



**An Assessment of the Performance Management System at the Organisation under
Study**

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DECLARATION

I, **Danica Govender** (student number **971165723**), declare that:

- i. The research reported in this dissertation, except where otherwise indicated, is my original research.
- ii. This dissertation has not been submitted for any degree or examination at any other tertiary institution.
- iii. This dissertation does not contain other persons' data, tables, figures and any other information, unless specifically acknowledged as being sources from other persons.
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DEDICATION

I dedicate this thesis to my family for nursing me with affection and love and their dedicated partnership for success in my life.

My sincere gratitude to my husband, Deepak Haripersad, for his support, patience and sacrifices during the course of my career. To my treasured gift my daughter, Zara Deepak, who served as my inspiration and strength.

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ABSTRACT



The organisation under study is a global liner shipping company. It has about 170 modern ships, close to 7.4 million twenty-foot Equivalent Unit shipped each year. The company has 9,300 employees working at 360 sites in 120 countries. Though the organisation under study has been in existence for many years, the company has been working without evaluating its informal formal performance management system to ascertain if the system was effective to ensure that employees' performance contributed to the realisation of the goals and objectives of the company. Therefore, the assessment of the informal performance management system at the organisation under study is important in ensuring that the companies achieves its organisational vision and set of objectives.



The study, therefore, aims at assessing the performance management system at the organisation under study. A case study research design was used as research blueprint and qualitative research method was employed in the study to uncover and understand the employees' perceptions of the performance management system at the organisation under study using in-depth interviews. The data collected was analysed using the thematic analyses method.

The main findings revealed that the performance management system at the organisation under study was quite effective because of the tools used to measure employee performance including having different forms of performance feedback provided to employees, provision of rewards, implementation of amendments to objectives, as well as the considerable understanding of objectives.

It is recommended that for the informal performance management system at the organisation under study to yield better results, it should be managed by administrator and monitoring team. This will ensure that the performance is measured fairly and in line with performance management guidelines, performance feedback is conducted on an ongoing basis, both financial and non-financial rewards are provided to employees, objectives are assessed frequently to ensure that they are in line with the changing business environment and communication is promoted at all levels of employees. These recommendations may enable


the organisation under study to have an effective performance management system that will allow employees to achieve their set objectives.

Key words: Performance, Management, System, Shipping Company, Durban.



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CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

This chapter presents the background of the study and the research problem. This is followed by the research questions and the research objectives. Thereafter a justification and significance of the study is offered, together with a brief introduction to the research methodology. The last part of the chapter deals with the definition of terms, the outline of the chapters, and the summary of this chapter.

1.2 BACKGROUND TO THE STUDY

This study is going to be conducted at the organisation under study; a global shipping liner company. It has about 170 modern ships with close to 7.4 million twenty-foot Equivalent Units (TEUs) shipped each year (*The organisation under study Annual Report, 2015*). The company has 9,300 employees working at 360 sites in 120 countries. According to the *Investor Report Q1 (2015)*, the organisation under study provides a fleet with an overall capacity of 955,000 TEUs. Besides, the organisation under study provides a container stock, which is more than 1.5 million TEUs. This includes one of the world's biggest and most modern reefer container fleets. Globally, The organisation under study boasts a network of 128 liner services used for fast and reliable connections between Africa, Antarctica, Asia, Australia/Oceania, Europe, North America, and South America (*Investor Report Q4 (2014)*). The organisation under study is owned by CSAV (31.4%) a Chilean shipping company, the City of Hamburg (20.6%) a huge port city in northern Germany, Kühne Maritime (20.2%) and Touristik Union International (TUI) (12.3%) plus a free float of 15.5 per cent (*The organisation under study Annual Report, 2015*).

Though the organisation under study has been in existence for many years, employees have been working without a study conducted to evaluate their performance as a way of ensuring that employees' performance contributed to the realisation of the goals and objectives of the company. Therefore, as it is now, it is not clear how employees are rewarded for performing their duties and their role in the company's realisation of its overall objectives. This situation is likely to make the company uneasy as there is no specific instrument used to manage or evaluate the organisation under study employee's performance. Efforts have been made to make use of the global staff dialogue to include the management of the performance system. This study is critical because, in the performance of a company, workers play a huge role in determining the effectiveness, success and sustainability of the company in this complex changing world. It is not known when the performance management system was rolled out at the organisation under study. Besides, it is also not known whether the performance management system used is effective or not. For this reason, this study evaluated the performance management system at the organisation under study.

1.3 RESEARCH PROBLEM

Scholars argue that a performance management system is critical if any organization is to succeed in this constantly changing world (Pulakos, 2009; Armstrong, 2006; Davis, 2005). One of the major challenges faced by the organisation under study is that it does not have a formal performance management system in place. Besides, it is not known whether the existing informal performance management system used now is adding value to the organisation under study or not. With this in mind, it was critical that this study is conducted because if it were not conducted the organisation under study would have continued to use a system that is not able to meet the needs of the company, which would make it very difficult for the organisation to realise its strategic objectives. The study is critical because it will help uncover the performance management system characteristics in the performances management system used and ascertain the perceived effectiveness of the system. Although prior studies have studied relationships between some performance management system characteristics and outcomes (Lawler, 2013; Dewettinck and Dijk, 2013), no study has studied the performance system characteristics at the company under study. The dearth of research prevents the ability to determine the characteristics and ascertain how influential they are in enhancing perceived effectiveness of the performance management system and

then develop and formal system. By conducting this study, it has provided the organisation under study with knowledge needed to understand the effectiveness of the current performance management system and to revisit the system to ensure that it is valid, effective, and even develop a formal system. Besides, it is important to have the organisation under study employees measured according to the set targets and rewards commensurate with their contributions to the company.


1.4 AIM OF THE STUDY

The aim of this study was to understand the effectiveness of the performance management system at the organisation under study.

1.5 PURPOSE OF THE STUDY

The study explored the performance management system used at the organisation under study. In particular, the study investigated the setting of objectives, the measuring of the performance, the feedback system for the performance results, the reward system and the bases for amendment of objectives and activities at the organisation under study.

1.6 RESEARCH QUESTIONS

- What are objectives set by the organisation under study to measure employees' performance?
- How is the feedback system at the organisation under study operated to measure employees' performance?
- On what is the reward system based at the organisation under study to measure employees' performance? 
- How are the objectives and activities at the organisation under study for measuring employees' performance amended?

- How is the measurement of the performance system at the organisation under study operated to measure employees' performance?

1.7 RESEARCH OBJECTIVES

- To understand the objectives set by the organisation under study to measure employees' performance.
- To determine how the feedback system at the organisation under study is operated to measure employees' performance.
- To ascertain what the reward system for measuring employees' performance at the organisation under study is based on.
- To understand how the objectives and activities at the organisation under study are amended.
- To determine how the measurement of the performance system at the organisation under study is operated to measure employees' performance.

1.8 JUSTIFICATION/RATIOANALE

This study is important because it will enable South African companies to learn about factors that affect the performance management of systems. The study will influence organisations to formulate effective performance management systems that align employees' performance with the objectives of the companies. This may influence South African companies to perform according to their missions. By evaluating the performance management systems at the organisation under study, the study shows why it is important for companies to evaluate and to improve continuously their performance management systems to ensure that they meet business needs. At the organisation under study, the performance management systems used had not been evaluated. For this reason, if this study had not been conducted it would not

have been known whether the performance management systems at the organisation under study were effective or not.

1.9 LIMITATIONS OF THE STUDY

Due to time constraints, this study considered only Durban offices of the organisation under study at its Umhlanga Rocks offices. The study did not include all employees at Durban at the organisation under study but an attempt was made to make the sample as reliable as possible to allow the study to generate findings that could be generalised.

1.10 RESEARCH METHODOLOGY

A case study research design was used as a research blueprint. A qualitative research methodology was used to underpin the study, and purposive sampling was employed to select participants. Data were collected using in-depth interviews and document collection. The performance management cycle model was used to inform the study, and thematic analysis was used to analyse data. Literature deals with critical factors in the assessment of performance management systems. The application of the key research ethical principles met the requirements of the research office at the University of KwaZulu-Natal (UKZN).

1.11 DEFINITIONS OF KEY TERMS

- Performance: “it is often regarded as simply outcomes achieved; a record of a person’s accomplishments” (Amstrong, 2010:12).
- Management: “refers to allocation, coordination and control of resources and the administration of people” (Tozer, 2012:23).
- Performance Management: “is a process which significantly affects organisational success by having managers and employees work together to set expectations,

review results and reward performance” (Grober, Warnich, Carell, Elbert and Hartfield, 2011:12).

1.12 OUTLINE OF THE DISSERTATION

The dissertation has six chapters as presented below.

