerned with the presentation of data using frequency and central tendency techniques. A four-point Likert scale was used to measure the responses to the questions, i.e. Strongly Disagree, Agree, Disagree and Strongly Agree. One-sample chi-square was computed to compare the differences between observed and expected proportions for relevant questions for the likert scale questions. The purpose was to determine whether the proportion of responses in each category differed significantly. The data will be presented in the form of tables and graphs.

4.3.1 Objective 1: To establish whether employees are familiar with the vision and mission of the company.

4.3.1.1 Familiarity with the mission and vision of organisation

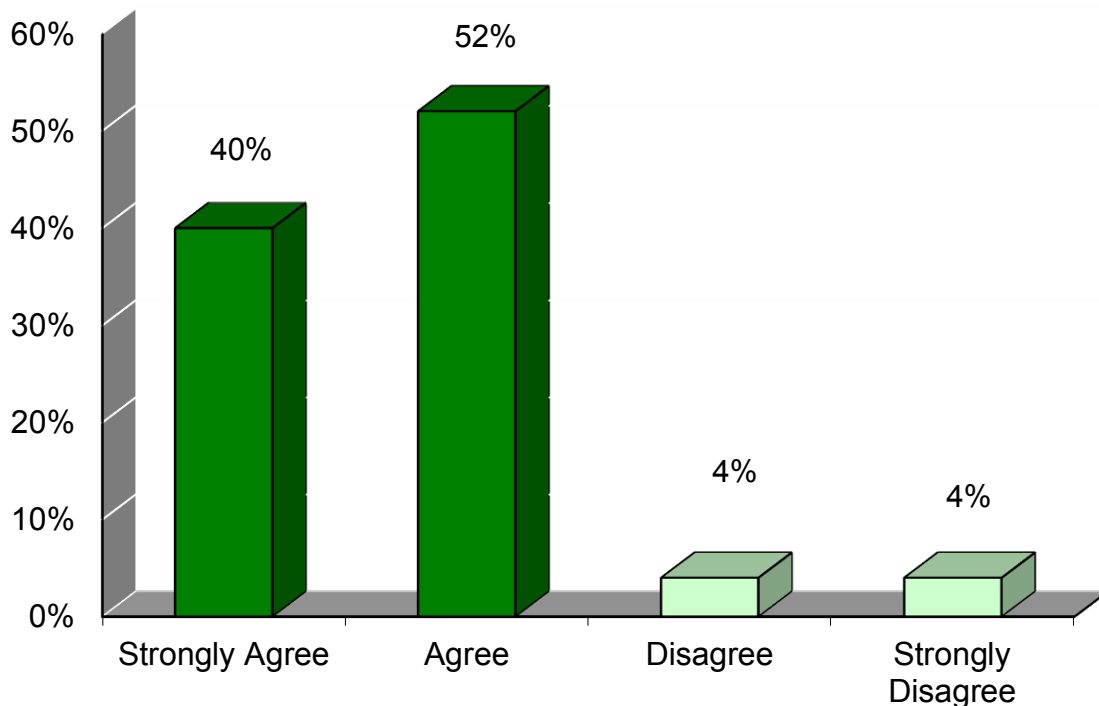


Figure 4. 5 Employees familiar with the mission and vision of their organisation

Figure 4.5 reflects that a large proportion of the respondents indicated that they strongly agreed or agreed that they were familiar with the mission and vision of their organisations as compared with those who disagreed or strongly disagreed - The figure clearly illustrates that 92% of the respondents were in agreement (40% Strongly Agree and 52% Agree), while 8% were in disagreement (4% Disagree and 4% Strongly Disagree).

4.3.2 Objective 2: To determine whether employees understand what are KPAs.

4.3.2.1 Information and understanding of the meaning and relevance of KPAs

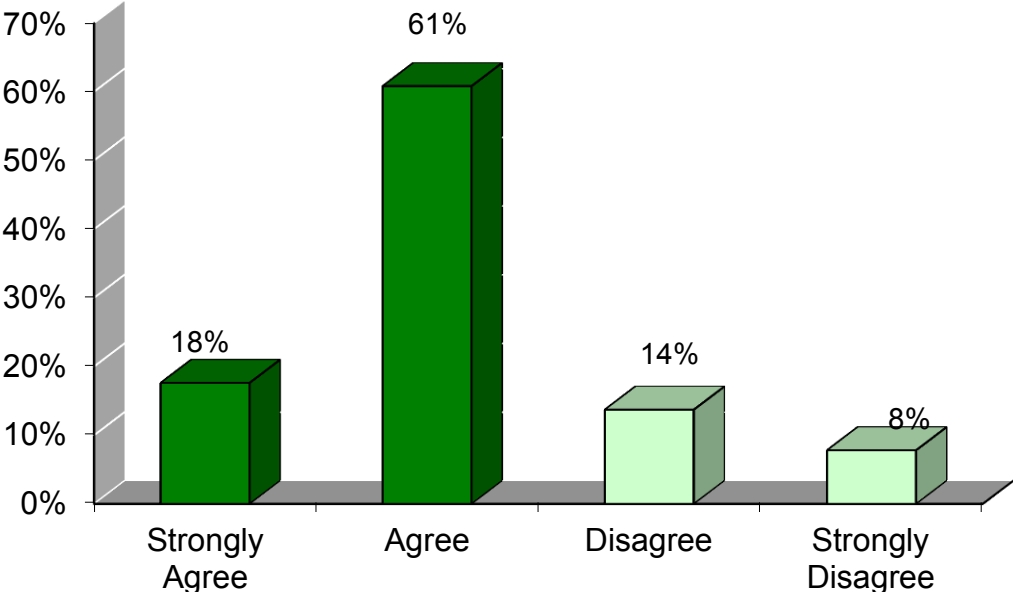


Figure 4. 6 Employee understanding of the meaning and relevance of KPAs

Sixty one percent of the respondents agreed that they were clearly informed of, and understood the meaning and relevance of their key performance areas the first time it was introduced to them. Twenty two percent of the respondents disagreed (14% Disagree and 8% Strongly Disagree) with this statement.

4.3.2.2 Importance of Key Performance Areas concepts

KPA concepts	Percentage
KPAs are goals of the organisation based on predefined criteria	78%
KPAs add value to aspects of the business that cannot be quantified, such as employee satisfaction and development	65%
KPAs allows goals to be observed, met and exceeded	61%
KPAs are used to evaluate the success of the business and plan for the future	49%
KPAs are critical to the realisation of the long term strategy of the business	4%

Table 4. 3 Employee understanding of the concepts of Key Performance Areas

Table 4.3 illustrates the respondents' multiple responses to their understanding of the important concepts of Key Performance Areas. The majority of the respondents opted for the first, second and third statements as important concepts of KPAs, while only 49% of the respondents believed that KPAs are used to evaluate the success of the business and plan for the future. It is significant to note that only 4% of the respondents felt that KPAs are critical to the realisation of the long-term strategy of the business.

