

**An Evaluation of the Performance Management and Development System of the Eastern  
Cape Department of Health**

**A dissertation in partial fulfilment of the requirement for the degree of  
Master of Business Administration**

**at**

**Rhodes Business School: Rhodes University**

**by**

**Mncedi Javu  
(Student number: 608J5962)**

**Submission Date: May 2012**

## **Declaration of Original Work**

I, Mncedi Gladman Javu, hereby declare that the research “Evaluation of the application of the performance management and development system for the Eastern Cape Department of Health” is my own original work, that it has not been submitted for any degree or examination in any other university, and that all sources I have used or quoted have been indicated and acknowledged by complete references.

.....  
MNCEDI JAVU

.....  
DATE

## **INTEGRATIVE SUMMARY**

This study used a quantitative approach to evaluate the application of the performance management and development system in the Eastern Cape Department of Health, from the perspective of employees. The evaluation report has three sections that are designed as interrelated but stand-alone documents. Section One is written as a report directed to the Eastern Cape Department of Health. Section Two is a review of the relevant literature that was conducted to review the existing literature related to the application of performance management and development systems, and underpinned the construction of the questionnaire. Section Three provides a description and justification of the design of the research, as well as describing the research procedure followed. Pertinent components of Sections Two and Three are extracted from these sections and included in the report in Section One.

The literature review focused on the following areas: the purpose of performance management, components of the performance management process, challenges/ criticism of performance management systems, integration of performance management with other systems and the effectiveness of performance management system.

The results revealed that about 74% of employees disagree that management is committed towards the successful application of the performance management system. This finding concurs with the literature. For example, De Waal and Counet (2009:367) argue that one of the problems in the application of performance management system is that the management lacks commitment to the implementation of a performance management system.

Systematic sampling (Leedy and Ormrod, 2010) was used to select 120 participants in three Departmental programmes or clusters from grade levels six to 15. The researcher distributed the questionnaires to every fifth person of the population electronically using SurveyBob, which is an on line survey tool.

The collected data was then analyzed using Excel software. The findings indicated that although overall employees are not satisfied with the application of the PMDS system in the Eastern Cape Department of Health, there were some successes. Nevertheless, the challenges outweighed successes of the system. The challenges that resulted in the failure of the system include poor communication, a lack of understanding of the system by the employees and a lack of knowledge with regards to the integration of PMDS with other initiatives and plans already in place.

There were positive views with enabling factors and these were work plans that are mutually agreed upon between the employee and their supervisors and are aligned to departmental strategic priorities. Constraining factors included the low levels of commitment of the management to the application of the PMDS processes, review meetings not being undertaken on a quarterly basis, and a lack of written outcome reviews. The majority of the study participants believe that the PMDS lacks fairness in its implementation.

Recommendations were made on the basis of the gaps that were identified so as to improve the application of the performance management system in the Eastern Cape Department of Health. It is therefore recommended that the Department should ensure that training and development of employees on the PMDS takes place to enhance manager's understanding of the policy. This will enable managers to understand the important role played by performance management in their day to day activities. A performance management and development system needs to be integrated with all other processes to be effective. On-going communication of the PMDS policy should be considered. Accountability of managers to the Accounting Officer and submission of quarterly reports are imperative to ensure their compliance.

In conclusion, dissatisfaction outweighs satisfaction of the employees with regards to the implementation of the PMDS system.

## **Acknowledgements**

I would like to take this opportunity to thank the following people for their contribution to the successful completion of this thesis

- God Almighty for having given me strength and courage to complete my studies
- Esona and Olona, my twins for their understanding when I could not avail myself when needed me most
- My supervisor, Prof.Noel Pearse, for his time and commitment in guiding me to my success and has been patient with me at all times
- The Former Director of Rhodes Business School, Prof Gavin Staude for offering me an opportunity to do an MBA
- My colleagues on the MBA programme for the challenging and exciting years together
- My colleagues at work for keeping the light burning whilst I was away from work

# TABLE OF CONTENTS

<b>INTEGRATIVE SUMMARY .....</b>	<b>3</b>
<b>1. SECTION ONE: EVALUATION REPORT .....</b>	<b>8</b>
1.1 INTRODUCTION .....	8
1.2 RESEARCH AIMS AND OBJECTIVES .....	12
1.3 RESEARCH DESIGN .....	13
1.4 RESEARCH FINDINGS .....	13
1.4.1 Profile of Respondents .....	13
1.4.2 Survey Results .....	15
1.4.2.1 PMDS Policy Compliance .....	16
1.4.2.2 Factors enabling and constraining the application of the PMDS .....	18
1.4.2.2.1 Enabling Factors .....	18
1.4.2.2.2 Constraining Factors .....	19
1.4.3 Policy Compliance and biographical characteristics .....	19
1.4.3.1 Gender Differences .....	20
1.4.3.2 Levels of Employment .....	27
1.4.3.3 Programmes/Clusters .....	32
1.5 SATISFACTION WITH THE PMDS .....	37
1.5.1 Cronbach's Alpha .....	38
1.5.2 Correlation of satisfaction items .....	38
1.5.3 Levels of satisfaction .....	38
1.5.4 Correlation of Satisfaction items against Compliance items .....	39
1.5.5 Levels of Satisfaction and Primary Constraints .....	41
1.6 DISCUSSION .....	41
1.6.1 PMDS Policy Compliance .....	42
1.6.2 Enabling and Constraining Factors .....	42
1.6.3 Policy Compliance and biographical characteristics .....	43
1.6.4 Satisfaction levels with PMDS .....	44
1.7 FURTHER RESEARCH.....	45
1.8 CONCLUSION.....	45
REFERENCES:.....	46
<b>2. SECTION 2: LITERATURE REVIEW .....</b>	<b>48</b>
2.1 INTRODUCTION .....	48
2.1.1 Definition of Performance Management .....	50
2.1.2 Purpose of Performance Management.....	50
2.2 PERFORMANCE MANAGEMENT .....	51
2.2.1 Components of the performance management process .....	51
2.2.2 Clarifying Expectations.....	52
2.2.3 Plan to Facilitate Performance.....	53
2.2.4 Monitor Performance.....	53
2.2.5 Provide Feedback.....	54
2.2.6 Coach, Counsel and support.....	55
2.2.7 Recognise good performance.....	55
2.2.8 Unsatisfactory performance .....	55
2.3 OUTCOMES .....	57
2.4 CHALLENGES/CRITICISM OF PERFORMANCE MANAGEMENT .....	57
2.5 INTEGRATION OF PMS WITH OTHER SYSTEMS .....	60
2.5.1 Strategic Planning.....	60
2.5.2 Competency framework.....	60
2.5.3 Management Development .....	61
2.5.4 Communication .....	61
2.5.5 Organisational Learning.....	61
2.5.6 Batho Pele Principles .....	62
2.6 EFFECTIVENESS OF THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM .....	63
2.6.1 Employee Perceptions .....	63

2.7	PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM .....	64
2.7.1	<i>Principles for the Performance Management and Development System</i> .....	65
2.8	HOW DOES THE NEW SYSTEM DIFFER FROM THE PREVIOUS ONE.....	67
2.9	NON- NEGOTIABLES OF THE EASTERN CAPE PMDS .....	69
2.10	PERFORMANCE MANAGEMENT SYSTEM IN THE EASTERN CAPE PROVINCIAL GOVERNMENT .....	70
2.10.1	<i>Performance Planning and Agreement</i> .....	70
2.10.2	<i>Performance Monitoring, Review and Assessment</i> .....	72
2.10.3	<i>Moderation</i> .....	73
2.11	CONCLUSION.....	74
	REFERENCES:.....	75
<b>3.</b>	<b>SECTION 3: RESEARCH METHODOLOGY .....</b>	<b>79</b>
3.1	AIMS AND OBJECTIVES.....	79
3.1.1	<i>Research Approach</i> .....	82
3.2	RESEARCH METHOD .....	82
3.3	TARGET POPULATION .....	83
3.4	SAMPLING.....	83
3.5	DATA COLLECTION .....	83
3.6	DATA ANALYSIS .....	84
3.7	ETHICAL CONSIDERATION .....	85
3.8	CONCLUSION.....	85
	REFERENCES:.....	86
	<b>APPENDIX A.....</b>	<b>87</b>
	<b>APPENDIX B.....</b>	<b>88</b>

## **1. SECTION ONE: EVALUATION REPORT**

### **1.1 Introduction**

The purpose of the study was to conduct an evaluation on the application of the Performance Management and Development System of the Eastern Cape Department of Health (ECDOH). The development and implementation of Performance Management and Development System in the Eastern Cape Department of Health is guided by the Public Service Regulations. According to the Department of Public Service and Administration (2006), the key principles underpinning the effective implementation of Performance Management and Development System (PMDS) are outlined in the Public Service Regulations (DPSA, 2006) and are as follows: (1) Departments shall manage performance in a consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency and effectiveness, accountability for the use of resources and the achievement of results, (2) Performance management processes shall link to broad and consistent staff development plans and align with the department strategic goals, (3) Performance management processes shall be developmental, but shall allow for effective response to consistent inadequate performance and for recognising outstanding performance, and (4) Performance management procedures should minimise the administrative burden on supervisors and members of the Senior Management Services while maintaining transparency and administrative justice. These principles are valuable for the application of Performance Management and Development System.

Managing performance is a key human resource management tool (RSA, 1997). Performance management ensures that employees know what is expected of them, managers know whether the employee's performance is delivering the required organisational objectives. Performance management is used to identify poor performance and improve it and to recognise good performance and reward it (RSA, 1997).

The significance of a performance management and development system is further confirmed by Bacal (1999) when he argues that performance management is an on-going communication process, undertaken in partnership, between an employee and his or her



immediate supervisor that involves clear expectations and understanding about the jobs to be done. It is a system through which organisations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards (Briscoe and Claus, 2008).

Schultz (2001: 516) further states that when performance management and development systems are tied into the objectives of the organization, the resulting performance is more likely to meet organizational needs.

Literature, however suggests that South African organizations in particular often fail to follow best practice in performance management and are still struggling to implement performance management effectively (Le Roux, 1995; Rademan & Vos, 2001; Spangenberg & Theron, 2001).

In October 2000, the Province of the Eastern Cape began the design and development of a performance management and development system (PMDS) to be implemented across the entire provincial administration and applicable to all employees (ECPG, 2003). In line with the Public service Act 1994, relevant regulations and collective bargaining agreements, the Province of the eastern Cape determined the following areas of responsibility for implementation, monitoring, maintenance and development of the Performance management and development system: (1) The Executing authorities in consultation with their departments are required to implement the PMDS, within their departments in line with the Provincial policy of a single PMDS for the Province, (2) The Director General, in combination with the Heads of departments, is responsible for the operationalization of the PMDS across all departments for all employees, and ensuring that the principles, structures and processes of the PMDS are communicated to all employees. (3) immediate supervisors are responsible for contracting over performance and review of the performance of their subordinates (ECPG, 2003).

According to ECPG (2003:15) the Head of Department must create an environment conducive to PMDS implementation, Communicate his/her performance agreement to senior staff members for cascading to lower levels, facilitate on-going review of performance against set targets, ensure that the system is implemented in line with

legislative and policy frameworks, allocate budget for rewarding and recognising good performance, mediate over disagreements between supervisors and employees and provide decision-making on recognition/reward for good performance. The other Senior Managers ensure that staff members understand the strategic goals of the department, ensures that each and every staff member under his/her supervision have got a signed performance plan and recognise good performance whilst correcting poor or non-performance (ECPG, 2003).

To ensure objectivity and non-biased management and implementation system in departments, each department should establish an internal Performance Management Committee. The Committee plays an oversight role in the department and should ensure that no single individual can make sole decisions around individual or team performance in the departments (ECPG, 2003).

According to ECPG (2007:13) the key principles underpinning the effective implementation of performance management and development system are as follows; (1) The PMDS is to be uniformly implemented across all departments and shall apply to all employees, (2) The PMDS is fundamentally developmental in nature and as such, is not a punitive tool. Integral to the PMDS is a mechanism for improving poor performance, (3) The main objective is to improve service delivery through enhanced management of performance, (4) The integration of provincial policies and departmental plans forms the basis upon which the PMDS is designed, implemented and managed, (5) The PMDS allows each member of staff to align deliverables and/or activities with the Departmental and Provincial goals and strategies, (6) The tools built into the annual performance management cycle allow for transparency, accountability, fairness, equity and realignment of departmental, team and individual plans to provincial goals, (7) The PMDS provides clarity to all employees on their role in the achievement of departmental and provincial goals.

De Waal and Counet (2009: 367) indicate that a seventy percent failure rate in implementing performance management creates a situation where it becomes rejected by many organizations. De Waal and Counet (2009:368) further indicate that ‘without proper research of problems of implementation’, the same problems will face the organisation

repeatedly and lead to inefficiencies such as, 'cancelled and terminated systems'. Drawing inferences from the above literature, it is of paramount importance for the Eastern Cape Department of Health to continually conduct research on its performance management and development system for the purposes of identifying deficiencies and improving the application of the performance management and development system.

The researcher will utilize the findings of this research to make recommendations on the application process of the performance management and development system in the Eastern Cape Department of Health.

In 2004, on behalf of the Chartered Institute of Personnel and Development, Armstrong and Baron (2004) concluded that performance management is a process that contributes to the effective management of individuals and teams to achieve high levels of organization performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people that will ensure it is achieved. They stress that performance management is a strategy which relates to every activity of the organization set in the context of its human resource policies, culture, style, and communications systems (Armstrong and Baron, 2004).

The need for an efficient and effective performance management system has increased over the last decade. This is because it has been shown that the use of a Performance Management System improves the performance and overall quality of an organization (Linge and Schiemann, 1996; Lawson et al., 2003; de Waal and Coevet, 2007).

Unfortunately, the failure rate of Performance Management System implementation and usage projects is said to be around 70 percent (De Waal and Counet, 2009).

Since 2001, the Department of Public Service and Administration (DPSA) of South Africa has been extensively involved in formulating policies for the implementation of a performance management system within the Public Service (Van Dijk & Thornhill, 2003). The Senior Management Service (SMS) Directorate in the DPSA was responsible for formulating the performance management framework pertaining to the SMS (level 13 and up) (Van Dijk & Thornhill, 2003).

The DPSA also formulated the performance management framework for the rest of the Departments in 2001 titled “Performance Management and Development System (PMDS)” (Van Dijk & Thornhill, 2003).

