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Assessing Performance Management in Transnet.

By

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A research report submitted to the faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (in the field of Public and Development Management)

2020

DECLARATION

I, [Faith Moeletsane], declare that this write-up is my own unaided work. Further. It is submitted in partial fulfilment of the requirements of the degree of Master of Management (in the field of Public and Development Management) in the University of the Witwatersrand, Johannesburg I have not submitted this write-up before for any other purpose apart from my Supervisor Professor Ivor Sarakinsky at the WITS School of Governance.

ACKNOWLEDGMENTS

I am sincerely grateful to my supervisor, Professor Ivor Sarakinsky for his supervision, availability, responsiveness, and guidance in this journey.

Prof your teachings, insights and wisdom have been most valuable, and I could not have asked for a better supervisor.

My deep gratitude to my employer Sasria Soc Limited for funding my studies and supporting my personal development plan.

To my family the Moeletsane's; thank you for your unwavering support I am because you have enabled you, I could not have done this without you.

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LIST OF ABBREVIATIONS

Abbreviation	Meaning
ANC	African National Congress
DPE	Department of Public Enterprises
HR	Human Resource
IR	Integrated Report
KPA	Key Performance Areas
KPI	Key Performance Indicators
NDP	National Development Plan
OD	Organisational Development
PDP	Performance Development Plan
PFMA	Public Finance Management Act
PRC	Presidential Review Committee
SMART	Smart, Measurable, Achievable, Realistic and Time Framed
SOE	State Owned Enterprise
SONA	State of the Nation Address
TE	Transnet Engineering
TFR	Transnet Freight Rail
TNPA	Transnet National Ports Authority
TPL	Transnet Pipelines
TPT	Transnet Ports Terminal

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CHAPTER ONE

1.1.Background

In December of 2007 at its 52nd conference in Polokwane, the "ruling political party" of South Africa the African National Congress (ANC) called for the review of State-Owned Enterprises (SOEs) performance (PRC, 2016). The president of the ANC's brief for this review was to consider the financial performance of the entities together with whether their Constitutional responsibilities were being met (PRC, 2016). The Presidential Review Committee (PRC) of SOEs was then established and mandated to do an examination on all SOEs in the country (PRC, 2016). The PRC understood its mandate as primarily making recommendations that would influence reform in the SOEs by being effective and efficient (PRC, 2016).

Most SOEs continue to be inefficient and the weight is felt on the country's fiscus as governments debt is pushed into unsafe territory (Mutize & Gossel, 2017). The poor performance of SOEs not only affects a SOE under scrutiny, however there is deep concern from business, local and internal investors, civil society and government on that the failure of SOEs will have a huge spill over effect on the weakening of the economy of South Africa (News24, 2014).

The SA Government's continuous bailout of some SOEs has resulted in rating agencies continued monitoring of government's bailouts or the issuing of guarantees because of the threat it poses to both the fiscal and policy priorities (Mutize & Gossel, 2017). Typically, a guarantee would be a commitment the State would make if an SOE defaults on the repayment of a loan it has taken (AGSA, 2018). In the event that an SOE is unable to honour its repayment agreement to a lender, the state then, through the Ministry of Finance provides surety by means of a guarantee to the lender (AGSA, 2018).

Though the Provision of a guarantee on an SOE is not necessarily negative, especially when a decision has been taken by government to provide support to an SOE established in a specific industry or sector, due to that key industry or sector in the South African economy struggling to grow as expected (AGSA, 2018). However, in recent times calls on guarantees or bailouts for SOEs have increased the countries budget deficit, government debt and borrowing costs, and has resulted in downgrades from rating agencies (AGSA,2018). It is important that SOEs' reliance on government guarantees is reduced by making sure that reliable turnaround strategies are implemented, including addressing leadership and governance issues at the SOEs (AGSA, 2018).

1.2.Introduction

SOEs are vital for the development of South Africa's strategic sectors (Fourie, 2014). They have been a significant mechanism for driving economic growth and the reduction of poverty since 1994 (Kikeri,2018). They are critical in addressing market failure and for the growth of South Africa's strategic sectors, "especially energy, transport, telecommunications and manufacturing" (Fourie, 2014, p.1).

The PRC has undertaken extensive research and based on that provided recommendations that should be adopted across all SOEs in South Africa. The PRC notes the importance of ensuring effective performance management and monitoring of SOEs as critical, and important that SOEs carry through their mandate with effectiveness and efficiency due to the heavy reliance that the State has on the SOEs (PRC,2016.

Through referencing large SOEs such as Eskom, SAA and Denel and their questionable performance over the last ten years that an opportunity to assess the impact of performance management in an SOE is imperative.

In President Cyril Ramaphosa's February 2019 State of the Nation Address (SONA) he makes mention of restoring stability in strategic entities as of the critical decisions taken (SONA, 2019). The president announced, "the establishment of the Presidential SOE Council, which will provide political oversight and strategic management in order to reform, reposition and revitalise SOEs, to ensure that SOEs play their mandated role as catalysts of economic growth and development" (SONA,2019).

South Africa is not exempt from the global woes that face the public sector on the delivery on quality services to all its people; maximising of available resources, effective and fruitful public private partnerships, state safety and security, dealing with migration, employment, inequality and poverty, however there is a need to look at alternatives to Public Sector Management to

overcome these pressing challenges (Brinkerhoff & Brinkerhoff, 2015). Performance Management is thus important as it drives performance at both the strategic and individual level, encouraging improvement both on management and subordinates (Bussin, 2012).

This study closely looks into the governance of SOEs by assessing the implementation of performance management. Field research will be conducted at Transnet one of the biggest SOEs in which the Department of Public Enterprises (DPE) "provides shareholder oversight" (Fourie, 2014, p. 5). The study contributes to the body of knowledge by outlining the practices, processes and applications of performance in the SOE and lessons that can be learnt.

1.3.Problem Statement

Transnet is an SOE with the government of South Africa as its sole shareholder (Transnet,2019). "It is the largest and most crucial part in the freight logistics value chain with a mandate of ensuring the consistent delivery of goods across the borders of South Africa" (Transnet,2019, p 1). The SOE is an integrated freight transport enterprise being custodians of pipelines, ports and rails (Transnet,2019).

In Transnet's 2016 Annual Report it is reported on that the SOE is compliant with section 55(2) of the PFMA. The report confirms that annually, Transnet consults with the Department of Public Enterprises its shareholder "on its performance objectives, measures and indicators, as well as its annual targets" (Transnet,2016, p. 94). At the end of the 2015, after measuring the company's performance against that of the shareholders approved KPI's, the company achieved 60% of the targets set (Transnet,2016). Similarly; four years later, the Company achieved 65% of the total number of key performance indicators (KPIs) contained in the Shareholder's Compact for the period ended 31 March 2019.

In addition; in the Auditor General's 2017/2018 PFMA audit report, concerns are raised on material findings that are raised on the performance information of Transnet for the consecutive years 2017/2018 and 2016/2017 (AGSA,2018). Moreover, the SOE being listed as part of the top five significant risk SOEs (AGSA,2018).

The performance issues raised about this National SOE are alarming. The Auditor Generals 2017/2018 Public Finance Management Act (PFMA) report upholds the importance of performance reports as an effective tool that should be used by the different shareholder departments and Ministry's to hold SOEs accountable for the outcomes as per the indicators and targets set (AGSA,2018).

SOE performance is critical if South Africa is to build a capable state. Transnet is one of the largest SOEs and good and consistent performance is imperative. Performance has not been consistent in the SOE over the last ten years; there are inconsistencies between what the SOE reports and what is reported by the Auditor General. There is a need to explore how performance management is implemented and assessed in the SOE. It is important to understand the factors that contribute to the outputs of the performance management process.

A gap exists in the literature that prompts research on whether performance management is significant in SOEs.

1.4. Purpose Statement

This study aims to explore the performance management process, principles and system of Transnet. The study also aims to investigate how implementation of performance management is undertaken at Transnet. The impact of successful and unsuccessful implementation on the SOE will be explored. Furthermore, through gathering information from the SOE and about

the SOE on the performance management implementation process this study will attempt to make recommendations for future consideration.

1.5.Research Question

How is performance management implemented in Transnet?

1.5.1. Research Sub-questions:

- How does performance get measurement and monitored in the SOE?
- How effective is the performance management process in driving performance in Transnet?

1.6.Significance of the Study

There are several policies and guidelines where performance management implementation is concerned. Over the past few years, the performance of Transnet has been under scrutiny due to several reasons one of which being the failure to meet Strategic KPIs that have been set and agreed upon by the Shareholder and the Board of Transnet.

It is anticipated that the findings of the research will be useful in helping to bring and understanding as to the perception of Transnet's performance management system and process. The study might also be useful to the Human Resources department in analysing performance management implementation and its application in the organisation.

1.7.Limitations of the Study

It is important to note that all research has research limitations. Transnet has five operating divisions, based in different locations all over the country with a total of approximately sixty-

five thousand (65000) employees. The Transnet Corporate Centre has provided a list of sixty-three (63) employees who are either Line Managers/supervisors/team leader/ Human Resource (HR) practitioners, however not all have responded to the request of being interviewed. In addition, not all the Divisions were represented equally, some Divisions did not even have representatives who wanted to partake in the research.

The researcher is an HR professional in an SOE unrelated to Transnet, the researcher may be subjective where HR processes are concerned. The researcher has tried to manage this bias by ensuring that the research respondents selected are not just HR professionals so that the responses are not bias towards HR. The researcher has also submitted the interview transcripts to the research supervisor which proves that all the participants were asked the same questions and that findings are based on those responses. Ethics will be further dealt with in Chapter three (Research Approach)

1.8. Chapter Outline

Chapter One outlines the background and introduction to the study. This chapter introduces the research problem statement, research purpose statement, research question and research sub-questions, significance and limitations of the study. The chapter concludes with detailing what the chapters of the research report will discuss.

Chapter Two introduces what a literature review is and its purpose in academic research. It is in this chapter that State-Owned Enterprises (SOEs) are explored from; the background on SOEs, Regional Context on SOEs, South African Context on SOEs and the Role of SOEs in South Africa. Performance Management as the Conceptual Framework of this research is introduced by defining Performance Management, Performance Management process and Performance Management flaws. Transnet SOC is the research study explored` and this chapter

provides an overview of the SOE, its relationship with the Department of Public Enterprises (DPE) and its Performance Management implementation.

Chapter Three describes and discusses the research methodology, research approach, data collection and sampling procedure as well as how the data gathered was analysed. This chapter provides detail on the ethical considerations considered and adopted in the study, offering details on confidentiality, anonymity and informed Consent.

Chapter Four presents the results obtained in the data collection process. Findings presented are a result of information received from secondary data and the research questions which were used as thematic organisers. Findings are presented in diagram, written text and tables.
Chapter Five outlines an interpretation of the key findings and analysis of the research outcome. The analysis is as a result of the data collected through the methods established in chapter four.
Chapter Six reports the conclusions and recommendations in terms of the findings of the study.

1.9.Summary

This chapter introduced SOEs covering the background and history of SOEs from a global, regional, and South African perspective. The problem statement, purpose statement, research question and research sub-questions are depicted. The chapter presented the significance of the study and identified limitations. A rundown of the chapters which will be covered in the study are outlined.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

The literature review in this chapter purposes to present a summary of academic literature in the form of books, journals and articles which have been consulted to develop the research questions. The literature review focuses on these areas: Background of SOEs; role of SOEs; Regional and South African context on SOEs; Performance Management as a conceptual framework which includes its process, implementation, flaws, and application in the public sector.

A literature review is described as an assessment of published information, attained through primary, secondary, and other credible sources related to a selected field of study (Lemao, 2015). Research literature is found but not limited to scholarly journals, books; research dissertations; published reports and policy reports (Lemao, 2015). A review of the literature focused on SOEs and Performance Management Systems and processes with the aim of identifying emerging themes.

2.2. Background on SOEs

The state has effectively evolved in the economy in the 20th century through the formation of SOEs (OECD, 2013). Many ideologies have emerged in support of the existence of SOEs such as: “an economic one that centres on the solution of market imperfections and a political one that centres on the ideology and political strategy of government officials regarding the private

ownership of particular productive assets" (Cuervo-Cazurra, Inkpen, Musacchio & Ramaswamy, 2014, p. 3). The ideology of the Economic nationalist argues that SOEs are governments way of addressing the private sectors inability to respond to the development needs of a country (Cuervo-Cazurra et al., 2014). The economic social ideology emphasises the need for SOEs to enable government to be able to realise socially desirable objectives by facilitating the achievement of inequality, unemployment, education, poverty reduction, health care, or poverty reduction (Cuervo-Cazurra et al., 2014).

Within the legal context SOEs can operate as companies who generate a profit for the state (OECD, 2013). As compared to private companies SOEs are expected to act primarily in the public's interest and the generating of profits is secondary (OECD, 2013, p. 43). The economic nationalist ideology is in support of SOEs being governments vehicle in addressing the inability of private enterprises in speeding up the development of the country (Cuervo-Cazurra et al., 2014). SOEs assume the critical role of being the viable mechanism that assist governments in the achievement of service delivery and economic growth, also contributing to the reducing the tax burden of a country (Fourie, 2014).

Over the last decade State ownership has expanded significantly, gaining recognition for the valuable contribution made both in domestic and global markets (Kowalski, Bunge, Sztajerowska, Egeland, 2013). Many countries have embraced the importance of aligning their SOEs to their growth and development plans (Jahed et.al, 2015). It is noteworthy to mention that two hundred and four (204) of the two thousand (2000) publicly listed firms in the world are SOEs (Kowalski *et al.,* 2013). These SOEs derive from thirty (37) diverse countries which are led by China with Seventy listed SOEs, India following with thirty (30), "Russia and the United Arab Emirates on Nine (9) each" and Malaysia on 8 (Kowalski *et al.,* 2013, p. 20). This

is affirmation of how developing states have been successful in leveraging of their State-Owned Enterprises (News24, 2014).

2.3.1. Regional Context on SOEs

Fourie, 2014 (P. 4.) states that a standard definition for an SOE cannot be given though there are some key characteristics that are identified or resemble across all SOEs. SOEs are established to fit the status of a legal company operating in the context of commercial environment, and government providing oversight as a shareholder (Fourie, 2014).

Many Southern African economies have placed SOEs as front and centre of national growth and development strategies, job creation and remedying of market imperfections and failures (SOE Network for Southern Africa, 2014). To the point that BRIICS SOEs are heavy contributors in important sectors such as crude petroleum, manufacturing and fabricated metal, telecommunications, electrical equipment and air transportation (Kowalski et al., 2013). With South Africa excluded, the BRIICS control significant amounts of assets through SOEs (Kowalski et al., 2013).

SOEs play a significant role in the "context of a developmental state" (Jahed, Muller, Amra & Jantjies, 2015). They promote growth and development due to their dual role in the economy of initiating the demand for goods and services and generating outlying supporting industries (Fourie, 2014). They are also contributors to the success of their nations economically, as a result have contributed to improving the lives of its Citizens (News24, 2014). Lessons are derived from East Asia, Brazil and Norway on direct and active role SOEs play in the economy of developmental states (Jahed et.al, 2015). The same is witnessed in many African countries where SOEs are pertinent in national development and there is a strong reliance on them as they form part of the largest sectors of the economy (SOE Network for Southern Africa, 2014).

2.3.2 South African Context on SOEs

South Africa has a significant number of SOEs as such their potential and ability to promote development has been put under a micro-scope (News24, 2014). The role of SOEs is greater now more than ever because of the challenges "globalisation such as, increasing trade and competition, mobile and volatile capital, coupled with persistent social problems of unemployment and inequality" bring about (Jahed et.al, 2015, p. 2).South Africa is not immune to the strategy employed by many nations in that SOEs are aligned to the growth and development priorities of their country (Jahed et.al, 2015)

2.3.3. Role of SOEs in South Africa

South Africa's SOEs can be globally competitive in the delivery of quality and reliable service overcoming spatial inequalities if financially sound, efficient and governed well (National planning Commission, 2012). The National Development Plan (NDP) envisions SOEs as playing an important role in South Africa's development objectives (National planning Commission, 2012). "SOEs have always played a central role in the economic development of South Africa" (Jahed et.al, 2015, p. 3). SOEs have the potential to be instrumental in the advancement of key provision of economic and social infrastructure and can prove to be one of the significant contributors to economic growth if well managed (National planning Commission, 2012). SOEs may play several roles in a developmental state, in South Africa, they provide national essentials such as electricity, telecommunications, potable water, transport and sanitation etc. (News24, 2014).

SOEs are required to enhance competitiveness of the economy, invest in economic infrastructure, stimulate growth, and fulfil a range of industrial policy goals (Jahed et.al, 2015).

Through its investments in infrastructure SOEs are instrumental in enabling governments to deliver on pro-poor policies e.g. solar water geysers for low-income households (Jahed et.al,

2015). The operation and maintenance of social infrastructure by SOEs can allow governments to fulfil their social mandates e.g. provision of free-basic electricity to households, education and healthcare (Jahed et.al, 2015).

In South Africa it is important to manage the Performance of SOEs to ensure that there are strategic objectives in place that are reflective of the mandate of the SOE; the business strategic objectives of the reporting authority and national objectives (PRC, 2016). The dire situation at many SOEs necessitate that performance is assessed to understand the reasons behind the ineffectiveness.

Over the last couple of years SOEs have been in the spotlight for mismanagement, corruption, and state capture and as a result risk mitigation measures must be put in place to address the poor governance and poor performance of SOEs. In the 2021 State of the Nation Address (SONA) the President mentioned the introduction of overarching legislation for SOEs which will standardise "governance, financial management and operational performance framework for all SOEs" (SONA, 2021).

Over the last decade South African newspapers have reported on breaking news stories on state capture. This phenomenon of state capture is an act of corruption where government policies are abused by a group of people or individuals for personal gain, in most instances for financial gain (Martin and Solomon, 2016).

State capture has been institutionalised in the core structures of the state, central to the capture being SOEs (Martin and Solomon, 2016). The beneficiaries of state capture illicitly secured procurement contracts and inflated the worth of the contracts with some of the largest SOEs, including Transnet. This has contributed to the dwindling performance of SOEs over the last couple of years (Martin and Solomon, 2016). In the effort of supporting SOEs in fulfilling their mandate "The Presidential State-Owned Enterprises (SOEs) Council has outlined a clear set of

reforms" that will enable these SOEs to achieve the reform process as outlined by government (SONA,2021). The Public Service is the core of government and lack of performance affects public and investor confidence (SONA,2021).