4.3.2.3 Need for KPA reviews

Reason for KPA reviews	Percentage
Measure my performance over a stipulated period of time	61%
To measure my performance and discuss my Individual Development Plan	61%
To measure my performance and determine my annual increase	55%
To measure my performance in relation to the performance of my business unit	2%

Table 4. 4 Employee understanding of the reasons for KPA reviews

The above table indicates that the majority of the respondents were in agreement with the first three options to this multiple response question. A minor 2% were in agreement that KPA reviews were conducted to measure performance in relation to the performance of their business units.

4.3.3 Objective 3 To determine whether employees are aware of the significance of their KPAs in achieving the company's objectives.

4.3.3.1 Contribution of individual KPAs to achieving the short and long-term objectives of the organisation

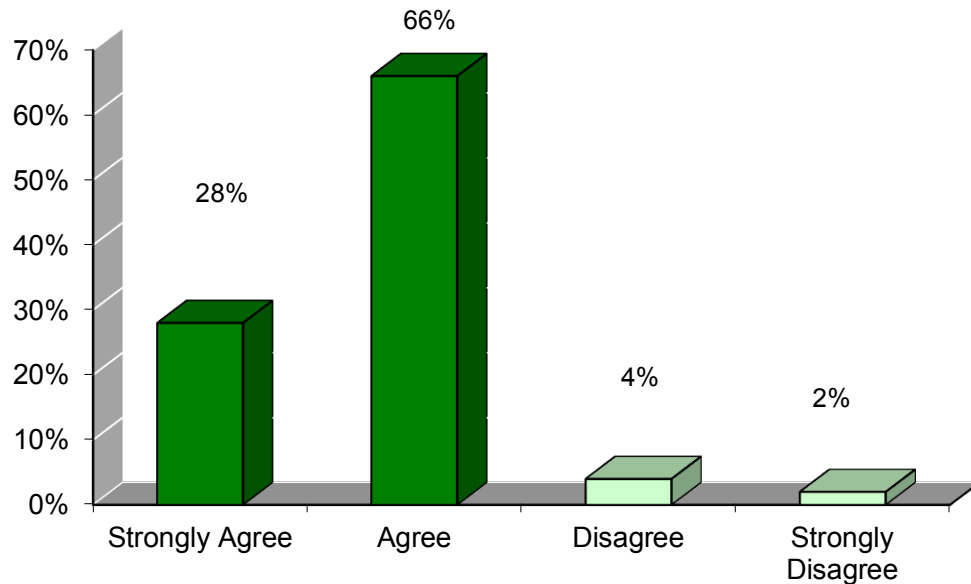


Figure 4. 7 Employee perceptions on whether their Key Performance Areas contribute to realising the strategy of the organisation

Figure 4.7 illustrates that 66% of the respondents agreed that their KPAs were significant to the realisation of the strategy of their organisations. Twenty eight percent of the respondents strongly agreed to this, while 6% of the respondents disagreed that their KPAs contributed to the realisation of the strategy of the organisation.

4.3.3.2 The value of individual KPA contributions to the organisation

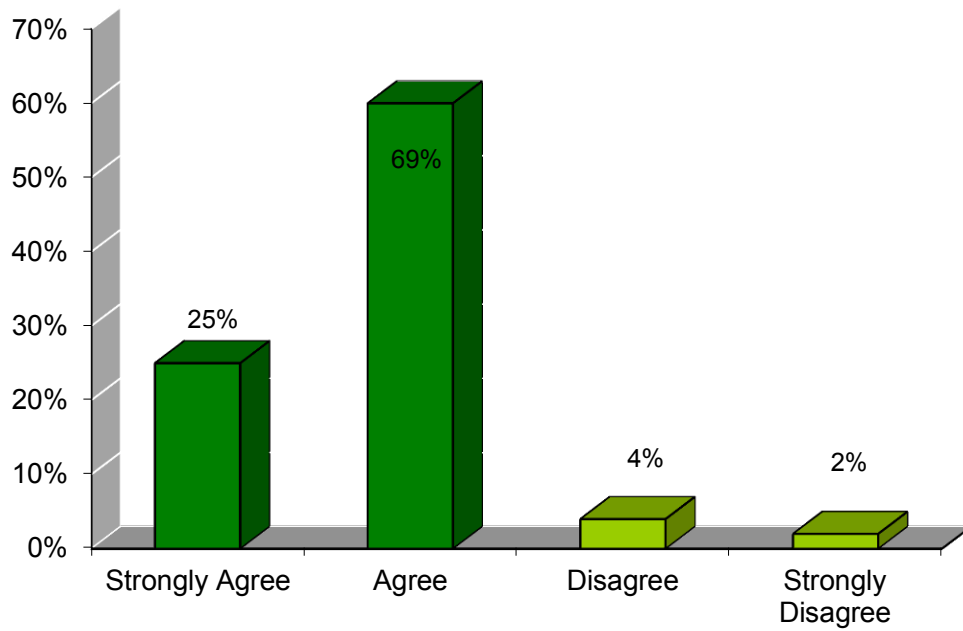


Figure 4. 8 Employee perceptions on whether their KPAs make valuable contributions to the organisation

These results are consistent with the preceding question in that 69% of the respondents believed that their KPAs made a valuable contribution to the organisation, while 25% strongly agreed, 4% disagreed and 2% strongly disagreed.

4.3.4 Objective 4: To draw a comparison between different levels of employees' awareness of their KPA's and its impact on the company objectives.

4.3.4.1 Role in the organisation and KPAs contribution to the organisation

KPAs make a valuable contribution to the Organisation					
	Strongly Agree	Agree	Disagree	Strongly Disagree	TOTAL
Executive Management	60%	40%	0%	0%	100%
Senior Management	42%	50%	0%	8%	100%
Middle Management	16%	79%	5%	0%	100%
Administration	17%	66%	17%	0%	100%
Operational	11%	89%	0%	0%	100%

Table 4. 5 Perceptions of rank in the organisation in terms of KPAs making a valuable contribution to the organisation

The above table reveals that employees who belong to upper levels of the hierarchy, i.e. Senior and Executive Management, strongly agreed that their KPAs made a valuable contribution to the organisation. Employees in the lower levels of the hierarchy agreed that their KPAs made valuable contributions to the organisation. Eight percent of senior management indicated strong disagreement, while five percent of middle management and seventeen percent of administrators disagreed.

4.3.4.2 Role in the organisation and KPAs contribution to achieving the short and long-term objectives of the organisation.