According to Chapter 5, Section 10 of the SMS Handbook (Department of Public Service and Administration 2001a), a performance management and development system needs to be integrated with all other organizational processes to be effective. Performance management has thus become an approach that guides how work is done and organized (van Dijk & Thornhill, 2003). In the Eastern Cape Province, the performance management system was introduced in 2003, including in the Eastern Cape Department of Health (Van Dijk & Thornhill, 2003).

## **1.2 Research Aims and Objectives**

The aim of this research is to evaluate the application of the Performance Management and Development System of the Eastern Cape Department of Health from the perspective of the employees. The results of this evaluation will assist in understanding the weaknesses and strengths of the system, identify areas that will need immediate attention, and make recommendations that will contribute towards a more effective application of Performance Management and Development System in the Department.

The objectives of the research are therefore to:

- Determine the degree to which employees are of the opinion.(i.e. agree or disagree) that the PMDS is applied in line with the departmental guidelines or policy;
- Determine employee perceptions of the enabling and constraining factors to successful application of PMDS in the Department,
- Determine if the more important employee opinions on performance management are related to biographical characteristics, ( i.e. policy guidelines and enabling and constraining factors)
- Determine the satisfaction levels with the PMDS,
- Determine the relationship between levels of compliance and satisfaction,

- Determine the relationship between levels of dissatisfaction and the primary constraints
- Make recommendations for improving the current application of the PMDS in line with the departmental policy and guidelines.

### **1.3 Research Design**

An online survey was conducted using questionnaires which included the following sections (1) biographical data of respondents, (2) adherence to PMDS policy/guidelines, (3) enabling and constraining factors related to the application of the performance management system, and (4) satisfaction levels of employees regarding the application of the PMDS policy. The questionnaire is attached as Appendix B.

Systematic sampling (Leedy and Ormrod, 2010) was used to select 120 participants in three Departmental Programmes or Clusters, from grade levels six to 15 distributing the questionnaires to every fifth person in the population. Systematic sampling involves selecting individuals (or perhaps clusters) according to a predetermined sequence. The sequence must originate by chance. For instance, we might scramble a list of units that lie within the population of interest and then select every 10<sup>th</sup> unit on the list (Leedy and Ormrod, 2010). The questionnaires were distributed electronically, using SurveyBob (an online survey tool).

### **1.4 Research Findings**

The purpose of this section is to present the research results on the evaluation of the application of the performance management system for the Eastern Cape Department of Health.

#### ***1.4.1 Profile of Respondents***

Questionnaires were distributed electronically to 120 employees with 94 responding. Of the 94 employees who responded 64.9% were females and 35.1% were males, while 91.5% were Africans and 8.5% were Coloureds. The tables below present the profile of respondents.

**Table 1: Distribution of study participants by gender**

<b>Gender</b>	<b>Number of participants</b>	<b>Percentage</b>
<b>Male</b>	<b>33</b>	<b>35.1</b>
<b>Female</b>	<b>61</b>	<b>64.9</b>
<b>Total</b>	<b>94</b>	<b>100</b>

**Table 2: Distribution of study participants by race**

<b>Race</b>	<b>Number</b>	<b>Percentage</b>
<b>African</b>	<b>86</b>	<b>91.5</b>
<b>Coloured</b>	<b>8</b>	<b>8.5</b>
<b>Total</b>	<b>94</b>	<b>100</b>

**Table 3: Employment Grade**

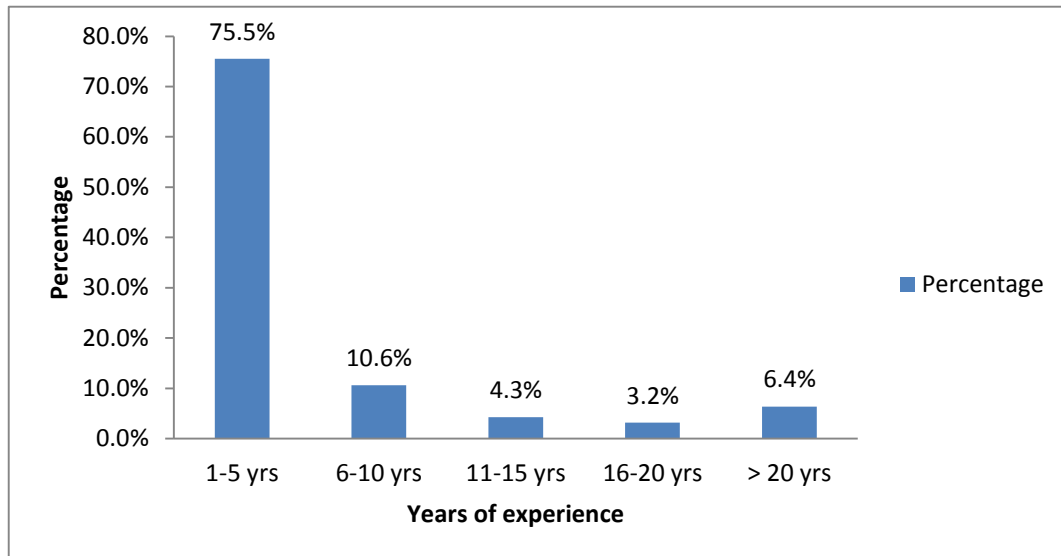
<b>Employment Grade</b>	<b>Frequency (No. of Participants)</b>	<b>Relative Frequency (Percentage)</b>
6-8	35	37.2
9-10	30	31.9
11-12	22	23.4
13	5	5.3
14-15	2	2.1
<b>Total</b>	<b>94</b>	<b>100</b>

The majority of respondents are from grades 6-10 representing 69.1% of the sample. This is not a surprise as the majority of employees are at these levels.

**Table 4: Clusters/Programmes**

<b>Cluster</b>	<b>Frequency (No. of Participants)</b>
Corporate	56
Finance	23
Clinical	15
<b>Total</b>	<b>94</b>

In the sample, the majority of the participants in this study are in the corporate cluster. Although the Department would be expected to have the majority from the Clinical cluster it is not the case with this study and the reason for that could be the fact that the survey was conducted at the Head Office and not at the Health Districts.



**Figure 1: Employment tenure in years**

About 75% of the participants have remained in the Eastern Cape Department of Health employment for about five years.

#### **1.4.2 Survey Results**

The findings in this section address the following study objectives: (1) to determine the degree to which employees are of the opinion that the PMDS is applied in line with the Departmental guidelines or policy, (2) to determine employee perceptions of the enabling and constraining factors related to successful application of PMDS in the Department, (3) to determine if the more important employee opinions on performance management are related to biographical characteristics, (4) to determine levels of satisfaction with the PMDS, (5) to determine the relationship between levels of compliance and satisfaction, (6) to determine the levels of dissatisfaction with the primary constraints and (7) make recommendations for improving the current application of the PMDS in line with the Departmental policy and guidelines. Objective seven will be dealt with in section 1.8. The afore-mentioned objectives will be used as the structure to present the results. The red colour shading used in the report indicates challenges regarding the successful application of the PMDS in the Eastern Cape Department of Health. The green colour shading used in the report indicates positive responses regarding the successful application of PMDS in the Eastern Cape Department of Health, and the yellow colour is

used for neutral areas. The researcher has also consolidated the five categories into three and these are displayed in the second row.

#### ***1.4.2.1 PMDS Policy Compliance***

Items six to ten presented in Table 3 below are related to compliance with PMDS policy. There are 52% of employees that disagree that the PMDS policy has been widely communicated to all employees, 63% of employees disagree that employees understand the content of the system as a whole and the various components within it. In terms of employees being aware of their role within the system, 54% of employees disagree with that and 60% of employees disagree that each employee know how PMDS integrates with other initiatives and plans already in place. Lastly regarding compliance items, 50% of employees disagree that there is an established functional and coordinated PMDS committee. Overall employees were of the opinion that there has been a lack of compliance regarding the application of PMDS. The biggest grievance that employees had was that the majority of employees don't understand the content of the system as a whole and the various components within it.



**Table 3: Compliance Results**

<b>Question Item</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Average</b>
<b>6. PMDS policy has been widely communicated to all employees.</b>	20	29	14	24	7	2.67
<b>Total</b>	49		14	31		
<b>7. Employees understand the content of the system as a whole and the various components within it</b>	21	38	15	18	2	2.38
<b>Total</b>	59		15	20		
<b>8. Each employee is aware of his/her role within the system</b>	13	38	14	24	5	2.68
<b>Total</b>	51		14	29		
<b>9. Each Employee know how PMDS integrates with other initiatives and plans already in place</b>	20	36	18	15	5	2.45
<b>Total</b>	56		18	20		
<b>10. A functional and coordinated PMDS committee is established</b>	19	28	29	16	2	2.51
<b>Total</b>	47					

#### **1.4.2.2 Factors enabling and constraining the application of the PMDS**

Items 16-29 asked the respondents to give indication of their opinion of the degree to which these items impacted on the application of PMDS in the Eastern Cape Department of Health. Results were divided into enabling and constraining factors. The top three factors of each category were identified. Of the 19 items, 13 were constraining factors, 4 were enabling factors while two were neutral. The top factors are presented below.

##### **1.4.2.2.1 Enabling Factors**

Items 16, 17, and 23 on Table 4 below are the top enabling factors. About 62% of employees agree that a work plan is mutually agreed between employee and supervisors, 54% employees agree that the work plans are aligned to departmental strategic priorities and 46% agree that supervisors insist on producing evidence during reviews.

**Table 4: Enabling Factors**

<b>Question Item</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Average</b>
<b>16.A work plan is mutually agreed between employee and supervisors</b>	8	11	17	48	10	3.43
<b>Total</b>	19			58		
<b>17.The work plans are aligned to departmental strategic priorities</b>	5	15	23	44	7	3.35
<b>Total</b>	20		23	51		
<b>23.Supervisors insist on producing evidence during reviews</b>	11	17	17	43	6	3.17
<b>Total</b>	28		17	49		

#### **1.4.2.2.2 Constraining Factors**

The top three constraining factors are indicated on the Table 5 below. About 74% of employees disagree that management is committed to the successful application of PMDS processes, 72% of employees disagree that employees are informed in writing of the outcome of the review process and 67% of employees disagree that performance review meetings generally take place on a quarterly basis.

**Table 5: Constraining Factors**

<b>Question Item</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Average</b>
<b>11.Management is committed to the successful implementation of PMDS processes</b>	40	30	13	8	3	1.97
<b>Total</b>	70		13	11		
<b>20. Employees are informed in writing of the outcome of the review process</b>	38	30	16	11	4	2.21
<b>Total</b>	68		16	15		
<b>19. Performance review meetings generally take place on quarterly basis.</b>	33	30	22	1	3	1.94
<b>Total</b>	63		22	4		

#### **1.4.3 Policy Compliance and biographical characteristics**

There are five biographic factors that were incorporated into the questionnaire namely, gender, level of employment, programme/cluster, employment tenure in years and race/population group. For the purposes of this study, the focus will be on three factors namely gender, levels of employment and programmes/clusters. Race and employment tenure will not be dealt with, given the homogenous nature of the respondents in terms of these characteristics.

#### 1.4.3.1 Gender Differences

In Vaskova's research more than a quarter of female employees are convinced that they are not remunerated according to their performance; while just one in five male employees think so (Vaskova, 2005). Any significant differences could potentially indicate gender discrimination or favouritism in the application of the PMDS.

##### (i) Chi Square Test (Gender and Policy Items)

The chi square test was used to test whether there is a difference between the opinions of males and females on the application of the PMDS policy. The first of these tests looked for differences in opinion as to whether PMDS policy has been widely communicated to all employees.

$H_0$ : There is no difference between the opinions of males and females on PMDS policy communication

$H_1$ : There is a difference between the opinions of males and females on PMDS policy communication

**Table 6: Male versus female employees' views on PMDS policy communication**

<b>The PMDS policy has been widely communicated to all employees</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	17 (52%)	5 (15%)	11 (33%)	33
Female	32 (52%)	9 (15%)	20 (33%)	61
<b>Total</b>	<b>49</b>	<b>14</b>	<b>31</b>	<b>94</b>
Chi-square		Degree of freedom		p – Value
0.3084		2		0.41

The p-value in Table 6 above is 0.41. The test is not statistically significant which suggest that there is no significant difference between the two groups.

The chi square test was used to test whether there is a difference between the opinions of males and females on whether employees understand the content of the system as a whole and the various components within it.

H<sub>0</sub>: There is no difference between the opinions of males and females on whether employees understand the content of the system as a whole and various components within it.

H<sub>1</sub>: There is a difference between the opinions of males and females on whether employees understand the content of the system as a whole and various components within it.

**Table 7: Male versus female employees' understanding of the content of the system as a whole and its various components**

<b>Employees' understanding of the content of the system as a whole and its various components</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	21 (64%)	4 (12%)	8 (24%)	33
Female	38 (62%)	11 (18%)	12 (20%)	61
<b>Total</b>	<b>59</b>	<b>15</b>	<b>20</b>	<b>94</b>
Chi-square		Degree of freedom		p – Value
0.6854		2		0.9

The p-value in Table 7 above is 0.9. The test statistic is not statistically significant which suggests that there is no significant difference between the two groups.

The chi square was used to test whether there is a difference between the opinions of males and females on whether each employee is aware of his/her role within the system.

H<sub>0</sub>: There is no difference between the opinions males and females on employee awareness of their role within the system.

H<sub>1</sub>: There is a difference between the opinions of males and females on employee awareness of their role within the system.

**Table 8: Male versus female employees' views on employee awareness of his/her role within the system**

<b>Each employee is aware of his/her role within the system</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	19 (58%)	4 (12%)	10 (30%)	33
Female	32 (52%)	10 (16%)	19 (31%)	61
<b>Total</b>	<b>51</b>	<b>14</b>	<b>29</b>	<b>94</b>
Chi-square		Degree of freedom		p – Value
0.3707		2		0.776

The p-value in table 8 above is 0.776. The test statistic is not statistically significant which suggests that there is no significant difference between two groups.

The chi square is used to test whether there is a difference between opinions of males and females on whether a functional and coordinated PMDS committee is established.

H<sub>0</sub>: There is no difference between the opinions of males and females on whether a functional and coordinated PMDS committee is established

H<sub>1</sub>: There is a difference between the opinions of males and females on whether a functional and coordinated PMDS committee is established

**Table 9: Male versus female employees' perceptions on the PMDS committee**

<b>A functional and coordinated PMDS committee is established</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	17 (52%)	10 (30%)	6 (18%)	33
Female	30 (49%)	19 (31%)	12 (20%)	61
<b>Total</b>	<b>47</b>	<b>29</b>	<b>18</b>	<b>94</b>
Chi-square		Degree of freedom		p – Value
0.0531		2		0.864

The p-value in table 9 above is 0.864. The test statistic is not statistically significant which suggests that there is no significant difference between the two groups.