1.12.1 Chapter one: Introduction and background to the study

This chapter deals with the introduction, background to the study, the research problem, the significance of the study, research questions and objectives. This is followed by the conceptual basis and limitations of the study.

1.12.2 Chapter two: Literature review

This chapter presents a summary of the literature on factors that are important when assessing performance management systems such as standards for measuring performance, feedback and reward systems, amendment of objectives, and setting of objectives. These factors are discussed to contextualise the study.

1.12.3 Chapter three: Research methodology

The research design, methodology, study site, population, target population, sampling methods, and the sample size are all discussed. In addition, the chapter describes the data collection instruments and analysis techniques. The chapter ends by highlighting ethical measures that guided the study.

1.12.4 Chapter four: Data presentation

In this chapter, data are presented based on key findings; measurement of performance, feedback and reward systems, and the amendment and setting of research objectives. Data presented are aligned to the research objectives underpinning the study.

1.12.5 Chapter five: Analysis and discussion

This chapter presents and discusses findings in detail together with the theoretical underpinnings of the phenomenon of performance management systems. Themes discussed and analysed include measurement of performance, feedback and reward systems, amendment and setting of research objectives.

1.12.6 Chapter Six: Conclusion and recommendations

The chapter presents conclusions and recommendations based on the key findings.

CHAPTER TWO

LITERATURE REVIEW CHAPTER

2.1 INTRODUCTION

Performance management systems are crucial to enhance organizational performance (Buchner, 2007) and effectiveness (Dewettinck and Dijk, 2013). However, despite the touted benefits of utilizing performance management systems, 70% of implementations of these systems fail (Lawler, 2003). In order to put successful performance management systems in place, organisations must know what characteristics of these systems are most instrumental in producing beneficial organisational outcomes. Although previous research has examined the impact of small sets of performance management characteristics, few studies have been conducted that define a comprehensive list of characteristics to determine the ones most predictive of positive organisational outcomes such as perceived effectiveness of the system and engagement. Therefore, the purpose of this study was to comprehensively assess the performance management system characteristics of the informal performance management system used at the organisations under study.

2.2 PERFORMANCE MANAGEMENT

Performance management is one of the many practices that comprise talent management. Collings and Mellahi (2009) defined talent management as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent

incumbents and to ensure their continued commitment to the organization (Collings and Mellahi (2009). Talent management consists of standard human resources practices, functions, and activities, including recruitment, selection, training, and performance management (Byham, 2011; Chowanec and Newstrom, 2011; Heinen and O’Neill, 2014; Mercer, 2015; Oslen, 2010; as cited by Lewis and Heckman, 2006). Performance management is one component of talent management and has been defined as the measurement and management of employee and organizational performance, with the ultimate goal of improving organizational effectiveness (DeNisi, 2010). As part of performance management, managers work together with their employees to set performance expectations, measure and review performance results, and reward performance (DeNisi, 2010). Specifically, performance management consists of the following elements: setting performance goals at the organizational, departmental, team, and individual level, conducting performance appraisals, developing systems to provide rewards, feedback, and coaching, and measuring the effectiveness of performance management systems (Roberts, 2013). Performance management systems can be defined by these interrelated and independent performance management elements that influence one another to increase employee and organizational performance in order to ultimately enhance organizational effectiveness. Each of the elements can be present alone and can be considered performance management. However, performance management systems consist of several performance management elements that work together to achieve the common goal of improving organizational performance and effectiveness.

2.3 CHARACTERISTICS OF PERFORMANCE MANAGEMENT SYSTEMS

Performance management system characteristics can be grouped into four categories: the purpose of the system, performance measures, activities, and structural characteristics. All of the characteristics in each of these four categories are discussed below.

2.3.1 Purpose of the performance management system

The purpose of a performance management system reflects the main objectives and guiding principles an organization has for the system to help it gain a competitive advantage (Dewettinck, 2008). Most commonly, organizations use performance management systems for three main purposes: to achieve results, develop employees, or accomplish administrative purposes. Performance management systems with a results oriented purpose focus on performance outcomes and view employees as a means to achieve organizational goals, such as increasing revenue or company sales (Dewettinck; Truss, Gratton, Hope-Hailey, McGovern and Stiles, 2007). Performance management systems with a development oriented purpose focus primarily on employee development under the assumption that empowering employees through development leads to better performance and subsequently a competitive advantage (Dewettinck; Truss et al., 2007). Performance management systems that focus mainly on administrative purposes provide organizations with valuable information for human resource-related decisions, including promotions, pay raises, and terminations (Biron, Farndale and Paauwe, 2011). These decisions signal to employees what performance is valued by the organization, which helps guide employee behaviours (Biron et al., 2011).

2.3.2 Performance measures

A critical component of a performance management system is how performance is evaluated or assessed. Performance is typically evaluated by use of a performance measure, which has been defined as “a variable or metric used to quantify the efficiency or effectiveness of an action” (Olsen et al., 2007:563). The relevance of the performance measures to the employee’s actual job performance is one characteristic of the performance management system. In addition, performance can be evaluated by the extent to which employees demonstrate task performance, display contextual performance, achieve goals or objectives, and attain competencies. Performance measures can evaluate task or contextual performance. Task performance refers to how well an employee performs fundamental technical activities deemed important to his or her job (Borman and Motowidlo, 2007). For example, rescue operations would be a type of task performance for a firefighter; closing a sale could be task performance for a sales position (Borman and Motowidlo, 2007). Contextual performance, on the other hand, assesses employees' engagement in extra-role behaviours that are not directly job-related but improve the work climate by increasing organizational effectiveness (Borman and Motowidlo, 2007). Contextual behaviours can include helping a colleague complete a task, maintaining enthusiasm when completing tasks, and volunteering to perform extra duties that are not a part of one’s normal job tasks (Borman and Motowidlo, 2007). Contextual behaviours improve social communications and reduce tension in the workplace, which facilitates organizational effectiveness (Arvey and Murphy, 2008). Employee performance can also be evaluated on the attainment of competencies or achievement of goals. Draganidis and Mentzas (2006:53) define a competency as “a combination of tacit and explicit knowledge, behaviour, and skills that gives someone the potential for effectiveness in task performance”. Examples of competencies include team leadership, initiative, self-confidence, and flexibility. In performance management systems, organizations may choose

to assess employees on competencies the organization deems as important for organizational effectiveness (Draganidis and Mentzas, 2006). Finally, performance can be assessed on the extent to which employees achieve their performance goals or objectives; these goals or objectives are typically specific to each employee's role. Use of a salesperson position as an example may help illustrate the differences between the different manners in which performance can be evaluated. The task performance of a salesperson could include the ability to close a sale, as this is an essential activity important to a salesperson's job. An example of contextual performance for a salesperson would be giving a fellow employee tips on how to make sales. Although helping another colleague is not directly related to the salesperson's job, this act will help the organization gain more sales and improve the work environment. The competencies employees are evaluated on are more general and ubiquitous for all employees in the organization. For example, the organization may decide that taking initiative is an important competency for employees across the organization to be evaluated on. Evaluation by attainment of a goal could include evaluating salespeople on the extent to which they achieve their quarterly sales quota for a particular product. The attainment of this goal is related to task performance as selling products is an essential part of a salesperson's job, however, attaining a goal requires achieving a specific level of performance (Lawler, 2013).

2.3.3 Performance management system activities

Within performance management systems, organizations can use a range of activities designed to improve employee performance. Some activities include clearly communicating performance expectations to employees and informing employees why their performance efforts are important to organizational effectiveness (Biron et al., 2011). Performance management activities also include providing coaching, feedback, recognition, goal setting,

identification of training needs, construction of development plans, and career planning. Coaching, feedback, and recognition are activities that happen within performance management systems. Coaching consists of formal on-going interactions between employees and their superiors with the goal of facilitating individual learning and behaviour changes, as well as providing constructive and developmental opportunities to help employees learn how to face complex situations (Lindbom, 2007). Unlike coaching, which typically focuses on future job performance, feedback focuses on providing employees with information about past job performance in order to reinforce desirable behaviour or indicate areas for improvement (Hillman, Schwandt and Bartz, 2010). Recognition is a type of positive reinforcement given in response to desirable behaviours designed to shape and improve performance; common forms of recognition include special mention in a meeting, a note in a company newsletter, or various gifts (Haines and St-Onge, 2012). Goal setting, identification of training needs, construction of individual development plans, and career planning are performance management activities that serve as mechanisms to help employees achieve their performance and career goals. Performance management systems can include the activity of setting performance goals for employees for the position they currently hold (Roberts, 2013). In addition, performance management systems can be a useful tool to identify areas in which employees need training to help them achieve their performance goals (Armstrong and Baron, 2010). Performance management systems can facilitate the construction of individual development plans that influence an employee's personal and professional growth by enhancing skills, behaviours and abilities needed both in current and future job positions. Furthermore, performance management systems can also incorporate career planning for employees to help them identify and work toward career paths (Fey, Bjorkman and Pavlovskaya, 2010).