KPAs contribute to achieving the goals of the Organisation					
	Strongly Agree	Agree	Disagree	Strongly Disagree	TOTAL
Executive Management	60%	40%	0%	0%	100%
Senior Management	50%	50%	0%	0%	100%
Middle Management	26%	74%	0%	0%	100%
Administration	50%	50%	0%	0%	100%
Operational	0%	100%	0%	0%	100%

Table 4. 6 Perceptions of rank in the organisation with respect to achieving the objectives of the organisation

The results in the Table 4.6 are skewed heavily towards agreement. None of the respondents from any of the ranks disagreed that their KPAs contributed to achieving the goals of the organisation.

4.3.5 Objective 5: To determine whether demographics (age, gender, race, level of education and rank) impacted on employees' awareness of KPA's and company objectives.

4.3.5.1 Age and KPA contribution to achieving the short and long-term objectives of the organisation.

KPAs contribute to achieving Strategy					
	Strongly Agree	Agree	Disagree	Strongly Disagree	TOTAL
21-30	27%	64%	9%	0%	100%
31-40	13%	83%	0%	4%	100%
41-50	47%	47%	6%	0%	100%
60 and over	28%	66%	4%	2%	100%

Table 4. 7 Age group contribution to the realisation of the strategy of the organisation

Eighty three percent of the 31-40 age groups were in agreement that their KPAs contributed to the realisation of the strategy of the organisation, and the remaining 13% strongly agreed to this statement. The 41-50 age group were equally split between agree and strongly agree and only 6% disagreed with this statement.

4.3.5.2 Gender and KPA contribution to achieving the short and long-term objectives of the organisation

KPAs contribute to Strategy					
	Strongly Agree	Agree	Disagree	Strongly Disagree	TOTAL
Male	22%	70%	4%	4%	100%
Female	35%	61%	4%	0%	100%

Table 4.8 Gender contribution to the realisation of the strategy of the organisation

The table reveals that 92% of the male respondents were in agreement (22% strongly agreed and 70% agreed) and the remaining 8% were split equally between disagree and strongly disagree. The female respondents exhibited much more confidence that their KPAs contributed to the organisations' strategy – 96% of female respondents were in agreement (35% strongly agreed and 61% agreed) while a minor 4% disagreed with this statement.

4.3.5.3 Race and KPA contribution to achieving the short and long-term objectives of the organisation.

KPAs contribute to achieving Strategy					
	Strongly Agree	Agree	Disagree	Strongly Disagree	TOTAL
Black	14%	72%	14%	0%	100%
Coloured	25%	75%	0%	0%	100%
Indian	32%	62%	3%	3%	100%
White	30%	70%	0%	0%	100%

Table 4.9 Race group contribution to the realisation of the strategy of the organisation

Seventy five percent Coloured, seventy two percent Black, seventy percent white and sixty two percent Indian respondents agreed that their KPAs contributed to the company strategy. The results revealed that Black (14%) and Indian (3%) respondents indicated disagreement while a further 3% Indian strongly disagreed.

4.3.5.4 Level of Education and KPA contribution to achieving the short and long-term objectives of the organisation.

KPAs contribute to achieving Strategy					
	Strongly Agree	Agree	Disagree	Strongly Disagree	TOTAL
Matric (Grade 12)	11%	78%	11%	0%	100%
Diploma	15%	77%	8%	0%	100%
Degree	17%	75%	0%	8%	100%
Post graduate qualification	56%	44%	0%	0%	100%

Table 4. 10 Academic contribution to the realisation of the strategy of the organisation

There were no disagreements from the Post Graduate respondents. A minor 27% of respondents indicated disagreement with this question. The majority of the respondents, 78% Grade 12, 77% Diploma, 75% degree and 44% Post Graduates agreed that their Key Performance Areas contributed to the strategy of the organisation.

4.3.5.5 Role in the organisation and KPAs contribution to achieving the short and long-term objectives of the organisation.

KPAs contribute to achieving the goals of the Organisation					
	Strongly Agree	Agree	Disagree	Strongly Disagree	TOTAL
Executive Management	80%	20%	0%	0%	100%
Senior Management	50%	50%	0%	0%	100%
Middle Management	17%	78%	5%	0%	100%
Administration	0%	83%	0%	17%	100%
Operational	11%	78%	11%	0%	100%

Table 4. 11 Contribution of rank to the strategy of the organisation

Table 4.11 indicates that the responses of the Executive Management were split between 80% who strongly agreed and 20% who agreed. There was no disagreement from the Senior Managers – 50% strongly agreed and 50% agreed. Disagreement with this question came from respondents who belonged to the lower ranks –17% of Administrators strongly disagreed, while 5% Middle Management and 11% Operations disagreed.

4.3.6 Objective 6: To determine employee perceptions of the performance management process.

4.3.6.1 Understanding the meaning and relevance of KPAs.

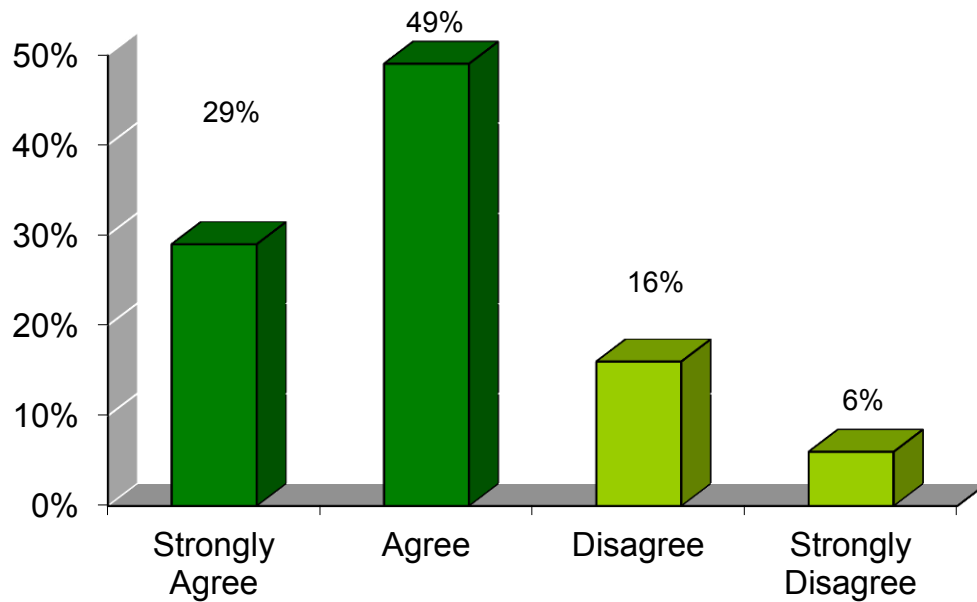


Figure 4. 9 Employees informed of the Performance Management process

Forty nine percent of the respondents agreed that they were adequately informed of and understood the performance management system the first time it was introduced to them. Twenty nine percent strongly agreed to this. Twenty two percent of the respondents disagreed that they were adequately informed of and understood the PM process the first time it was introduced to them.