The chi square is used to test whether there is a difference between the opinions of males and females whether each employee know how PMDS integrates with other initiatives and plans already in place.

H<sub>0</sub>: There is no difference between the opinions males and females on whether each employee know how PMDS integrates with other initiatives and plans already in place

H<sub>1</sub>: There is a difference between the opinions of males and females on whether each employee know how PMDS integrates with other initiatives and plans already in place

**Table 10: Male versus female employees' views on PMDS integration**

<b>Each employee know how PMDS integrates with other initiatives and plans already in place</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	19 (56%)	9 (27%)	5 (15%)	33
Female	37 (61%)	9 (15%)	15 (25%)	61
<b>Total</b>	<b>56</b>	<b>18</b>	<b>20</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
2.6834		2		0.84

The p-value in table 10 above is 0.84. The test is not statistically significant which suggests that there is no significant difference between the two groups.

**(ii) Chi Squared test (Gender and Constraining factors)**

A second set of chi square tests was conducted to explore differences in opinion between males and females in their views on the constraining factors. The first of these tests examined whether there were differences of opinion on whether employees were informed in writing of the review outcome.

$H_0$ : There is no difference between opinions of males and females on employees being informed in writing of the review outcome

$H_1$ : There is difference between the opinions of males and females on employees being informed in writing of the review outcome



**Table 11: Male versus female employees' informed in writing of review outcome**

<b>Employees informed in writing of review outcome</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	26 (79%)	6 (18%)	1 (3%)	33
Female	42 (69%)	16 (26%)	3 (5%)	61
<b>Total</b>	<b>68</b>	<b>22</b>	<b>4</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
1.0642		2		0.121

The p-value in table 11 above is 0.121. The test is not statistically significant which suggests that there is no significant difference between the two groups.

The chi square test was used to test whether there is a difference between the opinions of males and females on management commitment to successful implementation of PMDS processes.

H<sub>0</sub>: There is no difference between the opinions of males and females on management commitment to successful implementation of PMDS processes

H<sub>1</sub>: There is a difference between the opinions of males and females on management commitment to successful implementation of PMDS processes.

**Table 12: Male versus female employees' opinions on Management commitment on PMDS implementation**

<b>Management committed to successful implementation of PMDS</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	25 (76%)	5 (15%)	3 (9%)	33
Female	45 (74%)	8 (13%)	8 (13%)	61
<b>Total</b>	<b>70</b>	<b>13</b>	<b>11</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
0.3719		2		0.282

The p-value in table 12 above is 0.282. The test is not statistically significant and that suggests that there is no significant difference between the two groups.

The Chi Square statistic tests whether there is a difference between the opinions of males and females on quarterly performance reviews taking place

H<sub>0</sub>: There is no difference between the opinions of males and females on Performance review meetings generally take place on quarterly basis

H<sub>1</sub>: There is a difference between opinions of males and females on performance review meetings generally take place on quarterly basis.

**Table 13: Male and female employees' views on Quarterly Performance Reviews**

<b>Quarterly Performance Reviews generally takes place</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
Male	24 (73%)	4 (12%)	5 (15%)	33
Female	39 (64%)	12 (20%)	10 (16%)	61
<b>Total</b>	<b>63</b>	<b>16</b>	<b>15</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
0.9851		2		0.122

The p-value in table 13 above is 0.122. The test is not statistically significant and that suggests that there is no significant difference between the two groups.

#### ***1.4.3.2 Levels of Employment***

A second biographical variable that was explored in more detail was differences in views of employees at different levels or job grades. All personnel at levels 13 to 16, plus personnel at levels 12 and below, who are responsible for the management of budgets and staff must sign Performance Agreements (ECPG, 2003). The following grades were grouped together: 6-8, 9-12, and 13-15. Performance Management systems are often implemented in a top down manner, and there is some evidence that lower levels of employees are generally less satisfied with performance management. Identifying any significant differences between levels could help to prioritize target groups for PMDS developmental actions.

The chi square is used to test whether there is a relationship between occupational levels and opinion on whether PMDS policy has been widely communicated to all employees.

H<sub>0</sub>: There is no difference between the opinions of occupational levels on PMDS policy communication

H<sub>1</sub>: There is a difference between the opinions of occupational levels on PMDS policy communication.

**Table 14: Different occupational levels' views on PMDS policy communication**

<b>The PMDS policy has been widely communicated to all employees</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>6-8</b>	23 (66%)	5 (14%)	7 (20%)	<b>35</b>
<b>9-12</b>	23 (44%)	8 (15%)	21 (40%)	<b>52</b>
<b>13-15</b>	3 (43%)	1 (14%)	3 (43%)	<b>7</b>
<b>Total</b>	<b>49</b>	<b>14</b>	<b>31</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
8.7879		4		0.154

The p-value in table 14 above is 0.154. The test is not statistically significant which suggest that there is no significant difference between the three groups.

The chi square test was used to test whether there is a difference between the opinions of occupational levels on employees understanding the content of the system as a whole and the various components within it.

H<sub>0</sub>: There is no difference between the opinions of occupational levels on employees understanding the content of the system as a whole and the various components within it

H<sub>1</sub>: There is a difference between the opinions of occupational levels on employees understand the content of the system as a whole and the various components within it.

**Table 15: Different occupational levels' understanding of the content of the system as a whole and its various components**

<b>Employees understand the content of the system as a whole and the various components within it</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>6-8</b>	24 (69%)	5 (14%)	6 (17%)	<b>35</b>
<b>9-12</b>	31 (60%)	7 (13%)	14 (27%)	<b>52</b>
<b>13-15</b>	4 (57%)	3 (43%)	0 (0%)	<b>7</b>
<b>Total</b>	<b>59</b>	<b>15</b>	<b>20</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
13.682		4		0.3763

The p-value in Table 15 above is 0.3763. The test is not statistically significant which suggest that there is no significant difference between the three groups.

The chi square is used to test whether there is a difference in the opinions of the occupational levels on each employee is aware of his/her role within the system.

H<sub>0</sub>: There is no difference between the opinions of occupational levels on each employee being aware of his/her role within the system.

H<sub>1</sub>: There is a difference between the opinions of occupational levels on employee being aware of his/her role within the system.

**Table 16: Different occupational levels' views on employee awareness of his/her role within the system**

<b>Each employee is aware of his/her role within the system</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>6-8</b>	22 (63%)	2 (6%)	11 (31%)	<b>35</b>
<b>9-12</b>	25 (48%)	11 (21%)	16 (31%)	<b>52</b>
<b>13-15</b>	4 (57%)	1 (14%)	2 (29%)	<b>7</b>
<b>Total</b>	<b>51</b>	<b>14</b>	<b>29</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
10.486		4		0.41

The p-value in Table 16 above is 0.41. The test is not statistically significant which suggest that there is no significant difference between the three groups.

The chi square is used to test whether there is a difference between the opinions of occupational levels on each employee knowing how PMDS integrates with other initiatives and plans already in place.

$H_0$ : There is no difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place.

$H_1$ : There is a difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place.

**Table 17: Different occupational levels' views of PMDS integration**

<b>Each employee know how PMDS integrates with other initiatives and plans already in place</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>6-8</b>	24 (69%)	4 (11%)	7 (20%)	<b>35</b>
<b>9-12</b>	27 (52%)	13 (25%)	12 (23%)	<b>52</b>
<b>13-15</b>	5 (71%)	1 (14%)	1 (14%)	<b>7</b>
<b>Total</b>	<b>56</b>	<b>18</b>	<b>20</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
9.932		4		0.52

The p-value in Table 17 above is 0.52. The test is not statistically significant which suggest that there is no significant difference between the three groups.

The chi square is used to test whether there is a difference between the opinions of occupational levels on a functional and coordinated PMDS committee is established.

H<sub>0</sub>: There is no difference between the opinions of employment levels on a functional and coordinated PMDS committee is established.

H<sub>1</sub>: There is a difference between the opinions of employment levels on a functional and coordinated PMDS committee is established.

**Table 18: Different occupational levels' perceptions of the PMDS committee**

<b>A functional and coordinated PMDS committee is established</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>6-8</b>	15 (43%)	12 (34%)	8 (23%)	<b>35</b>
<b>9-12</b>	29 (56%)	14 (27%)	9 (17%)	<b>52</b>
<b>13-15</b>	3 (43%)	3 (43%)	1 (14%)	<b>7</b>
<b>Total</b>	<b>47</b>	<b>29</b>	<b>18</b>	<b>94</b>
Chi-square		Degree of freedom		P – Value
7.8741		4		0.076

The p-value in Table 18 above is 0.076. The test is not statistically significant which suggest that there is no significant difference between three groups.

#### ***1.4.3.3 Programmes/Clusters***

A third biographical variable that was explored in more detail was differences in views of employees at different programmes namely: Clinical, Corporate and Finance programmes/clusters. The Department of Health operates through eight programmes whose activities are spread within three main branches, namely; Health (Clinical), corporate services and Financial services (ECDOH, 2009/10).

The chi square test was used to test whether there is a difference between the opinions of programmes/clusters on the application of the PMDS policy. The first of these tests looked for differences in opinion as to whether PMDS policy has been widely communicated to all employees.

H<sub>0</sub>: There is no difference between the opinions of programmes/clusters on PMDS policy communication



H<sub>1</sub>: There is a difference between the opinions of programmes/clusters on PMDS policy communication

**Table 19: Different Clusters' views on PMDS policy communication**

<b>The PMDS policy has been widely communicated to all employees</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>Clinical</b>	11 (73%)	2 (13%)	2 (13%)	15
<b>Corporate</b>	33 (80%)	6 (15%)	2 (5%)	41
<b>Finance</b>	5 (39%)	6 (46%)	2 (15%)	13
<b>Total</b>	38	12	2	52
<b>Chi Square</b>	<b>DF</b>			<b>P-Value</b>
12.04	4			0.173

The p-value in Table 19 above is 0.173. The test is not statistically significant which suggest that there is no significant difference between the three groups.

The chi square test was used to test whether there is a difference between the opinions of programmes/clusters on whether employees understand the content of the system as a whole and the various components within it.

H<sub>0</sub>: There is no difference between the opinions of programmes/clusters on whether employees understand the content of the system as a whole and various components within it.

H<sub>1</sub>: There is a difference between the opinions of programmes/clusters on whether employees understand the content of the system as a whole and various components within it.

**Table 20: Different Clusters' understanding of the content of the system as a whole and its various components**

Employees understand the content of the system as a whole and the various components within it				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>Clinical</b>	10 (67%)	3 (20%)	2 (13%)	15
<b>Corporate</b>	39 (68%)	9 (16%)	9 (16%)	57
<b>Finance</b>	10 (45%)	3 (14%)	9 (41%)	22
<b>Total</b>	59	15	20	94
<b>Chi Square</b>	<b>DF</b>			<b>P-Value</b>
6.84	4			0.009

The p-value in Table 20 above is 0.009. The test is statistically significant which suggest that there is a significant difference between the three groups.

The Finance cluster was shown to have a better understanding than Clinical and Corporate clusters/programmes.

The chi square was used to test whether there is a difference between the opinions of programmes/clusters on whether each employee is aware of his/her role within the system.

H0: There is no difference between the opinions of programmes/clusters on employee awareness of their role within the system.

H1: There is a difference between the opinions of programmes/clusters on employee awareness of their role within the system.

**Table 21: Different Clusters' views on employee awareness on the role within the system**

<b>Each employee is aware of his/her role within the system</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>Clinical</b>	9 (60%)	3 (20%)	3 (20%)	<b>15</b>
<b>Corporate</b>	35 (61%)	7 (12%)	15 (26%)	<b>57</b>
<b>Finance</b>	7 (32%)	4 (18%)	11 (50%)	<b>22</b>
<b>Total</b>	<b>51</b>	<b>14</b>	<b>29</b>	<b>94</b>
<b>Chi Square</b>		<b>DF</b>		<b>P-Value</b>
6.92		4		0.352

The p-value in Table 21 above is 0.352. The test is not statistically significant which suggest that there is no significant difference between the three groups.

The chi square is used to test whether there is a difference between the opinions of occupational levels on each employee knowing how PMDS integrates with other initiatives and plans already in place.

H0: There is no difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place

H1: There is a difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place.

**Table 22: Different Clusters' views on PMDS integration**

<b>Each employee know how PMDS integrates with other initiatives and plans already in place</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>Clinical</b>	9 (60%)	2 (13%)	4 (27%)	15
<b>Corporate</b>	38 (67%)	9 (16%)	10 (18%)	57
<b>Finance</b>	9 (41%)	7 (32%)	6 (27%)	22
<b>Total</b>	56	18	20	94
<b>Chi Square</b>		<b>DF</b>		<b>P-Value</b>
5.16		4		0.125

The p-value in Table 22 above is 0.125. The test is not statistically significant which suggest that there is no significant difference between the three groups.

The chi square is used to test whether there is a difference between the opinions of various programmes/clusters on whether a functional and coordinated PMDS committee is established.

$H_0$ : There is no difference between the opinions of various programme/clusters on whether a functional and coordinated PMDS committee is established.

$H_1$ : There is a difference between the opinions of various programmes/clusters on whether a functional and coordinated PMDS committee is established.

**Table 23: Different Clusters' perceptions on the PMDS committee**

<b>A functional and coordinated PMDS committee is established</b>				
	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Total</b>
<b>Clinical</b>	10 (67%)	4 (27%)	1 (6%)	15
<b>Corporate</b>	34 (60%)	14 (25%)	9 (15%)	57
<b>Finance</b>	3 (14%)	11 (50%)	8 (36%)	22
<b>Total</b>	47	29	18	94
<b>Chi Square</b>	<b>DF</b>			<b>P- Value</b>
16.1	4			0.0007

The p-value in Table 23 above is 0.0007. The test is statistically significant which suggest that there is difference between the three groups. Finance is more effective than the Clinical and Corporate clusters in establishing the required committees.

### **1.5 Satisfaction with the PMDS**

The focus here will be on determining the employee satisfaction levels with the PMDS. This will be done by calculating the Cronbach's Alpha for a composite measure of satisfaction, correlating this factor with item 40 to see if it does measure satisfaction, and then determining the level of satisfaction. Furthermore the correlation of the satisfaction with the compliance items and with primary constraints will also be looked at.