2.3.4 Structure of performance management systems

The structure of the performance management system denotes its design and formation. Structural characteristics of performance management systems include the number of formal performance reviews, the number of informal performance reviews, goal alignment, the presence of a clear link between the performance management system and the organization's rewards system, sources of feedback, and participative decision making. Some structural characteristics of a performance management system include the number of formal and informal performance reviews. Formal performance reviews refer to planned face-to-face meetings between employees and their supervisors to discuss the employee's job performance or development (Dewettinck and Dijk, 2013). Formal performance reviews serve as a medium to inform employees about how their performance has been evaluated. On the other hand, informal performance reviews are unplanned encounters between a supervisor and his or her employee to discuss the employee's job performance and provide feedback that helps the employee meet performance expectations set in formal performance reviews (Dewettinck and Dijk, 2013). Goal alignment and the presence of a clear link between the performance management system and the organization's reward system are two other structural components of performance management systems. Goal alignment refers to the extent to which employees' performance goals are explicitly aligned with organizational goals and priorities; goal alignment is believed to help employees understand how their work relates and contributes to the organization's goals and priorities (Enriquez, McBride and Paxton, 2011). The presence of a clear link between the performance management system and the rewards system implies that the system should connect to the organization's reward system as a way to differentiate rewards based on the quality of employee performance (de Waal and Counet, 2008). For example, employees determined to be top performers by the performance management system should benefit more from the rewards system compared to

low performers. Another structural characteristic of performance management systems is the sources organizations use to collect performance data. Performance management systems can use either single source or multi-source feedback. Single-source performance feedback is collected from a single source, typically a primary supervisor. Multi-source performance feedback, on the other hand, is collected by a combination of multiple sources, including subordinates, peers, superiors, and external sources (Brutus and Brassard 2015; Brutus and Gosselin 2007; as cited by Haines and St-Onge, 2012). The structure of a performance management system also involves the extent to which it allows for participative decision making. Participative decision making refers to the degree to which supervisors encourage employees to express their ideas and use employee feedback when making decisions (Arnold, Arad, Rhoades and Drasgow, 2010). In performance management systems, participative decision making involves leaders encouraging employees to voice their ideas surrounding their performance and taking their subordinates' input into consideration when making decisions regarding their subordinates' performance, objectives, or development.

2.4 PERCEIVED EFFECTIVENESS OF PERFORMANCE MANAGEMENT SYSTEMS

Examining all four categories of performance management system characteristics is important due to the positive impact performance management systems can have on organizations. Performance management systems have been found to contribute to the overall effectiveness of organizations in that they lead to beneficial outcomes at the employee and organizational level (den Hartog, Boselie and Paauw, 2014). Namely, performance management systems motivate performance, facilitate employee development, help organizations make administrative human resources decisions (e.g. promotion, terminations), and support the overall business strategy (Lawler, 2013). Furthermore, organizations that manage their employees' performance outperform other organizations that do not manage

their employees' performance on various measures, including finances and productivity (Armstrong, 2010). In order for organizations to actualize these desirable outcomes, it is essential to know which characteristics of a performance management system are most predictive of organizational effectiveness. Dewettinck (2008) and Dewettinck and Dijk (2013) have defined performance management system effectiveness as the ability of the system to improve individual employee outcomes, including performance, motivation, collaboration, self-esteem, functioning on the job, and comfort in performing job duties. Other researchers have defined the effectiveness of performance management systems by examining the extent to which they produce beneficial outcomes for the organization. For example, Glennding (2012) and Haines and St-Onge (2012) considered performance management systems to be effective if they lead to the achievement of business goals, improved morale, increased customer satisfaction, better retention, and increased ease in adapting to organizational change. In addition to actual effectiveness of performance management systems, researchers have also examined perceived effectiveness. Perceived effectiveness of performance management systems is defined as individuals' perception regarding the effectiveness of their performance management system in bringing about desirable organizational and individual employee outcomes. Given that the main goals of performance management systems are to enhance organizational effectiveness and improve employee and organizational performance (DeNisi, 2010), it is important to examine perceived effectiveness of the system as a means to assess how successful the system is. In addition, perceived effectiveness of performance management systems is an important measure as the attitudes of employees are expected to mediate the relationship between performance management system characteristics and organizational performance (den Hartog et al., 2014), such that the presence of performance management characteristics increases perceived effectiveness of the system, which in turn leads to increased organizational

performance. Existing research has examined the impact performance management system characteristics have on perceived effectiveness of performance management systems. Specifically, research has explored how the purpose of performance management systems, evaluation of performance, performance management system activities, and structural components of performance management systems influence how effective the system is perceived to be. The following sections summarize and evaluate previous research that has examined the relationship between characteristics of performance management systems and perceived effectiveness of the system.

3.5 PURPOSE OF THE PERFORMANCE MANAGEMENT SYSTEM

Previous research has investigated the impact the purpose of performance management systems has on perceived effectiveness of the system. Dewettinck and Dijk (2013) revealed that employees were more likely to perceive their performance management system to be effective if its main purpose was to improve employees' ability to monitor, evaluate, and adjust their own performance (development-oriented), compared to laying out clear and challenging goals to help employees perform well (results oriented). Dewettinck (2008) found similar findings, in that human resource professionals reported development oriented performance management systems to be effective at increasing employee motivation and competency levels. In addition, Dewettinck revealed that a system with a results oriented purpose was unrelated to the system's ability to effectively improve performance at the organizational level. Consequently, both of these studies demonstrate that development-oriented performance management systems are perceived to be more effective than systems with a results oriented purpose. However, both of these studies surveyed individuals solely in Belgium, which decreases the ability to generalize the results to other cultures, such as the United States. Limited research has examined the impact of administrative purposes on

perceived performance management system effectiveness. Lawler (2013) found that survey respondents from 55 Fortune 500 companies, most of whom held positions in human resources, perceived performance management systems to be effective if they helped identify the lowest performing employees for termination. Although Lawler's finding indicates that administrative purposes can impact perceived effectiveness of performance management systems, this study only addressed one kind of administrative purpose. It should be noted that none of the studies that examined the purposes of performance management systems included all three of the potential purposes. This study aimed to fill these gaps by assessing the impact all three purposes have on the perceived effectiveness of performance management systems and addressing various administrative purposes.

2.6 PERFORMANCE MEASURES

Scarce research has been dedicated to studying the relationship between performance measures and perceived effectiveness of performance management systems. Only one study examined one performance measure characteristic; Collins-Camargo, Chuang, McBeath, and Bunger (2014) found that the presence of relevant performance measures made agency directors of non-profits more likely to perceive their performance management system to be effective. This demonstrates that performance should be evaluated with the use of appropriate performance measures that relate directly to the desired outcomes of the job. Although Collins-Camargo et al. demonstrated the importance of the relevance of performance measures on perceived effectiveness of the performance management system, they failed to comprehensively examine all performance measure characteristics. In order to gain an understanding of which performance measure characteristics are most important in enhancing perceived performance management system effectiveness, it is necessary to collectively examine all characteristics in one study.

2.7 PERFORMANCE MANAGEMENT SYSTEM ACTIVITIES

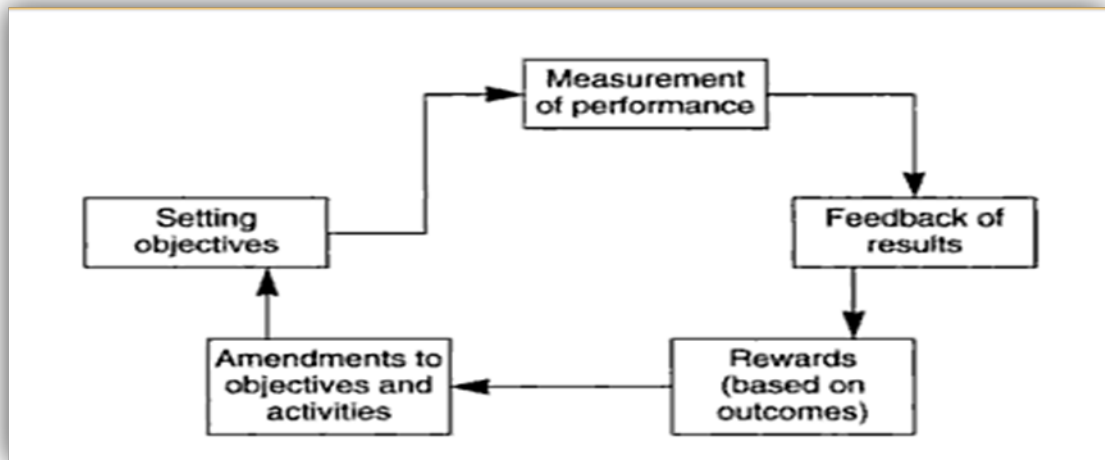
Little prior research has investigated the impact of performance management system activities, such as clearly communicating performance expectations to employees and providing recognition to employees for exceptional performance, on perceived effectiveness of the system. Collins-Camargo et al. (2014) found that the more performance standards were clearly understood by employees, the more likely agency directors perceived their performance management system to be effective. Biron et al (2011) found similar results in interviews with professionals at world-leading firms that practiced communicating performance expectations clearly to employees. Overall, these findings underscore the importance of clearly informing employees of their performance expectations to enhance perceived effectiveness of the performance management system. Recognizing employees for their demonstration of desired behaviours is another activity previous research has investigated to determine if it contributes to perceived effectiveness of a performance management system. Haines and St-Onge (2012) found that employee recognition had a significant and positive relationship with perceived effectiveness of the system, such that the more recognition employees received, the more likely human resource professionals perceived the system to be effective. However, employee recognition did not explain unique variance in perceived effectiveness of the system when it was examined alongside other characteristics, including the use of multisource feedback. Therefore, additional research must be conducted to further assess the impact employee recognition has on perceived effectiveness of performance management systems.