4.3.6.2 Reasons for KPA sessions

Reason for KPA sessions	Percentage
As a formality so that my business unit is compliant with the company policy	51%
Because my line manager is sincere about my performance in the business unit and in the company	41%
Because my line manager regards me as an integral part of my business unit and company	10%

Table 4.12 Employee perceptions on the reasons that KPA sessions are conducted

The above table indicates that a significant 51% of the respondents agreed that KPA sessions are conducted as a formality to ensure that their business units are compliant with the company policy. Forty one percent believed that their managers are sincere about their performance in the business unit and company respectively. A minor 10% agreed that their line managers regard them as integral parts of their business units and the company.

4.3.6.3 Role of managers in the KPA session

Manager's role in KPA session	Percentage
Contracts with me	65%
Highlights my errors	65%
Highlights my achievements	55%
Rates me and allows me to rate myself	84%
Discuss my performance and encourages feedback from me	6%
Discusses my performance and does not allow feedback from me	6%

Table 4. 13 Manager's role in KPA session

Responses to the above question placed managers in a positive light in respect of their roles in KPA sessions. It is significant to note that 55% of respondents agreed that their managers highlighted their achievements while 65% of the respondents agreed that their managers highlighted their errors.

4.3.6.4 Managers discuss individual strengths that contribute to achieving the objectives of the organisation

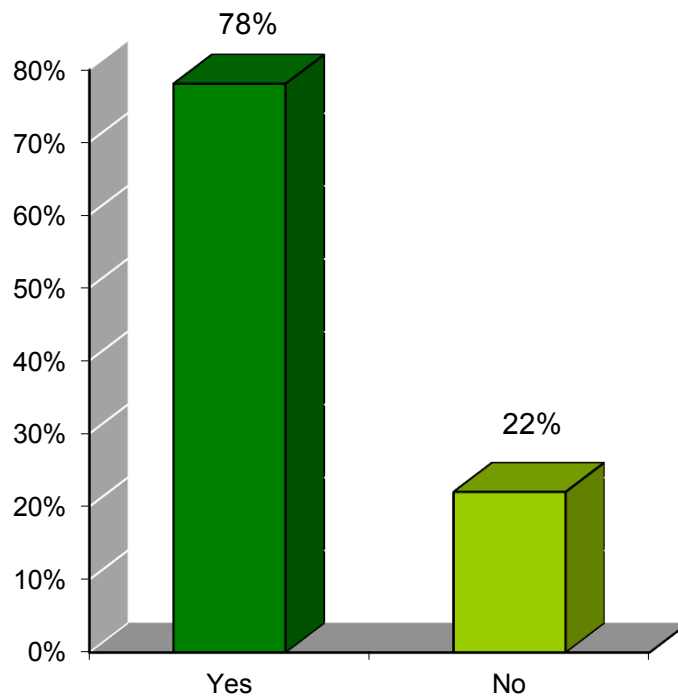


Figure 4.10 Line Manager discusses individual's strengths during KPA sessions

The results as illustrated in Figure 4.10 reveal that the majority of Line Managers (78%) discussed their subordinates' strengths during KPA sessions.

4.3.6.5 Manager discussion of weaknesses that inhibit the organisation from achieving its objectives

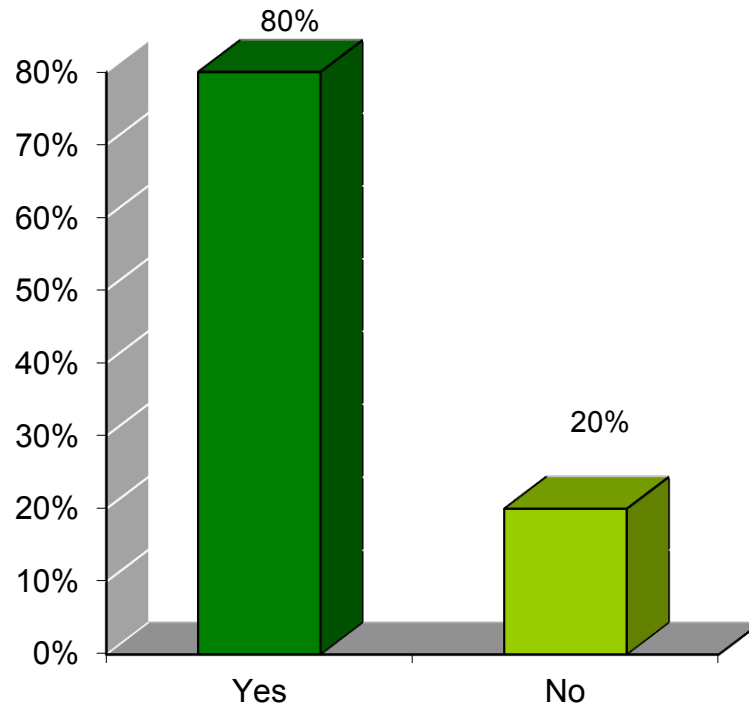


Figure 4. 11 Line Manager discusses weaknesses during KPA sessions

Figure 4.11 indicates that 80% of the respondents agreed that their Line Managers discussed their weaknesses during their KPA sessions.

4.3.6.6 Attitudes of employees toward KPAs and the Performance Management system

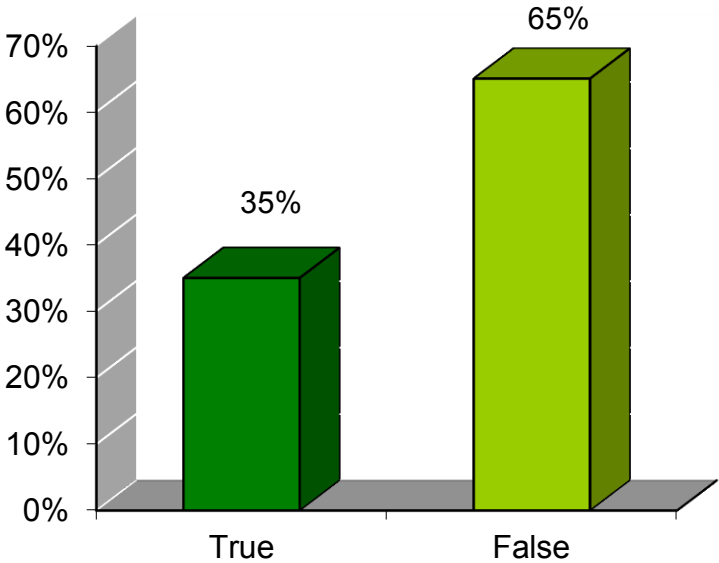


Figure 4. 12 Employee attitudes toward Performance Management Systems are negative

Thirty five percent of the respondents agreed that employees had a negative attitude toward Key Performance Areas and the Performance Management System in their organisations, while 65% of the respondents disagreed that employees had a negative attitude.