### **1.5.1 Cronbach's Alpha**

This test provides the reliability or average inter-correlation among selected items. The variables of interest in this particular case are items 30 to 39 (Appendix B) as they relate to satisfaction. The expected correlation between the scores is  $\alpha$

$$\alpha = K/(K-1)[1-(\sum_{i=1}^k \sigma^2_{y_i})/\sigma^2_x]$$
$$= 0.925365$$

The findings of the test suggest that the items of interest were highly related to create a common factor.

### **1.5.2 Correlation of satisfaction items**

Correlation is a measure used to determine the strength of the relationship between two variables of interest. For the purpose of this study the factor that was constructed from variables 30 to 39 that examine different aspects of satisfaction, will be correlated with variable 40 (overall satisfaction item).

$$Df = 92$$

$$\alpha = 0.05$$

$$r = 0.2028 \text{ (correlation from the critical value table)}$$

Ho= There is a relationship between satisfaction variables and overall satisfaction item

H1= There is no relationship between satisfaction variables and overall satisfaction item

Since the calculated correlation (0.665) is greater than the correlation from the critical value table (0.2028) the null hypothesis is rejected. There is a significant but moderate positive relationship between the different aspects of satisfaction incorporated into the satisfaction factor and overall satisfaction as measured by variable 40. This suggests the factor is indicative of overall satisfaction, but is not an exact representation of it. Given the differences between the factor and item 40, both will be used for further comparisons.

### **1.5.3 Levels of satisfaction**

Given that a five point scale from one to five was used in the questionnaire, the range for the ten items that were combined to give an overall level of satisfaction is from a minimum score of 10 to a maximum of 50, with a midpoint of 30.

The mean score for the sample is 27.17 which indicate lower levels of satisfaction. Item 40 has a mean of 1.67 out of five which also indicates a low satisfaction score. So in general, respondents are dissatisfied with the way in which the PMDS is being applied.

#### ***1.5.4 Correlation of Satisfaction items against Compliance items***

The focus here is to determine the relationship between levels of compliance and that of satisfaction.

There is a moderate positive relationship between the compliance items and the two indicators of satisfaction. This suggests that if there can be an improvement in compliance with the PMDS policy, then the levels of satisfaction will also improve.

**Table 24: Correlation of Satisfaction items against Compliance items**

<b>Compliance Items</b>	<b>Satisfaction Factor</b>	<b>Significant Correlation</b>	<b>Item 40</b>	<b>Significant Correlation</b>
1. The PMDS policy has been widely communicated to all employees	0.441	Yes	0.447	Yes
2. Employees understand the content of the system as a whole and the various components within it	0.373	Yes	0.456	Yes
3. Each employee is aware of his/her role within the system	0.47	Yes	0.530	Yes
4. Each employee know how PMDS integrates with other initiatives and plans already in place	0.351	Yes	0.429	Yes
5. A functional and coordinated PMDS committee is established	0.51	Yes	0.441	Yes



### 1.5.5 Levels of Satisfaction and Primary Constraints

**Table 25: Levels of Satisfaction and Primary Constraints**

Primary Constraints	Satisfaction	Significance	Item 40 Correlation	Significance
Management is committed to the successful implementation of PMDS processes (i.e., the performance cycle)	0.6	Yes	0.579	Yes
Employees are informed in writing of the outcome of the review process	0.56	Yes	0.485	Yes
Performance review meetings generally take place on quarterly basis	0.59	Yes	0.341	Yes

The correlation for all variables in the table above suggests that there was a moderate positive relationship between the measures of satisfaction and the primary constraint items.

This suggests that if these primary constraints can be addressed then the satisfaction levels will also improve.

## 1.6 Discussion

The aim of the research was to evaluate the application of the PMDS of the Eastern Cape Department of Health and to make recommendations to the Department. The purpose here is to discuss the results on the evaluation of the application of the PMDS of the Eastern Cape Department of Health. The following six objectives were formulated and will be used as a structure in this section, namely to: (1) determine the degree to which employees are of the opinion that the PMDS is applied in line with the departmental guidelines or policy; (2) determine employee perceptions of the enabling and constraining factors to successful application of PMDS in the Department, (3) determine if the more important employee opinions on performance management are related to biographical characteristics, (4) determine the satisfaction levels with the PMDS, (5) determine the relationship between levels of compliance and satisfaction, (6) determine the levels of dissatisfaction with the primary constraints.

### **1.6.1 PMDS Policy Compliance**

The PMDS policy compliance is one of the key requirements for the successful application of PMDS in the Eastern Cape Department of Health and this includes communicating the policy, understanding the system as a whole and the various components within it, clarifying the employee's role within the system, demonstrating how PMDS integrates with other plans, and establishing a functional and coordinated PMDS committee.

Bacal (1999) argues that performance management is an on-going communication process, undertaken as a partnership between an employee and his or her immediate supervisor that involves clear expectations and understanding about the jobs to be done. Clarification of expectations is the first crucial step in the performance management cycle, which is to ensure that employees understand what is expected of them. The Eastern Cape Provincial Administration (2007:97) argued that in order for PMDS to succeed, a functional and coordinated PMDS Committee/team is required. The Head of Department, in consultation with senior management appoints the (moderating) Performance Management Committee (Eastern Cape Provincial Administration, 2007). The results of this survey found that across the board, employees are of the opinion that there is a lack of compliance regarding the successful application of PMDS in the Eastern Cape Department of Health. In the light of this, it is recommended that an on-going communication of the policy to all employees at different levels be done. This can be achieved by holding workshops, distributing information in brochures, etc. Secondly training and education should take place and the priority groups to be targeted are the Corporate and Clinical clusters, followed by Finance, as Finance has shown to have a better understanding of the system than the other clusters. The other clusters can possibly learn from the Finance cluster.

### **1.6.2 Enabling and Constraining Factors**

The enabling and constraining factors are crucial for the successful application of the PMDS but the focus here is on constraining factors, as they impede the application of the PMDS. The top three constraints are a lack of management commitment, employees informed in writing of the outcome, and quarterly review meetings taking place.

De Waal and Counet (2009:368) argued that one of the problems related to the successful application of the performance management system, is a lack of management commitment. One of the principles of the Eastern Cape PMDS is that the PMDS is to be uniformly implemented across all departments and should apply to all employees (Eastern Cape Provincial Administration, 2007). Performance review meetings form an integral part of monitoring process and these reviews must take place on a quarterly basis in order to motivate and show employee performance areas that need improvement (ECPA, 2007). The results show that across the board, employees are of the opinion that there is a lack of management commitment, employees are not informed in writing of the outcome and quarterly review meetings are not held.

The argument by De Waal and Counet (2009) that when management and leadership buy-in for the implementation and use of the performance management system is lacking, other organizational members will put less or no priority on working with the new system and this is consistent with the findings of the study in that most of the employees are of the opinion that there is a lack of commitment by management towards the successful application of PMDS in the Department. The findings are also inconsistent with the view of the ECPA that PMDS is to be uniformly applied across all departments and should apply to all employees.

In the light of this, it is recommended that the PMDS must be part of each manager's performance scorecard and the management should account to the Head of Department on a quarterly basis regarding the application of PMDS. Furthermore, PMDS audits should be conducted on a quarterly basis to check whether this is consistently done or not.

### ***1.6.3 Policy Compliance and biographical characteristics***

The third objective was to determine if the more important employee opinions on performance management are related to biographical characteristics. This was firstly done to check whether there is any gender bias in the application of PMDS. In another study it was found that more than a quarter of female employees are convinced that they are not remunerated according to their performance; while just one in five male employees thought so (Vaskova, 2005). Generally the results of this study were not significant;

suggesting that males and females had similar views in as far as policy compliance was concerned.

The grade/level results in this study revealed that there was no significant difference between the three groups. It is therefore recommended that all three levels of groups be trained on the performance management system. Some of the results indicated a significant difference of opinion across clusters. The Finance cluster has a better understanding than the other clusters. The Department of Health operates through eight programmes whose activities are spread within three main branches, namely; Health (Clinical), Corporate services and Financial services (ECDOH, 2009/10). It is therefore recommended that the other clusters could use Finance as a benchmark.

#### **1.6.4 *Satisfaction levels with PMDS***

The satisfaction levels of employees are important for the successful application of PMDS and these include fairness in implementing the PMDS seeing the system as developmental and not punitive in nature the recognition and rewarding of high performers, openness and transparency, participation of employees, accurate performance appraisals, and appropriate flexibility in its application. The findings revealed that the majority of employees are not satisfied with the way in which the PMDS is applied in the Eastern Cape Department of Health, highlighting the importance of addressing the recommendations made in this report. Furthermore, the main principle of performance management is that it should be developmental through the identification of competencies required from employees, thus determining the content of the training and development initiatives to which employees should be exposed (DPSA, 2006). If the system is not being effectively applied, then effective training cannot occur. In addition, for the ECPA managing performance is potentially a key human resource management tool. It can help to ensure that employees know what is expected of them, managers know whether the employee's performance is delivering the required objectives, poor performance is identified and improved and good performance is recognized and rewarded (RSA, 1997). The findings in this study are inconsistent with the effective performance management guidelines set out in the literature. That the majority of employees are of the opinion that the PMDS is not developmental and does not recognize and reward good performance. It

is therefore recommended that attention should be given to individual Personal Development Plans as they reflect in employee's performance agreements. All line managers should report on the training provided to employees on a quarterly basis. Employees should be recognized and rewarded for good performance through the skills levy and HRD should champion this.

### **1.7 Further Research**

It is recommended that a further research be conducted to follow up on some of the findings of this study. In particular, further research should try and find out why the quarterly reviews are not being conducted and to investigate why levels of compliance and understanding are not the same across the various clusters.

### **1.8 Conclusion**

The aim of this research was to evaluate the application of the PMDS of the Eastern Cape Department of Health. The findings revealed that there is a lack of compliance regarding the application of the PMDS in the Eastern Cape Department of Health. It also emerged that employees are not satisfied with the way in which the PMDS is currently applied. Recommendations on how to improve the application of PMDS have been made, for the management of the Eastern Cape Department of Health to consider. It is crucial that an on-going communication be done as a matter of urgency, as well as training and development, so that employees can be aware of their roles and understand the system as a whole. Management should also commit to the effective application of the system by ensuring that quarterly reviews are conducted and employees are rewarded for high performance.

## References:

- ARMSTRONG, M. and BARON, A. 2004. *Managing Performance. Performance management in action*. London: Chartered Institute of Personnel Development.
- BACAL, R. 1999. *Performance Management*. New York: Mc Graw Hill.
- BRISCOE, D.B and CLAUS, L.M., 2008. *Employee Performance Management: Policies and practices in multinational enterprises*. In BUDWAH, P.W and DENISI, A. (Eds). *Performance Management Systems: a global perspective*. Abingdon: Routledge.
- DE WAAL, A.A., and COEVERT, V., 2007. "The effect of performance management on the organizational results of a bank", *International Journal of Productivity and Performance management*, 56(5): 397-416.
- DE WAAL, A. A. and COUNET, H., 2009. Lessons learned from performance management systems implementations. *International Journal of Productivity and Performance Management*. 58 (4): 367-390.
- DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION (DPSA).2006. *Senior Management Services handbook*. Pretoria. Government Printers.
- EASTERN CAPE DEPARTMENT OF HEALTH 2010. *Annual Report 2010/11*. East London: Copy World.
- EASTERN CAPE PROVINCIAL ADMINISTRATION. 2007. *Performance Management and Development Manual*. Eastern Cape.
- EASTERN CAPE PROVINCIAL GOVERNMENT (ECPG). 2003. *Performance Management & Development Handbook*. Simeka Management Consulting.
- FURNHAM, A. 2004. Performance management systems, *European Business Journal*.16 (2): 83-94.
- LAWSON, R., STRATTON, W. and HATCH, T. 2003. "The benefits of a scorecard system". *CMA Management*, June/July:24-6.
- LEEDY, P.D. and ORMROD, J.E., 2010. *Practical research: Planning and Design* (9<sup>th</sup> ed.) New Jersey: Pearson.
- LE ROUX, D.J. 1995. *The evaluation of a performance management system within South African organizations*. MBA Thesis, Graduate School of Business, University of Stellenbosch, South Africa.

- LINGE, J.H and SCHIEMANN, W.A. 1996. *From the balance scorecard to strategic gauches: is measurement worth it?* *Management Review*, 156:267-86.
- RADEMAN, D.J and VOS, H.D., 2001 Performance Appraisals in the Public Sector: Are they accurate and Fair? *SA Journal of Industrial psychology*, 27(1): 54-60.
- REPUBLIC OF SOUTH AFRICA (RSA).1997. *White Paper on Human Resource Management for the Public Service*. Pretoria: Government Printers.
- SCHULTZ, H.B. 2001. *Performance management*. In Nel, P.S., Gerber, P.D., Van Dyk, Africa: P.S., Haasbroek, G.D. Schultz, H.B., Sono, T. & Werner, A. Eds. Human Resource management. 5<sup>th</sup> ed. South Africa: Oxford.
- SPANGENBERG, H.H. & THERON, C.C. 2001. Adapting the systems model of performance management to major changes in the external and internal organizational environments. *South African Journal of Business Management*, 32 (1): 35-47.
- VAN DIJK, H.G. & THORNHILL, C. 2003. The use of a performance management system to ensure integrated approach to human resource development. *Journal of PublicAdministration*. Vol. 38 no 4. December 2003.
- VASKOVA, R. 2005. *Employee rewards as a source of motivation. How Czech women and men in the workplace perceive them*, paper presented at the international Women, Work and Health conference, New Delhi, India, November.

## **2. SECTION 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a literature review regarding performance management systems.

The institutionalisation of performance management in the South African public service is a post-1994 intervention necessitated by the need to counteract the legacy of poor performance in public service institutions (Malefane, 2008). In the South African public service, a performance management system (PMS) was set up in July 1999 to counteract the legacy of poor performance by government institutions (DPSA, 2001, P.1). The system is set to cover the period March 31<sup>st</sup> to April 1<sup>st</sup> each year and coincides with the financial year of departments in the public service.

Performance management is an on-going process, in which the employee and employer together, strive constantly to improve the employee's individual performance and his or her contribution to the organisation's wider objectives (RSA, 1997). The following principles should underpin all performance management procedures: (1) results orientation, (2) participation, (3) openness, fairness and objectivity (RSA, 1997).

Managing performance is therefore a key human resource management tool to ensure that: (1) employees know what is expected of them, (2) managers know whether employee's performance is delivering the required objectives, (3) poor performance is identified and improved, and (4) good performance is recognised and rewarded (RSA, 1997).