2.8 STRUCTURE OF PERFORMANCE MANAGEMENT SYSTEMS

In previous research a variety of performance management system characteristics have been examined that focus on the design and structure of performance management systems, including the number of formal performance reviews, the number of informal performance reviews, the presence of a clear link between the performance management system and the reward system, the number of sources for performance feedback, and the presence of participative decision making. Dewettinck and Dijk (2013) uncovered that the more planned (formal) and unplanned (informal) discussions managers had with their subordinates about their performance, the more likely these subordinates perceived the system to be effective. 16 Furthermore, the number of unplanned or informal discussions had a stronger impact on perceived effectiveness of the system than did formal performance reviews. Linking the performance management system and the rewards system is thought to be effective as employees are more likely to display high levels of performance if rewards are tied to performance (Lawler, 2013). Human resource professionals at some of the top Fortune 500 companies commonly stated that they perceived performance management systems to be effective when performance appraisals were tied to salary increases, bonuses, and stock awards (Lawler, 2013). Although human resource professionals believe a connection between a reward system and performance is important, no empirical research has explored this relationship. Therefore, further empirical research should be conducted to assess the impact a strong connection between reward systems and performance has on perceived effectiveness of performance management systems. The extent to which performance management systems allow employees to receive performance feedback from more than one source has also been investigated as a predictor of perceived effectiveness of the system. Haines and St-Onge (2012) found that the use of multi-source feedback did not have a significant relationship with the perceived effectiveness of the system. A potential reason given by Haines and St-

One reason to explain the lack of significant findings is that multi-source feedback is not typically integrated into the performance system, such that its presence would not lead to employees perceiving the performance management system as effective. It should be noted that Haines and St-Onge surveyed only individuals from Canada, which decreases their ability to generalize their results to other populations. Performance management systems can be designed to allow for employee participation in performance or development decisions and performance evaluation discussions. Dewettinck and Dijk (2013) revealed that the more employees participated in the performance management system, the more likely they were to perceive the system to be effective. This study illustrates the importance of participative decision making for contributing to perceptions of effective performance management system. This study will be underpinned by Mabey's model (1999). The performance management cycle model argues that in order to have an effective performance management system, five elements (see figure 1 below) should be available and these are; putting in place objectives, assessing performance of employees, setting a feedback system for performance results, rewarding employees based on performance results and amending objectives and activities. The characteristics in the performance management cycle were used to inform the research questions, research objectives, and data presentation and analysis.

Figure 1: Performance Management Cycle



Performance Management Cycle (Mabey, 1999)

2.9 CONCLUSION

Although a number of studies have examined the relationship between structural performance management system characteristics and perceived effectiveness of the system, no studies have examined the characteristics of the performance management system at the organisation under study. This gap has been a reoccurring trend across all four categories of performance management system characteristics and perceived effectiveness of the system. This study was aimed to address this gap by assessing the set of performance management system characteristics employed by the informal performance management system at the organisation under study. Insights gained from examining characteristics comprehensively will help organisations design effective performance management systems that successfully increase organizational effectiveness and organisational and employee performance. The following chapter presents the methodology used in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This study assessed the performance management system at the organisation under study. This chapter outlines the research methodology underpinning the study. The research design, research methodology, study site, study population, target population, sampling methods, and the sample size are declared. In addition, the chapter discusses data collection instruments and analysis techniques, and issues of data control. The chapter closes by presenting ethical measures that guided the study. A summary concludes the chapter.

3.2 RESEARCH DESIGN

This study employed what is called a case study research design. A case study research design is a research approach that allows a researcher to focus on one particular issue in an organisation or entity thus avoid the generalisation of the research problem being investigated (Creswell, 2009). The design allows a researcher to dig deeper into the phenomenon and bring out the nuances of what is being studied (Yin, 2009). This makes it easy to understand the research problem under study. The research design also allows for the employment of different research methods in one study hence allowing the study to generate rich and comprehensive data to understand a research problem (Creswell, 2009). The case design is appropriate for this study as it will allow the researcher to focus on one issue and organisation, and to generate multifaceted data using different data collection methods to have a comprehensive understand of the performance management system used at the organisation under study.

3.3 RESEARCH APPROACHES

This study used a qualitative research method to underpin the study. Qualitative methodology is a research approach that generates quality, good or standard data that can help to understand a research problem under study (Mirriam, 2008). A study collected using

qualitative methodology digs deeper in the research problem. Denzin and Lincoln (2004) say that qualitative methodology is also reliable in collecting data on the feelings, views, opinions, desires, attitudes, behaviour, and other individual attributes of the research problem under study. Studying the performance management system at the organisation under study required an in-depth investigation into the research problem so as to understand employees' perceptions of the characteristics of the performance management system and its effectiveness. Therefore, a qualitative method was suitable for this study because the researcher was interested in the feelings, views, opinions, attitudes, behaviours, and other individual attributes of the employees towards the performance-management system at the organisation under study. Creswell (2014) said that qualitative research methodology seeks to interpret meaning of the phenomenon under study from data collected by focusing on people's everyday life and people's perceptions and experiences. This understanding made the methodology appropriate for the study because the researcher was interested in the employees' everyday perceptions and experiences of the performance management system at the organisation under study. Thus, the methodology made it possible to investigate meanings, interpretations, processes, and effectiveness of the performance management system at the organisation under study.

3.4 STUDY SITE

A study site is defined as the place where a study takes place (Yin, 2009). This study was conducted at the organisation under study in Durban. The organisation under study is a liner agent/port agent, which offers other services as well. It is located in Durban, South Africa.

3.5 TARGET POPULATION

The target population is a specific population a researcher is interested in studying (Bruan and Clarke, 2006). The target population for this study is senior officials at the organisation under study; the Chief Financial Officer (CFO), the Chief Executive Officer (CEO), the Chief Operating Officer (COO), the Chief Commercial Officer (CCO) and five employees one from each of the above-mentioned five clusters of senior officers.

3.6 SAMPLING STRATEGIES

According to Creswell (2009), sampling is as a process of selecting a small portion or part of the population to represent the entire population. Since the researcher used a qualitative method to conduct the study, non-probability sampling method was used to select employees. Non-probability entails that the selection of a participant is dependent on the judgment of the researcher (Guba, Hunter and Brewer, 2008). To select participants for this study, purposive sampling was used. This technique allows the researcher to select participants based on his or her knowledge of a population and of the purpose of the study. The researcher purposively selected participants who were able to provide information to understand the phenomenon under investigation. All senior officials; the Chief Financial Officer (CFO), the Chief Executive Officer (CEO), the Chief Operating Officer (COO), and the Chief Commercial Officer (CCO) were selected purposefully based on the critical role they play in the performance management system. As senior officers, they have a responsibility to motivate, and coach employees to perform well. Employees were also invited to participate in order to elicit their views on the performance management system. In total 10 participants; five senior officials and five employees were selected to participate in the study.

3.7 SAMPLE

A sample is defined as a subset of the entire population selected to participate in the study (Mirriam, 2008). The sample for this study was purposively selected to include; senior officials and employees at the organisation under study.

3.8 SAMPLE SIZE

A sample size is defined as the total number of units or people selected to participate in a study. The sample size for this study was ten (10).

Table 1: Sample Size

Department	Population	Sample
Area Africa	20	1
Sales	20	1
Customer Service	25	1
Operations	25	1
Business Administration	20	1
Executives: (Chief Financial Officer (CFO), Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Commercial Officer (CCO))	5	5
Total	115	10

3.9 DATA COLLECTION METHODS

This study used in-depth interviews and document collection to obtain data.