4.3.6.7 KPAs and Performance Management systems are a fair method of assessing performance

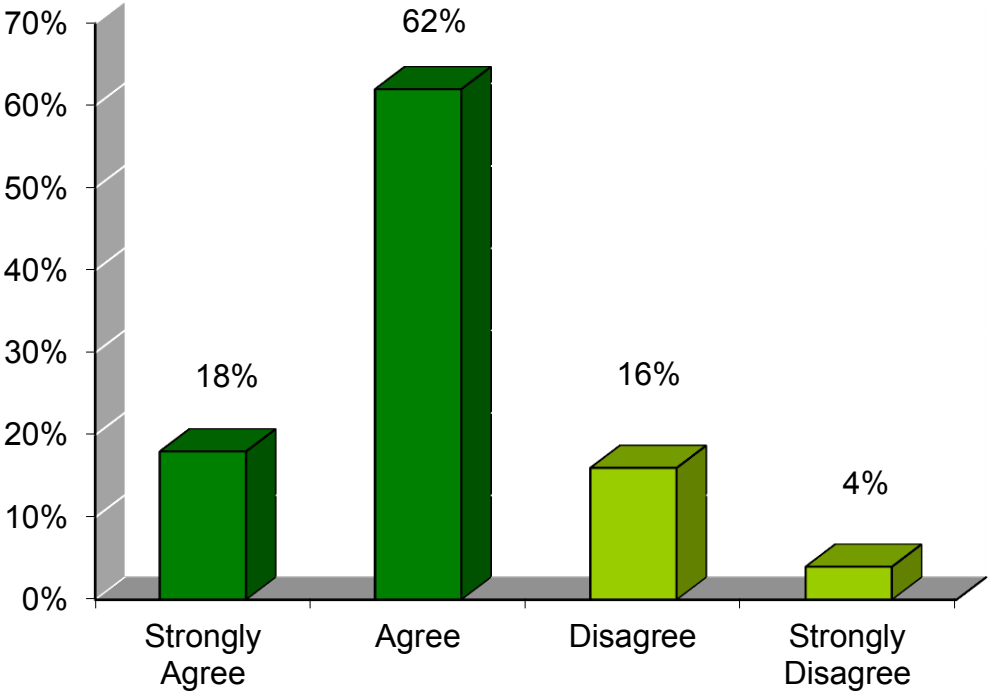


Figure 4. 13 Employee perceptions on fairness of KPA PM System at their organisations

The majority of the respondents, 80% in total, agreed that the Performance Management Systems at their workplaces were a fair method of assessment. Twenty percent of respondents disagreed with the Performance Management systems at their workplaces.

4.3.6.8 KPA assessments have impacted positively on individuals' performance at work

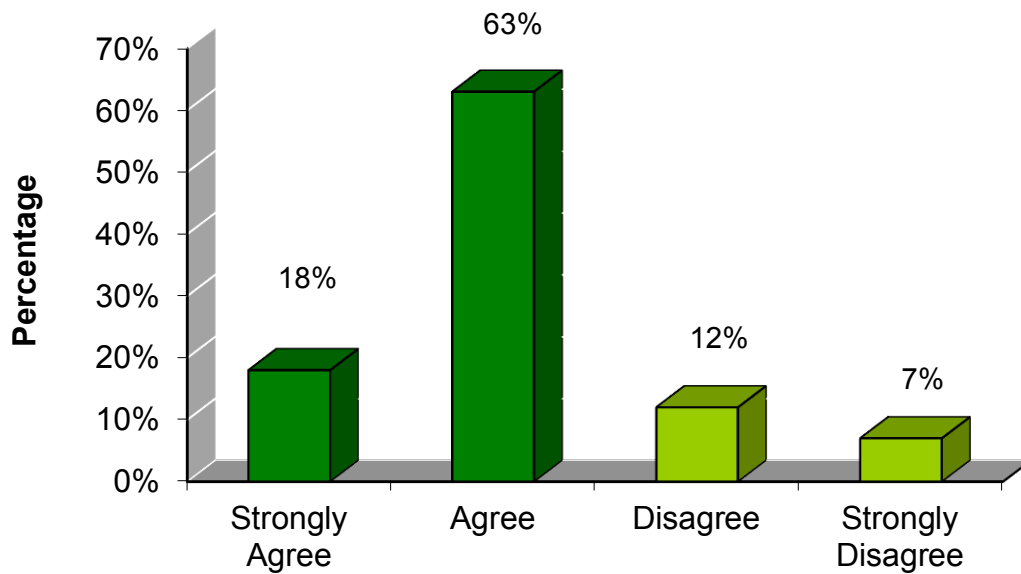


Figure 4. 14 Employee perceptions on whether KPA assessments have impacted positive on their work performance

Nineteen percent of the respondents disagree that their KPA Assessments have a positive impact on their work performance.

4.4 Summary

This chapter presented the findings of the research on the basis of the analysed data. The next chapter will present a discussion as well as critique on these findings.

CHAPTER FIVE

Discussion

5.1 Introduction

This chapter provides a discussion of the empirical findings presented in Chapter Four, linking them to the literature review in Chapter Two. The empirical results for the six objectives will be looked at, examining commonalities, analogies and differences. The primary objective of this study was to determine employee perceptions of the link between key performance areas and the organisational strategy. The results for each objective based on the answers from the questionnaire will be discussed.

5.2 Demographics

The frequency analysis of the independent variables in Section 4.2 of chapter four, indicates that the majority of respondents were Indian (59%), followed by White (20%). Males accounted for fifty five percent of the population, and the majority of the respondents belonged to the 31-40 age group.

The highest number of respondents worked in public companies listed on the JSE, belonged to middle management in their organisational hierarchy and were in possession of post graduate qualifications.

5.3 Findings of the Study

The objective of this study is to illustrate the collective effect that employees' individual Key Performance Areas have on realising the strategy of organisations. The literature review presents this case through a series of studies affirming that the Performance Appraisal process is key to the strategic drive of the organisation and if properly implemented will result in a synergetic entity. The review of literature states

further that when implementing a process of this calibre it must be directly aligned to the strategy of the organisation and key performance areas, objectives and targets must be clearly defined. In addition, the performance management system must be heavily consulted with the employees in the company as it is only through buy-in that the performance management system will be sustainable (Cummings: 2005).