2.4. Conceptual framework

2.4.1. Performance Management

Performance management has emerged a key feature of effective organisations (McMahon,2013). As cited by Armstrong (2009, p. 9) performance management is a system established with the intention of driving organisational objectives through the improvement and development of individual and team performance (McMahon,2013). Similarly, Bussin (2012) defines performance management a process that measures individual employee performance against set performance standards. It is therefore critical in adding value to organisations by being a focused business process that simultaneously drives business objectives whilst keeping employees engaged (Parent, Sloan & Tsuchida 2015) (Cardy & Leonard, 2015).

Performance management is the "alignment of individual and teams to the strategic goals of the organisation through the ongoing process of identifying, measuring and developing individuals" (Aguinis, 2013, p. 9). Performance management objectives are that of alignment to organisational and individual goals, assist in the identification of performance inefficiencies and attend to them (Bussin, 2012). Furthermore, it is designed to ensure that organisational objectives are successfully met (Bussin, 2012). It encourages accountability and a customer orientation as a culture and by so doing it is easier to correlate rewards to performance (Bussin, 2012).

2.4.2. Performance Management Process

For the successful delivery of organisational strategy there is a need for line management and subordinate to understand what his or her role is in the delivery of the intended output (Bussin, 2012). When there is clarity of role and accountabilities an individual can account fully for any set parameters (Bussin, 2012). Key to the performance management process is the integration of individual targets to that of organisational objectives, with formal appraising at the centre of the process (McMahon,2013).

Different scholars and authors articulate uniquely what the performance management process or systems and principles are. The performance management process steps or phases are outlined, and differences and similarities described:

The performance management process as outlined by Bussin (2012) has the initial phase as the alignment of individual and organisational goals that defines the performance goals, standards and set measurements. Similarly, Aguinis (2013) has that phase of the performance management process as managers and employees coming together to set performance objectives for a period in question. Though (Cardy & Leonard, 2015) differ in what the basis of laying the performance management foundation for a set performance cycle is in that there is an expression of the importance of articulating clearly what performance is. There is however a correspondence with Bussin (2012) Aguinis (2013) and McMahon (2013) in that workers need to understand what constitutes performance in the place of employ and management to clarify first what performance entails and the criteria for performance to be explained (Cardy & Leonard, 2015). To successfully inculcate performance management that is orientated on improving current performance and planning for future performance, it is important that there is an agreed framework between manager and subordinate on goals, competencies and standards (McMahon,2013).

In the second phase of the process, Bussin (2012) highlights the importance of providing the necessary continuous feedback and coaching. The importance of the continuous provision of feedback, regular engagement between manager and employee to assess progress so that action plans for performance improvement can be put in place as soon as possible is clearly outlined by McMahon (2013). Cardy & Leonard (2015) have this phase as performance observation in that the manager assesses the possible causes of performance. Anguis (2013), differs in that there is no mention of ongoing feedback but highlights the mid-year review as the time in which progress towards goals and set objectives is assessed.

The subsequent phase Anguis (2013) and Cardy & Leonard (2015), define as a phase where subjective feedback is incorporated by several sources, an evaluation of the progress made on set objectives and identifying areas of improvement. Here there is judgement made on how good or bad performance was based on observation. Bussin (2012) is aligned in that there is recognition of the need to have a performance feedback conversation to identify and attend to performance ineffectiveness. The emphasises being more management engagement in playing an effective role assessing and developing their subordinates (McMahon,2013).

There may be differences in the terminology and steps in the performance process, however the scholars firstly highlight the importance of defining performance, explaining expectations, aligning of individual and strategic objectives and clarifying the criteria for measurement and incentive programs. In terms of the PFMA, the Performance of SOEs is managed by ensuring that there are strategic objectives in place that are reflective of the mandate of the SOE; the business strategic objectives of the reporting authority and national objectives (PRC, 2016). In the corporate plan that must be submitted annually to the executive authority and relevant Treasury, Treasury Regulation 29.1 mandates that details on how key performance measures and indicators for assessing the entity's performance in delivering the desired outcomes and objectives will be achieved must be outlined (National Treasury, 2002). With the aim of

facilitating effective performance monitoring, evaluation and corrective action, Treasury Regulations also provides that the accounting authority of a SOE must establish procedures that ensure quarterly reporting to the executive authority (National Treasury, 2002) and that "Systems are put in place to analyse the performance of entities in relation to agreed-upon outcomes on a quarterly and annual basis" (PRC,2016).

Secondly there is an alignment that there should be performance feedback and coaching conducted before the mid- year and final-year reviews (Cardy & Leonard, 2015). This is important to identify performance inefficiencies and address them in time (Bussin, 2012). It is also an important time in which good performance is identified and encouraged (Cardy & Leonard, 2015). "Improving performance is a never-ending process, and organisations should strive to achieve the optimum level of cost and profit, as well as gain customer satisfaction, goodwill, and potential future business" (Bussin,2012, p. 3).

To ensure excellent stakeholder, customer and employee satisfaction it is important that there is a continuous maintenance of strong performance management and monitoring of the SOEs (PRC,2016). Therefore, implementing a performance management and measurement system assists in the sustaining and improving the performance of an organisation (PRC, 2016).

Performance measurement in this regard remains imperative and identified key performance Indicators relating to an increase in the economic value of a portfolio, as well as its outputs aimed towards developmental initiatives, are vital tools towards obtaining the desirable outcomes (DPE 2008, p8).

It is for reasons such as this that the value of performance Management is appreciated and an opportunity to assess its impact in State Owned Enterprises is applicable.

2.4.3. Performance Management Flaws

Many employers and employees alike recognise the traditional way of assessing employee performance as having many challenges and deficiencies (Barry, Garr, Liakopoulos & Patterson, 2014). There is an understanding by most organisations of the urgency to reassess the performance management systems that are in place.

Barry et.al, (2014), Pulakos et.al (2015), Ruiters (2015), Parent, Sloan and Tsuchida (2015) and PRC (2016) outline what have been the biggest challenges in the Performance Management Process:

The performance management tone is set from top management and where commitment to the system and process is not evident there is a ripple effect on the entire staff (McMahon,2013). Senior staff and line managers fail to co-operate to the proper implementation of performance management because they do not fully understand or appreciate its purpose (McMahon, 2013). Managers can easily embrace the role of people managers because of the power that comes with performance management i.e. decisions about development needs and authorisations to admission to training programmes, promotions, salary increases, terminations and transfers and neglect the crucial management responsibilities in the process (McMahon, 2013). They are trained to be graders and evaluators as oppose to being coaches and mentors hence the significant gaps in leadership competence that have been identified in organisations (Parent, Sloan & Tsuchida, 2015).

Performance management discussions are not centred around quality feedback, coaching and improving performance but rather on employee remuneration (Parent, Sloan & Tsuchida, 2015). Performance coaching and continuous feedback is lacking hence the gap in constantly developing capabilities that employees lack to ensure successful performance management (Barry et.al, 2014). Managers are not developed to be effective leaders (McMahon, 2013). Enough room is not created for bottom-up feedback as such creating the assumption that

process is there to show the employees faults and not help managers develop in their role as coached and mentors (McMahon, 2013).

More than seventy percent of employees work in service or knowledge-related jobs, however the way in which performance is being assessed and evaluated is still under the influence of Jack Welch's General Electric "forced curve" evaluations of the 19th to the 20th century (Barry et.al, 2014). Employees then were strictly viewed as a "worker" whose performance could be accurately measured by output that could be quantified (Barry et.al, 2014).

The way in which work is undertaken has changed over the years however the performance assessment is still the same. Skill, attitude and customer empathy are the drivers of employee performance today (Barry et.al, 2014). There is an emphasis on innovative ways to approaching work through working with teams and driving change (Barry et.al, 2014). These are skills that must be built over time hence the expectation on performance management to continually improve on these capabilities (Barry et.al, 2014).

Most organisations are complacent in monitoring and reviewing their performance management system and that results in process not being fit for purpose (McMahon,2013).
Lack of necessary improvements are common as well as the attitude of 'that's the way we've always done it around here' (McMahon,2013). Organisations have maintained performance management procedures and rating processes that are complex, non-negotiable and unnecessarily elaborate to be able to distinguish employee performance (Pulakos et.al, 2015). Most employees have found the process unfair and biased to certain individuals in that employees who are similarly situated don't have the same goals and measurements (Pulakos et.al, 2015). These procedure and processes make performance rating rigid in that any force that impedes on an aspect of performance is not taken into consideration (Pulakos et.al, 2015). Even in instances where rating standards are defined the process is accused of being subjective

in that managers rate from their point of view and can be inconsistent in their judgement (Pulakos et.al, 2015).

Over the years it has proven difficult and time consuming to cascade organisation goals or Key Performance Areas to right down to general staff (Pulakos et.al, 2015). By the time the cascade reaches the last level employee there may be a break in communication of changes to the goals outlined initially (Pulakos et.al, 2015). Challenges have been highlighted on the difficulty of writing Smart, Measurable, Achievable, Realistic and Time Framed (SMART) performance goals for an entire year as many people cannot capture specifically what is required to deliver on over such a long period of time and what constitute smart goals (Pulakos et.al, 2015). In addition, employees must often ensure that the goals they write will be meaningful and are flexible enough to change with the constant changes that organisations always anticipate (Pulakos et.al, 2015).

Barry et.al (2014) can attest based on studies conducted that the performance management approach of rating employees and ranking them has negative implications; employee engagement is damaged, high performers are alienated and employee morale and performance deteriorates. The annual or biannual process of employee performance being rated by their managers only to ranked and compared against that of fellow colleagues is broken (Barry et.al, 2014). The focus on ranking process results in less teamwork and collaboration instead colleagues compete in an unhealthy manner.

Parent, Sloan and Tsuchida (2015) emphasis the urgency for managers to move away from focusing on the bell curve by forcing distributions and assume a much-needed role of successfully coaching people towards improvement. The process should endeavour to be agile on goal setting, providing coaching, development and receiving regular feedback of employees (Parent, Sloan & Tsuchida 2015).

McMahon (2013), Ruiters (2015) and Pulakos et.al (2015) are aligned in summarising that the overall design and implementation of the performance management system is the biggest challenge. Organisations in this present age exist in an environment of rapid change as a result system that were created to serve a particular purpose are enforced even when they no longer serve the intended purposes(s) (McMahon, 2013).

As cited by (Public Service Commission, 2009; Public Service Commission, 2011a; Public Service Commission, 2011b; Public Service Commission, 2012) some of the challenges of the Public sector where performance management is concerned is the absence of feedback especially from line management ; no compliance and follow through of Performance Development Plans (PDPs); lack of communication or absence of Key Performance Areas (KPA's) ; deliberate exclusion of the Batho Pele principles; unacceptable performance management; failure to concluded performance agreements timeously if at all and a lack of leadership in driving the Performance Management Development System in a department or organisation (Pulakos et.al, 2015).

Whilst some SOEs exhibit excellence and provide high quality services, "in other areas there are deficiencies characterised by low levels of customer satisfaction, complaints and service delivery civil protests". It is important that SOEs can fulfil their development and economic role and can be fully self-sufficient (SONA,2019).

Through this study the performance management processes of Transnet will be evaluated to determine the role and impact of Performance Management within the SOE's and the lessons that can be derived.

2.5. The Case of Transnet and the Department of Public Enterprises (DPE)

The Department of Public Enterprises is the government representative that provides oversight to several SOEs (DPE,2019, p.1). The vision of the DPE outlines driving transformation, investment and productivity in the SOEs under the portfolio of the department (DPE,2019, p.1). Transnet is one of the SOEs that reports and accounts to the DPE (DPE,2019, p.1).

The DPE has embraced performance measurement as imperative in its strategy on the development of a portfolio that will focus on the financial stability and efficiency of SOEs (Fourie, 2014). It has also identified the importance of having key performance indicators relating to economic value increases in portfolios (Fourie, 2014). Better performance is required to decrease poverty as such the desired outcomes of development initiatives need to be mapped so that they can be measured (Fourie, 2014).

"Transnet operates as an integrated freight transport company formed around a core of five complementary divisions, comprised of freight rail, rail engineering, the national ports authority, port terminals and pipelines supported by various interrelated projects that reinforce the group as a whole" (Fourie, 2014, p. 4).

However, there are issues in these large entities that impede optimal performance that impact its strategic objectives. Fourie, 2014 (p. 6) notes that Transnet is challenged with "delays and cost escalations in construction ventures, the performance of board members, the performance of Transnet Freight Rail and the need to revive unused railway lines for passenger trains" (Fourie, 2014, p. 6). This case present for an opportunity to assess how performance management plays a role, what that role is in these challenges.

There is significant shift taken from liberal capital economist orthodoxies of the eighties in that it is acknowledged how much of a role SOEs role in nation building, moreover in developing

economies (News24, 2014). “Active, targeted industrial policies are recommended to enable long term growth” (News24, 2014, p. 1). As cited by the PRC (2016); to ensure excellent stakeholder, customer and employee satisfaction it is important that there is a continuous maintenance of strong performance management and monitoring of the SOEs. Among other recommendations the PRC suggests that a common performance management system is developed and adopted across all SOEs (PRC, 2016). This system would be developed by the authority accountable for commercial entities and should incorporate a generic SOE performance scorecard (PRC, 2016). Based on the mandates and strategic objectives of a SOE, standardised reporting guidelines for SOEs per categorisation would be provided which would include monitoring and evaluation of SOEs (PRC, 2016). The system would assess the SOEs total impact across its value chain through auditable independent surveys assessing customer satisfaction (PRC, 2016). Therefore, implementing a performance measurement system assists in the sustaining and continuous improvement of an organisations performance (PRC, 2016).

The PRC has undertaken extensive research into more than ten countries SOEs together with South Africa’s SOE’s, and based on that provided recommendations for adoption across all SOEs in South Africa. In the recommendations the PRC provides, there is no suggestion of the doing away with performance management instead emphasis on better management, monitoring and measurement of performance in SOEs. Similarly, academic scholars emphasise correct implementation of performance management in organisations. The competence of those who play a role in the process is cause for concern as flaws are centred around how performance management is adopted in organisations. With the clear understanding of the significant mandate SOEs carry yet the failure to ensure optimal performance, an in-depth assessment is required to better understand the persisting challenges in optimal performance management implementation. The significance role of performance management in an organisation as well

as the recommendations brought forward by the PRC deem it necessary to explore why there are consistent flaws in the process.

As an example Fourie, 2014 (pg. 6) notes that Eskom is faced with challenges of slow progress "in the rural electrification programme, unending labour unrest at some power stations , irregular and wasteful expenditure and the outsourcing of services for which internal capacity can be developed". Similarly, Transnet is challenged with delays and cost escalations in construction ventures, the performance of board members, the performance of Transnet Freight Rail and the need to revive unused railway lines for passenger trains (Fourie, 2014, pg. 6).

Performance in the SOEs should also look at assessments based on service delivery as well as effectiveness and efficiency (PRC, 2016). Socioeconomic imperatives should be well articulated as pre-determined objectives and performance indicators clearly outlined (PRC, 2016). It is important that an auditable and independent assessment into the SOE's total impact across its value chain is undertaken (PRC, 2016).

CHAPTER THREE
RESEARCH APPROACH

3.1. Research Methodology

Lemao (2015) defines a research methodology as the various steps and approaches adopted by a researcher in investigating the research problem. It is not limited to research steps and methods; however, it considers why the methods chosen are appropriate (Lemao,2015).

This chapter presents the research methodology implemented in conducting this research. The chapter begins with outlining the research approach and will discuss the qualitative research methodology.

This chapter will discuss the research methodology adopted in this study. An outline of the research design adopted, the data was collection process and analysis, and ethical considerations will be presented.

3.2. Research Approach

This research study aimed to gain a detailed and thorough understanding of the Performance Management System at Transnet. A qualitative research methodology was adopted because of its great ability to gather and produce richly descriptive data (Nieuwenhuis & smit, 2012). The researcher was instrumental in the process of data collection, analysis, and interpretation (Nieuwenhuis & smit, 2012). The respondents were engaged based on their experience on Transnet's Performance Management System. The feedback received from the interviews were collected and analysed through a qualitative methodology.

Individuals who currently are or have been employees of Transnet in the last six years i.e. in the employ of Transnet between the years 2014 – 2020 are the sample for the research. The reason for the six-year threshold is to ascertain the performance management processes of the SOE pre and post the President Review Committee on SOEs report. This research was designed to contribute towards the broad study of performance management, specifically filling the gaps

in the literature about the performance management practices and processes of SOEs. The research design was based on the interpretivist paradigm as such paradigms allows for exploration of the experiences of the employees of the SOE (Laher & Botha, 2012).

3.3. Data Collection

(Merriam, 2002) encourages researchers to use multiple data collection methods to enhance the validity of the findings. This research employed semi-structured interviews, field notes together with documents as major sources of data collection (Merriam, 2002) (Nieuwenhuis & Smit, 2012). The research was aimed at not just getting responses from the interviews, but to engage on the reasons and even perceptions that exit.

3.3.1. Primary Data

Annual Integrated Reports were used as primary data. Internal documents such as Annual Performance Plans and performance presentations were requested from the HR function however the request was not granted. The crucial information was gathered from the interviews conducted with the HR Practitioner's that were interviewed.

The researcher scheduled a telephonic appointment, confirmed the date and time for the semi-structured interview to take place (Laher & Botha, 2012). Telephonic interviews were the best option for interviews dues to the different Transnet employees being situated all over the country. This interview method allowed the researcher to create an atmosphere for participants to express themselves in a way that best gets their experience across the best way they can (Laher & Botha, 2012). In addition, the researchers maintained a note pad to make notes of what is discussed (Laher & Botha, 2012). Notes taken during the interviews proved very important as they will helped remind the researcher of specific details that will became important during data analysis (Sutton & Austin, 2015).

Semi-structured interviews were conducted on an individual basis with nine employees from Transnet. The employees are represented of the different Transnet Divisions and Transnet Corporate Centre. Eight of the nine interviews were conducted telephonically, this was mainly due to the respondents being situated across the country. took take place in their offices while some were conducted in the researcher's office.