In another study it was found that more than a quarter of female employees are convinced that they are not remunerated according to their performance; while just one in five male employees thought so (Vaskova, 2005).

Recent studies identified 20 behavioural factors that have a positive influence on a performance-driven behaviour (Waal, 2002). The 20 behavioural factors are grouped into five categories, called "areas of attention". These are the areas to which an organisation needs to pay special attention, in order to improve the use of performance management by organizational members, and to foster and stimulate performance-driven behaviour. These are (1) organisational members have a good understanding of the nature of goals of performance management, (2) organisation members have a positive attitude to



performance management, (3) performance management matches the responsibilities of organisation members, (4) the organisational culture is aimed at using performance management to continuously improve and (5) performance management has a clear internal management and control focus (de Waal, 2007).

These areas of attention are critical for the successful application of performance management system. Aguinis and Pierce (2008:140) argue that performance management systems can be based on the consideration of behaviours (i.e., how work is completed), results (i.e. outcomes produced) or both. For example, management by objectives (MBO) can be part of the management system that is based on measuring results. There are other types of performance management systems that place emphasis on the processes and not results (e.g. competencies- and skills-based system). Performance management, when implemented well, can lead to important benefits for organizations. For example, organizations with formal and systematic performance management systems are 51% more likely to outperform others regarding financial outcomes and 41% more likely to outperform others regarding additional outcomes including customer satisfaction, employee retention and other important metrics (Cascio, 2006).

Another reason why performance management has become so popular is that it provides useful information needed for decision making in other HRM and development activities. For example, consider the relationship between performance management and training. Performance management provides information on the developmental needs of employees. Similarly performance management systems are the source of information used in making decisions about rewards and the allocation of resources (i.e. by linking performance to rewards), succession planning (i.e. performance in the past is used as a predictor of performance in the future), and staffing strategies (i.e. performance management systems allow organizations to create talent inventories and identify talent gaps that are targeted with subsequent recruiting efforts), (Aguinis and Pierce, 2009).

### **2.1.1 *Definition of Performance Management***

Performance management is usually described as a system through which organisations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs, and distribute rewards (Varma, Budhwar, & DeNisi, 2008). The primary orientation of performance management is developmental, but must allow for effective response to consistent inadequate performance as well as recognition for outstanding performance. The system focuses on equal participation of the supervisor and employee in managing performance (ECPA, 2007). Nel et al. (2008:493), defines performance management as a holistic approach and process towards an effective management of individuals and groups to ensure their shared goals, as well as organisational strategic objectives are achieved.

### **2.1.2 *Purpose of Performance Management***

The purpose of performance is to get better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards, and competency requirements (Armstrong, 2005). It is a process for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way that increases the probability that it will be achieved in the shorter and longer term (Armstrong, 2005).

Performance management is based on the principle of management by agreement or contract rather than management by command (Armstrong, 2003). It emphasizes development and initiative of self-management learning plans as well as providing for an integrated and coherent range of human resource management (HRM) processes that are mutually supportive and thereby contribute to the improvement of organizational effectiveness (Armstrong, 2003). Schultz (2001:516) states that when performance management systems are tied into the objectives of the organisation, the resulting performance is more likely to meet organisational needs. They also represent a more holistic view of performance. In order for performance management to be effective, it must be line-driven rather than human resource-driven. Development of a performance management system should be a joint effort between line and human resources managers (Schultz, 2001).

Performance management enhances the engagement of people by providing foundation upon which many non-financial motivation approaches can be built (Armstrong, 2005). According to Furnham (2004:85), the performance management system should serve the following purposes: (1) improving work performance, (2) administering merit pay, (3) advising employees of work expectations, (4) counselling employees, (5) making promotion decisions, (6) motivating employees, (7) assessing employee potential, (8) identifying training needs, (9) better working relationships, (10) helping employees to set career goals, (11) assigning work more effectively, (12) making transfer decisions, (13) making decisions about layoffs and terminations, (14) assisting in long range planning, (15) validating hiring procedures and (16) justifying other managerial actions.

## **2.2 PERFORMANCE MANAGEMENT**

A performance management system is a systematic process that formally documents the goals and objectives of each employee, with a built-in review process (Schultz *et al.*, 2003:76).

### **2.2.1 Components of the performance management process**

Performance management is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with strategic goals of the organization (Aguinis and Pierce, 2008).

Performance management as described by Aguinis (2009) as an on-going process that involves the following stages: prerequisites, performance planning, performance execution, performance assessment, performance review, and performance renewal and re-contracting. The first stage, prerequisites, refers to having knowledge of the organization's mission and strategic goals and knowledge of the job in question.

Performance planning involves a discussion and agreement between the supervisor and the employee regarding what needs to be done and how it should be done (i.e. a consideration of both results and behaviours), as well as a developmental plan. During the third, performance execution stage, the employees strives to produce results and display behaviours agreed upon earlier as well as to work on developmental needs.

Performance assessment involves both the supervisor and employee and the evaluation of the extent to which the desired behaviours have been displayed, and whether desired results have been achieved. The performance review stage involves a meeting between the employee and the supervisor to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which employee receives feedback on his or her performance. The final stage in the performance process is renewal and re-contracting. Essentially this is identical to the performance planning component. The main difference is that the renewal and re-contracting stage uses the insights and information gained from the other phases (Aguinis and Pierce, 2008).

According to Schultz *et al.* (2003:76) the Performance Management Cycle consists of the following steps, viz:

- Clarification of expectations
- Planning to facilitate performance
- Monitoring performance
- Providing feedback
- Coaching, counselling and providing support
- Recognition of good performance
- Dealing with unsatisfactory performance.

These will be briefly discussed as follows:-

### **2.2.2 Clarifying Expectations**

According to Schultz *et al.* (2003:77), this is the first crucial step in performance management which is to ensure that employees understand what is expected of them. They must have a crystal clear understanding, not only of what the objective means, but also of what is necessary to affect the measure associated with the objective (Schultz *et al.*, 2003).

The initial meeting between manager and subordinate in the performance management cycle should be a discussion about setting performance objectives and measures (Schultz *et al.*, 2003).

The supervisor and the employee meet to share information about the strategic goals of the organization and how best these goals can be achieved. This step also entails how the organization's strategic goals must be adopted and adapted by the department and the individual. During this step in the process the supervisor shares with the employee the nature and type of support and guidance that the employee will be provided to ensure that the shared goals are achieved (Nel *et al.* 2008).

### **2.2.3 Plan to Facilitate Performance**

A thoughtful manager will ask a subordinate in the initial performance management meeting, "What can I do to help you achieve your objectives?" There are many instances in which the manager's intervention may be necessary because the subordinate either does not have the authority or the resources to make things happen (Schultz *et al.*, 2003). The manager on the other hand can speak to the management to approve the necessary changes, and in this way facilitate the performance of the subordinate (Schultz *et al.*, 2003).

Nel *et al.* (2008:494) argues that this stage of the process entails setting of the direction and defining expectations, determining the evaluator and method to be used during the evaluation process, and finally developing an action plan that will assist in guiding the process and that can, at the same time be used to clarify and communicate requirements and responsibilities, as well as being an effective control tool for the supervisor.

### **2.2.4 Monitor Performance**

Schultz *et al.* (2003:78) argues that a manager can do many things to monitor performance and the best approach is management by wandering around (MBWA). Here the manager literally wanders around to see what his/her subordinates are doing and discuss their progress in achieving the objectives.

MBWA also gives the subordinate an opportunity to discuss any performance problems that may have arisen (Schultz *et al.*, 2003).

Sometimes it is physically not possible for the manager to wander around to see what is happening. In this case performance monitoring can be achieved by on-going meetings, telephone calls or even written reports.

The frequency of the monitoring depends on the nature of the job and on the seniority of the person being monitored (Schultz *et al.*, 2003). According to Bastoe (2006:97) performance management ‘puts evaluation and performance monitoring elements into a “system” that also includes planning elements and feedback elements’. More recently, several governments, predominantly have instituted results-based monitoring and evaluation systems (M&E systems) to track performance (Kusek and Risy, 2004; Rist, 2006).

According to Rist (2006), there is a significant change in the very make-up of these information systems as he distinguishes between traditional M&E and results based M&E systems.

Traditional M&E focuses on the monitoring of evaluation of inputs, activities and outputs, that is, on project or program implementation and Result based M&E, however, combines the traditional approach of monitoring implementation with the assessment of results. It is the linking of implementation progress (performance) with progress in achieving the desired objectives or goal (results) of government policies and programs that make results-based M&E most useful as a tool for public management (Rist, 2006:4-5).

### **2.2.5 Provide Feedback**

According to Schultz *et al.* (2003:79), one of the main reasons for monitoring performance is to be able to provide feedback to the subordinate. Feedback serves two purposes: it allows the manager to provide consequences for performance and it allows the manager to redirect the efforts of the subordinate if necessary.

If the employee is performing well and is making progress, praise or recognition is the positive consequence that a manager can deliver. On the other hand, if no progress has been made or the work is substandard, then the manager can reprimand the subordinate. Feedback also allows people to improve their performance by having deficits pointed out (Schultz *et al.*, 2003).

### **2.2.6 Coach, Counsel and support**

Schultz *et al.* (2003:79) argue that if the performance monitoring reveals a serious performance deficit, the manager may have to coach the subordinate. This will consist of discussing the desired performance and if necessary, modelling the performance for subordinate, asking the subordinate to perform and then giving critical feedback until the performance is at the required level. Sometimes a subordinate's performance is substandard because of personal or interpersonal problems. Here the manager or supervisor may have to counsel the subordinate and offer solutions to overcome these problems (Schultz *et al.*, 2003).

A good manager should support his or her staff and ensure that they know that the manager has confidence in them and will stand by them should the need arise. This support allows the subordinates to be proactive, as they do not have to fear what the manager will do if they make an honest mistake (Schultz *et al.*, 2003).

### **2.2.7 Recognise good performance**

Managers who seek to influence the performance of their subordinates need to ensure that good performance is followed by positive consequences (Schultz *et al.*, 2003). Ideally, good performance should not only lead to recognition, but also to material benefits for the subordinate. The important point is that there should be a clear link between good performance and reward in the organisation (Schultz *et al.*, 2003).

### **2.2.8 Unsatisfactory performance**

Sometimes a subordinate fails to perform as expected (Schultz *et al.*, 2003). According to Schultz *et al.* (2003:80), if the poor performance persists, it may be necessary to start disciplinary procedures. In terms of the Labour Relations Act (1988), employees who fail to perform to standard must be offered every assistance to perform including, if necessary, reassignment to a different position to help to remain employed (Schultz *et al.*, 2003).

According to Amos *et al.* (2004:75), managing poor performance should include at least the following steps:

**Agree that there is a problem**

It is important that both the manager and the employee agree that there is a problem with regards to performance. It must be proven beyond reasonable doubt that there is indeed a performance problem.

**Explore and identify reasons**

This is where both the manager and the employee look at the cause and effect relationship regarding the performance. In doing so openness and objectivity must prevail without attaching blame to anyone.

A clear distinction should be made between reasons given by the employee and the causes of the problem so as to enable the employer to provide the necessary support to the employee.

**Agree on corrective action**

The corrective action to be taken will depend on the nature of performance problem. For example if it is related to capacity problem then training will be provided. It is however important to note that before dismissing an individual all the other available options must first be exhausted.

**Implement corrective action**

This is about making the arrangements for the support that is to be given to the employee depending on the causes for poor performance and the agreed upon action to be taken.

**Monitor progress**

The individual's progress needs to be monitored so as to check whether a person is still on track or not. This will help in giving feedback to an individual for the purposes of improving performance.

**Openness, fairness and objectivity**

Openness and transparency should prevail here where an employee is given a copy of the written assessment, and be given the chance to comment on it. If an employee is of the opinion that the assessment has been unfair he/she has a right to appeal against the assessment. To ensure that reporting standards are objective and that there is agreement,



the reporting manager's written assessment report must be reviewed by his/her immediate manager.

### **2.3 Outcomes**

In most advanced economies, it is a legal requirement of employment and equal opportunities law that organisations have some kind of PMS in place (Furnham, 2004). Benefits may include (1) Increasing the quality of organisational decisions based on data, (2) Increasing the quality of individual decisions based on better understanding and hence development plans, (3) Enhancing attachment between the organisation and its members because of the requirements of regular appraisal and feedback, (4) Providing a foundation for organisational diagnosis and change.

### **2.4 Challenges/Criticism of Performance management**

De Waal and Counet (2009: 367) indicated that a seventy percent failure rate in implementing performance management has created a situation where it becomes rejected, and, that 'without proper research of problems of implementation', the same problems will face the organization repeatedly, and lead to inefficiencies, such as 'cancelled and terminated systems'. However, there are powerful drawbacks including:

- Appraisals under-emphasise the role of teams compared to individuals
- Performance appraisal often sends mixed messages because of the gap between the rhetoric and reality
- Appraisers are forced to make distinctions which are not realistic or functional
- Ratings nearly always disappoint appraisees (Furnham, 2004).

De Waal and Counet (2009:368), identify a number of barriers to the effective implementation and application of performance management. These will be briefly discussed here-under:

Management puts low priority on the implementation. Time constraints and work pressures in the daily work environment cause management to be too busy solving short-term organisational problems, which delays or slow down the development and implementation of the PMS.

The implementation requires more time and effort than expected. This results in organizational members getting discouraged by a lack of (short-term) results, causing them to spend less time and energy on the PMS implementation, which results in an overall slowing down of the introduction of the PMS.

There are insufficient resources and capacity available for the implementation. Introducing a PMS requires considerable amount of attention and effort from the organization and its members. Often organizations that want to start the implementation cannot free up enough resources (budget) and capacity (people), resulting in delay or even postponement of the implementation.

The organization is in an unstable phase. The organization finds itself in an unstable environment as it is too busy with major projects like reorganizations, mergers, acquisitions, new parent company initiatives or downsizing, or it has financial problems or other issues that put too much stress on management. This situational instability delays or slows down the development and implementation of the PMS.

The PMS implementation does not have a clear goal. It is unclear to organizational what the goal of the new system is, resulting in resistance to its implementation. People, who do not understand that the PMS is a strategic management tool and not a measurement control system, will be sceptic and hostile towards it. This in turn delays or slows down the development and implementation of the PMS.