3.9.1 In-depth interviews.

There are three types of interview namely structured, semi-structured and unstructured interviews (Cohen and Crabtree, 2006). The researcher used semi-structured in-depth interviews to collect data needed in this study. Semi-structured in-depth interviews allow the data collection research process to be focused but at the same time flexible so that a researcher is able to probe participants for further information. Ten (10) in-depth interviews were conducted with five senior officials and five employees to provide the data needed to understand the phenomenon under study.

3.9.2 Document collection.

Document collection is defined as a process of gathering documents with information needed to understand the research problem under study (Creswell, 2009). In this case, documents collected included policies, performance agreements, annual reports, performance assessments results, performance management instruments, and vision and mission statements for the organisation under study.

3.10 DATA QUALITY CONTROL

In order to have a trustworthy study it is important to put in place several data collection measures to promote credibility, transferability, dependability and conformity (Braun and Clarke, 2006). This qualitative study adhered to these four principles and procedures to ensure that the findings were credible in explaining the phenomenon under study.

3.11 DATA ANALYSIS

Data analysis is a process of organizing and interpreting the data gathered (Creswell, 2009). This being a qualitative study, thematic analysis was used to analyse data collected using in-depth interviews and document collection. Braun and Clarke (2006) state that thematic analysis is a qualitative analytic method for identifying, analyzing and reporting patterns or themes within the data. Thematic analysis was appropriate for this study as it is effective in organising data collected and is able to display data collected in detail (Creswell, 2009).

3.12 ETHICAL CONSIDERATIONS

Ethical approval for this study was obtained from the University of KwaZulu-Natal Ethics Committee and a gatekeeper's letter was obtained from the organisation under study. The researcher obtained consent from all participants after explaining to them in detail the nature of the study. Besides, privacy, confidentiality, and anonymity of the participants were upheld so as to ensure that participants' rights and freedoms were not compromised in any way..

3.13 LIMITATIONS OF THE STUDY

Due to time constraints, this study only included Durban-The organisation under study at Umhlanga Rocks offices and it did not include all employees at Durban-The organisation under study. However, the sample was reliable to allow the study to generate credible findings.

3.14 SUMMARY

This chapter presented the research methodology underpinning the study. In particular, the study presented the design, the research methodology, the study site, the population, the sampling methods, and the sample size. In addition, the chapter presented data collection instruments and analysis techniques, and issues of data control. The chapter closed by presenting ethical measures that guided the study and the summary.

CHAPTER FOUR

DATA PRESENTATION

4.1 INTRODUCTION

The previous chapter presented the research methodology underpinning the study. This chapter presents data collected in this study. The chapter has four sections. The first section deals with the research process followed in this study. The second section presents the research objectives that the study set out to achieve, the third section presents data, and the fourth section presents the summary to the chapter.

4.2 SPECIFIC OBJECTIVES OF THE STUDY

These were:

- To ascertain the objectives set by the organisation under study to measure employees' performance;
- To determine how the feedback system at the organisation under study is operated to measure employees' performance;
- To ascertain what the reward system for measuring employees' performance at The organisation under study is based on;
- To understand how the objectives and activities at the organisation under study are revised; and
- To determine how the measurement of the performance system at the organisation under study is operated to measure employees' performance.

4.3 SUMMARY OF THE RESEARCH PROCESS FOLLOWED

Before the study commenced, the researcher sought a gatekeeper's letter from the organisation under study and ethical clearance from the University of KwaZulu-Natal (UKZN) to conduct the study.

Then, the researcher emailed all employees purposively selected to be part of the sample. The researcher sought consent from all the selected participants before starting the process of data collection. All the employees selected to participate in the study received a consent form with adequate information on the nature of the study. One week after employees received the consent form the researcher started collecting data using in-depth interviews. Data collected was analysed by the researcher using the thematic analysis technique.

Data collected on different themes was generated using the main research questions. Data presentation is a research process of revealing information collected in the field in a thorough and accurate manner to tell a story emanating from the study. Data presentation in this study is based on the five components generated from studying the organisation under study performance management system.

4.4 PERFORMANCE MEASUREMENT SYSTEM AT THE ORGANISATION UNDER STUDY

When participants were asked to share their views on the objectives set by the organisation under study to measure employees' performance, several responses were shared;

The majority of the participants said that the organisation under study has key performance areas set to gauge the performance of employees over time. One participant had this to say:

This company is structured. We have key performance areas, which are quantifiable measures that our company employs to assess employees' performance and the company as a whole (Interview 1, 2016).

In agreement, another participant said:

The specific objectives include the key performance areas. We have very specific metrics, [so to say], used to ascertain employees' performance especially how they are achieving their individual operational and strategic goals. This is one of the measures that keeps us on the [our] toes as we all want to achieve our individual goals, which is good for the company (Interview 4, 2016).

Participants also said that employees are expected to demonstrate at least minimum competencies. A participant put this in perspective in the following response:

You know, the organisation under study measures our performance. Each employee is expected to demonstrate minimum competencies. If one fails to meet the minimum competencies then you have failed to meet this objective and you know that you will be rated low. (Interview 8, 2016).

The response above resonates well with what another participant said:

Our performance as individuals is measured based on how we have realised the minimums in our work. The minimum competencies include the skills of collaboration, communication, teamwork and how we apply these minimums in our different jobs (Interview 3, 2016).

Employees also said that the organisation under study measures their performance using employees' care duties. This is what one participant had to say:

Yes, our performance is measured based on our participation in influencing appropriate love in the company, such as the way we care for our fellow employees. Though care duty is a company's objective, to me it is more a human value than a company's objective to be achieved as I care for those around me even outside my workplace (Interview 5, 2016).

The response above ties together well with the following response:

I am assessed based on [how] my contribution towards creating an environment where colleagues feel free to appreciate, care for their colleagues, and respect others (Interview 1, 2016).

The response above agrees with what another participant said:

They assess us by looking at how we make others feel comfortable and supported. It is because the company has realised the magic in caring for each other. Some people say that it is through care at workplace that innovation manifests, creativity reigns, collaboration is born, positive results are produced. How can a company succeed if employees do not embrace and listen to each other? (Interview 7, 2016).

In agreement, another participant said:

At the organisation under study, we believe in care duty. Therefore, you should not be afraid here when you see employees caring for each other. This is one of our keys to realising our goals (Interview 4, 2016).

The organisation under study also measures employees' performance using job descriptions. A participant put it this way:

Our performance is measured using our job descriptions. The company looks at all the tasks, responsibilities, and functions of our respective positions and use[s] that to assess our performance that sometimes includes an assessment on [of] our abilities to work with and report to our managers (Interview 8, 2016).

Another participant, in agreement said that:

I am assessed based on several roles linked to my job (Interview 3, 2016).

This resonates well with what another participant said:

There are specific terms and references within my job description. If I fail to follow them, then I will fail the performance assessment because the objectives are so specific (Interview 5, 2016).

Furthermore, data in this study show that the demonstration of etiquette is one of the objectives set by the organisation under study to measure employees' performance. A participant put it this way:

The company has a specific code of conduct that clearly outlines employees' expectations for workplace behaviour (Interview 7, 2016).

This is in agreement with this statement:

The company is very clear on etiquette. We are even assessed based on hygiene manners. I am not complaining because it is a good thing as it prevents disease transmission. We are also assessed based on courtesy manners, as the organisation under study we want to see the ability of an employee in putting the interests of others before oneself (Interview 9, 2016).

4.5 FEEDBACK SYSTEM

The second objective of the study was to ascertain the organisation under study's feedback system. The study found that feedback given to employees on their performance takes different forms. There is continuous, bi-annual, and annual feedback on the job.

Concerning continuous feedback a participant put it well in this statement:

We have continuous feedback on our jobs. This type of feedback is good because it gives us ongoing coaching or should I say guidance as it allows senior management to openly talk to employees individually on their strengths and weaknesses from time to time (Interview 4, 2016).

In agreement, another participant said:

We have continuous feedback in this company. To me this is a good idea because it is surely the way forward in this modern corporate world of performance management. Personally, I have seen positive effects of continuous feedback such as promoting employee retention, engagement, performance, and many others (Interview 8, 2016).

About bi-annual feedback, the majority of the participants said that feedback is given bi-annually. A participant had this to say:

We have bi-annual performance appraisals. To me this is good because we are given an opportunity to have feedback on our performance and we talk about how well goals are being achieved mid-year (Interview 10, 2016).

In addition, another participant said:

We have mid-term reviews. This helps me to recollect as I am given a report of performance that I reflect on and then strategise to do better than before. The appraisal is good because it provides a structure where managers and employees meet to talk about performance (Interview 5, 2016).