The nine employees interviewed comprised of HR Practitioners, Executive Management, Senior Management, Middle Management and Supervisors. The questions directed at them included their understanding of Performance Management, the number of years and experience in performance management and the detailed performance management process of Transnet. The interview guide is attached as Appendix 3.

Through the interviews, respondents were able to bring up topics that are not on the interview questionnaire to enable the researcher an opportunity to explore new lines of enquiry and change the way questions were asked. The interviewer was attentive to the responses and new issues of inquiry were identified which subsequently led to questions being rephrased and restructured depending on who was being interviewed (Sutton & Austin, 2015).Semi-structured interviews were effective as they enabled the researcher to probe on the responses that the participants provided (Nieuwenhuis & Smit, 2012).

3.3.2. Secondary Data

The secondary data used was in the form Auditor General Reports. The documents helped with the analysis of data and corroborating the information received though interviews. The strength of documents is that they always exist in the situation they do not interfere with or change the current situation (Merriam, 2002).

3.3.3. Sampling

The individuals requested to be part of the sample were due to their role and influence in the performance management process of Transnet. Non-Probability Purposive sampling was therefore applied. This sampling method enables the researcher to rely on experience when making the decision about which individual to include in the sample and selection which would be representative of the population (Laher & Botha, 2012). Although purposive sampling is not a representative sample, it was appropriate for this study because it is a small inquiry with a specified time for completion (Laher & Botha, 2012). The sample targeted was individuals who are or have been employees of Transnet in the past six years i.e. 2014 -2020. The reason for the six-year threshold is to ascertain the Performance management processes of the SOE post the PRC report on SOEs.

The sample comprised of individuals who are managers of people in the workplace. This was a composition of Human Resource (HR) practitioners, line managers, supervisors and team leaders. The reason for this selection is due to the critical role performed by these individuals in the performance management process. In an organisations HR assumes the role of being a custodian and driver of performance management. HR will also have important data on the performance processes adopted in the organisation and how it is rolled out. Managers of people have the responsibility of cascading to subordinate's performance objectives as well as the monitoring and measurements therein.

3.4. Data analysis

Data analysis of is done to identify themes or patterns and then discuss them with reference to the literature review (Merriam, 2002). Data analysis helps in the understanding of how various participants understand a phenomenon (Kawulich& Holland, 2012). In qualitative research it is important to simultaneously do data collection with data analysis (Merriam, 2002). Simultaneous data collection and analysis allows the researcher to adjust along the way e.g.

redirecting data collection, testing of emerging concepts or themes and categories against subsequent data (Merriam, 2002). Secondly when analysing and writing up findings empirical data from different methods, sources and investigators will be related (Nieuwenhuis & Smit, 2012).

Upon completion of the interviews, the interview recordings were all transcribed and then captured on Microsoft Word and Microsoft Excel allowing for analysis (Sutton & Austin, 2015). According to Kawulich& Holland (2012) the general approach to analysing qualitative data involves identifying themes and patterns within the data. A thematic analysis approach was applicable in this research (Kawulich& Holland, 2012). A thematic analysis approach is a method of identifying occurring themes within data, analysing and reporting on them (Kawulich& Holland, 2012). It minimally organises and describes data set in meaningful detail. Interview questions were used as thematic organisers (Kawulich& Holland, 2012). Using Microsoft Excel, the interview questions were populated on the left-hand side of the spreadsheet and the respondents placed on the headings of the spreadsheet. Different tabs of the Excel sheet were used for information gathered from the different Transnet divisions. The information gathered from the interview transcripts were populated on the excel spreadsheet for each respondent. Unit of analysis were identified i.e. word, phrase or sentence, identify the subject or topic being researched. Each unit of analysis was labelled with a code (Kawulich& Holland, 2012). Coding refers to the identification of topics, issues, similarities, and differences that are revealed through the participants' narratives and interpreted by the researcher (Sutton & Austin, 2015). At the end of each interview coding was done in order to allow the researcher to make adjustments to the interview guide where necessary. During the coding process recurring words, topics or phrases were identified (Kawulich& Holland, 2012).

Coding was done at the end of each interview in order to allow the researcher to make changes to the interview guide if necessary. After the first two interviews and additional two questions were introduced into the interview guide as they were recurring concepts that the first two respondents mentioned. Themes were identified after the coding by noting similarities, repetitions and differences in way respondents answered the questions posed to them (Sutton & Austin, 2015).

3.4. Ethical consideration

For research to be ethical it is empirical that informed participant consent is considered (Gray, Williamson, Karp & Dalphin, 2007). Research participants should be aware that they are being observed and recorded in addition be informed of the methods and desired outcomes of the research (Gray et al., 2007). To not do so would be an unethical research practice (Gray et al., 2007). The interviewers will have to explain to the participants their right to withdraw at any time during the cause of interview and then provide the participants with two consent forms (Gray et al., 2007). The first form for the participants to consent to the interviews. The second form for participants to consent to the voice recording as the interviews will be recorded (Gray et al., 2007). The two forms will be scanned and saved on email and on Wits Sakai under the drop box folder and the original will be shredded.

The researcher is an employee of an SOE that is unrelated to Transnet and has no business dealings with Transnet. The researcher is also Human Capital/Human Resources professional and the implementation of performance management is part of the job profile. The outcomes of the research and information gathered will develop and add value to the researcher personally and towards the researcher's career as the researcher will have first-hand experiences and lessons from another SOE.

To avoid bias, the researcher ensured that there is no deviation from the purpose of the research and the research questions. All respondents were asked the same questions. The researcher received a list of respondents to interview from Transnet, eight (8) of the nine (9) interviews were conducted virtually without an initial meeting with respondents. Research findings were transcribed and presented to the research supervisor to support that there was no bias in the data collection and analysis process.

Confidentiality and Anonymity

According to Gray et al. (2007) confidentiality refers to the researcher knowing or being preview to the respondent's names and details, however, will not reveal it. Pseudonyms/ respondent code names are used to ensure that the interviewee's name and personal details are not found in the research or any information from which the respondent may be associated (Gray et al., 2007). The research supervisor was privy to all the interview transcripts and consent forms together with details of individuals interviewed to determine that the names correlate with the pseudonyms. That way this process was given the research credibility and sign off by an academic.

Confidentiality has been ensured in this research. The respondents' identifying detail will not be found in the final research report (Gray et al., 2007). The researcher has safeguarded characteristics or verbatim through which the respondent may be recognised (Gray et al., 2007).

Participant's information will be discarded before the end of six months post the research completion. This is to ensure that the participant's confidentiality remains intact (Gray et al., 2007). Anonymity as referred to by Gray et al. (2007) is when the researcher does not know the name and personal details of the interview respondents from the time of the interview until completion of the research. Anonymity was not possible in this research, as the researcher had

received from Transnet the research respondents' names, employment positions and province in which they worked.

Informed Consent

Informed consent is an important consideration for maintaining ethical conduct in that respondents are recorded and observed only for the purposes of the research study (Gray et al., 2007). It is important that people are not only aware of being observed and recorded for the purposes of the research, but they are thoroughly taken through the aims and details of the research (Gray et al., 2007).

After receiving the list of potential respondents from Transnet, the researcher sent requests to be interviewed to the list of contacts received. The email detailed the purpose of the research and the instruments that would be implored. After the respondents accepted the request to be interviewed interviews were scheduled. Before the telephonic interview's respondents were emailed a Participant Information Sheet (Appendix A) and a Consent Form (B) that outlined purpose of the study and the respondent's rights. The Consent Form had to be completed and signed to endorse willingly participating to the interview.

The signed Consent Forms are stored on the researcher's password protected One Drive together with the Interview Recordings. Fortunately, all the respondents consented to being interviewed and being recorded.

Both the Voice Recordings and Consent Forms will be destroyed within six months after the completion of this research. Ethical clearance to conduct the research was requested and granted by the Ethics Committee at the University of Witwatersrand, Johannesburg.

CHAPTER FOUR

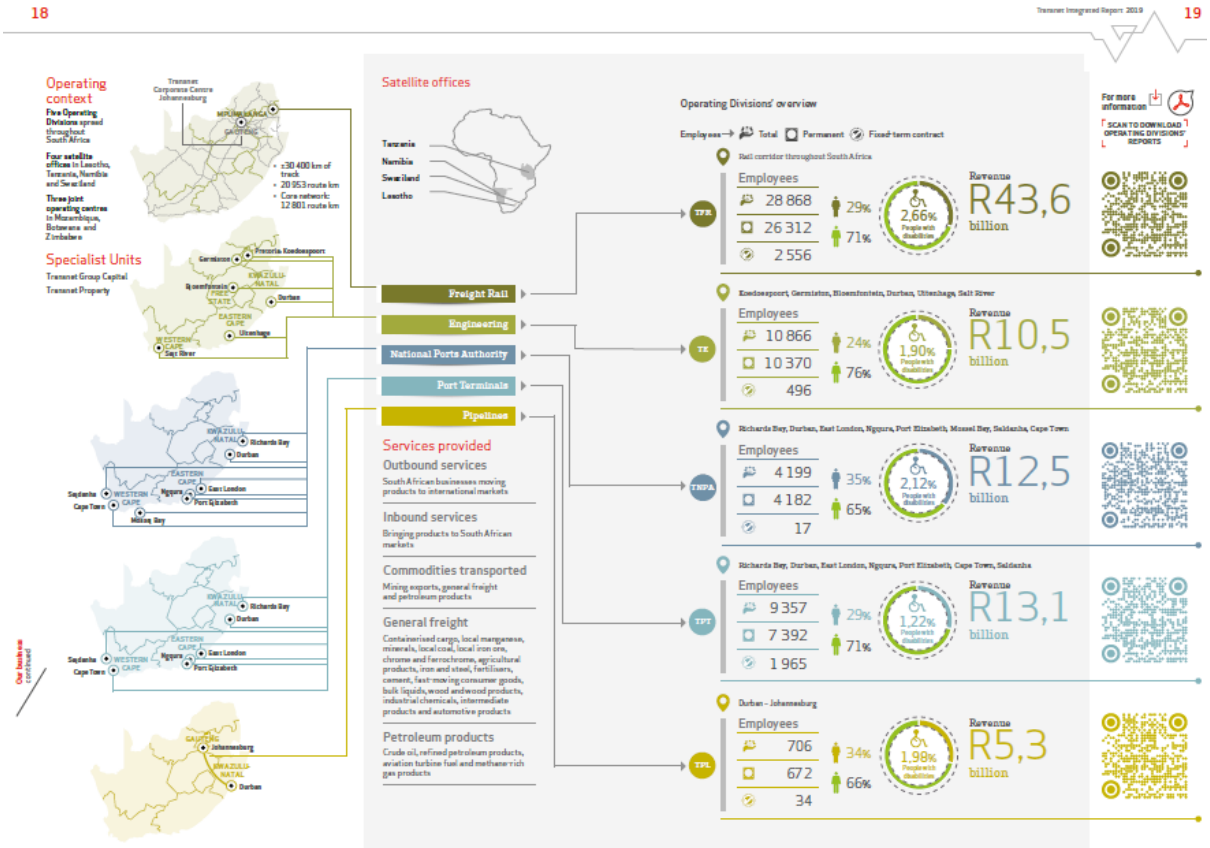
PRESENTATION OF FINDINGS

4.1 Introduction

This chapter will present the findings according to the research methodology outlined in the chapter above. A brief overview of the Transnet and its operating Divisions is discussed, thereafter going straight into profiling the interview respondents. The bulk of the chapter is focused on presenting information gathered through document analysis the interview process.

4.2. Overview of Transnet

Figure: 1



“Transnet operates as an integrated freight transport company formed around a core of five complementary divisions, comprised of freight rail, rail engineering, the national ports authority, port terminals and pipelines supported by various interrelated projects that reinforce the group as a whole” (Fourie, 2014, p. 4).

Transnet is made up of Five core Operating Divisions:

“The **Transnet National Ports Authority (TNPA)** is responsible for the safe, effective and efficient economic functioning of the national port system, which it manages in a landlord capacity. The national ports authority provides port infrastructure and marine services at the eight commercial seaports in South Africa. It operates within a legislative and regulatory environment created by the National Ports Act 2005 (Act No. 12 of 2005).” (Transnet,2020, p. 1)

“Transnet Port Terminals (TPA) was established in 2000. Since its inception, Transnet port terminals has played a key role in supporting the South African government’s export-led growth strategy. Most Southern African import and export commodities are handled through South Africa’s seven logistics ports, Richards Bay, Durban, Saldanha, Cape Town, Port Elizabeth, East London and Port of Ngqura. Port Terminals handles container sector, mineral bulk, agricultural bulk & Roro sectors.

Port Terminal’s major customers represent a broad spectrum of the economy and include the shipping industry, vehicle manufacturers, agriculture, timber and forest products, the mining industry and exporters of minerals, metals and granite.” (Transnet,2020, p. 1)

“Transnet Engineering (TE) is an engineering division of Transnet SOC Ltd, based in South Africa, comprising a group of product focused businesses in manufacture, upgrading conversion, repair and maintenance of railway rolling stock, as well as spares and associated

transport equipment. Through its seven well equipped, ISO certified factories and workforce of 14 500 qualified personnel, Transnet Engineering extends its railway customer portfolio to Africa and the world. Through the years, Transnet engineering has become the key supplier of customised rolling stock for the coal, iron-ore, intermodal, agricultural, fuel and cement industries." (Transnet,2020, p. 1)

"Transnet Pipelines (TPL), formerly known as Petronet, the custodian of the country's strategic pipeline assets, is currently servicing two key industries (fuel and gas) by transporting petroleum and gas products over varying distances. The business handles an annual average throughput of some 16 billion litres of liquid fuel and more than 450 million cubic metres of gases. The liquid products include crude oil as well as diesel, leaded and unleaded petrol and aviation turbine fuels." (Transnet,2020, p. 1)

"Transnet Freight Rail (TFR) is a world class heavy haul freight rail company that specialises in the transportation of freight. The company maintains an extensive rail network across South Africa that connects with other rail networks in the sub-Saharan region, with its rail infrastructure representing about 80% of Africa's total." (Transnet,2020, p. 1)

4.3. Overview OF Performance Management at Transnet

According to Transnet's 2019 Integrated report it is noted that the organisations Performance Framework is aligned to the DPE's shareholder compact (Transnet,2016). The Chairperson of the Nomination and Remuneration Committee elaborates on how annually the Performance Framework is used to create a Transnet Scorecard and that of Group Chief Executive (Transnet,2016).

Accordingly, Transnet has adopted "The Balanced Scorecard Performance Management Methodology" which is applied in the cascade of Key Performance Indicators from the Group Chief Executive to all managers (Transnet,2016, p. 55). This methodology is entrenched throughout the business and is utilised for "the management category as well as for first line managers, specialists and technicians" (Transnet,2016, p. 55).

Similarly, Junior employee's performance scorecards are set-up to reflect their contribution to the organisations value chain and key drivers (Transnet,2016). These employees are measured on performance objectives for both the business and their teams (Transnet,2016). Behavioural aspects such as safety, attendance and conduct are also considered as performance measures (Transnet,2016).

Each year, it is ensured that individual performance assessments and scores are aligned to the overall performance of Transnet and its Divisions (Transnet,2016). "The outcome of corporate and individual scorecards informs the determination of STI payments and annual increases" (Transnet,2016, p. 55).

4.4. Demographic Profile of Respondents

This section will depict details of the research sample. The demographics of the nine interview respondents will be depicted in terms of number of years in people management, position category and Transnet Division currently or previously worked in. Although nine respondents were interviewed, it should be noted that graphs reflect eleven respondents due to two respondents being both Middle Managers and HR practitioners. It should also be noted that in a 10-year period one of the respondents worked in two different Transnet Divisions.

Table 1: Respondents Profile

Category	Number of Respondents	Number of Years in People Management
Human Resource Practitioner	1	8 Years
	1	8 Years
Executive Management	1	20 Years
	1	12 Years
Senior Management	1	17 Years
	1	Over 10 years
Middle Management	1	8 Years
	1	8 Years
	1	15 Years
Supervisor	1	5 Years
	1	9 Years

Two of the respondents are both Middle Managers and Human Resource Practitioners. The table depicts that respondents have extensive years of expensive in Performance management. The table above reflects that 100% of the respondents have been in their current position for more than five years. Moreover, the respondents have been in their current positions at Transnet for more than five years.

4.5. Respondents Interview Schedule

Due to the sampling method adopted for this study, the sample selected was provided by Transnet's Corporate Centre. From the sixty-three Manager/HR Practitioner and Supervisor list the researcher knows one of the respondents professionally. Only nine respondents were available and willing to be interviewed. Some of the respondents kept postponing until the Covid-19 Lockdown was instituted and they stopped responding to email communication. The interview schedule is presented below of the nine interviews conducted.

Table 2: Schedule of interviews conducted

Respondent Number	**Date of Interview**	**Category**
RN 1	5 March 2020	Senior Management
RN 2	6 March 2020	Executive Management
RN 3	9 March 2020	HR Practitioner
RN 4	10 March 2020	Middle Management
RN 5	10 March 2020	Senior Management
RN 6	11 March 2020	Supervisor
RN 7	12 March 2020	Middle Management and HR Practitioner
RN 8	16 March 2020	Executive Management
RN 9	16 March 2020	Supervisor

These interviews were conducted telephonically except for one that took place at a location that was convenient for the respondent. The interviews were conducted based on the research

instruments attached as Appendix A, Appendix B and Appendix C. Before the researcher could commence with the interviews, all respondents gave consent to be recorded.

The recorded interviews were transcribed after each interview was completed.

Table 3: Respondents Code Names

Respondent Number	**Category**
RN 7	Human Resource Practitioner
RN 4	Middle Management
RN 2	Executive Management
RN 8	Executive Management
RN 1	Senior Management
RN 5	Senior Management
RN 7	Middle Management
RN 3	Human Resource Practitioner
RN 6	Supervisor
RN 9	Supervisor

4.6. Findings from the Interviews

The researcher developed one interview guide that would cover the different respondent categories interviewed. The interview guide is made up of fourteen questions with the exclusion of the background questions. Responses to the questions presented to the respondents will be outlined next.