5.3.1 Objective 1: To establish whether employees are familiar with the vision and mission of the company

As previously indicated in Chapter Two, an organisation's shared vision provides clear direction to its desired future position and its strategies define or determine the manner in which this shared vision will be accomplished. It is imperative that an organisation's vision be translated into strategies and actions, which is quantified by performance measures that determine whether the vision is accomplished. Ninety-two percent of the respondents positively responded to this question, which means that this sample was well versed on the strategic direction of their organisations. The inference here is consistent with Kaplan and Nortons' (2005, p. 72) position that effective strategy execution requires communicating corporate strategy, ensuring that enterprise-level plans are translated into the plans of various units and departments, executing strategic initiatives to deliver on the grand plan; and aligning employees' competency development plans and their personal goals and incentives with strategic objectives.

5.3.2 Objective 2: To determine whether employees understand what are KPAs.

The data for the questions relating to whether employees understand what Key Performance Areas are, indicate that sixty one percent of the sample agreed that they were clearly informed of and understood the meaning and relevance of key performance areas the first time it was introduced to them. Redman and Wilkinson

(2001), cite Bevan and Thompson (1991), who describe performance management as a shared vision of the organisations' strategy communicated via a mission statement to all employees. The response to this statement indicates a gap of thirty nine percent meaning that not all organisations are clearly communicating their strategic drive as it is recommended.

Seventy eight percent of the respondents agreed that KPAs are goals of the organisation based on predefined criteria and sixty one percent of the respondents agreed that KPAs allow goals to be observed, met and exceeded. The responses here reveal a gap in the implementation of the performance management systems at the different organisations and that the objectives of these organisations were not as transparent and communicated effectively. According to Arnold (1987, cited in Letza, 1996), establishing a link between corporate objectives and the personal objectives of managers and staff is vital. Measures must be used in context and they must be compared against a standard of expected performance.

Only forty nine percent of the respondents agreed that KPAs are used to evaluate the success of the business and plans for the future. Lynch and Cross (1991, cited in Neely 1999) stated that the problem with performance measures used in many organisations is that they are rarely integrated with one another or aligned to the business processes.

Further analysis indicates that only four percent of the respondents believed that KPAs are critical to the realisation of the long-term strategy of the business. These responses are inconsistent with the responses to Objective 1, where ninety five percent of the respondents indicated that they are well informed of and clearly understood the strategy of their organisations and the role it plays in assisting the organisation to meet its goals. This is also in contrast with question 19 where a collective of ninety four percent of the respondents believed that their KPAs contribute to the short & long term strategies of the organisation.

5.3.3 Objective 3: To determine whether employees are aware of the significance of their KPAs in achieving the company's objectives

The analysis of the data for the questions relating to this objective illustrate that sixty six percent of the respondents agreed and twenty eight percent of the respondents strongly agreed that their KPAs contributed to achieving the short and long term objectives of their organisations. Sixty nine percent of the respondents agreed and twenty five percent strongly agreed that their KPAs made a valuable contribution to the organisation. The results show that these employees are confident that they individually contribute to achieving the long and short term objectives of the organisation and they were fully aware that their contribution is a valuable one. These responses correspond with the responses to objective 1 which confirmed that the respondents are well versed on their organisations' strategic goals. Kaplan and Norton (2005, p. 72) posited that effective strategy execution requires the alignment of employees' competency development plans, their personal goals and incentives with the strategic objectives of their organisations.

5.3.4 Objective 4: To draw a comparison between different levels of employees' awareness of their KPA's and its impact on the company objectives.

The data for the questions relating to this objective revealed that those respondents that belonged to Senior and Executive Management strongly agreed that their key performance areas made a valuable contribution. There was no disagreement from Executive Management and Operational Roles.' There was, however, a significant 30 percent disagreement to the statement that "KPAs make a valuable contribution to the organisation", particularly amongst the administrators (17%), middle management (5%) and some senior management who strongly disagreed to this (8%).

The disagreement that is evident among the administrators and middle management is in contrast with the Cross and Lynch's (1989, cited in Rouse and Putterill: 2003)

performance prism framework that strategic objectives must flow from the top of the hierarchy to the base. This means that every employee, right down to those that occupy the base of the hierarchy, must be clearly informed of and understand fully what their key performance areas are and how they help a company to realise its objectives.

5.3.5 Objective 5: To determine whether demographics (age, gender, race, level of education and rank) impacts on employees' awareness of KPA's and company objectives.

The analysis of the demographic details revealed the following:

Age: The 31-40 (83%) age group were most confident that they contributed to the organisations goals.

Gender: Collectively females (96%) were most confident that they contributed to the organisations strategic goals. Men were not too far behind (92%).

Race: There was confidence across all race groups that they made a meaningful contribution to their organisations, the White race group (100%) however exhibiting the most confidence.

Level of Education: The post graduates (100%) were the only respondents that agreed completely that they contributed to the long and short term objectives of the organisation. The respondents who held degrees and diplomas reflected unanimity in the responses, while that grade 12 displayed the highest disagreement.

The results to these questions reveal that demographics and employee awareness of Key Performance Areas and their contribution to the strategy are well correlated. There is not enough research on the impact that demographic factors have on the link between key performance areas and organisational strategy. The results from this

study however reveal there is no significant impact.

5.3.6 Objective 6: To determine employee perceptions of the performance management process

Analysis of this objective reveals that only forty nine percent of the respondents understood the meaning and relevance of the performance management system the first time it was introduced to them. This contrasts with the response to the statement “I was clearly informed of and understood the meaning and relevance of key performance areas the first time it was introduced to me” to which seventy nine percent of the respondents agreed.

Secondly, fifty one percent of the respondents agreed that their KPA discussions were a formality that is conducted to ensure that their business units are compliant with company policy. Only forty one percent believed that their managers are sincere about their performance in the business unit and a mere ten percent agreed that their line managers regarded them as an integral part of the business unit and company. Six percent of the respondents agreed that their manager discussed their performance and encouraged them.

These responses deviate from the earlier responses where the respondents indicated confidence in their performance management systems. The effectiveness of measures in place contributes to the successful achievement of the company strategy (McAdam and Bailie, 2002). McAdam and Bailie (2002) found the performance management programme a significant contributor to the achievement of the strategy when companies saw the performance management programme as a strategic management process, and when they recognised the importance of people in achieving their strategies.

Thirdly, a significant thirty five percent agreed that employees had a negative attitude towards the performance management systems in their organisations. Twenty

percent of the respondents felt that their performance management systems were a fair method of assessment and nineteen percent of the respondents disagreed that their KPA assessments had a positive impact on their work performance.