About annual feedback, some participants said that the organisation under study has an annual feedback system. This is what a participant had to say:

The organisation under study provides an annual structured process for an employee to clarify expectations and discuss issues with their managers (Interview 7, 2016).

This is supported with what another participant said:

We have annual performance appraisals that provide me with a good structure to think through besides planning and strategising for developing goals for the following year (Interview 1, 2016).

Another participant said:

Yes, we have annual performance assessments. They are quite effective in motivating employees as they are backed up by a good reward system. Besides, the assessment is result oriented, and the appraisal is set in advance to allow us [to] assess our own performance and prepare for the appraisals (Interview 4, 2016).

One participant put it this way:

The appraisal is an effective two-way communication. If employees in their discussions with their managers do not agree, human resource managers are brought in to mediate. To me this shows that the annual performance appraisal is a constructive feedback system making the whole process systematic and real dialogue (Interview 8, 2016).

However, data shows that some participants have negative perceptions of the feedback system. Here is what a participant had to say:

There are times when the feedback system is not done right such that human resource managers have to come in, which to me creates a very negative experience of the whole appraisal system (Interview 3, 2016).

Another one said that:

I find performance appraisals time consuming. All activities literally come to a standstill as employees and managers focus on appraisals (Interview 5, 2016).

Here is another view from another participant:

You know what! Performance appraisals are good but as you know, human beings conduct them therefore subject to biases and several errors, but they are better than nothing (Interview 7, 2016).

Another participant had a strong negative view:

Good they may be. I found performance appraisals a real waste of time especially when they are not done properly. Performance appraisals sometimes create an unnecessary stressful work environment for employees, managers, and everyone who is part of the appraisal system (Interview 1, 2016).

4.6 REWARD SYSTEM

One of the research objectives in this study was to determine the types of rewards given to the organisation under study employees after performance appraisals. Data shows that employees are given financial rewards if they are scored 3 A and above.

A participant said this:

I am not sure of any other rewards except for financial rewards. You know what happens; employees get financial rewards depending on their income grades (Interview 4, 2016).

In agreement with the above response, another participant said that:

We have a sort of notching system. If you are performing well then you will be rewarded according to you[r] salary grade using the notching system (Interview 8, 2016).

Another participant shared this view:

I am quite new in this company. However, I hear that there are financial rewards if one meets minimum requirements. Therefore, if you perform well you will get a notch increase. To me the whole reward system sounds stressful, and I hope there are counsellors to help those who fail to meet the minimum requirements (Interview 3, 2016).

The following statement supports the view above:

Of course, there are monetary rewards that are motivating to employees, as everyone wants money. Mostly you get the financial rewards when you meet the targets in individual key performance areas (Interview 5, 2016).

Another participant said that:

I have received monetary rewards by exceeding expectations, and performing additional tasks outside my scope of my responsibilities. If one is committed, dedicated and creative then you will get the reward (Interview 1, 2016).

In agreement, another participant stated that:

What I like about the reward system is that it is based on performance. In addition, it is not only performance but also evidence-based performance (Interview 4, 2016).

Another participant stated:

To me the whole issue of performance is about money. It is as if people perform well for the sake of money. I wonder how many people would still care about performance if there were no monetary rewards (Interview 5, 2016).

Data shows that when employees meet their job expectations they are rewarded financially.

4.7 AMENDMENTS TO OBJECTIVES

The study set out to determine how objectives and activities at the organisation under study are amended. The majority of the participants said that it is not easy to change objectives and activities in the course of the year.

A participant said:

It is not easy to change the objectives. The only time I am aware when objectives and activities are changed is during annual strategic planning meetings. To me this is the time we talk about objectives and this only happens once in a year (Interview 7, 2016).

Another participant said that:

I am not part of the team that discusses objectives and activities. It is a high-level issue therefore it is mainly senior management involved (Interview 5, 2016).

A participant said this in agreement:

This is a higher-level issue. Objectives and activities change, of course not anyhow (Interview 3, 2016).

 One participant stated that:

The planning at the organisation under study allows objectives and activities to be changed annually in terms of operation requirements. However, I am not sure if this is the case with lower level objectives. I am saying so because I have noticed that operation requirements for lower objectives and activities are basic to allow changes to be done every year (Interview 7, 2016).

Another participant said:

Objectives mainly change at technical level. However, mainly, outcomes of the strategic planning meetings make objectives and activities to change (Interview 3, 2016).

In agreement, a participant said:

Yes, objectives change. What I see is that objectives and activities change at strategic meetings but not all of them change as some continue to another year for two or three years depending on the strategy (Interview 2, 2016).

Another participant supported this view:

The organisation under study objectives change annually. This is done through a strategic meeting at the end of the year. At strategic meetings, key objectives and activities are openly discussed in detail (Interview 6, 2016).

A participant with a different view said:

I have not seen any change in terms of objectives and activities in a long time. For me what I see is the usual generic system. For example, I cannot remember when our performance agreements were changed (Interview 8, 2016).

4.8 SETTING OBJECTIVES

The study shows that majority of the employees said that they are aware of the organisation under study's objectives in the performance management system but where not able clearly to articulate the objectives. A participant said:

We have several objectives. They help to increase performance (Interview 2, 2016).

This is in agreement with what another participant said:

I have read them somewhere but I cannot remember where. I cannot be punished for not knowing where because at my level it is not critical to know the objectives in and out (Interview 6, 2016).

Another participant supporting this view said that:

The objectives are thorough but my concern is that they are not adequately discussed especially with employees to have a better understanding of the objectives (Interview 7, 2016).

Revealing an opposite view, another participant stated that:

I am aware of some of the objectives. Those I know are precise, good measurement, realistic and very good indicators of what is to be achieved (Interview 3, 2016).

Another participant supports the finding above:

As employees, we are made aware of the objectives from the word go[.]. Objectives are well structured. Employees are given an opportunity to openly discuss the objectives in the annual meeting (Interview 5, 2016).

Another participant in support of the finding said that:

The objectives are arrived at through discussion with employees. Therefore, they are objectives agreed upon by employees and senior management, not imposed on employees. No wonder they are quite specific, measurable, achievable, realistic and timely (Interview 6, 2016).

Another participant had a different view:

To be honest with you, I do not really care about the performance management system (Interview 5, 2016).

In support of the above view, a participant said that:

I am not sure about these objectives whether they are in different categories or not. I do not know them as I am talking now (Interview 4, 2016).

The data collected in this study shows that employees have a partial understanding of the objectives set by the organisation under study's in the performance management system.

4.9 SUMMARY

This presented data generated by this study. The data presented were on how performance is measured, how feedback is achieved, the rewards systems, and how objectives and activities are amended. The following chapter presents the discussion and analysis of the findings supported by the literature review.

CHAPTER FIVE

DATA ANALYSIS AND DISCUSSION

5.1 INTRODUCTION

The previous chapter presented data on the performance management system at the organisation under study. This chapter discusses and interprets the findings on the performance management system of the company under study. Themes discussed include measurement of employee performance, the feedback system used, the setting of objectives and activities, the rewards systems used, and the amendment of objectives. This study set out to achieve the research objectives presented below.

5.2 RESEARCH QUESTIONS

These were stated earlier as:

- To ascertain the objectives set by the organisation under study to measure employees' performance;
- To determine how the feedback system at the organisation under study is operated to measure employees' performance;
- To ascertain what the reward system for measuring employees' performance at the organisation under study is based on;
- To understand how the objectives and activities at the organisation under study are revised; and
- To determine how the measurement of performance system at the organisation under study is operated to measure employees' performance.

5.3 PERFORMANCE MEASUREMENT SYSTEM

The study found that the organisation under study has key performance areas set to assess the performance of employees. The study shows that the key performance areas are quantifiable. Employee performance is measured based on employees' ability to demonstrate minimum competencies that include having skills of communication, collaboration, teamwork, and how employees in their different jobs apply these minimum competencies.

The study found that the organisation under study measures employees' performance using care duties. This suggests that performance is measured based on employees' care for fellow employees. Thus, employees are expected to contribute towards creating a conducive workplace environment where all employees are comfortable and where they appreciate and respect each other. This measure is used because The organisation under study seems to believe that it is through care in the workplace that innovation, creativity, collaboration, and positive results are generated,

The findings indicate that employees are assessed based on job descriptions. This suggests that the company assesses tasks, roles, responsibilities, functions, and specific terms and references these within job descriptions of respective positions and uses these to assess employees' performance. In addition, the study found that etiquette is one of the objectives set by the organisation under study to measure employees' performance. The company has a code of conduct that clearly outlines employees' expectations for workplace behaviour. The study also revealed that employees are assessed based on hygiene, courtesy and good manners.

In agreement, a study by Lim, Maths and Jackson (2010) states that it is critical that employee performance is assessed based on the key roles and functions of the job. Besides, individual employees' performance should be measured against well-established and right standards. The results from the assessment of employees should be communicated to employees.