4.6.1. Interview Responses

The respondents were asked fourteen questions related to the study, below are the questions asked and the responses given by each respondent:

4.6.1.1. What is your understanding of Performance Management?

Most Respondents articulated their understanding of performance management as a tool to measure employees' output. Respondents went in so far as explaining that employees are given targets and that output is measured based on the targets:

As cited by RN6, (11 March 2020): "Performance management according to me is a way or system to measure employee's skills and to ensure they are compensated accordingly."

Similarly, RN9, (16 March 2020) shared that:

"From what I understand, you'll be given a mandate or a task that you need to do and then you'll be measured against what has been put there. Let's say you were supposed to maybe hire ten people before the end of the year and if you do or don't reach that target, they will mark you according to how you have performed."

In the same breath, RN1, (5 March 2020) – explained it as follows:

“My understanding of performance is that for every output that we are responsible for, it needs to be measured. If you’ve employed a person you need to measure the performance of that person because the entire performance of the organisation is based on how each portfolio is performing and for each portfolio you’ll definitely have a person responsible for the specific portfolio and it will be according to that job profile of that person. When the year begins you’ve got targets that you’ve set for that particular year.”

Executive Managers discussed performance management from a strategic perspective, focusing on the organisation achieving its strategic objectives.

RN2, (6 March 2020) explained that:

“Performance management is to ensure that you basically set targets for the people you work for that is linked to the strategy of the organisation and the targets of the organisation and to ensure that on a regular basis you monitor whether that performance is met. And that is on an individual basis, a team basis as well as a company-wide basis.”

RN8, (16 March 2020) is aligned in saying that:

“I understand it to be a necessary part of keeping the company on track in terms of achieving its strategic objectives. In my case, it’s mainly to deal with managing delivery of targets. Very little to do with employee performance management although the two overlap sometimes.”

RN3, (09 March 2020), an HR practitioner shares the same view expressing that: “My understanding of performance management is being able to manage the output of employees so that it benefits the organisation and also to ensure that, because remember if employees are not performing it affects our bottom line”.

Most of the respondents explained performance management as a system or tool that measures individual or team targets or outputs. The more senior management respondents explained performance management from a strategic perspective; being able to manage individual output that contribute to strategic objectives and targets.

4.6.1.2. What do you understand to be the Performance Management Process of Transnet?

The following quotes reveal that there seems to be an understanding of how performance management is tailored at Transnet, respondents elaborated on the balance scorecard methodology adopted in the organisation:

RN2, (6 March 2020) explained in detail the performance process in saying that:

"We've got a balanced scorecard system where each individual has to complete a scorecard on an annual basis. That needs to be cascaded down from the Group Chief Executive into the organisation so each level must link to the level above it so that when you look at the overall scorecard it is linked to the scorecard that we submit to the Department of Public Enterprises who is our shareholder minister and they measure this on an annual basis. The process is then that on an annual basis you need to complete your scorecard, we do a review on a six-monthly basis - half-year - and then end of the year where you would have a one-on-one with each of your direct reports, discuss the scores, agree the scores and then submit. After submission, that will go through a moderation process and that's it."

RN7, (12 March 2020) agreed and said that:

"My understanding is that it's a thoroughly thought through process that takes twelve months, starting with ensuring that goals are set, objectives are set at the beginning of the financial year but that depends on the cascading of the balanced scorecard from the group chief executives

which will then cascade to the chief executives, then from the chief executives, to the GMs, GMs to the EMs, EMs to the senior managers, cascading down."

RN5, (10 March 2020) elaborates and provides detail on the process:

"In my understanding, Transnet have adopted four-category kind of performance management system where the first category will be on the financial perspective, the second will be on the customer perspective, and internal processes, then learning and growth as a fourth one. Each division tends to adopt those four categories and implement the operation divisions then each division would then break down those four categories into their specific operating output and then from there, it would be taken down to the departmental levels where each department would break down those particular four categories to fit in the departmental output. Coming to my level; being a quality manager, my KPIs will be aligned with those four performance indicators."

RN3, (09 March 2020) gave an interesting perspective from that provided by other respondents in explaining the process from the bargaining unit perspective:

"Transnet uses the balanced scorecard from supervisory level and above, so it's only for supervisors and managers. But for bargaining unit employees they use a different methodology which is not necessarily tracking the performance in terms of the output but it looks at the behaviour of the employee in terms of attendance, in terms of safety; how safe do they work, if they don't have any incidents at work, and it also looks at their disciplinary record. They also then look at the team performance; as a team do, they meet their performance targets and they also look at the organisation, that's for bargaining units. But for supervisors and management it's very specific; they look at the performance of the individual. For supervisors and managers it's an individualised performance management tool where we are required to set our objectives at the beginning of the year so we would contract by setting our objectives and then measures,

how are we going to measure the certain objectives, “what is it that will be proof that I have done what is required”

RN4, (10 March 2020) gave important information explaining that employees are subjected to a process they do not understand, noting that the process is a tick box exercise:

“Otherwise, as an individual out there, people don’t know much; we just know that we need to fill in that SBO scorecard thing in order to get a bonus/in order to get an increment. It’s not really explained. What happens is at the beginning of the financial year we will be asked to fill in the SBO, it’s done on an online system that we use, it’s called employee assistance programme so we go through ESS and we go through our performance scorecard there, we are informed that during this period we need to go and fill in our objectives, you need to specify what are you targets and you need to specify the evidence that you’re going to provide in terms of the targets that you have met. We are told that we need to do those and when we are told that we need to fill those things, they usually bring a template and things that have been filled in it with little chance for you to make changes to put the things that you really do. Then we have to complete that scorecard with your objectives, but the objectives have been completed most of the time. Then after that, at mid-year, you have to now score yourself; you have to score how do you measure the way you have achieved the objectives, you have to have consensus with your manager, your manager will look at it because it’s a workflow. After you’ve completed it, it goes to workflow then your manager goes through it as well and if your manager is not happy with the scores, they will arrange a meeting of which the meeting doesn’t really happen, it’s something that is supposed to be happening, there online it says there should be a meeting between the subordinates and the manager which doesn’t really happen. If you don’t agree, you have to talk together about why do you say this score; you’ve overrated yourself, you’ve underrated yourself, where’s the evidence if you’ve overrated yourself? Then

you'll have to come to an agreement whether you agree or not then when the final consensus has been agreed, the scorecard goes to the system and then you get your score, mid-year and final. This basic assessment is done twice."

All the respondents understand that Transnet has adopted and implements a balance scorecard performance management methodology. It is clearly articulated from most respondents how the cascade of strategic objectives from the GCE to the GM of each division is undertaken. The respondents from the operations are aligned in mentioning that a formal performance management process and standardised KPI's have been adopted with the bargaining unit. All respondents are aligned in noting that formal performance reviews are done twice a year in the organisation.

4.6.1.3. What is your role in the Performance Management Process?

Respondents gave various responses in what they believed was their role in the process, some respondents are aligned in mentioning the responsibility of managers as ensuring their subordinates have performance contracts.

RN7, (12 March 2020) discusses the following as the responsibility of a HR practitioner:
"My role is to ensure that everybody that comes in has a scorecard which will be derived from the role profile. So I must ensure the quality of the scorecards and that we are measuring what we should be measuring, which is 80% of what the employee is expected to be doing, and to ensure that the scorecard aligns to that of the manager, the direct manager, so there's that nice flow. To also ensure that the engagements happen between line and employee, which is your two informal feedback sessions and your formal sessions where we assess and then we have a score."

RN2, (6 March 2020) response does not deviate from the above in that he shares the same thinking by outlining that:

“My role as the line manager is to, firstly, ensure that my department’s scorecard is done. Secondly, that it is aligned to the departmental outcomes. Thirdly, it is then to engage with the individuals to ensure that they are meeting their targets, to have one-on-one sessions with them, going through it and then seeing to those. Then on a half-yearly basis sit with them, agree what was done, score them - or they score themselves first then I would score them then we agree on a score. If there’s any issues because they didn’t make their target, then we can either address it through plans or we update the scorecard.”

From a manager perspective RN4, (10 March 2020) expressed that:

“I think for me as a manager it’s very important when we’re defining the objectives, I sit with the subordinate and we go through the objectives in terms of what she feels like these are the things that she’s doing. We have an agreement between the two of us that, “you know what, I agree that you do A, B, C, and D.” I think that should be my role that okay, “these are the things that you do, this is the evidence that we need, these are the targets that you should set up”.

RN7, (12 March 2020) concurred that:

“It’s to ensure that all my direct reports know what is expected of them; What is the goal of the company? Where are we going? Where do we fit in as the HR department into this whole thing? Ensure that employees are supported properly, to ensure that they can perform the job. So, I will have training interventions and all other stuff to ensure that at least they are supporting them throughout to make sure that they meet their requirements.”

RN9, (16 March 2020) added by saying**: "**Basically, as a supervisor my role is to ensure that since I have people that are reporting under me, I need to ensure that everyone understands where the company is going. Let's say I have a mandate; I need to ensure that for me to achieve the goal that's been set my team members are aware of what the outcomes are because at the end of the day I'll be working as a team. My other role is to ensure that I also give feedback and challenges to my manager in daily performance of what is required from me. And basically, to give timeous feedback to my manager and to my subordinates so they understand what is required at the end of the day by the company."

In addition to the above, respondents mentioned to the researcher that identifying of developmental areas was a manager's role in the performance management process.

RN5, (10 March 2020) emphasised that**:**

"Where I see that there is some lack where delivery on performance objectives, I will intervene in the form of training or in the form of mentoring, supporting, guiding, as well as developing that person. Taking them to the department school of engineering with other managers."

RN7, (12 March 2020) added that:

"I will have training interventions and all other stuff to ensure that at least they are supporting them throughout to make sure that they meet their requirements."

Most of the respondents mentioned that the role of the manager is to ensure that their subordinates know what is expected of them. The more senior managers explained that it is their responsibility to take their direct reports through the departmental scorecard in order to ensure departmental cascade. Respondents also mentioned that manager has the responsibility

of ensuring that the engagements happen between line and employee take place prior to the two informal feedback sessions that take place annually. Two of the managers mentioned the role of the manager in addressing performance gaps through; training interventions and coaching.

4.6.1.4. How is performance management implemented in Transnet?

Respondents articulated that performance management implementation is aligned to corporate calendar in that the performance timelines should be a linked between organisation objectives. Respondents ascertained that the performance management process is kick started by a communication from HR. Respondents detailed what transpires during the cause of the year from performance contracting, mid-year and final year reviews and evaluations. Challenges around failing to implement performance timelines as per corporate calendar were also raised.

RN8, (16 March 2020) discussed that:

"We do have a corporate calendar that we issue which stipulates when all these reports are due. Based on the approved odd participants, we then make sure that we're receiving reports from these relevant people as and when required. Also, besides collating the reports, we also do our own performance analysis to draw out relevant insights on how the business is going which will then add value to the reports that come in."

RN 5, (10 March 2020) stated that:

"For example, now it's March, we're supposed to be talking about the next years strategy and what will be the outputs of next year so that the 1st of April, which is our start of the financial year, we start knowing exactly what needs to happen. But currently we are busy chasing the closure of the financial year; trying to catch up on all the gaps we experienced throughout the year. What is going to happen by April when the books close that's when we're going to start

talking about next financial year's strategy as well as objective setting. Of which the objective setting might get to my level maybe around May/June because they need to start from Group and cascade down. By the time they get to my level, maybe May/June, I don't know, then we will have those objectives setting based on my manager's scorecard, but I'll take it down to my level. Once you have the objective setting, then we will measure the first six months' performance based on those objectives and then after six months we will have an evaluation then we're going to go to the last six months of the financial year to do the final evaluation and that will be it."

RN2, (6 March 2020) went in so far as detailing the process of performance contracting:

"Everybody gets an opportunity to do their own scorecard; so you will get your instructions from HR on when it must be done, get the information of the scorecard then us as GMs would usually sit first with our line and then make sure that our scorecard is correct. Then what we would do is then we distribute our scorecards to the next level of management who will then do their own scorecard and then we would sit together and make sure that it aligns, and they will cascade it down. How we make sure that that is done is on an annual basis we have the internal auditors do a review of the departmental scorecard to see if the cascading was done correctly and give us internal audit reports on that."

RN1, (5 March 2020) mentions that**:**

"There needs to be a formal communication before the year even starts to say, "Guys we are approaching this year. This is our target for this particular year. So, performance is going to be measured based on this. We have not gone down into detail on a one-to-one basis, but it's communicated. The workshops have to be there where you engage labour, which are the

stakeholders, you engage the employees as well on the new targets and the new strategic direction of the organisation.**"**

RN4, (10 March 2020) confirms what RN1, (5 March 2020) stated by elaborating on the process as follows:

"HR will send a communique out informing everybody that, "we're starting a new financial year, please go and update your performance appraisals on the system." Then there is an email that will come out, an HCM email, that notifies you that your scorecard is ready for you to do your planning. Then you will go and do your planning. With my manager she will give us that template, she'll say, "This template is coming from the CIO, the CIO also got the template from the CEO."

The HR respondents confirm the process as mentioned above by detailing what transpires at each stage of the performance cycle.

RN7, (12 March 2020) discussed that:

"At the beginning of the financial year, we already have the scorecard that has been cascaded to our GM, Human Resources. Then we just see, in terms of our roles, where do we fit in in the scorecard and we take that part of the scorecard that talks to us and then we start dissecting it to say who will be doing what. After that we set the objectives and we say, "For this financial year, this is what needs to be done." And we have, obviously, the timeline in terms of in the next three months or quarter one, where you should be; quarter two, quarter three, and quarter four. We then sit every three months just to check in terms of how we are doing with our deliverables. That will be more or less it. From my point of view is that I will make sure that all the divisions have their scorecards. Another process is to ensure that the quality of the scorecards meets the principles; so, if we say "this should not be over 30%" that is what I will share. Make sure that the objectives are SMART, they meet your SMART principles, you

know, they are specific, measurable, time-bound and all of that. Make sure that the target is reasonable and can be achieved as well. To also make sure that this is what 80% of the time the person is doing because we're not going to measure everything and put everything on the scorecard. That will be my role."

RN3, (09 March 2020) confirms the process as described by RN7, (12 March 2020):

"Ideally, at the beginning of the financial year, as April starts, we should already be having a balanced scorecard of our GMs so that we are able to cascade the objectives down. So from GM, in HR for example, it would go down to the Executive Manager HR and then Executive Manager would give the HR managers his scorecard, and then HR managers will cascade those rules so that they speak to what an HR manager is expected to do and cascade down to all the people that report to the HR manager until the supervisory level. At that time when the financial year begins, we call it the contracting period where we set the objectives to align to our strategy so each department would have their own strategy that talks to the main organisation strategy. So we contract at that time, that will be in April, and after contracting, media which is around September, then we start collecting the evidence to attach to our system to say for example, for my financial perspective if I was supposed to save costs by ensuring that I don't increase the headcount in terms of the labour cost then I would attach whatever evidence I have to prove that I have achieved that objective. So there would be that rating media around September where I would rate myself then it would go to my manager and the manager would also rate me according to what he believes I deserve and based on the way I've been working. We would then have a chance to sit together to agree on the consensus and we look at the evidence that I've submitted so if I feel that I've been rated lower than what I am saying I deserve, we talk about it and when I produce the evidence, that is where we can either agree to take my rating or the manager's rating and then we will finally reach a consensus and agree. But if we don't

reach a consensus, the pool also allows me to complain so I will click ‘consensus not reached’ and I would be basically submitting something like a grievance but not really a grievance so that the performance management team from head office would then intervene and then we would find common ground with my line manager. Basically, that’s how it works. We would then go to final year, we are now currently on final year, we do the same thing. We’ve already set the objectives at the beginning of the year so we don’t expect the objectives to change during the year, then I would do the ratings again and we do the consensus then it closes. Those scores are used, when I said in the beginning that for supervisors and managers at Transnet, it speaks directly to an individual’s performance because the final rating that you receive informs the increase in salary that you receive, it also informs if you will be receiving incentives, it also informs how much incentive I receive as an individual so you get rewarded for good performance in that sense.”

The respondents took the researcher through the performance cycle in the organisation. All respondents mentioned that the financial year at Transnet runs from April to March. Performance contracting takes place in April of each financial year and mid- year assessments are conducted at the end of six months i.e. September. The respondents mentioned that HR triggers the performance cycle by sending out communiques through email and the Intranet informing staff and managers to start with contracting for the financial year, this step in the performance process was confirmed by HR.

One of the respondents mentioned that though the process outlined was the documented performance management process of Transnet, it rarely happened that contracting is done in April because final reviews from the previous financial year are still in progress.

4.6.1.5. How does performance get measurement in the SOE?

Respondents explained that performance measurement is conducted based on KPI's agreed upon in the beginning of the financial year. These KPI's would vary depending on the division and the nature of the job.

RN9, (16 March 2020) gave the following examples of KPI's that would be measured:

"I'll be measured on whether everyone that I said would be trained at that particular point in time, have they gone through training. Another is to say I need to manage vehicles and may not overspend. Even the people that are reporting to me will also have their own scorecards. Let's say we measure them according to the trend of them knocking on and off at work because that's very important. You will also see if this person come early or on time which will have an impact on them if maybe there's late coming and stuff like that. We also check how the employee is taking leave - sick leave and stuff - because that will have an impact on performance as a company. Let's talk about work; how is that person performing? Off-site we also have what we call task observations; you observe each how each individual is performing, if there are areas of improvement, do you need to send them for certain training? Those are the things we would put on their individual scorecards."

Similarly, RN6, (11 March 2020) mentions that the bargaining council is measured on the following:

" To scale it more down, there are standard measuring tools such as the whole depot safety gets combined to maybe any injuries occurred on the whole depot, the cleanliness of the whole depot, how the whole depot is performing financially because it's not easy to scale an employee financially, it's an overall performance financially. That's one part or one percentage. Another percentage is, the qualifications of the employee, his own record of discipline and maybe absenteeism."

RN5, (10 March 2020) emphasised that:

"We have got key performance indicators that you are measured against. It will be based on that scoring system that is employed to measure those performance indicators for that department. Then that will be rated if we are on green or we are on red."