5.4 Summary

This chapter presented the discussion on the analysis of the empirical data based on the objectives of this research. The objectives of the study were discussed in comparison with the literature review. The next chapter will present a summary of the research, limitations of the study, recommendations, and conclusions.

CHAPTER SIX

Recommendations and Conclusions

6.1 Introduction

This chapter will conclude and summarise the key findings of this research as well as present recommendations for the focus on key performance areas when implementing performance management systems in organisations. This chapter will also present the limitations experienced during this research and recommendations for future research.

6.2 Has the problem been solved?

The objective of this study was to investigate the link between key performance areas and organisational strategy. Analysis of the data revealed that most employees were confident that their key performance areas were aligned to the strategy of their organisations. However, further analysis illustrated inconsistencies in responses which indicate that the research problem has not been solved in its entirety.

The literature reviewed defined performance management systems as formal devices for control and for the formulation and communication of strategy that are used as a management tool to ensure that employees perform the tasks that really matter to the organisation, i.e. to meet the objectives of the organisation. The literature stated further that the corporate strategy must be translated into the plans of the various departments and units right down to the individual employee. Employees must be properly informed as to why they are commissioned to perform the tasks they are required to perform else they will be working toward purposeless goals. In essence, the entire hierarchical structure must be well versed with corporate strategy – what the goals of the organisations are, what is important to the organisations, the organisations culture and climate.

6.3 Implications of this Research

The findings of this research will benefit organisations that have a formal performance management system in place, highlighting the significance of clarity and comprehensive understanding of key performance areas across the hierarchy to ensure that strategic objectives are met. The literature presented here will also place emphasis on the significance of focussing on human capital as competitive advantage as opposed to the traditional perspective of products and services.

This research will also benefit those organisations that do not have a performance management system in place. The review of the literature as well as the analysis of data has provided insights on the benefits of having a performance management system in place where individual key performance areas are linked to the strategy.

Government entities such as the South African Police Services (SAPS) will also benefit from this research as it illustrates the dire need for strategic objectives to be clarified and most significantly that these objectives should be understood and be accepted by the workforce. In addition, a performance management system, if implemented correctly, will allow controls to be in place thereby creating more efficiencies in SAPS service to the public

6.4 Limitations and Recommendations for Future Studies

- The sample size used in this research was too small. The total number of respondents was 51 yielding a response rate of 33 percent. Future research should aim for a larger heterogeneous sample. This sample revealed too many similarities in demographics such as level of education and occupation.
- This research was initially intended to be conducted at a single corporate organisation, where the link between key performance areas and organisational

strategy would have been compared between the base and the apex of the hierarchy. This did not materialise as the organisations approached were apprehensive about allowing external research to be conducted amongst their employees. A study of this calibre will illustrate whether the employees that constitute the base of the hierarchy are familiar with organisational strategy and whether they fully understand the relevance of their key performance areas in relation to the organisational strategy as compared to those employees that occupy the upper echelons of the hierarchy. In this instance a homogenous sample would be beneficial to this research.

- A comparative study of the performance management systems at two separate organisations will highlight the trends adopted by organisations as well as differences in the way they implement their performance management systems and whether each company is utilising the performance management system to its full potential.
- A study of employees that only occupy the base of the hierarchy may generate a different view on what key performance areas and whether they feel their key performance areas are linked to the organisations strategy.
- The results in objective 1 and objective 2 are inconsistent, which could be attributed to the scepticism of some respondents to the confidentiality of surveys. It could also be attributed to the fact that based on the preamble to the questionnaire, the respondents answered in a manner that would satisfy the research objectives

6.5 Specific recommendations for this study

- Dessler (2006) state that technology is not enough to set companies apart, it is the managers and employees that make a difference. Management have finally accepted that people are the only sustainable competitive advantage of an organisation (Nel, Van Dyk, Haasbroek, Schultz, Sono and Werner: 2004). Unlike products, systems, technology and strategy, human behaviour, personality and relationships cannot be engineered and copied. While good strategies are the pivot on which the organisation rotates, such strategies are only as good and successful as the animations felt by the organisations people to achieve and exceed these objectives. Organisations need to view their human capital as a competitive advantage as opposed to focussing on products, services and financial results. In an economy that is fraught with intense competition, where there are no clear distinctions between leaders and followers, and where generic strategies abound, the need for ultimate differentiation is imperative. This can only be achieved by maximising the potential of the people that are employed in the organisation.
- The results of this study revealed that the strategic direction of organisations is not as clearly defined to employees as it should be. It is very important for organisations to clearly define their objectives, their goals and exactly how these are going to be achieved. Nel et al (2004) describe strategy as the long term plans developed by top management, usually for periods of two to ten years or even longer, that are used to evaluate and seize opportunities, as well as to allocate resources. In view of this definition, the grand plan of the organisation must be well thought out.
- This study has revealed that the strategic direction of the organisation is not communicated to all employees. It is imperative for successful execution of company strategy which will allow the company to meet its objectives that employees buy in to the company's grand plan. Cummings (2005) purports

that the main difference between competing organisations is the attitude and quality of its people. Kaplan and Norton (2005) state the effective strategy execution requires communicating corporate strategy to employees while Collis and Rukstad (2008) purport that circulating the strategy statement throughout the company, with the value proposition and the activity system map attached thereto, is the starting point for incorporating strategy into everyone's behaviour. Employees must be properly informed on exactly why they are commissioned to perform the tasks required for successful strategy implementation.

- A good performance management system must be in place in order for the strategy to be clearly defined, for it to be correctly communicated to all employees and for measures and controls to be in place to ensure successful implementation of the strategy. The performance appraisal initiative should be the platform that managers use to communicate and give life the long and short-term strategic goals of the organisation. Performance management has been defined as the means through which managers ensure that employees' activities and outputs are congruent with the organisation's goals (Noe et al, 2006) and must be used as a strategic tool for it to be truly effective in the organisation, i.e. every employee's key performance areas must be clearly and explicitly linked to the organisation's strategy. The results of this study revealed that not all performance management systems are being optimally used in their organisations and that some respondents viewed their KPA reviews as a mere formality as opposed to strategic contracting between line manager and employee to determine whether the strategic objectives of that department and the organisation are being met.

6.6 Conclusion

The research question which was raised in chapter one has been partially met. While the research question may have been answered by respondents, deeper analysis of data revealed inconsistencies that did not satisfy the research question and certainly does not resolve the research problem. However, a significant number of employees felt that their key performance areas were not linked to the organisational strategy and that their KPA reviews were a mere formality conducted by their line managers to be compliant with company policy.

Performance management systems serve different functions – as formal devices for control, formulation and communication of strategy and most importantly enablers of performance. Organisations will achieve sustainable competitive advantage by investing in their employees through the successful implementation of a good performance management system.