In agreement with the findings, studies also suggest that performance measurement should help to set realistic objectives and help effectively to review performance. Melo (2011) in agreement said that it would be hard for companies to measure performance objectively if

tools used to measure performance are not reliable and viable to promote the needed performance and used as a starting point for precise assessment of both individual and company achievements (see also Wilton, 2011).

5.4 FEEDBACK SYSTEM

The findings show that there are three types of feedback systems; continuous, bi-annual, and annual feedback on the job.

The study shows that feedback given to employees, in particular ongoing feedback, allows employees and management openly to talk about strengths and weaknesses of the employees with the aim of enhancing employees' performance.

The study found that the performance management system is promoting employee retention, engagement, and performance. The study revealed that employees are given enough time to reflect on their performance before discussing this with their managers. This gives employees ample time to assess themselves and to prepare for the performance appraisals. Employees also see the feedback system as a good structure to think through, enabling them to clarify expectations and to discuss performance issues with managers.

The study found that the reward system is effective in motivating employees and that it is supported by a good reward system. The findings show that the feedback system is result-oriented and an effective two-way communication system making it a constructive, systematic, and dialogue-based system.

The findings show that some employees have negative perceptions of the feedback system. They feel that the feedback system is sometimes not done right such that it creates a very negative experience and that it is unnecessarily stressful in the workplace environment.

The findings above are supported by Cascio's (2003) study that stated that companies or organisations should ensure that their performance management systems are developed in

such a way that they have feedback processes to benefit both employees and employers. The advantage of having a feedback process is that it makes feedback to enhance development close to 30%. The feedback system should be explored because it is a cheap way of enhancing productivity. In agreement, Leopold and Harris' (2009) study found that in order for performance management systems to work effectively, there is need to have feedback systems that are sustained and served by committed personnel. The study is suggesting that giving employees adequate and constructive feedback increases employees' performance, which in return increases productivity in companies. Taking the findings in this study into account, the feedback process should not be carried out annually but as an ongoing process so that both managers and employees are able to reflect on the strengths and weaknesses exhibited by employees from time to time.

5.6 REWARD SYSTEM

The study shows that employees are given financial rewards if they exceed expectations. The company uses a notching system such that employees who perform well are rewarded according to their salary grade. To get the rewards, employees need to perform additional tasks outside the scope of their responsibilities. Employees are expected to be committed, dedicated and creative. All in all, the findings indicate that the rewards are mainly in financial terms. The findings in this study are supported by Holbeche's (2006) argument that in order to address the challenges of performance-based reward systems, companies need to realise that different employees have different preferences and motivations therefore there is need to use different forms of rewards. In other others, companies should try to use both financial and non-financial rewards, and should explore rewards that can be used to increase employee satisfaction. Grober, Warnich, Carrel, Norbet and Hartfield (2011) said that different rewards should be used because there is no single form of reward that can satisfy all employees. DeCenzo and Robbins (2010) said that companies should reward employees in term of days of leave. The study shows that financial rewards are the most frequent rewards.

5.7 AMENDMENTS TO OBJECTIVES

The findings show that at the organisation under study it is easy to change the performance management systems' objectives and activities during the annual strategic planning meetings.

This is the time when the company discusses performance management appraisals objectives and this happens annually.

The study shows that the change of the performance management systems objectives takes place at a high-level therefore only senior management is involved. The findings show that mainly what is changed annually in the strategic planning meetings are operational requirements. Thus, strategic planning meetings are the main events where it is easy to change performance management systems objectives and activities.

However, the study also found that the company is operating on the usual generic system for a long time. This suggests that there has not been effective change to the performance management systems in a long time. A study by Armstrong (2011) supports the finding above by stating that companies should ensure that both performance plans and agreements are designed as working documents. Since companies may face new demands and new challenges that may arise because of a number of factors including competition and technological advancement, there is need to update or amend the performance management systems activities, objectives, and employees personal development strategies.

5.8 SETTING OBJECTIVES

The study indicates that employees are aware of the organisation under study's objectives in the performance management system. However, employees are unable to articulate the performance management system objectives. This is mainly attributed to lack of participation by all employees in setting the objectives coupled with a lack of adequate discussion on objectives especially at the lower levels of the company. On the other hand, some employees find the performance management system objectives to be well structured, specific, measurable, achievable, realistic and timely.

The findings presented above resonate well with Wyne's (2003) study that explained that a company that has performance management system objectives that are clearly defined helps teams and individuals to have a better understanding of what the company expects from them. Knowing what objectives the company has in the performance management system

helps employees to focus on what can result in effective performance. This finding is in agreement with the belief that that when a company allows employees to take part in putting forward or setting objectives, it makes it easy for employees to focus their energies on the realisation of these company objectives. In agreement, a study by Wilton (2011) argues that it is important for companies to set specific objectives in the process of implementing the performance management system. It is equally important that employees are aware of the performance objectives set for them in the performance management system.

5.9 SUMMARY

The chapter presented the data analysis and discussion. The chapter was presented in five sections. The first section dealt with the objectives set by the organisation under study to measure employees' performance, the second section analysed and discussed the feedback system, and the third section ascertained the reward system for measuring employees' performance. The fourth section determined the objectives and activities, and the fifth section determined how the measurement of performance system at the organisation under study measures employees' performance. The following chapter presents the conclusion and recommendations.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

In the previous chapter, the study analysed and discussed key components involved in the assessment of the performance management system at the organisation under study. The issues analysed and discussed included how employees' performance is measured, the feedback system and rewards system used, how objectives and activities are amended, and how objectives are set. The findings generated in this study were discussed and analysed in a concise manner. This chapter deals with the conclusions and recommendations of the study based on the key findings.

6.2 MEASUREMENT OF PERFORMANCE

The study found that the tools used to measure performance including those that cover quantifiable key performance areas, the employees' ability to demonstrate minimum competencies, care duties, job descriptions, and adherence to the code of conduct are reasonably well understood. Employees are also assessed based on hygiene courtesy and good manners. However, there is need to enhance the consistency of the performance measures used so that they adequately measure the main functions of the different types of jobs in the company. This is because it is important that the performance of individuals is precisely measured using standards agreed upon by both employees and the management team. In addition, results of the performance management system should be communicated to employees timeously. Companies should use measurement of performance systems where employees are able to sign their performance agreements and there should be adequate discussions between employees and managers so that employees are measured based on indicators they are aware of all the times. The study found that the performance standards were practical, realistic, specific and timeously and effectively disseminated to employees. The organisation under study should ensure that performance measures used to assess employees' performance are reliable and viable so as to promote desired performance using an accurate assessment of the work performed by employees.

6.3 FEEDBACK OF RESULTS

The study found that the performance management system at the organisation under study allows for feedback on an annual and regular basis between the organisation under study management team and employees. Feedback takes place at three levels; that are at the bi-annual, annual and continuous assessment levels. The study found that employees are not scored without discussions on why they are were given particular scores. Thus, the challenge for managers is to continue to provide regular feedback to employees. The study found that there are standard ways feedback is given to employees arrived at through agreement between managers and employees. This is good as it is not to the discretion of managers, as different management styles would undermine different levels of fairness in the performance management system. The study found that managers provide both verbal and non-verbal feedback.

6.4 REWARDS BASED ON OUTCOMES

At the organisation under study, the main reward system is in financial/monetary terms. If employees are scored 3 A and above, the manager determines the appropriate rewards which is eventually ratified by management and given to the employees. Scholars such as Bratton and Gold (2003) argue that rewards should include psychological, monetary and non-monetary awards. There were no perceptions of reluctance of managers to score employees high, as it is the case in other companies even those that have standard score tools. The study suggests that employees were quite motivated about the rewards given to them, as they perceive the rewards to be equitable and fair. Several studies recommend that companies should use different reward items because employees are encouraged to perform well by different incentives.

6.5 AMENDMENTS TO OBJECTIVES

The study shows that it mainly easy to make changes to the objectives and activities during annual strategic and planning meetings. The study found that changes to objectives and activities are discussed with employees but findings show that some employees seem not to be aware of how the objectives and activities are changed as this happens at the high strategic

level. The study found employees generally work with performance agreements for one year unless otherwise determined.

6.6 SETTING OBJECTIVES

The study shows that the majority of the employees are aware of the objectives in the performance management system. However, they lack understanding of these objectives and activities. The study indicates that objectives are communicated to employees using different strategies such as individual face-to-face interaction, open discussions, written reports, and through the electronic system. A study by Melo (2011) states that it is critical, once objectives and activities have been determined, that they should be communicated to all employees. In this way, employees will be able to focus their energies on realising the performance management system objectives and activities.