RN8, (16 March 2020) elaborates on the responses provided on the process of measuring performance looking at SMART KPI's and performance targets set:

"The basic thing is really to say that we make sure that we have performance indicators and measures that are realistic, that meet the SMART principles so that you will be able to objectively assess that based on the targets that have been set .So when there is a performance gap in terms of a variance from the set target, you then assess the extent of that gap. So we have the relevant operations measures that we also track so where one feels they are not performing, there will be an analysis within the ODs to identify the root causes because you have to track that to give root causes because those are the ones that require interventions. If I may say that you should be really paying attention to that will eventually correct those gaps that you are failing from month to month. That is how we approach it and we will then make sure that the initiatives that have been identified are being tracked within relevant project teams and making sure that there are relevant resources attached to those initiatives and then you must review and see whether indeed they are having any impact and eventually closing the performance gaps that you have seen in the KPIs."

RN2, (6 March 2020) refers to the performance targets in measuring employee performance as well as linking employee performance to Transnet's contract with the DPE:

“Well if you look at the individual scorecard, that’s a 5-point system where if you score a 3, you made 100% of your target, a 4 and a 5 is stretch target and under 3 is less than that. On a company level, we have a scorecard that we submit to Department of Public Enterprises and they basically do the same; they score us the same type of score, we’ve got different milestones, we get scored by them on a quarterly basis and it’s the same process. The individual operating divisions don’t get scored like that so it’s almost like it goes from individual to department to overall company. “

The HR Practitioners RN7, (12 March 2020) and RN3, (09 March 2020) confirm the response of the managers in elaborating that:

“We had a 6-point scale, which will be your 0 – 5, so obviously anything that was below 2 is non-performance. 2-3, we still can do something about it but 3 is competent. So, if you’re 3, it’s what we pay you to do at the end of the month and then after that, you’re excelling and over-exceeding. That’s how it is measured. Their performance is managed via the bargaining counsel so what we agreed with Labour is that we won’t put anything that is subjective in the scorecard. What we used to measure was we measured anything that a report can pull; so, we would measure their attendance, their ER record and safety. All those things are not subjective; it’s what’s on SAP and what is being recorded. “

RN3, (09 March 2020) confirms and adds that:

“Basically by the use of the balanced scorecard and we’ve got the 1 - 5 rating, where 1 means you’re a non-starter; you’re just there but you’re not there and then 2 would mean that you are doing something but you need development, and 3 means you are competent, and 4 means that you are consistent with your competency. So if I would have to have a new person reporting to me at the beginning of the financial year, I wouldn’t expect that person to immediately get a 4

for the first time because I need to see the consistency with the performance so that is where the 4 and the 5 come to say when you are on a 5 scale rating it's because you have exceeded the competency level and you are constantly consistent with exceeding the expected performance level. That is how we rate for supervisors and managers. Then for the bargaining unit employees where we use the pay progression, what I explained to you that it doesn't necessarily look at you as an individual but it looks at your behaviour, you get penalised for being AWOL, you get penalised for injuring yourself if it's your own fault but if it's at the fault of a faulty machine or the investigation found that it wasn't your fault, you don't get penalised. So those individual behaviours, that is how you get penalised but in terms of the actual performance they look at the team performance so if you've got strong team members and as an individual you are lacking as a junior employee, you're still going to get something because you've got a strong team that reaches their targets. That is how it is rated. Also, for the bargaining unit employees, it's a rating scale from 1 - 3."

From a strategic perspective, the Executive Managers explained that Transnet is measured based on the corporate plan that is agreed upon and signed by the Minister of DPE. Supervisors and Managers mentioned that bargaining unit employees may not necessarily have all the perspectives of the balance scorecard however they have their own KPI's in which they are measured on i.e. safety combined with any injuries that occur in the depot, the cleanliness of the whole depot, how the whole depot is performing financially and employee timekeeping and absenteeism. Overall respondents mentioned that employees are measured on a six-point scale and the DPE measures the organisation on a five-point scale.

4.6.1.6. How does performance get monitored in the SOE? (How often is it monitored)?

Most respondent mentioned that performance is monitored continuously, depending on the nature of the job it is explained some targets are broken down to daily, weekly, monthly and quarterly targets and progress is monitored as such.

RN8, (16 March 2020) discussed how performance is monitored from a strategic view:

“It’s a continuous process at various levels. We do have weekly performance reviews, we also have monthly executive meetings, also the corporate calendar, we have quarterly reviews where we are expected to present these reviews to our board as well as the shareholder. I would say it is continuous and within the operations themselves, we also get daily conferences where people are discussing things as they happen.”

RN2, (6 March 2020) agrees that:

“For the organisation it is undertaken on a monthly basis. When it comes to the financial ratios, that is done on a daily basis; we get daily updates/daily reports on that. When it comes to the revenue-generating units - when we measure volumes and container moves and all of that - that gets done on a weekly basis, so we get weekly reports and weekly updates on that and then all other measurables on a monthly basis.”

RN6, (11 March 2020) discusses that from the operations:

“It’s monitored twice a year and it’s measured according to, as I said, scorecards and the actual employee’s record of performance. It’s daily. It’s random observation so let’s say for absenteeism it’s going to be a monthly thing. For task observation, that’s randomly during the day.”

RN9, (16 March 2020) emphasises and echoes RN6, (11 March 2020) in saying that**:**

“Obviously, the knocking on and off; that one you monitor it daily. Task observation we normally do it once a week; where you go with an employee and you observe, you’re not going to be with them all the time but at least once a week you monitor them with that. Training; if someone went on training, you also need the results of how the training went. Did the person

pass, do you need to send them for retraining? That's how you can measure, and the frequency would depend on what type of task is given to the employee."

In addition, RN5, (10 March 2020) mentions that:

"Working with operations, we have got a financial year target that's been set, those yearly targets will be broken down to month targets, month targets we break them down to weekly targets, weekly targets will be broken down to daily targets. So, there would be evaluation meeting each and every day meaning either at the beginning of the shift or at the end of a shift. Then there will be weekly evaluation meetings either on a Friday or on a Monday morning discussing how did we perform last week and then how things are looking in the next coming week. Then there will be monthly meetings as well to look at the entire month; how did we perform, where did we fall short, what is it that we're going to do the next month? Then there will be quarterly review meetings that are on a higher level now to look at the last quarter - how did you perform? - going to the next quarter. They normally call them SHE meetings. Then there will be those six-month evaluations on the last month of the financial year, where you're looking at the entire financial year."

In addition, what other respondents mention, RN1, (5 March 2020) introduces how monitoring is done using the systems in place:

"Performance is monitored on a daily basis to be honest. It comes from daily to weekly to monthly, to six-monthly then it goes to the year one. By having reporting structures. You'll have people in other areas calling them a LIN, other areas they call it ODP (organisational development department), those people take stock or stats of everything that is happening, and we use real time monitoring and electronic servers. Like I'm sitting here talking to you, if I

want to see how we are doing with our availability, it updates every hour here on the system. It's an electronic live server, that's what we use more than anything."

RN7, (12 March 2020) agrees with the role of the systems in measuring performance also highlighting the difference in the way performance in mentioned at TCC and in the operations: "We monitor it quarterly. What happens is that on the SAP system, they always run a report. The SAP system will run the report for the PMO and the RMO office so that they check to see where are we sitting in terms of performance because all the scorecards have some monetary value attached so they would have targets and then it would show; if it's red it will tell you that then we need to focus on that, if it's yellow then it's amber, you know -- so there is that system that will then flag and then they will have meetings with where they see there is an area of concern so they will have a workshop and say, "This is where you are sitting and if you're going at this rate, this is where the year-end will end." Then we come up with any accelerated things to make sure that we're there. I feel at TCC, yes, it's effectively monitored but at operations is a different story because the only interest really is about the customer who is there so performance for them is just a tick box exercise that they will do in one day only when the bonuses need to be paid so that's just the rationale."

RN4, (10 March 2020) differs from all the respondents by firstly mentioning that there is no formal way of measuring performance, however, subsequently mentions that there are weekly engagements between line and subordinates to discuss progress from the work front:
"I wouldn't say there's a formal way that they're monitoring if performance management is working. I'm not sure if within HC, there is something that they are doing to measure to ensure that this performance management is working or not so I would not even know the frequency that they have set intervals where they measure. As I'm saying the culture survey is something

they would do once in two years or something like that. That's how I would relate to it as to how people should say they are not happy with performance management. I don't do it; I don't want to lie. We do have weekly meetings where we have a plan in terms of the things that are within our control, the activities that we do. We have those weekly meetings where we check how far we are with this, what else can we do if we feel that this is falling behind, what can we put in place to ensure that It is moving forward? We do have weekly meetings within the team; my boss, me and the lady reporting to me. We have those weekly meetings where we talk about what needs to be done and what it is that is not happening correctly."

The respondents mentioned that different departments measure their performance according to what is expected from the department and when the output is expected. HR mentioned that formal assessments are conducted twice a year where departments are expected to take stock and put interventions in place where necessary. Respondent from the PMO mentioned that dash boards and reports are drawn monthly and departments are engaged quarterly on performance information as received from the systems in place. Managers mentioned that in their team's performance is monitored daily, weekly, monthly and on a quarterly basis.

4.6.1.7. How is poor performance management implementation handled in Transnet?

The respondents discussed different interventions that deal with managing poor performance; from referring to policy and procedure, referencing employee assistance and organisation development interventions, as well as training interventions.

RN9, (16 March 2020) mentions the following:

"We do have what we call 'one-on-ones' where we sit with each employee which means getting to the personal level of the employee; maybe that person may be having problems at home. We also have what we call -- if we need to send them for counselling, those are the measures that we can take. If you've sent them to all these requirements that would have assisted the

employee and still the person doesn't perform the way that they should perform, they'll call it the incapacity process. But you don't just do it, obviously you'll need to go through certain procedures."

RN6, (11 March 2020) shares similar application and adds that:

"Poor performance, it also depends. You have to assess what the root cause is; it might be due to incompetence. So, if it's due to incompetence, interviews are conducted, and the gaps are filled by either training the employee or maybe assigning them to someone who is an expert in that measure. If still the employee is not able to cope then everything is assessed, his qualifications and stuff to see if they are really valid, if not then they should be demoted. If maybe, it's just an attitude problem the discipline must be instilled according to the policies of the company."

RN1, (5 March 2020) discussed the full process of dealing with poor performance as such:

"The first step, remember, you need to call a performance management meeting with an individual. On the performance management meeting you need to indicate to the individual where he is not doing right; You say. "Okay, what do you need?" he will tell you his problem saying, "You know what? The people that are reporting to me I have an issue with absenteeism." Then you'll ask him what he did with that, "Did you discipline?" Did he manage it accordingly in terms of that? "No, there was machine breakdowns" but it's within your scope of control. "What did you do? Did you have a maintenance plan so that the machines are not fixed?" Where you can help him, maybe resources, you give him the resources. When it's help with material, you give him material then you agree to say, "You know what, now I'm giving you a month, maybe 30 days," you agree on the time frames, "I need to see a change in that." Come that time, you've given him everything that he wanted and he's still not cutting it, maybe

he's even getting worse. It's a process to manage poor performance, it's a process where you interview a person, you identify the gaps, you agree on how you're going to fix the gaps, you avail the resources to support the person. If he still doesn't come right there, then you start the one where you are taking corrective action. You start now with a 12-month warning to say, "I'm giving you 12 months written warning to say within this space of time I expect performance to be up to scratch by all means." Then you continue monitoring, it will be progressive up until it comes to a time where he really doesn't cut it at all, we need to exit that person."

In addition, RN5, (10 March 2020) outlines that:

"Transnet has got policies that, I believe, have been adopted with even the bargaining council, which is the union. There is a specific policy that deals with issues, in that particular policy if we have to open it, it will guide us. Let's say we are looking now at an individual's performance you as a manager will actually have agreed upfront with a person, giving that person the job description. You need to engage with personnel and understand what is going on. We have got programmes within Transnet like you employee assistance program, it normally helps some people who might have their personal problem, we refer them to that EAP just to get some assistance. You can have face-to-face interaction; you can have a toll-free call or whichever way. Even if it's financial issues or the issues of abuse, that EAP is a full package. We have got EAP monitors that are in the centres to have a look at those issues. Maybe the person needs refresher training; we've got our school of engineering here on site, we do send people to training as well as to external training if you need training that is more technical or more advanced. We send people to training to make sure that we equip them. We have got what we call job observation; just to monitor this person on a daily basis if he does perform the work according to the standard operating procedures. Then you can have those gaps and then try to

intervene even if you coach the person or mentor the person on the job. If still the person does not cope with the situation, because you have tried every possible option that is within the organisation, we have to go now on the incapacity route. A person will be taken through the disciplinary process if there's nothing that can be done to help a person then the best thing will have to be dismissed."

Similarly, RN4, (10 March 2020) mentions that:

" From what I've heard, when people are performing poorly managers need to put measures in place like take the person on training or find out exactly why, maybe have a one-on-one with the person and find out exactly what is the reason why they are not performing. You might find that it's not really training, it's not that the person doesn't have experience; there are personal issues where now you'll have to refer the person to EAP for assistance. I know that Transnet has those facilities in place to assist people who are not performing."

RN7, (12 March 2020) and RN3, (09 March 2020) agree with the respondents and elaborate on the process of poor performance from a policy perspective:

"Poor performance obviously you will realise by the first/second quarter that it's there and then we have what we call PIPs, which is your performance improvement. We've got those people who are operating at a 3; we have what we call performance enhancement. There's nothing wrong but we're trying to enhance and make sure that the person-- So we have what we call the PEP and the PIP. For the bargaining unit it's the same. We also have the PEP and the PIP. But, more or less, it's on behaviours; why are you coming late? Why are you abusing sick leave? Why the safety standards are not met? All those things. It's not performance in terms of doing the job directly."

“we do have a proper guideline that if an employee is not performing, as a line manager you need to ensure that the person knows what is expected of them in the form of a job description which you will give to that individual and it’s important also - I always tell line managers that when you give someone a job description it mustn’t be that what is on the job description is it, some of the things will not be written in the job description. So long as it’s a reasonable, lawful instruction that is given to someone that, “you are expected to do this” but we try as much as we can to ensure that our job descriptions have all the activities that we expect employees to do. That’s our detailed document for the activities that we expect our employees to do. Once the person is aware of what is expected of them, we also require them to sign the job description to say, “Yes, I know what is expected of me.” And at that point they can also then say, “For these activities I would somehow need some development or support” and then they can develop, together with the line manager, an individual learning plan to address those issues where the employee feels that she might be lacking. If they don’t identify that at that stage, as the person works and the line manager gives feedback and notices some areas where there’s a lack, it doesn’t stop the manager from sitting down with the employee and having an individual learning plan drafted. We also encourage our employees to say, “Even if your line manager doesn’t approach you for an individual learning plan, you must also take it up with yourself to go and say ‘I need this sort of training so that I can improve in what I do’” So those are some of the things that we do to ensure that our employees perform to the best of their ability. If all of that fails then we need managers to-- you know when you have those feedback sessions, it’s just always good to minute it or even if you don’t minute it you can just follow through with an email to say, “We’ve had a meeting to discuss performance and this was what we have come up with, this is what we’re going to do to support, etc.” so that when you do eventually find yourself having to take this individual for disciplinary hearing, you should have evidence to

say, “You know, from my side I have tried” but you believe that the employee was not trying.” RN3, (09 March 2020).

Most respondents mentioned that they draw guidelines from the HR process i.e. firstly establishing the root cause for non-performance. Secondly putting interventions in place to help with dealing with poor performance such as; closely monitoring the performance, OD interventions, Employee Assistance Programmes and training interventions. Should the interventions not yield positive turnaround formal disciplinary process will be instituted.

4.6.1.8. What role do you think performance management can play in promoting effectiveness in the SOE?

Respondents believe that performance management can play a significant role in the achievement of individual and organisational goals. It was mentioned that there is an opportunity for the process to not be done as a tick box for the purposes of rewards and recognition however; to be used for talent management, driving of organisational targets, improving customer satisfactions and for training and development.

RN1, (5 March 2020) explains the potential role of performance in improving targets:

“For me the role is to improve the targets, the volumes, the overall performance of the organisation. We are volume based. When you manage performance of individuals the tons or volumes that you need to move will be achievable; the targets we need to achieve, we’ll achieve them. When it comes to customer satisfaction; when we measure performance, our customers will be satisfied.”

Similarly, RN7, (12 March 2020) is aligned and mentions that:

"It's a big role because if we're managing performance and we've got high performance, it improves our efficiency, it improves our bottom line, we reach our objectives and we're just in line in ensuring that our strategic goals are met."

RN5, (10 March 2020) mentioned the importance of training managers in being able to manage performance:

"Most of the people, even managers, they are coming from technical backgrounds because we are in the engineering sector so it's very few people who have been taken to those kinds of management trainings so that they know how to manage people, how to manage performance rather than focusing on the technical perspective. That can actually bring a good mix within the organisation."

RN2, (6 March 2020) was elaborate and mentioned a few things that can be changes and achieved as a result of performance management:

"It should play a major role; I think it's critical to that and if it's done correctly it will definitely improve all levels of efficiency and effectiveness. I think first the culture needs to change where individual scorecards are basically seen as the beginning and end of what their remuneration is. I do agree that a portion of your individual performance needs to be -- you need to be rewarded for that. So first thing is that the whole company must work together, that if we get the results that everyone must be told that the company is doing well so that remuneration must change towards that; a smaller portion must be for the individual and a larger portion for the overall organisation. That's the first thing. Second thing is that the scores and everything is used-- the performance management result is used as part of the talent management process but unfortunately that process is not a functional process and it is seen as just a paper exercise. So, because that is seen as a paper exercise people are not really giving attention to trying to

improve their scores as well because they believe nothing is going to happen with that. So, the processes around performance management like your retention process, your talent management process, your succession, all of that needs to be integrated into one workable, practical policy for everybody. Then I believe performance management will be taken more seriously and that people will give it the attention that it deserves. That's on an individual basis. On a company basis, there needs to be more focus on that everybody understands exactly what their contribution is to the overall company performance and that must be part of performance management so that you don't just look at your own targets but you need to understand what your role is in ensuring that the company is sustainable and that's it's making money, that everything is working. So, for me it's also just a little bit of a change in approach."