When management commitment and leadership buy-in for the implementation and use of the PMS is lacking, other organizational members will put less or no priority on working with the new system. If not every member of the management team is propagating the importance of the system, especially the non-financial improvement character of the new system, it will be seen as a new financial control tool and produce further resistance.

For a successful implementation of PMS organizational members need to have a positive attitude the new system. This attitude is obtained if people have an understanding and acceptance of the need of such a system.

Middle management and staff buy-in is essential for the success and acceptance of the PMS. If they don't see "what's in it for them" than the PMS implementation will be delayed or the new system will not be used enough.

If management intends to use the PMS for settling scores and punishing people, instead of using the new system for coaching and continuous improvement, then the organizational members will take a dislike to the system, which after all supplies the information used to punish them. This will result in manipulation of the data in the PMS and even sabotage.

If organizational members lack the understanding and skills required to work with the new workings of the systems, then the PMS will either not be used properly or not at all.

If the organization has a difficulty defining KPIs and if it does not gets help to overcome this difficulty, then organizational members might simply give up because too much effort is required. In addition, they might not trust that the resulting KPIs will be the most relevant ones because they doubt the quality of the defined factors.

If there are too many KPIs, organizational members are not able to see “the forest because of the trees”. There is an overload of information and there is not enough time to adequately work on each indicator. The organization measures KPIs that have been poorly designed and defined. As they are not relevant they are not used or used in the wrong way by organizational members.

There is resistance from organizational members towards the new PMS. Implementing a PMS, which makes performance of everybody in the organization much more transparent, can cause resistance amongst organizational members because they feel threatened by the new system.

If the organization does not have a culture which is focused at all times on achieving results and continuous improvement, PMS will not be used (enough) by organizational members for achieving better performance.

The PMS is not used for the daily management of the organization. If performance information from the PMS is not used in the daily management of the organization, for example for reviewing, analyzing and discussing the results achieved on CSFs and KPIs, corrective action is not taken (enough or in time) resulting in not achieving the targets of the organization.

The PMS gets a low priority or its use is abandoned after a change of management. If the "old" management who supported the PMS, is replaced by new management who does not feel the same necessity for the system, PMS use will decrease or the system will be

abandoned completely as organizational members notice that management does not pay much attention to the system.

The organization does not see (enough) benefit from the PMS. If after the implementation of the PMS, organizational members do not see improvements in their results which can be traced back to the use of new system, they do not feel benefits from the system so there will be a strong inclination “to give up” on the PMS.

## **2.5 Integration of PMS with other systems**

Integration is achieved vertically with the business strategy and business plans and goals. Team and individual objectives are agreed to, that support the achievement of corporate goals (Armstrong, 2000).

According to Department of Public Service and Administration, (2006:4) the Performance Management and Development System needs to be integrated with all other organisational processes and systems to be effective.

### **2.5.1 Strategic Planning**

Performance management systems integrate with an organization’s strategic planning process to create organizational success through successful performance of employees. This connection exists regardless of the methodology the organization uses (Hopen, 2004). The content of the performance agreements (PAs) should clearly and directly devolve from and be related to the department’s strategic/operational plan and the plans of the specific unit for the coming year (DPSA, 2006).

### **2.5.2 Competency framework**

The generic management competencies apply to all staff in the Senior Management Services. The core generic competencies are intended to build a common sense of good management practice in the public service. As such, they will inform the selection process, performance management and the identification of development needs of members of the Senior Management Services (DPSA, 2006).

### **2.5.3 Management Development**

According to Department of Public Service and Administration (2006:7) managers should play an active role in the development of their Performance Agreements with their supervisors and in identifying ways in which performance should be improved. Managers should be encouraged and trained to make informed judgements, take responsibility for results and look for ways of improving what is achieved (DPSA, 2006).

The performance management and development process should play a key role in effective management development. Departments should not allow the role of appraisal in enabling the determination of rewards and key career incidents to overshadow the developmental orientation of the PMDS (DPSA, 2006).

### **2.5.4 Communication**

According to DPSA (2006:8) Communication is key to performance management and development. Staff should not just know, but also understand, strategic goals of the organisation. It should be clear to all managers how they are expected to contribute to the achievement of these goals. It is also important that information on achievement against these objectives is available to all staff. Information on the Department's PMDS needs to be provided to all managers as well as staff in general to ensure that there is no confusion or misunderstanding about the performance management and development policy and what is required (DPSA, 2006).

### **2.5.5 Organisational Learning**

Departments should ensure that systems are in place to enable learning to take place at individual and departmental level. This should inform future planning and decision-making. The HoD should ensure that an environment is created in which achievement is honestly assessed in the public interest and ways found to improve service delivery. The performance of the department as a whole and the particular units of SMS members should inform individual assessment. It must also be possible to admit and take responsibility for problems or shortcomings and make proposals that will enable improvement (DPSA, 2006). Learning and improvement should apply to the performance

management itself. Departments will need to review whether it is serving the intended purpose effectively (DPSA, 2006).

#### **2.5.6 Batho Pele Principles**

According to Department of Public Service and Administration (2006:9), all members of Senior Management Services are expected to incorporate the eight principles when developing or compiling strategic plans, business plans, work plans and performance agreements. The eight principles are as follows:-

##### **Consultation**

Citizens should be consulted about the level and quality of public services they receive and where possible should be given a choice about the services that are offered.

##### **Service Standards**

Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.

##### **Access**

All citizens should have equal access to the services to which they are entitled.

##### **Courtesy**

Citizens should be treated with courtesy and consideration.

##### **Information**

Citizens should be given full, accurate information about the public services they are entitled to receive.

##### **Openness and transparency**

Citizens should be told how national and provincial Departments are run, how much they cost and who is in charge.

##### **Redress**

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and speedy and effective remedy; and when complaints are made, citizens should receive sympathetic positive response.

##### **Value for Money**

Public services should be provided economically and efficiently in order to give Citizens the best possible value for money.

## **2.6 Effectiveness of the Performance Management and Development System**

De Waal, (2004:304) states that the effectiveness of the performance management system is determined by the degree in which organizational members actually feel responsible for the results and their willingness to use the system to obtain performance information which may help to improve the results. Strebler et al. in Furnham (2004:88) argue that the following nine principles are required for Performance Management system to operate effectively (1) have clear aims and measurable success criteria, (2) be designed and implemented with appropriate employee involvement, (3) be simple to understand and operate, (4) have its effective use core to all managers' performance goals, (5) allow employees a clear 'line of sight' between their performance goals and those of the organization, (6) focus on role clarity and performance improvement, (7) be closely allied to a clear and adequately resourced training and development infrastructure, (8) make crystal clear the purpose of any direct link to reward and build in proper equity and transparency safeguards, (9) be regularly and openly reviewed against its success criteria

### **2.6.1 Employee Perceptions**

According to Bernthal *et al.* (2003) in the survey conducted by the DDI HR benchmark group, the following employee's perception about performance management emerged.

- Performance is becoming a daily process with a real influence on performance
- As managers and employees receive more training, systems are becoming more consistent. Training promotes effectiveness by ensuring that all users understand the system and apply it using the same rules and procedures
- When data from performance reviews is more accurate and useful, employees and managers view the system as more effective
- Employees drive effectiveness by becoming involved in the management of their performance and developing a sense of ownership
- When employees receive performance feedback, they often identify opportunities to develop or leverage their skills.
- Many employees have a natural desire to learn and growth

## **2.7 Performance Management and Development System**

The purpose of the Performance Management and Development System is to provide policy measures and guidelines for effective and efficient implementation of performance management within a Department. Performance Management is aimed at optimising the potential and current employee outputs in terms of quality and quantity, increasing the total organisational performance (Department of Public Service and Administration 2001(b):6). Thus the policy not only links the importance of human resource training and development with individual development, but also with improving organisational performance (van Dijk & Thornhill, 2003).

The objectives of the PMDS are to establish a performance culture that would reward and recognise effective performance, be used as a vehicle for implementing organisational goals and priorities, facilitate continuous performance improvement and organisational development (Department of Public Service and Administration 2001(b):6).

The PMDS aims to continuously enhance individual employee competence through identifying outputs relating to training and development needs.

The main principle of performance management is that it should be developmental through the identification of competencies required from employees, thus determining the content of the training and development initiatives to which employees should be exposed (Department of Public Service and Administration 2001(b):6-7).

The PMDS makes provision for equal access of all employees to training and development opportunities. The link between performance management and training and development is crucial. It can almost be seen as parts of an unbroken cycle. If performance management is not implemented correctly, it will not influence management of skills or identify competence gaps. Training priorities will not be determined according to organisational needs, but will be based on individual perceptions of what is lacking and what is appropriate. Without the strategic link between performance management and training, neither individual nor organizational training goals nor objectives will be achieved (DPSA, 2006).



### **2.7.1 Principles for the Performance Management and Development System**

According to the DPSA (2006:90), the key principles underpinning the effective implementation of the performance management and development system are outlined in the public service regulation. These principles are listed here-under:

- Departments shall manage performance in a consultative, supportive and non-discriminatory manner in order to enhance organizational efficiency and effectiveness, accountability for the use of resources and the achievement of results.
- Performance management processes shall link to broad and consistent staff development plans and align with the department's strategic goals
- Performance management processes shall be developmental, but shall allow for effective response to consistent inadequate performance and for recognizing outstanding performance
- Performance management procedures should minimize the administrative burden on supervisors while maintaining transparency and administrative justice.

The Eastern Cape Provincial Administration (2007:13) argues that the Eastern Cape Performance and Development System adheres to the following principles:

- The PMDS is to be uniformly implemented across all Departments and shall apply to all employees
- The PMDS is fundamentally developmental in nature and as such, is not a punitive tool. Integral to the PMDS is a mechanism for improving poor performance
- The main objective of the PMDS is to improve service delivery through enhanced management of performance
- The integration of Provincial policies and Departmental plans forms the basis upon which the PMDS is designed, implemented and managed
- The PMDS allows each member of staff to align deliverables and/or activities with the Departmental and Provincial goals and strategies

- The tools built into the annual performance management cycle allow for transparency, accountability, fairness, equity, and realignment of departmental, team and individual plans to provincial goals
- The PMDS provides clarity to all employees on their role in the achievement of departmental and provincial goals (Performance Management and Development Manual, 2008).

The White Paper on Human Resources (1997:25) states that, whatever the chosen methods, however, the following principles should be applied:

### **Results orientation**

The performance of the employees should be assessed on the basis of a work plan at a given period of time where the deliverables to be achieved are clearly stated and these should also include personal development plans. The aim of the development plan is to identify any performance output shortfall in the work of the employee. It is also important to note that the work plan should not be imposed but based on the agreement between the manager and his or her employee.

### **Training and Development**

The performance assessment process will assist to identify gaps and the interventions required to enhance the performance of the employee. The interventions by the manager to overcome employee performance shortfalls can include any of the following: training and re-training, coaching and mentoring, personal counselling, and work environment audits to establish other factors impeding performance.

### **Rewarding good performance**

The employees who have performed significantly above expectations should be recognised and rewarded so as to motivate them and also motivate others to strive for excellence. The manager may reward the employee through non-financial reward as well as financial rewards.

## 2.8 How does the new system differ from the previous one

Old Policy Framework	New Policy Framework
<p><u>Similarities</u></p> <ul style="list-style-type: none"> <li>▪ Provided for performance agreements</li> <li>▪ Provided for the payment of cash bonuses to high achievers</li> <li>▪ Emphasised outputs as opposed to personality traits or processes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continues to provide for performance agreements</li> <li>▪ Also provides for the payment of cash bonuses, but within a clearer policy framework and within set parameters</li> <li>▪ Continues to focus on measurable outputs, but balances with good management practice in the form of Core Management Criteria</li> </ul>
<p><u>Differences</u></p> <ul style="list-style-type: none"> <li>▪ Not development-oriented</li> <li>▪ No guidance on the linkages between organisation planning processes and individual performance management</li> <li>▪ Lack of clarity on formats to be used for performance agreements and assessment instruments</li> <li>▪ No standardised rating scale</li> <li>▪ No indication up-front of maximum percentages and amounts to be spent on performance bonuses</li> <li>▪ No provision for pay</li> </ul>	<ul style="list-style-type: none"> <li>▪ Includes a development orientation by focusing on management/leadership competencies and by providing for personal development plans</li> <li>▪ Linkages are clearly indicated</li> <li>▪ Key elements of performance agreements and assessment instruments clearly highlighted and examples of formats to be used are provided</li> <li>▪ Standardised rating scale</li> <li>▪ Parameters of monetary rewards clearly spelt out</li> <li>▪ Pay progression provided for</li> <li>▪ Clarity on assessment cycle which is linked to the financial year</li> <li>▪ Cost of living increases delinked from performance, while clear linkages are provided</li> </ul>

<p>progression</p> <ul style="list-style-type: none"> <li>▪ No common assessment cycle</li> <li>▪ Cost of living increases linked to satisfactory performance</li> </ul>	<p>between appraisal results and consequences such as monetary rewards as well as the initiation of incapacity procedures</p>
--	---

**Source: DPSA, 2006: Annexure B**

## 2.9 Non- negotiables of the Eastern Cape PMDS

The success of the PMDS is dependent upon a number of non-negotiable. The PMDS Review Task Team has recommended the inclusion of the following new additions to the non-negotiable:

Current	New Additions
<ul style="list-style-type: none"><li>• Each department must have a strategic and business plan</li><li>• A performance Agreement is compulsory and newly appointed staff members must sign the agreement within 1 month of appointment</li><li>• PMDS forms part of each and every supervisor/ manager's performance agreement</li><li>• Each staff member must receive feedback on their performance, outside of the formal review.</li><li>• A successful PMDS is based on the mutual respect and tolerance of both the employees and supervisors.</li><li>• Feedback must be based on 360 degree principle, except in cases where it is practically impossible to achieve</li><li>• To improve performance, access to developmental opportunities such as training, mentoring and</li></ul>	<ul style="list-style-type: none"><li>• All members must have signed performance agreements for the new cycle by 30 April</li><li>• All assessments for the previous cycle must be completed by 30 April</li><li>• All pay progression for the previous cycle must be completed by 31 May.</li><li>• The appeal procedure must be spelt out to staff members at the contracting phase of the PMDS cycle.</li><li>• All staff must have job description</li><li>• Grievances in respect of contracting are to be addressed in terms of the grievance procedure</li><li>• Written reviews must be undertaken on a quarterly basis during the PMDS cycle.</li><li>• Each review must be completed by the 30<sup>th</sup> of the month following the quarter that was</li></ul>

<p>coaching must be created and provided to all staff members</p> <ul style="list-style-type: none"> <li>• In the event of disagreements arising with regard to either measures that have been set or the final evaluation, each staff member is entitled to voice his or her disagreement and have it dealt with procedurally</li> </ul>	<p>under review. Thus, four (4) reviews must take place in a PMD cycle</p>
---	--

**Source: Performance Management and Development Manual, 2007:14**

## **2.10 Performance Management System in the Eastern Cape Provincial Government**

The Eastern Cape Provincial Government's Performance Management Cycle is divided into four phases and the Eastern Cape Department of Health subscribes to that. These phases are as follows:

- Planning and agreement
- Performance monitoring, developing and control
- Performance assessment or appraisal
- Managing the outcomes of assessment

Each of these phases will now be discussed here-under:

### **2.10.1 Performance Planning and Agreement**

This is the first and most significant step in performance management cycle, as it forms the foundation for the management of individual performance. Performance planning is derived from the Business Plan, taking into account the requirements of all other plans.