6.7 RECOMMENDATIONS

- The performance management system at the organisation under study should be clearly articulated to employees. This would not be enough if the performance management system is not well administered, managed, and monitored in such a way as to ensure that the system achieves the needed results.
- The performance management system feedback is critical to the success of the organisation under study. Therefore, it should be conducted on a continuous basis as this is helpful in enhancing the individual employees' performance.
- The organisation under study's performance feedback should be conducted timeously, fairly, and should inform employees not only of their weaknesses but also of their strengths to help re-strategise the approach to performance.
- Currently, findings suggest that the organisation under study is mainly using monetary rewards to encourage employees to increase their performance. There is need to explore other types of rewards employees would want to receive. Therefore, the

rewards should be financial and non-financial to try to satisfy all employees by giving rewards they would find fulfilling.

- All the time, the performance management system should be conducted fairly and in agreement with the performance management system guidelines.
- The organisation under study performance objectives need to be assessed from time to time so that they are up-to-date with change, be it internal or external environmental change.
- Performance agreements should be revisited on a regular basis. This would help to ensure that agreements are relevant to the ever-changing environment and issues encountered by cargo container shipping liner employees.
- There is need to have performance objectives that are specific, achievable, measurable, realistic and timely. Besides, performance objectives should be discussed so that both employees and managers have a better understanding of what is expected.
- Both employees and management should draft key performance areas and indicators. In other words, there is need for a participatory approach to the drafting of key performance areas and indicators as this would help to realise set performance standards.

6.8 RECOMMENDATIONS FOR FUTURE STUDIES

- There is a need to conduct this study using quantitative methodology to generate data with objective measurements or mathematical or statistical analysis of the phenomenon of the performance management system at the organisation under study.
- The organisation under study in Durban is just one of the organisation under study companies; therefore, other related studies should be conducted with other the organisation under study companies in South Africa.

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6.10 APPENDIX A: In- depth Interview guide

Preamble:

- Introduce myself.
- Thank the participant for agreeing to the meeting.

- Briefly describe the purpose of the study. Explain that I am interested in performance management work.
- Explain that it is their experiences and opinions that I am seeking and encourage them to express themselves freely.
- Explain to the participant their right to confidentiality and anonymity. They are allowed not to answer questions and can take a break/leave the interview at any time.
- Explain the need for tape recording and testing of the recording device.
- Ask if they have any questions.
- Request the participant to read and sign the informed consent form.

Interview

- What are objectives set by the organisation under study to measure employees' performance?
- How is the feedback system at the organisation under study operated to measure employees' performance?
- On what is the reward system based at the organisation under study, to measure employees' performance?
- How are the objectives and activities at the organisation under study for measuring employees' performance amended?
- How is the measurement of the performance system at the organisation under study operated to measure employees' performance?

Closing Remarks

- Is there anything else on these issues you would like to add that I did not cover in this interview?

Thank you for making the time to meet with me!

6.11 APPENDIX B: Consent

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, INFORMATION TECHNOLOGY AND
GOVERNANCE

Information Sheet and Consent to Participate in Research

October 2016

Dear respondent,

I, **Danica Govender**, am a full-time postgraduate student of the University of KwaZulu-Natal in South Africa. I am in the Faculty of Management in the School of Management, Information Technology and Management based at the Westville campus. I am undertaking a research project titled: *An Assessment of the Performance Management System at the organisation under study in Durban*. This project is being supervised by Dr Given Mutinta of the University of KwaZulu-Natal.

I am writing to invite you to consider participating in a study that involves the study of performance management. The aim and purpose of this study is to assess the Performance Management System at The organisation under study in Durban. Your participation in this study is purely voluntary and your anonymity will be protected by the researcher.

This study will involve a discussion in the form of an interview that will last approximately one (1) hour. I will be asking a range of questions regarding your experiences of the Performance Management System at The organisation under study in Durban. The questions will be open-ended and non-judgemental, allowing you to elaborate on your experiences. The interview will be audio-recorded subject to your agreement as the participant, to ensure that I have an accurate record of what is said. Interview transcripts will remain confidential and short extracts will be used to generate findings that will form the basis of my Masters dissertation.

It is my hope that this exploratory study will help bring attention to the Performance Management System at the organisation under study in Durban.

This study has received ethical approval and clearance by the UKZN Humanities and Social Sciences Research Ethics Committee (approval no...Missing.....). I undertake to cover all the direct costs involved in this study.

All data, both electronic and hard copy, will be securely stored during the study and archived for 5 years. After this time, all data will be destroyed.

Please contact **Danica Govender** if you have any questions about the study, or would like more information.

Cell no.: (+27)

Email:

Address: University of KwaZulu-Natal Westville Campus, Durban. South Africa.

Supervisor: **Dr. Given Mutinta**

Contact: 0312608854

Alternatively you may contact the UKZN Humanities and Social Science Research and Ethics Committee:

Mrs Mariette Snyman

Humanities and Social Science Ethics (HSSREC) Research Office,

Govan Mbeki Building, Westville Campus, Private Bag X54001, DURBAN 4000

Tel: 031 260 8350 Snymanm@ukzn.ac.za

Thank you in advance for your cooperation with this research exercise.

Sincerely,

Danica Govender



Title of research project:

An Assessment of the Performance Management System at the organisation under study in Durban.

Name and Position of Researcher:

Danica Govender, Postgraduate student, School of Management, IT and Governance, University of KwaZulu-Natal.

CONSENT FORM

I, _____, confirm that I have read the information sheet that describes this study and have had an opportunity to ask questions so as to understand the purpose of the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason.

I understand that if I do not wish to answer any or all of the questions I may take a break or leave the interview at any time.

I understand that if I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

Mrs Mariette Snyman

Humanities and Social Science Ethics (HSSREC) Research Office,
Govan Mbeki Building, Westville Campus, Private Bag X54001, DURBAN 4000
Tel: 031 260 8350 Snymanm@ukzn.ac.za

I am aware that any information I provide will be treated in the strictest confidence.

Please tick box

Yes **No**

I agree to take part in an audio-recorded interview.

I give permission for brief extracts of my interview to be used for research purposes with strict adherence to anonymity.

Signature of participant: _____

Date: _____

Signature of witness: _____

Date: _____

(where applicable)

Signature of translator: _____

Date: _____

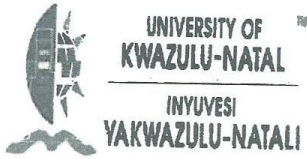
(where applicable)

6.12 APPENDIX C: Declaration letter

This is to declare that I, **Danica Govender**, undertake to ensure that the privacy of the respondents will be protected. I will not use the participants' name in any part of this research report. Any information received in this study will be coded and securely stored. When the study is completed, all the codes relating to the participants will be destroyed.

I also confirm that participants have the right to withdraw from the study at any point without any negative consequences.

6.13 APPENDIX D: Ethical Clearance Letter



22 October 2016

Mr Danica Govender (971165723)
School of Management, IT & Governance
Westville Campus

Dear Mrs Govender

Protocol reference number: HSS/D407/015M

Project title: An Assessment of the Performance Management System at Hapag –Lloyd in Durban.

Full Approval – Expedited Application With regards to your application received on 11 October 2016. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and **FULL APPROVAL** for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenika Singh (Chair)

/ms

Cc Supervisor: Dr Given Mutinta
Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee

Dr Shenika Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3687/8360/4557 Facsimile: +27 (0) 31 260 4609 Email: ximbas@ukzn.ac.za / snymnm@ukzn.ac.za / mohuno@ukzn.ac.za

Website: www.ukzn.ac.za

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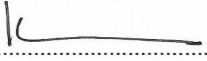
Forming Campus: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

6.12 APPENDIX E: Gatekeeper's Letter

Gatekeeper's Consent

I Kovins Pung in my capacity as FINANCE DIRECTOR hereby give permission to Student name: Danica Govender (Student No. 971165723 to conduct research in my organization.

The student ~~MAY~~ MAY NOT use the name of the organisation in the dissertation.

Signature of Manager/Owner/Gatekeeper: 

Company Stamp:

HAPAG - LLOYD AFRICA (PTY) LTD
P.O. BOX 98
UMHLANGA ROCKS 4320

Date: 25.10.2016

6.13 APPENDIX F: Letter from the Editor



Pauline Fogg
54 Grundel Road
Carrington Heights
Durban
4001
074 782 5234

1 July 2017

Letter of Editing

This report serves to state that the dissertation submitted by Danica Govender, entitled 'An Assessment of the Performance Management System at Hapag-Lloyd in Durban' has been edited.

The dissertation was edited for errors in syntax, grammar, punctuation and the referencing system used.

The edit will be regarded as complete once the necessary changes have been effected and all of the comments addressed.

Thank-you for your business.

A handwritten signature in black ink that reads "P. Fogg". The signature is written in a cursive, slightly slanted style.

Pauline Fogg