RN4, (10 March 2020) emphasises the importance of performance monitoring and training, as well as the process not being reduced to a tick box exercise:

"I think it would work properly if we would do this monitoring that you'd do; continuous monitoring and ensure that there is continuous improvement for each and every person. We don't really do that. Performance management is more about getting a 3, if you get a 3 you know that you will get an incentive, you'll get an increment. At the end, when you look at it, when we think about employees, we think about us as individuals, we don't really think about the company, you understand? If you would link performance management to the outputs of the company and think about what greater good your performance would do to the company, because we are here to work for the company. Most of the time we think about it in terms of what do we get from it as individuals. I think HR needs to explain this and do programmes where people are informed about the role of performance management and what we need to do as individuals to improve the performance of the company."

The supervisor respondents mentioned that performance management is effective in their environments as it improves their targets and set volumes. Some of the other respondents mentioned that this a process that has forced managers who are very technical to focus on the more human aspects of their role. Similarly, one of the respondents mentioned that performance management created an opportunity for continuous management trainings on dealing with people elements of the job. It was also noted by another respondent that performance management can only add value or improves efficiencies when managers stop treating the process as a tick box exercise.

4.6.1.9. What form of training or workshop is provided annually on performance management for managers of people?

The following responses were given:

RN9, (16 March 2020) mentions the trainings that supervisors are sent to annually and performance is not part of the trainings or workshops mentioned**:**

"We've got quite a number of trainings that I can mention. Obviously, one needs to go to supervisor skills training, maybe conflict handling training, maybe one needs to have negotiation skills. It's quite a number of trainings. You'll also need to go for communication skills; how do you communicate with people who are reporting under you? That plays a huge role, how you communicate with your subordinates. Those are the trainings that a person is being sent to."

RN6, (11 March 2020) provides a similar response to RN9, (16 March 2020):

"They are provided but not often. Maybe you get two things a year. Yes, it's workshops. The agenda is maybe, people skills, type of management systems and actual policies that are communicated internally."

RN5, (10 March 2020) discussed the trainings that are provided, however does not refer to performance related trainings or workshops:

“We have something called talent management that I believe is being utilised now to just evaluate managers and understand where they are in terms of this development plan. so as much as you are competent and you’ve got the qualification, there are those trainings that are there as mandatory for you to do on top of what your wish list is.”

RN1, (5 March 2020) discussed that though the training may not be formal however HR does co-ordinate some engagement:

“Not all training is formal where you take the people, you send them to an outside service provider. These things are done internally where the HC personnel, who are specialists or champions in performance management, will engage the teams in different gradings like general managers, executive managers, senior managers, about performance. This happens nearly every single year, if it has not been in a year, every second year. Performance is at the heart of everything”

RN2, (6 March 2020) agrees with RN1, (5 March 2020) and mentions that:

“Annually there’s a workshop for managers and there’s a workshop for individuals on how to complete your scorecard, how to score yourself. And what I’ve been talking about now should be more focused there, it shouldn’t just be about how to do that. There’s also then the workshop for the managers; what your role is as a manager in it and how to score it and how to align it with your staff members, that happens on an annual basis. But I do believe that process can be not just an administration/how-to process but that it’s about more of the essence of what should be happening. As far as I know just the same as what I’ve been talking about, nothing over and above that. So, it’s just the annual process, if you’re new it’s the first time you see it, it’s enough. I don’t think there’s anything else that I’m aware of.”

RN4, (10 March 2020) response differs from all the other respondents in saying that:

"I don't even remember. The one that we had was years ago; 2012 or something, where someone came from HC and it was not really about performance managing, it was about HC policies, so they were giving an overview of what HC policies are there, what each policy is about. There have not been any roadshows or communication, the communique that we will see is the one that says, "You need to plan for you objectives, you need to score," those things. Imagine people who have not scored their thing will be in trouble and whatever. So, there's nothing."

It was interesting to note the contradiction between the two HR professionals in that one mentions that performance management training intervention and workshops are conducted annually, whilst the other mentioned that it has been a while since they've been conducted.

RN7, (12 March 2020) had this to say:

"We've got leadership interventions; we've got mentorship and coaching because mostly that is where they will lack and that will then support their interpersonal skills as well because most of the issues that are raised is about the approach and how people are managed. But we will have internal mentors or external mentors. We would have done psychometric assessments and stuff like that and those courses will then be identified. Every year, annually, we train everyone on performance management but then we go the extra mile with the first line managers because, remember, they would not have been exposed in terms of managing people; they've always been managed, so their role changes. We have a training session which is called Performance Management for First Line Managers. It is a two-day training that we would do as HRBPs and

HR managers where we tell them what their role is, what has changed, what they need to look out for, how to set goals for employees, and to make them understand that you can have four employees but it doesn't mean they'll have the same scorecard, so you need to focus on this and the role and how it contributes to your scorecard and the cascading; how it happens so that it separates"

RN3, (09 March 2020) shared the contrary:

" We haven't done that in a long time but we used to provide performance management training where we would guide them according to the policy so, basically, we'd be going through the policy to just guide them how they can manage performance in their little stations that they work but we haven't done that in a while. What happens now is as and when someone gets confronted with a situation where they feel someone is not performing, they would come for advice but in general we don't really provide that kind of training. It requires a lot of money because, like I said, Transnet is a big organisation. As I'm sitting here in Germiston, we've got depots that go up to Mafikeng so when we do those trainings, we need to travel to all those places around different provinces to offer that training. So I think because of the cost saving and we are lacking as HR in terms of providing those trainings but we do send out communiques on our email now and if there's any codes that we'd like to take from the policy, we do send out so that employees and managers are aware and they still abide by the policy and if there's any changes with the clauses of the policy, we send it out every now and then."

Many of the respondents mentioned that through HR provides people related trainings; talent management, managers for new managers and even annual workshops on performance contracting however performance management related workshops are not consistent. Some managers mentioned that it had been years since performance trainings have been conducted. One HR respondent mentioned that performance management related workshops and trainings are facilitated often, however, another HR respondent contradicted this view by admitting that

HR together with managers are not consistent in embedding performance management in some Transnet divisions.

4.6.1.10. In the last five years, what have been some of the changes in how performance management is undertaken in the SOE?

The biggest change that respondents mentioned was the introduction of a formal performance management process for the bargaining council as well as the standardisation of the performance management process across Transnet:

RN6, (11 March 2020) reflected on the changes that have taken place in mentioning that:

"A lot has changed. In my initial start it was generalised, it was overall depot performance every three months and everyone was concentrated equally then it changed to individuals and then recently it's more based on how Group decides - the whole of Transnet, not divisions - they divide according to their own calculations."

RN9, (16 March 2020) who is also based in the operations shares on the same changes:

"One example is that before, only up to a certain grade, maybe supervisors, would be measured according to their performance. What I've seen is that now the performance management has gone down to the junior staff of which they are also measured. What it means is that they also see the importance of the role that they are playing in the company. That's the change that I've seen. Otherwise you would get people that are not knowing why they are here at work, where we are going as a company and stuff like that but since now they've introduced it to junior staff, you get to see that their knowledge is of asking question to say, "Why are we doing this today? And if it's not done, what could be the impact on the company? Why not do it next week?" stuff like that."

RN5, (10 March 2020) expresses that there hasn't been much changes in the process:

“I wouldn’t say there is much changes that I’ve seen except that there’s been a lot of changes in terms of management style because there’s been changes on the top leadership, I think more than on the group level. Each person will come up with his own style, his own business model and so forth. In terms of where I am at the ground floor, there has not been much change but with those structures-- some of them, when they start being used and we start to be impacted, there’s another leadership change. Then you have to go back. The trend has been trying to focus more on people rather than on achieving sales, so I see that change coming in now but not that much.”

RN2, (6 March 2020) agrees that there hasn’t been changes from a performance management principle perspective**:**

“The only changes have been we jump between one balanced scorecard and then it’s a performance scorecard and then it’s a five-point system and then it’s a four-point system, so it’s just the tool that changes the whole time and the system that we use that changes the whole time. The principles around it; I can’t recall that there were any changes. Then you have to do it manually, then you have to do it on the system, then the system is not available, so you have to do it manual again, that’s it.”

RN03, (09 March 2020) shares the same views as the other respondents detailing where the changes have been based on eighteen years of service at the SOE:

“It’s really not much. I think the biggest change that we’ve seen was the introduction of the performance management methodology for the bargaining unit employees. When I joined Transnet in 2002, they also had this individual rating for bargaining unit employees where you would sit with your manager and your manager would rate you, they would set objectives - we didn’t have the system then - they would rate you and employees over the years felt that it was an unfair thing to do because it depended if the manager liked you or not and Transnet stopped

it. So, for years Transnet has not been doing anything to manage performance for bargaining unit employees until recently. I think it's been four years, if I'm not mistaken, that we've introduced what I've just explained now; this bargaining unit methodology where we look at their behaviour and the team contribution as well as the business unit contribution. Other than that, not much. Also, with the management and supervisors we had something that was a bit different; it was a balanced scorecard, but this balanced scorecard methodology is also not that old. We had a different system that we were using, and it was paper based. It was a little bit similar, but it didn't have the four perspectives that we have now in the balanced scorecard. So, there was that change and I think the balanced scorecard is actually much much better than the system that was being used in the past. Also, that system had a lot of -- people would feel that, "If they didn't like me, I'm not going to do well," but with this one, because it allows that if we don't reach consensus, I can submit a complaint to say, "I am not happy," and you are also given the allowance to give your evidence to argue, "I have actually performed, this is my portfolio of evidence of what I have done." Those are the changes that we have seen."

RN4, (10 March 2020) was very vocal on the dis-satisfaction of the process:

There have been changes because initially, this performance management would be more individualised, it wouldn't come with things filled up. They would say, "We need something for finance, we need for customer perception, we need for internal processes, we need for training," the four pillars, or something like that. They would have those but it's up to you as an individual to put the things that you know, activities that are related to your job. They changed it recently and maybe it's not really an individualised focus, it's something that is relevant to the organisation. It has changed to the worst!

All the respondents note that there have been changes in the application and implementation of performance management in the last five years. Managers in the operations highlight the

introduction of a formal performance management process and contracting for the bargaining units as a big change. Most managers also note that consistent application of the balance scorecard perspectives have been enforces together with setting SMART KPI's. Though most of the managers note the changes that have occurred over the last few years, not all the respondents embrace and are positive about the changes.

4.6.1.11. How are performance objectives, measures and indicators, as well as annual targets set at Transnet?

Respondents mentioned that KPI's would be tailored to reflect the nature of the jobs and Transnet divisions:

According to RN9, (16 March 2020)**:**

"Let's say for junior employees, I think I've mentioned some of them like the one-off knocking on and off, that is one. In my area, what we do, we need to ensure that the trains are running on schedule. How you are measured on that is; 1, were there any train delays on that particular day? If there were then you'll be marked down but, obviously, you need to know what was the cause for that train not to arrive on time; what time did it depart? Maybe in between there was a stolen cable. So, if your target was to move five trains in a day and you did three then obviously that is against you and you'll be marked down. Let's say you need to move a certain number of trains and maybe some were delayed then at the end of the day you managed to move four then you did not meet your target, that would also count against you. That's an example I can make."

RN2, (6 March 2020) re-emphasised that KPI's, targets and measurements are set in line with the balance scorecards:

"On an annual basis we have a corporate plan which is published to everybody and that corporate plan is then translated into specific KPIs that is a scorecard with the shareholder

minister. That scorecard is then the Group Chief Executive's scorecard. It is all agreed and set either through legislated targets or through agreements with the minister and that is then used to cascade down into the organisation."

RN4, (10 March 2020) provided a similar response:

"It cascades down from what the GCE has decided that these will be the key performance indicators and then the CIOs would add her things that she feels like these are the main things in her area then when it comes to us it already has all those things and we need to see what is-- You know what we would do to make sure that this performance scorecard tended that day is in favour of us, is to change the weight; so when the CIO has put risk management and whatever, you put the weight there you ensure that the things that are related to you has more weight than the things that you don't use. On those things that you would want to 1%, you'd be told you must put 5 at minimum. So, on those things you put 5%, we don't do anything about it because it's not within your control. Then the ones that you do, you put 60%, 80% because you know it is within your control. That is how we'd manoeuvre it to suit our needs"

RN7, (12 March 2020) also said:

"At group level they all rely on the group chief executive scorecard that would be given by the Minister of Public Works and then based on that, we've got an office call PMO - Performance Management -- I don't know what they call it, and then we have a Results Management Office as well where they check the progress in terms of the KPIs and what we need to deliver and where we are. So, they constantly have monthly meetings where they share, in terms of the dashboard, where we're sitting. That is how they would do it at TCC."

Respondents re-enforced what they had mentioned previously explaining that the Minister of Public Enterprises signs of the Corporate plan from which the GCE derives his performance

scorecard. The GCE's scorecard is then cascaded down. All respondents referred to the balance scorecard methodology being the guide on how KPI's are set for the year.

4.6.1.12. In your view what is it that you think can be improved in the performance management process and implementation at Transnet?

Respondents had different ideas on what they believed could improve the implementation of the process; training employees on the performance management principles and processes, driving awareness on the value of performance monitoring, removing the mindset of performance being a tick box exercise.

RN9, (16 March 2020) had the following to say:

"Let me talk about training; you'll find that sometimes you need to train people on what they actually need to be doing. Sometimes as supervisors, you need to sit down with the individual, so they tell you what it is that they need or what are their goals or what is it that they need to achieve."

RN1, (5 March 2020) mentioned improving the process for the bargaining unit:

"I'm a person that believes in a continuous improvement process. That every year or every time there must be improvement. The minute you stop improving something, then it dies at the end of the day. With that objective view or mind, we can still refine the process to be much broader where I'm saying in some instances you find that as you get to the lower levels it measures as groups, not as individuals. At some point in time we need to take it down up until it gets to a process worker level where you also measure as just an individual, not as group work."

RN5, (10 March 2020) shared a view of performance management audits being conducted by independent consultants and doing away with performance management being a tick box exercise:

"I think a lot of interventions have been there but if we can have a situation where people who are actually driving the performance management are people that are independent. Then they will do regular evaluation or auditing to understand if we are really doing this thing the way it's supposed to be done and does everybody, when we say we are setting objectives and targets, understand those objectives and targets? Because more often people are not really doing it, their managers do it, they are just fine at the end to say, "We have agreed." So, have that independent body that is driving performance management for me it will solve a lot of issues. That is one thing that can be helpful.

The benefit of it is it makes the job easy for managers because I think some of them even use it as a tool to punish people because they will say, "Remember, we haven't done the balanced scorecard," so it's like a threatening kind of a thing now more than a thing that is supposed to be motivational to you. You are just doing things to comply more than doing things to outperform. I think if managers are more educated on this thing and they are afforded more time to do it then it will be much more effective because as I'm telling you now; it's almost the middle of March, we have not started with the objectives, we don't know what's the strategy next year, we don't know what the targets are of what at my level so when it comes around June, it will be saying, "Guys you have only two days to finish this thing," then you don't apply your mind to it, you just do it for compliance purposes"

RN2, (6 March 2020) shared a similar view with RN5, (10 March 2020) acknowledging the role of performance audits, the respondent also mentioned the role of technology in the bargaining units:

“I think the fact that we cascade per department and that gets audited and it gets shared with the individual heads of the departments, that is something that is good that has improved over the last few years. But the problem is now I don’t think there’s enough focus to see if the different departments together make up the overall scorecard so it’s a good thing that on a departmental basis there’s much improvement but the overall one, I think there’s a problem. Then also regarding what I’m saying now about the systems and everything; in the era that we live in, I believe if the focus can be on using technology to basically take the overall performance requirements for the organisation and then have - because we know what our structures are - if we can use technology to almost have generic scorecards for the organisation, even if it’s just all managers at supervisor level. With your generic targets then you’ve solved everything with your consolidation, your integration, making sure that all targets are met and then people just add their individual portion to that. The bargaining unit has got their own targets as agreed by the unions, but I think for managers up to supervisor level, why don’t we leverage up technology? If you have that, what we also need to do is we need to do trend analysis of which departments are doing well, which not, where there’s improvement required and again, leverage of technology. I’m sure it exists somewhere. Then you make the manual interventions less; it consumes a lot of time because you have to start new on an annual basis and it is a manual process. If you can eliminate that then people focus on understanding what is in their scores, understanding the KPIs and have the discussions for improvement plans.”

RN8, (16 March 2020) concurs with RN2, (6 March 2020) on the need to improve on technology:

“What should have been happening and is proving to be a problem is to improve on the real-time information; automation of performance management. But I think there has been limited investment in terms of upgrading our IT systems so that we are responsive to the need for more

real-time information. Or even some of the projects that have been put in place have had partial success because the fundamental system for collecting the data still needs to be upgraded. For instance, we are only in recent years now saying, "Let us make sure that we have digital systems to capture the information at first and replace some of the manual systems in place. So, I think we still have a journey in that respect. We haven't made as much progress as we should. I think there is more demand for real-time information so that you can be able to do more advanced analytics on the data that you have."

RN8, (16 March 2020) shared on the value of performance monitoring:

"Quite honestly, what I could say is more around more awareness about the value of performance monitoring reports. In the past you would almost think that it was more of a compliance matter where the executive leadership was not necessarily paying as much attention as they could. But I think in recent years I find that there is greater commitment in terms of linking the leadership teams such that the operating divisions are not just doing their own thing separately but you have teams coming together to take more of a value chain approach to the way things happen. Making sure that whatever is happening in one OD, if it has an impact in the value chain, there is interaction and people are actually holding each other to account to say, "In this area, this is how you're impacting and this is what I'm expecting from you," and there is regular transparent interaction in terms of saying "How are we in our separate places making sure that what we do that impacts the other divisions is attended to." Because you know that this will be visible, and this will be discussed. I would say, really, it's more about an appreciation about the value of the information that comes from the reporting. It's about integrating teams. That for me is a positive."

RN4, (10 March 2020) mentioned the element of measuring employees and rewarding employees accordingly:

“A person has to sit down with their manager and decide on the activities that they have to do and put their objectives in place so that when they are being measured, they are measured on things that they are doing. If they change it like that and also if they create more awareness so that people will know what this performance appraisal/performance management is about. Reward people more, in terms of people who achieve their objectives. I think if they would put more effort in those areas it would change for the better.”