#### **2.10.1.1 The Agreement**

The agreement is the cornerstone of performance management at the individual level. All employees are required to enter into and sign performance agreement by 30 April, after the start of the new cycle and within two months after starting a new job (Eastern Cape Provincial Administration, 2007). Performance agreement is the basis of performance management as it binds both the supervisor and employee as they agree on the

deliverables, personal development plans, as well as the enabling resources (Eastern Cape Provincial Administration, 2007). The agreement is applicable to all levels in the Department and is based on the Department's strategic plans, Annual performance plans and operational plans. There are three kinds of agreement and apply at different levels for example;

- Performance Agreements for Senior Managers from level 13-16 (SMS)
- Work Plan Agreements from level 6-12
- Standards Framework Agreement from level 1-5

#### **2.10.1.2 Work Plan/Performance Plan**

While the agreement is the cornerstone of performance management at the individual level, the Work Plan/Performance Plan contains the essence of the agreement (Eastern Cape Provincial Administration, 2007).

The criteria for assessing the performance of an SMS member consists of Key Performance Areas (KPA) and Core Management Criteria (CMC) which are in the Performance Agreement. Each SMS member is assessed against both areas. Key Performance Area account for 80% of the final assessment, and the Core Management Criteria make up the other 20% of the assessment score.

Key Performance Areas (KPAs) describe what is expected from a member of the SMS in a particular role (Eastern Cape Provincial Administration, 2007). Core Management Criteria are elements of knowledge, skill, and/or attributes directly related to effective performance in a job (Eastern Cape Provincial Administration, 2007).

The criteria for assessing the performance of employees from salary levels from 1-12 consists of the Key Performance Areas and Generic Assessment Factors (GAFs) which are contained in the agreement. Employees are assessed in both areas. The Key performance areas account for 70% and GAFs for 30%. Generic Assessment Factors are elements and standards used to describe and assess performance, and take knowledge, skills and attributes into consideration (Eastern Cape Provincial Administration, 2007).

### **2.10.1.3 Personal Development Plans (PDP)**

The purpose of personal development plans is to identify any performance output shortfall in the work of the employee, either historical or anticipated, to relate this to a supporting GAF shortfall and then to plan and implement a specific set of actions to reduce the gap. The PDP should include interventions relating to the technical or occupational “hard skills” of the job, through (e.g. appropriate training interventions, on the job training,, expanded job exposure, and job rotation) (ECPG,2008). Both the employee and the supervisor and they must take joint responsibility for the achievement of the performance development plans (Eastern Cape Provincial Administration, 2007).

### **2.10.2 Performance Monitoring, Review and Assessment**

Performance monitoring and review is of critical importance in that it guarantees that the employee work towards the deliverables agreed to (Eastern Cape Provincial Administration, 2007). Performance review is conducted through a series of review interactions as part of continuous monitoring assessing individual or team performance. Performance assessment determines the overall level of performance of employees/teams during a particular year. It is based on the achievement in relation to identified objectives and KPA for the year (Eastern Cape Provincial Administration, 2007).

#### **2.10.2.1 Performance Monitoring**

According to Eastern Cape Provincial Administration (2007:36) performance management and development manual (2008:36) performance at the individual level must be continuously monitored to enable the identification of performance barriers and changes and to address development and improvement needs as they arise, as well as to:

- Determine progress and/or identify obstacles in achieving objectives and targets
- Enable supervisors and jobholders to deal with performance-related problems
- Identify and provide the support needed
- Modify objectives and targets and
- Ensure continuous learning and development



### **2.10.2.2 Performance Review and Assessment**

Performance review meetings form an integral part of monitoring process. These reviews must take place quarterly in order to motivate and show an employee performance areas that need improvement. It also serves the purpose of modifying the agreement if required (Eastern Cape Provincial Administration, 2007).

The supervisor should use every opportunity to discuss employee's performance, including component meetings, report backs, and informal discussions. In terms of the Public Service Regulations 1/VIII B.4 (b) an employee's supervisor shall monitor the employee's performance on a continuous basis and give feedback on performance (Eastern Cape Provincial Administration, 2007).

The final assessment discussion must take place at the end of the performance cycle and should coincide with the end of the financial year (i.e. March of each year) (Eastern Cape Provincial Administration, 2007).

### **2.10.3 Moderation**

The role of performance assessment review by higher levels of management (moderation) is to ensure equity and consistency in the application of the Performance Management and Development System (Eastern Cape Provincial Administration, 2007). If operational requirements do not allow for a single departmental moderating committee, additional sub-committees may be established, for example at the level of components or business units. Any lower order moderating committee(s) must be formally established and communicated to employees before the start of the performance cycle (Eastern Cape Provincial Administration, 2007).

If PMC (moderating committee) identifies deviations or discrepancies, it should be referred back to the supervisor who had agreed on the rating with his or her subordinate(s); together with reasons for the decision (Eastern Cape Provincial Administration, 2007). This should be accompanied by a request to reconsider the rating. A moderating committee may not change an individual employee's assessment score without first referring it back to the supervisor who made the initial assessment, or any

moderating sub-committee that have been involved in the process (Eastern Cape Provincial Administration, 2007).

A moderation committee must keep detailed minutes of decisions, specifically when it recommends that a score that already has been agreed upon between a supervisor and employee, be lowered (Eastern Cape Provincial Administration, 2007).

## **2.11 Conclusion**

Deducing from the above discussions, it is evident that the performance management process should be open, transparent and be communicated to all the relevant stakeholders so as to ensure sense of ownership.. Furthermore the performance management should be integrated with other systems for the purposes of realizing the individual as well as the organisational strategic goals and priorities.

Training and development is one of the essential ingredients for the effectiveness of the performance management system. This will assist towards the growth and development of individuals that will contribute in achieving the goals of the entire organisation.

## References:

- AGUINIS, H. 2009. *Performance management*. (2<sup>nd</sup> Ed). Upper Saddle River, NJ: Pearson Prentice Hall.
- AGUINIS, H and PIERCE, C.A. 2008. Enhancing the relevance of organizational behaviour by embracing performance management research, *Journal of Organizational Behavior*, Vol. 29, 139-145 (2008).
- AMOS, T.L., RISTOW, A., RISTOW, L., PEARSE, N.J. 2008. *Human Resource Management*. 3<sup>rd</sup> Edition. Juta and Co Ltd.
- ARMSTRONG, M. 2000. *The Strategic Human Resource Management: A guide to action*. London: Kogan Page Limited.
- ARMSTRONG, M. 2003. *Human Resource Management Practice*. 9<sup>th</sup> Edition. Juta Publishers.
- ARMSTRONG, M. 2010. *Armstrong's Handbook of Reward Management Practice. Improving Performance through Reward*. 3<sup>rd</sup> Edition. London: Kogan Page Limited.
- ARMSTRONG, M. and BARON, A. 2004. *Managing Performance. Performance management in action*. London: Chartered Institute of Personnel Development.
- ARMSTRONG, M. and BARON, A. 2005. *Managing performance: performance management in action*. London: Chartered Institute of Personnel Development.
- BASTOE, P.O. 2006. *Implementing Results-Based Management*, in R.C. Rist and N. Stame (Eds) from studies to Streams: managing Evaluative Systems,; 97-110. London: Transaction Publishers.
- BERNTHAL, et al. 2003. *Managing Performance: Building Accountability for organizational Success*, HR Benchmark Group Volume 4, Issue 2 April.
- BRISCOE, D.B and CLAUS, L.M., 2008. *Employee Performance Management: Policies and practices in multinational enterprises*. In BUDWAH, P.W and DENISI, A. (Eds). *Performance Management Systems: a global perspective*. Abingdon: Routledge.
- CASCIO, W.F. 2006 *Managing Human resources: productivity, quality of work life, profit*. Fourth Edition, New York: McGraw- Hill, Inc.
- DE WAAL, A.A. 2002. *The Quest for Balance*, Wiley & Sons, New York, NY.

- DE WAAL, A.A., 2004. Stimulating performance-driven behaviour to obtain better results. *Journal of Productivity and Performance Management*. 53 (4): 301-316.
- DE WAAL, A. 2007. *A managerial and behavioural approach*. Palgrave Macmillan, New York, NY.
- DE WAAL, A. A. and Counet, H., 2009. Lessons learned from performance management systems implementations. *International Journal of Productivity and Performance Management*. 58 (4): 367-390.
- DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION (DPSA). 2006. *Senior Management Services handbook*. Pretoria. Government Printers.
- EASTERN CAPE DEPARTMENT OF HEALTH 2007/08. *Annual Report 2007/08*. East London: Copy World.
- EASTERN CAPE DEPARTMENT OF HEALTH 2009/10. *Annual Report 2009/10*. East London: Copy World.
- EASTERN CAPE DEPARTMENT OF HEALTH 2010/11. *Strategic Plan 2010/11*. East London: Copy World.
- EASTERN CAPE PROVINCIAL ADMINISTRATION. 2007. *Performance Management and Development Manual*. Eastern Cape.
- FURNHAM, A. 2004. Performance management systems , *European Business Journal* , 83-94.
- HARPER, S. and VILKINAS, T. 2005. Determining the impact of an organisation's performance management system. *Asia pacific Journal of Human resources* 2005 43(1):77
- HOPEN, D. 2004. Consequences and Changing Behaviours. *The Journal for Quality and Participation*.
- KUSEK, J.Z. and RIST, R. 2004. *Ten steps to a Results-Based Monitoring and Evaluation system*. Washington, DC: World Bank.
- LATHAM, G.P. 1990. *Increasing productivity through performance appraisal*. Redding: Addison-Wesley
- LE ROUX, D.J. 1995. *The evaluation of a performance management system within South African organizations*. MBA Thesis, Graduate School of Business, University of Stellenbosch, South Africa.

- MALEFANE, S.R. (2008). Research at South Africa's local sphere of government. *Journal of Public Administration*, (43).
- NEL, P.S., WERNER, A., HAASBOEK, G.D., POISAT, P., SONO, T. and SCHULTZ, H.B., 2008. *Human Resources Management* (7<sup>th</sup> e). Cape Town: Oxford University Press.
- RADEMAN, D.J and VOS, H.D., 2001 Performance Appraisals in the Public Sector: Are they accurate and Fair? *SA Journal of Industrial psychology*, 27(1), 54-60.
- REDMAN, T., 2001. 'Performance appraisal', in T. Redman and A. Wilkinson, contemporary Human Resource Management: Text and cases. Harlow: Pearson Education.
- RIST, R.C. 2006. *The "E" in Monitoring and Evaluation: Using Evaluative Knowledge to Support a Results-Based Management System*, in R.C. Rist and N. Stame(Eds) *From studies to Streams: Managing Evaluative Systems*, pp3;22. London: Transaction Publishers
- SCHULTZ, H.B. 2001. *Performance management*. In Nel, P.S., Gerber, P.D., Van Dyk, Africa: P.S., Haasbroek, G.D. Schultz, H.B., Sono, T. & Werner, A. Eds. Human Resource management. 5<sup>th</sup> ed. South Africa: Oxford.
- SCHULTZ, H., BAGRAIM, J., POTGIETER, T., VIEDGE, C., WERNER, A. 2003. *Organisational Behaviour: A contemporary South African perspective*. South Africa, Pretoria: Van Schaik Publishers.
- REPUBLIC OF SOUTH AFRICA (RSA).1997. *White Paper on Human Resource Management for the Public Service*. Pretoria: Government Printers.
- UNITED NATIONS DEVELOPMENT PROGRAM, 2001. *Results Based Management. Concepts and Methodology*. New York: UNDP.
- VAN DIJK, H.G. & THORNHILL, C. 2003. *The use of a performance management system to ensure integrated approach to human resource development*. *Journal of PublicAdministration*. Vol. 38 no 4. December 2003.
- VARMA, A., Budhwar, P.S. & DeNisi, A. 2008. *Performance Management Systems: a global perspective*. New York, Routledge
- VASKOVA, R. 2005. *Employee rewards as a source of motivation. How Czech women and men in the workplace perceive them*, paper presented at the international Women, Work and Health conference, New Delhi, India, November .

WAAL, A. A. de. 2002. *The Role of Behavioural Factors in the Successful Implementation of Performance Management Systems*. PhD dissertation, Vrije Universiteit Amsterdam.

### **3. SECTION 3: RESEARCH METHODOLOGY**

#### **3.1 Aims and Objectives**

The main aim of this study is to evaluate the application of the Performance Management and Development System in the Eastern Cape Department of Health from the perspective of the employees.

The objectives of the research are therefore to:

- Determine the degree to which employees are of the opinion (i.e agree or disagree) that the PMDS is applied in line with the departmental guidelines or policy,
- Determine employee perceptions of enabling and constraining factors to successful application of PMDS in the Department,
- Determine if the more important employee opinions on performance management are related to biographical characteristics (i.e policy guidelines and enabling and constraining factors),
- Determine the satisfaction levels with the PMDS,
- Determine the relationship between levels of compliance and satisfaction,
- Determine the relationship between levels of dissatisfaction and the primary constraints,
- Make recommendations for improving the current application of the PMDS in line with the departmental policy and guidelines.

To address these objectives the following hypothesis were tested:

H<sub>0a</sub>: There is no difference between the opinions of males and females on PMDS policy communication

H<sub>1a</sub>: There is a difference between the opinions of males and females on PMDS policy communication

H<sub>0b</sub>: There is no difference between the opinions of males and females on whether employees understand the content of the system as a whole and various components within it.

H<sub>1b</sub>: There is a difference between the opinions of males and females on whether employees understand the content of the system as a whole and various components within it.

H<sub>0c</sub>: There is no difference between the opinions males and females on employee awareness of their role within the system.