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APPENDIX 1



Employee Perceptions of Key Performance Areas (KPA)s/Key Performance Indicators (KPIs)/Critical Performance Areas (CPAs)

INSTRUCTIONS TO RESPONDENTS

Please tick (✓) your response in the relevant blocks for each of the questions and provide a short answer where relevant.

A. DEMOGRAPHICS:

Age

- | | |
|--------------------------------------|---------------------------------|
| <input type="checkbox"/> 21-30 | 31- <input type="checkbox"/> 40 |
| <input type="checkbox"/> 41-50 | 51- <input type="checkbox"/> 60 |
| <input type="checkbox"/> 60 and over | |

Gender

- | | |
|-------------------------------|---------------------------------|
| <input type="checkbox"/> Male | <input type="checkbox"/> Female |
|-------------------------------|---------------------------------|

Level of Education

- | | |
|--|--|
| <input type="checkbox"/> Matric (Grade 12) | <input type="checkbox"/> Diploma |
| <input type="checkbox"/> Degree | <input type="checkbox"/> Post graduate qualification |

Race

- | | |
|---------------------------------|-----------------------------------|
| <input type="checkbox"/> Black | <input type="checkbox"/> Coloured |
| <input type="checkbox"/> Indian | <input type="checkbox"/> White |
| <input type="checkbox"/> Other | |

Ownership of your organization:

- | | |
|--|---|
| <input type="checkbox"/> Public – listed on JSE | <input type="checkbox"/> Public – not listed on JSE |
| <input type="checkbox"/> Private company | <input type="checkbox"/> Closed corporation |
| <input type="checkbox"/> Partnership / sole trader | <input type="checkbox"/> Don't know |

Your role in the organization:

- | | |
|---|--|
| <input type="checkbox"/> Executive Management | <input type="checkbox"/> Senior management |
| <input type="checkbox"/> Middle management | <input type="checkbox"/> Administrator |
| <input type="checkbox"/> Operational | |

B. DETAILED QUESTIONNAIRE:

I am very familiar with the mission and vision of my organisation

- | | |
|--------------------------|-------------------|
| <input type="checkbox"/> | Strongly Agree |
| <input type="checkbox"/> | Agree |
| <input type="checkbox"/> | Disagree |
| <input type="checkbox"/> | Strongly disagree |

The mission and vision of my organisation are communicated to me on a regular basis

- | | |
|--------------------------|-------------------|
| <input type="checkbox"/> | Strongly Agree |
| <input type="checkbox"/> | Agree |
| <input type="checkbox"/> | Disagree |
| <input type="checkbox"/> | Strongly disagree |

I am very familiar with my organisation's strategy

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

The strategy of my organisation unit is communicated to me on a regular basis

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

The following are important concepts of Key Performance Areas/Key Performance Indicators/Critical Performance Areas to me
(Please tick ALL the relevant blocks):

- KPAs are goals of my organisation based on pre-defined criteria
- KPAs allow goals to be observed, met and exceeded
- KPAs are used to evaluate the success of the business and plan for the future
- KPAs add value to aspects of the business that cannot be quantified, such as employee satisfaction and development
- KPAs are critical to the realisation of the long term strategy of the business

I have been adequately informed of the Performance Management process in my organisation

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

I was clearly informed of, and understood the meaning and relevance of KPAs/CPAs/KPIs the first time it was introduced to me

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

The reasons for KPA/CPA/KPI reviews are
(Please tick ALL the relevant blocks):

- To measure my performance over a stipulated period
- To measure my performance and determine my annual increase
- To measure my performance and discuss my Individual Development Plan
- To measure my performance in relation to the performance of my business unit
- To waste my time

My line manager understands the concept of KPAs/CPAs/KPIs

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

The number of KPA/CPA/KPI sessions I have in a year is

- None
- One
- Two
- Three
- Four

On average, the duration of my KPA/ CPA/KPI sessions are

- 30 minutes or less
- 31–60 minutes
- 61 – 90 minutes
- 91 – 120 minutes
- 120 minutes and over

My KPA/CPA/KPI sessions are conducted (Please tick ALL relevant blocks):

- As a formality so that my business unit/department is compliant with the company policy?
- Because my line manager is sincere about my performance in the business unit and in the company?
- Because my line manager regards me as an integral part of my business unit and company?

My KPAs /CPAs/KPIs contribute to achieving the short and long-term objectives of the organisation

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

My line manager is aware of the necessity of KPAs/ CPAs/KPIs in my organisation

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

My line manager understands the objectives of my business unit and where it fits in the company's objectives

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

In my KPA/CPA/KPI session, my line manager explains (tick ALL the relevant blocks):

- The structure of the company
- The strategy of the company
- The strategy of the business unit that I work in
- The role that my business unit plays in meeting the company's objectives
- The role that I play in my business unit in meeting the business unit's strategy
- The role that I play in my business unit meeting the company's objectives

In my KPA/CPA/KPI session, my line manager (tick ALL the relevant blocks):

- Contracts with me
- Highlights my errors
- Highlights my achievements
- Rates me and allows me to rate myself
- Discusses my performance and encourages feedback from me
- Discusses my performance and does not allow feedback from me

The rating on my KPAs/ CPAs/KPIs determine my annual remuneration review

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

My KPAs/CPAs/KPIs make a valuable contribution to the organisation

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

My manager discusses my individual strengths that contribute to achieving the objectives of the organisation

- Yes
- No

If no, please explain:

My manager discusses my weaknesses that inhibit the organisation from achieving its objectives

- Yes
- No

If no, please explain:

I contribute significantly to achieving the goals of my business unit and the organisation

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

The KPAs/ CPAs/KPIs and Performance Management systems at my organisation are a fair method of assessing of my performance

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

My KPA assessments have impacted positively on my performance at work

- Strongly Agree
- Agree
- Disagree
- Strongly disagree

The general attitudes of employees toward KPAs/ CPAs/KPIs and the Performance Management system at my organisation is negative

- True
- False

If true, please explain:

Thank you for your time.

Laurette Naidu

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APPENDIX 2



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22 JUNE 2009

MRS. L NAIDU (9301461)
GRADUATE SCHOOL OF BUSINESS

Dear Mrs. Naidu

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0274/09M

I wish to confirm that ethical clearance has been granted for the following project:

"The link between Key Performance Areas and Organisational Strategy"

PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Ximba', is written over a horizontal dotted line.

MS. PHUMELELE XIMBA
ADMINISTRATOR
HUMANITIES & SOCIAL SCIENCES ETHICS COMMITTEE

cc. Supervisor (Prof. A Singh)
cc. Mrs. C Haddon