(RN7, 12 March 2020) mentioned that in some divisions there is no need for improvement, however raising a point mentioned by another respondent on performance awareness and change of mindset around it being a tick box exercise:

“At TCC I don’t think there’s anything that you can improve. It’s working very well there and you’re dealing with professionals who understand the importance of that. At TPT, I think enforcement and monitoring would really improve how they take performance management. But because the employees there are mostly, I think 80%, blue collar who don’t partake in the system so the professionals that are there don’t take it seriously that much, they’re only interested in the bottom line and what needs to be done. So, I think monitoring. TPT They’ve been sent on training so I can’t really say they must go and be trained. I think it’s a change of mindset and to take performance not as a tick box to say so-and-so. Just take it and say, “It’s a process that I need to go -- I need to empower.” I think the other issue of staffing; because we are always sometimes not properly staffed at TPT, the line manager will always be going and being operational so sometimes thinking of these things takes away time. So maybe the staffing levels as well contributes in that they always have to meet the targets so they can work with the performance and office staff. We’re not office-based, you know, we’re down there so there’s no time.”

Respondents shared similar views on what could be improved in the performance management process and the following can be summarised:

- Consistency in performance trainings and workshops,
- Consistent application of performance management in the Transnet divisions,
- Thorough auditing of the performance management process and implementation in the divisions,
- Doing away with making performance management a tick-box exercise.

4.6.1.13. What can you say are some of the Performance Management Successes at Transnet?

Respondents mentioned some of their highlights based on the different roles; increase in productivity, team related measures and standardisation of performance KPI's in the operations.

RN6, (11 March 2020) shared that:

"The success for me is the management platform; to be able to easily manage the employees because sometimes you get people who are demotivated, some are upholding their skills, some can't even transfer their skills. So, the performance management process is able to give a proper guideline, not to use your own description but to go according to what is written in the book.

RN9, (16 March 2020) discussed how certain performance requirements were standardised across the operations and individuals and teams would be measured on them:

"Our company is also strict when it comes to safety; one of the measures that have been put in place is safety management. We wear PPE, PPE would be the clothes that you wear on-site or what you are allowed to go to work with. Back then you would tell someone, "Let's just go to

work with takkies," you can't do that now. People know that we all need to work safely; maybe they need to wear safety shoes, a safety harness, when a person is climbing, they'll wear a working hat. Even when a person is driving a company vehicle, they would need to know that it's not a personal vehicle, it's a company vehicle so you cannot just do as you wish. I've seen great improvement when it comes to performance management. It has also helped how productive you are as a team; when you measure people and say you cannot get paid for just sitting around, you need to actually do what you need to do otherwise that is poor performance at the end of the day."

RN5, (10 March 2020) shared that all the perspectives of the balance scorecard methodology are being incorporated in the performance management process:

"I think in the years that I have been in Transnet the categories that they came up with, were actually motivating at some point because now you know that you're focussing on the financial perspective, you're putting the customer first and you have got internal processes that customer requirement and then we are promoting the learning and growth of people meaning you're promoting people through training, mentoring and coaching. Those are the positives from the manager's perspective."

RN7, (12 March 2020) mentioned that when managers are measured on certain things, they begin to take them seriously and there is visible improvement e.g. CCMA cases, compliance and departmental climate:

"Some of the successes that you'll find, for instance in HC, policies and procedures it's things that are not followed but the minute we put them in the scorecard and say, "You are now accountable," we saw an improvement in terms of compliance. No more cases going to the CCMA and all of that because we encourage to say, "Line managers, you're accountable to

make sure that the climate within the organisation is proper." So you see a decline in terms of that, you see a decline in terms of people wanting to leave the organisation as well, because they feel that they are empowered, there's that communication that happens, they are engaged and motivated."

Supervisors and managers in the operations note the introduction of a formal performance management process for the bargaining unit as a big success. Most of the respondents mentioned that the process makes managers accountable and encourages managers to play an active role on people management matters in the departments.

4.6.1.14. What can you say are some of the Performance Management failures/challenges at Transnet?

RN6, (11 March 2020) mentioned that:

"The negatives are just the changes around how it's managed by Group so on your level you can't do anything. So, some employees are demotivated, and you can have no control over it."

RN9, (16 March 2020) did not mention challenges that are performance management implementation or process but would lead to performance related challenges in mention that:

"Challenges that are still recurring now; it's difficult to manage when people are fatigued, and you also need them to work the following day - because sometimes we work abnormal hours - so it's difficult to manage the fatigue of a person. Maybe the challenge is that guys don't even want to report that a person is fatigued which contributes to poor performance. We drive long distances so if the supervisor continuously strains people and you end up driving abnormal hours and you expect the same team members to do the actual work. I'd say the challenges are

when we are driving long distances; it's difficult. The other challenge is that we have one team that works Joburg and maybe Pretoria then you cannot get a second team to actually do the same work that you are doing. Those are the challenges that I've seen or I'm still experiencing."

RN1, (5 March 2020) recognises that the is room for continuous growth and improvement of the process:

"For me, as I'm saying, it's a process that we need to continuously improve. If I look at where we are coming from with it, every year we start to narrow it; you measure people for a year then you realise that there's areas of performance where I am not seeing improvement. I'm not measuring properly here, I'm measuring them on this unit measurement, all of them or as a group. How can I get to be able to measure Gumede himself in all the aspects, from when he's punching the nails or he's grinding, all those things? To me it has always been that aspect to say we need to further refine it year by year up until it gives us the utmost. It is yielding the results, but you can never just be satisfied with that. There will always be room for improvement. "

RN5, (10 March 2020) discusses the importance of automating the performance management process:

"Not to be negative, I'm a fan of automation, a system will always be more efficient than manual because things get lost and then you must start from scratch and that paper was scanned and-- so a system is much more efficient so it does save time too. I think it's working fine let alone if the actual objective of this performance management is done the way it's supposed to be done and it does motivate me as an individual. The system itself doesn't have much challenges but I think we can get more educated on the performance management as well as the creation or development of this balanced scorecard so that we can have room to agree in

terms of the objectives and the targets because more of them is a kind of forced down situation where you're being told you just have to do this, regardless of whether it's in your control or not."

RN2, (6 March 2020) discussed that:

"Nothing specific I can think of now. I just think, because this is a huge organisation - we're talking 65 000 people - and it's difficult to compare with anywhere else as well and because of its size I do think that you really have to look at ways of improving it. Where you don't just rely on your management because, obviously with huge management teams, huge workforce, you have to look at things like technology and stuff just to help you a little bit because it's too difficult in this tough environment to take 65 000 scorecards and they must all cascade back up to one. It doesn't make sense for it to be a manual process. I do think that sometimes where we forget about the size of the organisation and we try to implement things that is the same as everywhere else. And because the different business units are so different, you can't just standardise everything; it's different KPIs, different targets, different things that people need to do. So, the complexity of that, I think, needs to be really understood first before you get the process and systems in place on how to address it."

RN7, (12 March 2020) suggested doing away with performance scorecards in the operations:

"No, there's nothing really except that maybe for operations and TPT they can have another way of managing performance rather than the scorecard because, probably, it will be more effective if it's something that talks to them. Because they are people who are target driven and "how many loads do I load?" and the people skills and leadership is not there. Maybe if that is a suggestion that could be made."

RN3, (09 March 2020) re-enforced doing away with performance being seen as a tick box exercise:

"They rely so much on the system; they rely on HR and we always tell them that this is just a strategic tool that you need to use but they just rely heavily on the system. They don't even care what they put on the system, so long as they've done something; it's a tick exercise for them, "we've done it and we've rated." If I were to provide you with a balanced scorecard, my balanced scorecard, and also give you a balanced scorecard of another manager in the operational business you would see how short it is and for someone like you who doesn't work in Transnet it wouldn't even make sense to you. But if you look at my balanced scorecard as someone that works in support services, you could actually make out, "Okay I can see these four perspectives and I can relate what these objectives are and it's something that you can identify with other organisations as well." They do have that heavy reliance on the system and for them it's just, "We have to do it so that we get the money" and that's it. They focus too much on their production, they don't want anything that will take them away from production and at the end of the day they even forget to use the same production that they focus so much on, to put it on the scorecard so that they are able to track how they are doing because it will also allow them to find room for improvement."

Though all the respondents acknowledge that strides have been made in improving the performance management process, however the following have consistently been raised as a challenge:

- There is a failure to consistently applying the performance management process across the business units or Transnet divisions.
- There is resistance and lack of adoption towards performance management systems in the operations.

- The performance management process is still very manual.
- Performance is still seen and treated as a tick box exercise.

4.7.Summary

Most of the respondents explained and understand performance management as a system or tool that measures individual or team targets or outputs. Performance management was also explained from a strategic perspective; being able to manage individual output that contribute to strategic objectives and targets.

All the respondents understand that Transnet has adopted and implements a balance scorecard performance management methodology and the cascade of strategic objectives from the GCE to the GM of each division is undertaken.

Most of the respondents understood the role of a manager in the performance management process and elaborated by giving examples of what transpires in the departments. Respondents mentioned that manager has the responsibility of ensuring that the engagements happen between line and employee take place and that the manager has a responsibility in addressing performance gaps through; training interventions and coaching.

All respondents understand the performance cycle and mentioned that the financial year in Transnet runs from April to March. Transnet is measured based on the corporate plan that is agreed upon and signed by the Minister of DPE. Employees are measured on a six-point scale based on what they have contracted on and KPI's agreed upon, the DPE measures the organisation on a five-point scale. The respondents mentioned that different departments measure their performance according to what is expected from the department and when the output is expected.

In instances where poor performance must be managed, most respondents mentioned that they draw guidelines from the HR process i.e. establishing the root cause for non-performance, closely monitoring the performance, OD interventions, Employee Assistance Programmes and training interventions and ultimately instituting a formal disciplinary process will be instituted. Respondents mentioned that performance management is effective in their environments as it improves their targets and set volumes. Some of the other respondents mentioned that performance management created an opportunity for continuous management trainings on dealing with people elements of the job. It was also noted that performance management can improve efficiencies when managers stop treating the process as a tick box exercise.

Some of the performance management challenges mentioned are that annual trainings and workshops are not consistent. Some managers mentioned that it had been years since performance trainings have been conducted. HR together with managers are not consistent in embedding performance management in some Transnet divisions.

All the respondents note that there have been changes in the application and implementation of performance management in the last five years. Most managers also note that consistent application of the balance scorecard perspectives have been enforced together with setting SMART KPI's. Though most of the managers note the changes that have occurred over the last few years, not all the respondents embrace and are positive about the changes.

Respondents shared the following as areas that can be improved in the performance management process:

- Consistency in performance trainings and workshops,
- Consistent application of performance management in the Transnet divisions,

- Thorough auditing of the performance management process and implementation in the divisions,
- Doing away with making performance management a tick-box exercise.

Though all the respondents acknowledge that strides have been made in improving the performance management process, however there are challenges that been noted:

- There is a failure to consistently applying the performance management process across the business units or Transnet divisions.
- There is resistance and lack of adoption towards performance management systems in the operations.
- The performance management process is still very manual.
- Performance is still seen and treated as a tick box exercise.

CHAPTER FIVE

INTERPRETATION AND ANALYSIS OF THE FINDINGS

5.1 INTRODUCTION

The following chapter provide an analysis on the research data attained through primary and secondary data. This chapter will dwell on the literature review conducted to support the accuracy of research findings. In addition, the chapter will address the purpose of the research.

5.2 CONCEPTUAL FRAMEWORK

Performance Management was chosen as the researchers' conceptual framework. According to Armstrong (2009, P. 9) and McMahon (2013), performance management is a system established with the intention of driving organisational objectives through the improvement and development of individual and team performance. Performance management is the "alignment of individual and teams to the strategic goals of the organisation through the ongoing process of identifying, measuring and developing individuals" (Aguinis, 2013, p. 9). In terms of the PFMA, the Performance of SOEs is managed by ensuring that there are strategic objectives in place that are reflective of the mandate of the SOE; the business strategic objectives of the reporting authority and national objectives (PRC, 2016).

It can be concluded that primary data is aligned to the perceptions of employees. The respondents are familiar with the purpose, role and intent of the performance management process. The research respondents are aligned to the literature review on Performance

Management flaw. Furthermore, most participants are aware of the Performance Management process of Transnet and process of cascading strategic objectives to business.

5.3 UNDERSTANDING OF PERFORMANCE MANAGEMENT

Findings suggest that research participants have a fair understanding of what performance management is and its application. The respondents' understanding is aligned to that of McMahon, (2013), Armstrong (2009, P. 9) and Bussin (2012):

From a strategic perspective, McMahon (2013) outlines that key to the performance management process is the integration of individual targets to that of organisational objectives, with formal appraising at the centre of the process.

Armstrong (2009, P. 9) is cited explaining performance management as a system established with the intention of driving organisational objectives through the improvement and development of individual and team performance (McMahon,2013). Similarly, Bussin (2012) defines performance management a process that measures individual employee performance against set performance standards. Furthermore, it is designed to ensure that organisational objectives are successfully met (Bussin, 2012).

Executive and Senior Manager respondents have articulated their understanding of performance management consistently as a process of ensure that targets are set for all staff linked to the strategy of the organisation, and that on a regular basis the monitoring of performance is undertaken on an individual , team as well as a company-wide basis.

Supervisors and Managers in the operations have expressed their understanding as being able to manage the output of employees so that it benefits the organisation ensuring that the bottom line is achieved.

On a whole the different groups who responded to the interviews mentioned that performance management is where the organisation has certain targets that are agreed upon. Once those targets are put in place the different departments come up with key performance indicators that will be agreed upon with specific individuals and roles and responsibilities are assigned to specific individuals.

5.4 UNDERSTANDING HOW PERFORMANCE MANAGEMENT IS IMPLEMENTED IN TRANSNET

The following section provides an analysis of the findings identified during the data collection stage.

5.4.1 Shareholder Mandate

Findings revealed that Executive, Senior and Middle management fully understand that Transnet should be aligned to the PFMA in that the Performance of SOEs is managed by ensuring that there are strategic objectives in place that are reflective of the mandate of the SOE. These managers articulated that “on an annual basis we have a corporate plan which is published to everybody and that corporate plan is then translated into specific KPIs that is a scorecard with the shareholder minister”.

5.4.2 Balance Scorecard Methodology

Findings are consistent across all respondents in that they all share the same understanding of Transnet having adopted a balanced scorecard performance methodology. Respondents further explain this methodology as a four-category performance management system where the first category will be on the financial perspective, the second customer perspective, third internal business processes and then learning and growth as a fourth perspective. Key Performance Indicators will be aligned with those four perspectives. Respondents discussed the annual process of completing the performance scorecard and how every employee would then be

reviewed formally bi-annually. Furthermore, the respondents explained that the performance scorecard must align to the SMART principle.

5.4.3 Hierarchical Cascade

Finding revealed that Middle to Executive management could speak with ease on the process of cascading of Key Performance Indicators from one level to the next. It was explained that Key Performance Indicators are cascaded down from the Group Chief Executive (GCE) to the rest of the organisation so each level must link to the level above. The GCE's overall scorecard is linked to the scorecard that we submit to the Department of Public Enterprises who is the shareholder minister. The General Manager's would usually sit first with their direct reports after receiving the GCE's template and align so that they would also cascade to the levels below. Respondents explained that they would distribute their scorecards to the level of who will then do their own scorecard and then we would sit together and make sure that it aligns, and they will cascade it down.

Supervisors only spoke from the point where they received the scorecards template from their managers to cascade to the level below.

5.4.3 Performance framework, goals, competencies and standard

Findings revealed that all respondents understood and supported the importance of their direct reports knowing what is expected of them; what is the goal of the company, where is the company going and where employees fit in the big picture.

Most managers explained to the researcher the process of setting objectives which entails; managers setting up time with their subordinates and going through the objectives, there would be an agreement between the two parties on the set objectives, an agreement on the performance evidence that would be produced and targets to be achieved.

Findings also revealed that managers believe in enabling their subordinates to perform optimally by providing employee support. Most respondents mentioned having training interventions make sure that they meet their requirements.

According to the respondents it is important to engage the individuals continuously and consistently to ensure that they are meeting their targets by initiating one-on-one sessions with them and on a half-yearly basis sit with them again in a formal review.

5.5 PERFORMANCE MANAGEMENT MEASURING AND MONITORING IN TRANSNET

5.5.1 Performance Measurement

Respondents confirmed findings that on the role of the performance monitoring and reporting component of Transnet in that it develops and monitors performance against the adopted performance management framework. This division is responsible for:

- Ensuring that as the objectives change or evolve, they also adapt the measures that have been developed to measure performance, so this unit is continuously responsive to the direction that the company is taking;
- Reviewing the performance management framework in consultation with the operating divisions that are responsible for delivering on those targets;
- Ensuring that once this framework is developed, the relevant reporting arrangements that adhere to that framework are in place;
- Agreeing annually with the reporting community on areas of assessment or measurement;

- Ensuring that these arrangements are compliant with audit processes as well as making sure that the reports themselves reflect the framework in terms of completeness and accuracy; and
- Ensuring that the relevant protocols in terms of where the information is coming from, is reviewed appropriately before it is submitted.

Managers and supervisors in the operations mentioned the importance of making sure that in the digital space information can be captured timeously, that there is assurance around accuracy and that information is readily available in different platforms. Examples that were given would be; measuring employees on their attendance at work, sick leave trends, depot safety which is a combination of; injuries that occurred on the whole depot, the cleanliness of the whole depot and the financial performance of the depot.

Findings also revealed that almost all the managers revealed that the individual scorecard is a performance measuring tool ; that's a five point system where a performance score of a three is achieving 100% of the target set , performance score of a four or five is s stretch target and anything below a three is poor performance.

From a company level, the corporate plan submitted to the Department of Public Enterprises is used to measure the performance of the company on a quarterly basis.

5.5.1 Performance Monitoring

Findings revealed that organisational development (OD) Interventions, Systems monitoring, formal monitoring as per Performance Cycle, and achievement of Key Performance Indicators are used to monitor performance:

Managers in the operations confidently confirmed that Performance is monitored daily. It comes from daily to weekly to monthly, to six-monthly then it goes to the year one. An example made is that on SAP if a manager wants to see how his team is doing on availability, it updates every hour here on the system. It's an electronic live server that is very reliable.

Working with operations, there are financial year targets that have been set and must be achieved; those yearly targets are broken down to monthly targets, monthly targets broken down to weekly targets, weekly targets broken down to daily targets. So, there would be evaluation meeting every day either at the beginning of the shift or at the end of a shift. Then there will be weekly evaluation meetings either on a Friday or on a Monday morning discussing the previous weeks performance and plan for the upcoming week based on the lessons from the previous week.