H<sub>1c</sub>: There is a difference between the opinions of males and females on employee awareness of their role within the system.

H<sub>0d</sub>: There is no difference between the opinions of males and females on whether a functional and coordinated PMDS committee is established

H<sub>1d</sub>: There is a difference between the opinions of males and females on whether a functional and coordinated PMDS committee is established

H<sub>0e</sub>: There is no difference between the opinions males and females on whether each employee know how PMDS integrates with other initiatives and plans already in place

H<sub>1e</sub>: There is a difference between the opinions of males and females on whether each employee know how PMDS integrates with other initiatives and plans already in place

H<sub>0f</sub>: There is no difference between opinions of males and females on employees being informed in writing of the review outcome

H<sub>1f</sub>: There is difference between the opinions of males and females on employees being informed in writing of the review outcome

H<sub>0g</sub>: There is no difference between the opinions of males and females on management commitment to successful implementation of PMDS processes

H<sub>1g</sub>: There is a difference between the opinions of males and females on management commitment to successful implementation of PMDS processes.

H<sub>0h</sub>: There is no difference between the opinions of males and females on Performance review meetings generally take place on quarterly basis

H<sub>1h</sub>: There is a difference between opinions of males and females on performance review meetings generally take place on quarterly basis.

H<sub>0i</sub>: There is no difference between the opinions of occupational levels on PMDS policy communication



H<sub>1i</sub>: There is a difference between the opinions of occupational levels on PMDS policy communication.

H<sub>0j</sub>: There is no difference between the opinions of occupational levels on employees understanding the content of the system as a whole and the various components within it

H<sub>1j</sub>: There is a difference between the opinions of occupational levels on employees understand the content of the system as a whole and the various components within it.

H<sub>0k</sub>: There is no difference between the opinions of occupational levels on each employee being aware of his/her role within the system.

H<sub>1k</sub>: There is a difference between the opinions of occupational levels on employee being aware of his/her role within the system.

H<sub>0l</sub>: There is no difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place.

H<sub>1l</sub>: There is a difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place.

H<sub>0m</sub>: There is no difference between the opinions of employment levels on a functional and coordinated PMDS committee is established.

H<sub>1m</sub>: There is a difference between the opinions of employment levels on a functional and coordinated PMDS committee is established.

H<sub>0n</sub>: There is no difference between the opinions of programmes/clusters on PMDS policy communication

H<sub>1n</sub>: There is a difference between the opinions of programmes/clusters on PMDS policy communication

H<sub>0o</sub>: There is no difference between the opinions of programmes/clusters on whether employees understand the content of the system as a whole and various components within it.

H<sub>1o</sub>: There is a difference between the opinions of programmes/clusters on whether employees understand the content of the system as a whole and various components within it.

H<sub>0p</sub>: There is no difference between the opinions of programmes/clusters on employee awareness of their role within the system.

H<sub>1p</sub>: There is a difference between the opinions of programmes/clusters on employee awareness of their role within the system.

H<sub>0q</sub>: There is no difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place

H<sub>1q</sub>: There is a difference between the opinions of occupational levels on how PMDS integrates with other initiatives and plans already in place.

H<sub>0r</sub>: There is no difference between the opinions of various programme/clusters on whether a functional and coordinated PMDS committee is established.

H<sub>1r</sub>: There is a difference between the opinions of various programmes/clusters on whether a functional and coordinated PMDS committee is established.

### **3.1.1 Research Approach**

The researcher has employed a quantitative research approach informed by a post positivist paradigm (Denzin and Lincoln, 1994). A quantitative approach appeared to be the most appropriate method to conduct this study as this approach will assist in understanding the effectiveness of the implementation of the performance management and development system. Quantification often makes observations more explicit (Babbie, 2008). It can also make aggregating and summarizing data easier. Further it opens up the possibility of statistical analysis, ranging from simple averages to complex formulas and mathematical models (Babbie, 2008).

## **3.2 Research Method**

The survey method was used for the purposes of this study. Surveys may be used for descriptive, explanatory and exploratory purposes (Babbie, 2008). They are chiefly used in studies that have individual people as the units of analysis, such as groups or interactions, some individual persons must serve as respondents or informants (Babbie, 2008).

### **3.3 Target population**

According to Babbie, (2008:121) the population for a study is that group (usually of people) about whom we want to draw conclusions. The target population for this study is employees between levels six and 15 at the Head Office of the Eastern Cape Department of Health. This includes the Deputy Director Generals, Chief Directors, Directors, Deputy Directors, Assistant Directors and Administrative Officers. The total population at these levels at Head Office is 619.

### **3.4 Sampling**

When a study is conducted, it is not possible or necessary to collect the data from the entire population to draw conclusions. It is therefore important that a sample is drawn from the population based on the objectives of the study and the population size. Sekaran & Bougie (2010) defines a sample as a subset of the population in question and comprises a selection of members from that particular population. There are 619 employees between levels six to 15 from the Eastern Cape Department of Health at the Head Office from which the sample was drawn from. Systematic sampling was used to select 120 participants in three Departmental Programmes or Clusters, from grade levels six to 15. Systematic sampling involves selecting individuals (or perhaps clusters) according to a predetermined sequence. This sequence must originate by chance. For instance, we might scramble a list of units that lie within the population of interest and then select every 10<sup>th</sup> unit on the list (Leedy and Ormrod, 2010).

### **3.5 Data Collection**

Kumar (2005:104) argues that there are two major approaches used by researchers to gather information depending on the availability of data. Data can be collected from the primary sources and at times can be gathered from the secondary sources.

For this study, data is collected from the primary sources who are the employees in the Eastern Cape Department of Health.

The researcher used a questionnaire as the primary data collection technique in the study. Sekaran and Bougie (2010) suggests that questionnaires are an efficient data collection mechanism provided the researcher knows exactly what is required and how to measure the variables of interest.

The questionnaire has been added as Appendix B. The questionnaires included the following sections (1) biographical data of respondents (items 1-5), (2) adherence to PMDS policy guidelines or policy compliance (items 6-10), (3) enabling and constraining factors related to the application of performance management system( items 11-29), and (4) satisfaction levels of employees regarding the application of the PMDS policy (items 30-39).

A five-point Likert scale was used in this study.

The questionnaire has five categories and the researcher has assigned the scores as follows:-

- 1=Strongly Disagree
- 2=Disagree
- 3=Neutral
- 4=Agree
- 5=Strongly Agree

The Researcher piloted the questionnaire by distributing it to few departmental employees including the Researcher's Supervisor. The Researcher then distributed the questionnaires to every fifth person of the population electronically using SurveyBob, which is an on line survey tool. The respondents sent back their feedback by clicking the submit button at the end of the Questionnaires. The data was then transferred to excel spreadsheet for the purposes of data analysis.

### **3.6 Data Analysis**

This is the phase where the researcher is analyzing the data that has been collected. The data was first checked to ensure that there are no gaps or outstanding information.

The results from the questionnaire were then exported to the Excel Spread sheet and analyzed. The Chi-squared test was used for testing for associations between categorical variables. The Excel and SPSS software was used for carrying out all statistical tests. The analysis done in objectives one and two to test relationships between variables using the Chi Square test. From objectives three to six a correlation was used to explore the differences between variables.

### **3.7 Ethical Consideration**

Permission to conduct the study was granted in writing by the Accounting Officer via the Ethics and Research Committee of the Eastern Cape Department of Health. Each participant was made aware of the purpose of the study and their anonymity was ensured. The final report will be made available to the accounting officer of the Eastern Cape Department of Health and will also be available at Rhodes University.

### **3.8 Conclusion**

This study used a quantitative approach to evaluate the effectiveness of the implementation process of the performance management and development system in the Eastern Cape Department of Health. Information was gathered through questionnaire via an online survey. Anonymity was ensured by not asking the respondents to identify themselves.

References:

- BABBIE, E. 2008. *The Basics of Social Research* (4<sup>th</sup> Ed). Belmont, CA: Thomson
- DENZIN, N.K. and LINCOLN, Y.S.(Eds) 1994. *Handbook of Qualitative Research*. Thousand Oaks, California: Sage Publications
- KUMAR, R. 2005. *Research Methodology: A step-by-step guide for beginners*, 3<sup>rd</sup> edition. Thousand Oaks, California: Sage Publications
- LEEDY, P.D. and ORMROD, J.E., 2010. *Practical research: Planning and Design* (9<sup>th</sup> ed.) New Jersey: Pearson.
- SEKERAN, U. and BOUGIE, R. 2010. *Research Methods for Business A Skill Building Approach*. (Fifth Edition), New York: A John Wiley and Sons, Ltd, Publication.

## APPENDIX A

### LETTER OF PERMISSION TO CONDUCT RESEARCH

To: 0406081237

20/07/2011 14:58 H411 P.001/001



#### Eastern Cape Department of Health

Enquiries: Zonwabele Merile  
Date: 20<sup>th</sup> July 2011  
e-mail address: zonwabele.merile@mplo.ecprov.gov.za

Tel No: 040 808 0930  
Fax No: 043 642 1408

Dear Mr M Javu

**Re: An evaluation of the implementation process of the Performance Management and Development System in the Eastern Cape Department of Health**

The Department of Health would like to inform you that your application for conducting a research on the abovementioned topic has been approved based on the following conditions:

1. During your study, you will follow the submitted protocol with ethical approval and can only deviate from it after having a written approval from the Department of Health.
2. You are advised to ensure, observe and respect the rights and culture of your research participants and maintain confidentiality of their identities and shall remove or not collect any information which can be used to link the participants.
3. The Department of Health expects you to provide a progress on your study every 3 months (from date you received this letter) in writing.
4. At the end of your study, you will be expected to send a full written report with your findings and implementable recommendations to the Epidemiological Research & Surveillance Management. You may be invited to the department to come and present your research findings with your implementable recommendations.
5. Your results on the Eastern Cape will not be presented anywhere unless you have shared them with the Department of Health as indicated above.

Your compliance in this regard will be highly appreciated.

  
DEPUTY DIRECTOR: EPIDEMIOLOGICAL RESEARCH & SURVEILLANCE MANAGEMENT



## **APPENDIX B**

### **RESEARCH INSTRUCTIONS AND QUESTIONNAIRE**

**Dear Colleague**

#### **RESEARCH EVALUATING THE APPLICATION OF THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM (PMDS)**

**Below is a link to an online questionnaire to complete. This questionnaire is designed to gain insight into the application of the Performance Management and Development System in the Eastern Cape Department of Health.**

**A copy of the results of this evaluation will be sent to the accounting officer of the Department. This will assist in understanding the weaknesses and strengths of the system, identifying areas that will need attention, and making recommendations for a more effective PMDS.**

**Furthermore this will be used for academic purposes and a copy of the results will be made available on the Rhodes University Internet.**

**To access the questionnaire simply click on the link below and you will be taken onto an on-line survey tool called SurveyBob.**

**<http://www.surveypob.com/surveybob/s/d306df99-9e56-4644-8550-2a9c2aa9aa2c.html>**

**This is an anonymous questionnaire and the online tool captures your data in a way that ensures that you cannot be personally identified. Some of the questions do relate to personal biographical data, but these questions will only be analysed on a group basis. Therefore you will not be personally identified in the reporting of the results.**

**The questionnaire should take you no more than 20 minutes to complete. Once you have answered all the questions simply press the submit button. Thereafter you will be asked if you want to register as a user of SurveyBob. You can ignore this. You do not need to register.**

**It would be appreciated if you would complete the questionnaire by no later than 04 August 2011. If you have any queries concerning the questionnaire, please feel free to contact me at 040-6081279 or 0833780120/0724594698 or by email at [mncedijavu@yahoo.com](mailto:mncedijavu@yahoo.com)**

**Thanking you in anticipation**

**Mncedi Javu**



## The Survey Questionnaire

The following were the questions used in the study:

Questions					
1.Are you a Male or Female	1=Male	2=Female			
2.In which racial /population group do you belong	1=African	2=White	3=Indian	4=Coloured	5=Other
3.In which Occupational category do you belong	1=6-8	2=9=10	3=11-12	4=13	5=14-15
4.For how long have you been employed in your current position	1=1-5	2=6-10	3=11-15	4=16-20	5=21 and above
5. In which cluster do you work	1=Clinical	2=Corporate strategy and organizational performance	3=Finance		
<b>Questions</b>	<b>1=Strongly Disagree</b>	<b>2=Disagree</b>	<b>3=Neutral</b>	<b>4=Agree</b>	<b>5=Strongly Agree</b>
6. The PMDS policy has been widely communicated to all employees					
7.Employees understand the content of the system as a whole and the various components within it					
8.Each employee is aware of his/her role within the system					
9.Each employee know how PMDS integrates with other initiatives and plans already in place					
10.A functional and coordinated PMDS committee is established					
11.Management is committed to the successful implementation of PMDS processes (i.e, the performance cycle)					
12.PMDS implementation is					

the same within all programmes/clusters					
13.Implementation is carried out in accordance with established PMDS policies and guidelines					
14.Amendments/changes to Performance Agreements are done in writing					
15.Contracting between employees and supervisors is done before the start of the financial year					
16.A work plan is mutually agreed between employee and their supervisors					
17.The work plans are aligned to departmental strategic priorities					
18.Employees are provided with training and developmental opportunities					
19.Performance review meetings generally take place on quarterly basis					
20.Employees are informed in writing of the outcome of the review process					
21.Employee performance is assessed on the basis of a work plan					
22.Employees are reminded about review dates					
23.Supervisors insist on producing evidence during reviews					
24.Supervisors always accept the evidence provided by employees that they are					

rating					
25.All staff go through the annual performance appraisal process					
26. Assessment reports and decisions on outcomes are presented to the Performance Management Committee.					
27.The Performance Management Committee makes the final decision on recommendations with regard to corrective measures and any recommended changes to the system					
28.Outstanding performance is recognized					
29.Employees are informed in writing where performance is unsatisfactory					
30.The PMDS is fairly implemented					
31.The PMDS is developmental					
32.The PMDS is not punitive in nature					
33.The PMDS promotes growth in the work performance of employees					
34.The PMDS recognizes and reward high performers					
35.The PMDS promotes transparency and openness					
36.The PMDS embraces participatory approach					
37.The PMDS accurately appraises the performance of employees					

38.The PMDS takes into account the changes in the work environment that impact upon the performance of employees					
39.The PMDS is flexible enough to accommodate changing work priorities that arise during the course of the PMDS cycle					
40.Overall I am satisfied with the PMDS and the way in which it is implemented					