Within the OD space, there are performance monitoring units, they also have their own structures that review organisational performance. In terms of improvement initiatives that is the level at which they are identified within the ODs. Where they believe that some challenges are insurmountable, they then escalate things through the reports which then get attention when the group structures meet. It was noted that anything that has escalated gets discussed at that level and the relevant support is offered where possible.

Findings revealed that managers were aligned with HR Practitioners in that poor performance must be attended to you see what the shortcomings are and provide support in the form of training, on the job training and formal training. It is important to agree on what needs to be done so that the employee can move back to performing at a level three where performance targets are met.

5.6 THE EFFECTIVENESS OF THE PERFORMANCE MANAGEMENT PROCESS IN DRIVING PERFORMANCE IN TRANSNET

5.6.1 Successes of Performance Management

Managers and Supervisors in the operations revealed that there has been quite an improvement for the junior employees; for years Transnet has not been doing anything to manage performance for bargaining unit employees until four years ago. Since it was formally implemented, and strict monitoring was enforced, and the bargaining unit employees have begun to see the importance of where the company sees itself and where they fit in the company. This bargaining unit methodology is where employee behaviour and the team contribution as well as the business unit contribution is assessed.

Managers and Supervisors in the operations also revealed in the findings that they are responsible for improving; targets, volumes and ultimately the overall performance of the organisation and that to do so individual performance must be managed to achieve the tons or volumes that must be achieved even through customer satisfaction.

Most managers attest that performance management improves efficiency, it helps improve on the strategic targets set, contributing to organisational objectives and ensuring that strategic goals are met.

Managers who manage operations revealed that there is a great improvement when it comes to performance management with regards to team productivity. People understand that everyone is a piece to a huge puzzle and people are measured based on that they have contracted.

Findings revealed that HR respondents note that the number of cases that go to the CCMA due to performance management cases has decreased, more line managers have started owning the performance management of their subordinates and not making it an HR problem.

5.6.2 Challenges of Performance Management

Though there are notable successes and improvements that have been made and embraced over the years, it is noted that managers expressed that there is still a long way to go before the process can be given a green light as having no spot or blemish.

This research revealed that there are a few inconsistencies in the application of the performance management process within the different Divisions and in the different regions and provinces:

Annual Performance Training/Refresher trainings

Some respondents mentioned that not much is done in their divisions to enforce the performance management procedure and process. (RN4, 10 March 2020), mentioned that having been in the organisation for many years "I don't even remember the last time there was a performance training. The one that we had was years ago in 2012 or something". HR also acknowledged some of the limitations when it comes to ensuring consistent application of the performance process across the Transnet divisions. "Transnet is a big organisation. As I'm sitting here in Germiston, we've got depots that go up to Mafikeng so when we do those trainings, we need to travel to all those places around different provinces to offer that training. So, I think because of the cost saving we are lacking as HR in terms of providing those trainings" (RN3, 09 March 2020).

Use of Technology

Most respondents mentioned that there have been different performance management systems that have been used over the years, though the performance principles don't change however employees find the performance management daunting if it cannot be supported by technology. Respondents used the same words saying "the system that we use that changes the whole time, you have to do it manual, then you have to do it on the system, then the system is not available, so you have to do it manual again."

The respondents mentioned that there has limited investment in terms of upgrading the IT systems in that performance information is not available as real-time information, the fundamental system for collecting the performance data still needs to be upgraded.

Tick Box Exercise

The respondents mentioned that some managers emphasise complying with the performance management process e.g. “complete the scorecard so that HR does not escalate us”. Some respondents mentioned that about 80% of the blue-collar employees don’t take the performance management seriously because their managers or supervisors don’t take it seriously, they are only interested in the bottom line and what needs to be done.

Manager and supervisors are not made to accountable for not adhering to the performance management process. Where it is evident that a business has not performed, and a manager is held accountable the other managers lax on enforcing performance because they know they would be accountable which defeats the whole purpose of performance management within Transnet.

This study aimed to explore the performance management process, principles and system of Transnet. The aim of the study was to also investigate how implementation of performance management is undertaken at Transnet. The impact of successful and unsuccessful implementation on the SOE was also explored.

Performance has not been consistent in the SOE over the last ten years and inconsistencies between what the SOE reports and what is reported by the Auditor General being recorded; the researcher has gathered information from the SOE and about the SOE on the performance management implementation process and the following can be concluded:

- Majority of the respondents have responded positively to the performance management process of Transnet.
- The respondents are aware and informed of the performance management process and implementation in the organisation.
- The respondents know their role in the performance management process.
- The respondents have noted more successes compared to challenges and failures in the performance management process of Transnet.

Though there are challenges noted in the performance management process and implementation in the organisation, the study concludes that there are more factors that contribute to the outputs of the performance management process in Transnet. A gap exists in the literature that prompts research for future exploration.

5.7 SUMMARY

Research questions have been answered, it is now known how performance management is implemented in Transnet. The performance management successes and challenges in the SOE are also revealed. The performance management strategies and processes in the SOE are also known. The researcher's recommendations will be presented for consideration in the next chapter.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter will provide a summary of the research undertaken by outlining what the six chapters presented. The research is concluded in this chapter and the researcher presents recommendations based on the literature review, data collection process and analysis of the research findings.

The researcher endeavoured to accomplish the purpose of the study as outlined in the inception of the research which is to explore the performance management process, principles and system of Transnet. The study also intended to investigate how performance management implementation is undertaken at Transnet. Furthermore, through gathering of information from the SOE and about the SOE on the performance management implementation evaluate the impact of successful and unsuccessful implementation on the SOE.

6.2 CHAPTER SUMMARY

Chapter One provided a detailed outline of what study would entail. The research begins with providing background on the state of SOEs in the country and the role of the Presidential Review Committee (PRC) in examining all SOEs in the country (PRC, 2016). The chapter painted a picture of the scrutiny that SOEs have been under by outlining the contribution of SOEs on the weakening of the economy of South Africa. The study sought to explore the governance of SOEs by assessing the implementation of performance management at Transnet; one of the biggest SOEs in which the Department of Public Enterprises (DPE) "provides shareholder oversight" (Fourie, 2014, p. 5). This was done through the introduction of the research problem statement, research purpose statement, research question and research sub-

questions, significance and limitations of the study. The chapter concludes with noting research limitations of the study, paving the way for chapters that follow.

Chapter Two evaluated the existing literature on SOEs which was considered relevant by the researcher. The chapter introduced the definition of literature review and its purpose in academic research. State-Owned Enterprises were discussed as follows; the background on SOEs, Regional Context on SOEs, South African Context on SOEs and the Role of SOEs in South Africa. Performance Management as the Conceptual Framework of this research was introduced defining Performance Management, Performance Management process and Performance Management flaws. The researcher introduces Transnet SOC as the research study exploration; providing an overview of the SOE, its relationship with the Department of Public Enterprises (DPE) and its Performance Management implementation.

Chapter Three discussed the research methodology, research approach, data collection and sampling procedure as well as how the data gathered was analysed. A qualitative research methodology was adopted in this research and semi-structured interviews were employed together with field notes together with documents as major sources of data collection. Non-Probability Purposive sampling was applied as such nine Transnet employees interviewed comprising of HR Practitioners, Executive Management, Senior Management, Middle Management and Supervisors. Telephonic interviews were the best option for interviews dues to the different Transnet employees being situated all over the country. The questions directed at them included their understanding of Performance Management, the number of years and experience in performance management and the detailed performance management process of Transnet. Secondary data used was in the form of Annual Integrated Reports and Auditor General Reports.

The chapter concluded with ethical considerations considered and adopted in the study; offering details on confidentiality, anonymity and informed Consent. Research participants were made aware that they are recorded in addition, informed of the methods and desired outcomes of the research. Pseudonyms/ respondent code names were used to ensure that the interviewee's name and personal details are not found in the research or any information from which the respondent may be associated.

Chapter Four presented the results obtained in the data collection process. A brief overview of the Transnet and its operating Divisions were discussed. The demographics profile of the nine interview respondents were depicted in terms of number of years in people management, position category and Transnet Division currently or previously worked in. Findings were presented as a result of information received from both primary and secondary data.

The Fifth Chapter provided an interpretation of the key findings and analysis of the research outcome. The analysis is as a result of the data collected through the methods established in chapter four. Research analysed in this chapter is data obtained through the semi structured interviews, documents and reports pertaining to Transnet. This chapter intended to answer the research questions introduced the first chapter.

Chapter Six reports the conclusions and recommendations in terms of the findings of the study.

6.3 CONCLUSIONS

The researcher interviewed nine (9) respondents who are managers of people in the workplace. The semi-structured interviews were a composition of Human Resource (HR) practitioners, line managers, supervisors and team leaders. The interview recordings were all transcribed and

subsequently captured on Microsoft Word and Microsoft Excel allowing for analysis. The following questions informed the line of inquiry:

Research Question

How is performance management implemented in Transnet?

Research Sub-questions:

- How does performance get measurement and monitored in the SOE?
- How effective is the performance management process in driving performance in Transnet?

After consolidating and analysing all the data collected through the interviews as well as document analysis, the following conclusions may be drawn:

The research participants share a similar understanding of what performance management is as defined in the literature review. And although there is a common understanding of the concept of performance management and the adopted performance management approach at Transnet, findings reveal that implementation is applied differently in the divisions. Though the respondents have acknowledged that the many areas of improvement where the implementation if performance management is concerned, however it is noted that findings reveal that performance management approach as defined and discussed in Transnet's Integrated report is in line with what the PRC has recommended.

Below are the findings on the implementation of the performance management system in Transnet:

- The research respondents have a fair understanding of what performance management is and its application.

- The respondents are familiar with the purpose, role and intent of the performance management process.
- Furthermore, most of the respondents are aware of the Performance Management process of Transnet and process of cascading strategic objectives to the different divisions.
- Executive, Senior and Middle management fully understand that Transnet should be aligned to the PFMA in that the Performance of SOEs is managed by ensuring that there are strategic objectives in place that are reflective of the mandate of the SOE.
- There is an understanding of how performance objectives and KPI's are cascaded throughout the organisation.
- The role of the performance monitoring and reporting component of Transnet was discussed in its significance; in that it develops and monitors performance against the adopted performance management framework.
- At an organisational level, findings revealed that the corporate plan submitted to the Department of Public Enterprises is used to measure the performance of the company on a quarterly basis, and at an individual level the performance scorecard is a performance measuring tool.
- Findings revealed that performance monitoring is undertaken through OD Interventions, Systems monitoring and the formal touch bases as per the Performance Cycle.

These are the Successes of Performance Management:

- The introduction of performance management for bargaining unit employees.
- Bargaining unit employees have begun to see the importance of where the company sees itself and where they fit in the company.

- More line managers have started owning the performance management of their subordinates and not making it an HR problem.

These are the Performance Management challenges identified:

- Inconsistencies in the application of the performance management process within the different Divisions and in the different regions and provinces.
- Inconsistencies in the application of annual performance trainings and refresher workshops.
- Limited investment in terms of upgrading the IT systems that support the performance management, measurement and monitoring process.
- Failure to enforce the use of performance management systems even with the bargaining units across the Transnet divisions.
- Performance Management is a tick box exercise.

6.4 RECOMMENDATIONS

The following recommendations having considered the findings and analysis of the research conducted.

Technology

- Fundamental system for collecting imperative performance related data still needs to be upgraded. Transnet needs to support performance monitoring and reporting through investment in terms of upgrading the IT systems so that the performance monitoring and reporting is immediately available as real-time information.
- A drill down of trend analysis on departmental performance can only be determined and addressed timeously where technology is leveraged.

- Replace all manual performance related systems across Transnet so that performance can be reported and monitored consistently; by being able to do more advanced analytics on the data that can be received.
- Automation of performance management processes across Transnet will improve efficiencies more than manual processes.
- Technology will also take care of the administrative part of the process so that HR's focus is more on workshopping on the principles of performance management than fighting resistance of the process because of the administrative nightmare around it. Where manual interventions are eliminated management and HR's focus can be on driving the importance of having quality discussions around performance improvement and enhancement plans.

Training

- Training and workshops need to continuously and consistently be held for both managers and staff across Transnet on the fundamentals of performance management, and on the Transnet performance process. This will ensure that both manager and sub-ordinates can play their part in the process and will understand where they fit in the big picture.
- Where training has taken place, it would be easier to enforce the application of performance management and the approach the organisation has taken.

Audit the Performance Management Process

- The performance process should be audited twice a year by independent performance consultants until such a point where it is no longer a tick box but its embedded.

- Performance auditing, training and workshops should be an important KPI for HR personal so that they do a thorough job in ensuring that all Tranent employees are aware and practice the performance management processes in the organisation.
- There should also be regular audits on managers of people to determine if they are also doing things the right way from a performance perspective , if not there should be consequences firstly for treating the process as a tick box and secondly for not managing the performance of their subordinates.

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Appendix 1

Participant Information Sheet

Dear Sir/Madam

My name is Faith Moeletsane and I am a Master's in Public and Development Management Student at Wits University in Johannesburg. As part of my studies I must undertake a research project, as such I am investigating Performance Management implementation in Transnet. The aim of this research project is to find out how the implementation of performance management is undertaken at Transnet and the impact of successful and unsuccessful implementation on the SOE.

As part of this project I would like to invite you to take part in an interview which will be scheduled at your offices or via skype depending on your availability. This interview will be one semi-structured interview which is intended to allow for you to be comfortable and for you to share information that may not necessarily be asked on the interview questionnaire but is related and important to the matter at hand. I will engage you based on your experience of Transnet's Performance Management System. The interview will be approximately 30- 45 minutes. You will be provided with a consent form to the interview which you will need to complete before we commence. With your permission, I would also like to record the interview using the recording functionality on Microsoft teams. Should you grant me permission to be record the interview the recording will only be made preview to my academic supervisor Professor Ivor Sarakinsky.

You will not receive any direct benefits from participating in this study, and there are no disadvantages or penalties for not participating. You may withdraw at any time or not answer any question if you do not want to. The semi- structured interview will be completely

anonymous. Pseudonyms (false name) will be used to ensure that your name and personal details are not found in the research in its entirety or any information from which you may be associated. My research supervisor will be preview to the interview notes together with your details to determine that the names correlate with the pseudonyms. That way this process will give the research credibility as it will be signed off by an academic.

All the information you give to me will be held securely on Microsoft OneDrive and password protected and will not disclosed to anyone else besides my research supervisor. I will be using a pseudonym (false name) to represent your participation, in my final research report. After the final research report is submitted and marked all interview recordings, and participant information will be destroyed, this should be within 1 year from the date of the interview.

If you experience any distress or discomfort, we will stop the interview or resume another time. If you have any questions afterwards about this research, feel free to contact me on the details listed below. This study will be written up as a research report which will be available online through the university library website. If you wish to receive a summary of this report, I will be happy to send it to you upon request. If you have any queries, concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (non-medical), telephone + 27(0)11 717 1408, email Shaun.Schoeman@wits.ac.za

Yours sincerely, Faith Moeletsane

Researcher name, email, phone number: Faith Moeletsane, 417361@students.wits.ac.za, 0711374302

Supervisor name, email, phone number: Ivor Sarakinsky, Ivor.Sarakinsky@wits.ac.za ,27 11 717 3925/3645

Appendix 2

Consent Form

Title of project: Assessing Performance Management in Transnet

Name of researcher: Faith Moeletsane

I ……. agree to participate in this research project. The research has been explained to me and I understand what my participation will involve.

1. I agree that my participation will remain anonymous YES NO (please circle)
2. I agree that the researcher may use anonymous quotes in his research report YES NO (please circle)
3. I agree that the interview may be audio recorded YES NO (please circle)
4. I agree that the information I provide may be used anonymously by other researchers following this study YES NO (please circle)

…… (participants signature)

…… (name of participant)

…… (date)

Appendix 3

Interview Guide

Introduction

My name is Faith Moeletsane a Master of Management Student form University of Witwatersrand, who is doing her final year research report with the topic “The Challenge of Performance Management in Transnet”. This study is a University of Witwatersrand requirement which will lead to my obtaining of a Master of Management Degree in the field of Public and Development Management. As part of the study, I would like to invite you to take part in an interview. This interview will involve answering of questions and will take approximately 30 to 45 minutes. With your permission, I would like to record the interview using a recorder. You will not be required to provide your names if you prefer to be anonymous. You have a right not to participate in this study if you wish. All responses recorded will be kept confidential and finding from this study are for academic purposes. Note that, you will not receive any direct benefits from participating in this research, and there are no disadvantages or penalties for not participating. You may withdraw at any time or not answer any question if you do not want. If you wish to proceed, please complete the consent form as provided, if you need clarity or not certain, we can go through it together.

If you have any questions during or afterwards about this research, feel free to contact me on the details provided. This study will be written up as a research report and might be available online through the university library website. If you wish to receive a summary of this report, I will be happy to send it to you. If you have any concerns or complaints regarding the ethical

procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrec-medical.researchoffice@wits.ac.za

RESPONDENT PROFILE

- Participant:
- Division:
- Job description:
- Years in position:
- Date of interview:
- Time interview started:
- Time interview finished:
- Name of interviewer:
- Location of interview:

Questions:

F: Thank you so much for taking your time to meet me. It is appreciated.

R:

S: (I provide the participation form to the responded)

R:

F: (I go through the consent form)

F: Do you have questions or need clarity from me before we commence with the interview?

R:

F: Could you please provide a background about yourself and what it is that you do at Transnet?

R:

F: What is your understanding of Performance Management?

R:

F: What do you understand to be the Performance Management Process of Transnet?

R:

F: What is your role in the Performance Management Process?

R:

F: How is performance management implemented in Transnet?

R:

F: How does performance get measurement in the SOE?

R:

F: How does performance get monitored in the SOE? (How often is it monitored)?

R:

F: How is poor performance management implementation handled in Transnet?

R:

F: What role do you think performance management can play in promoting effectiveness in the SOE?

R:

F: What form of training or workshop is provided annually on performance management for managers of people?

R:

F: How are performance objectives, measures and indicators, as well as annual targets set at Transnet?

R:

F: In the last five years, what have been some of the changes in how performance management is undertaken in the SOE?

R:

F: In your view what is it that you think can be improved in the performance management process and implementation at Transnet?

R: