# Alignment of Managers Goals to the Goals and Objectives of the City

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# DECLARATION

I declare that this research report is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Public and Development Management at the University of the Witwatersrand, Johannesburg. It has not been submitted before any degree or examination in any other University.

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# ABSTRACT


Municipalities have pressures to improve organisational performance and maximise goal achievement with the benefits being improved service delivery and development of local communities.

Aligning employee performance plans with organisational goals channels employee efforts towards organisational goals, and the organisation is more likely to achieve its goals. Equally important, increasing levels of employee involvement in deciding how work gets done is more likely to improve achievement of organisational goals. Managers should accordingly use performance appraisal process to set individual goals that are aligned to organisational goals.

This research study set out to examine and analyse the alignment of managers' goals to the goals and objectives of the City. The study involved a sample of seventeen senior managers of the City of Tshwane. Data was gathered using questionnaires and interviews.

**This research report indicates a few major findings:**

- The City of Tshwane has a partial approach to performance management, giving the impression that it has been 'tacked-on' to the main corporate management processes of the municipality.

- The importance of aligning employee performance plans to organisational goals to improve goal achievement. In the case of the City of Tshwane, there's no clear performance management framework to guide the cascading of organisational goals down to departments and individual employees to ensure both horizontal and vertical consistency of goal setting
- The purpose of the City's performance management system is mainly an aid to setting of performance objectives, assessing past performance and to help improve current performance.

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# RATIONALE FOR THE STUDY

## 1. INTRODUCTION

The circumstances within which local government in South Africa is managed have changed significantly during the past decade. These changes have come about due to changes in national government legislation as well as innovation and developments undertaken by individual municipalities. The changes have an impact on the way the municipal services are provided and managed.

As a result of the changes, performance management is a new requirement for local government. Prior to the enactment of the White Paper on Local Government (1998) there was no coherent system for the monitoring of and reporting on performance, hence not many municipalities lived up to the promises of delivering quality services to local communities.

The White Paper on Local Government (1998) suggested the introduction of performance management system in local government as a tool to ensure developmental local government. The notion of developmental local government entails an entirely new culture and orientation for local government. Municipalities are required to have to focus their energies on clear set of developmental outcomes including the provision of household infrastructure and services, local economic development, creation of livable, integrated cities, and rural communities.

To orientate itself to these developmental outcomes, local government is constitutionally required to structure and manage its administration, planning and budgeting differently from that prescribed in the past. The administrative systems that municipalities must adopt in their developmental approach include:

- Integrated development planning
- Performance measurement and management
- Development of structures and systems to enable active involvement of citizens and communities in the affairs of the municipalities (Local Government Review, 2003/4)

The White Paper asserts further that involving communities in developing some key performance indicators and reporting back to communities on performance increases accountability of the municipality and enhances public trust in the local government system.

The Municipal Systems Act (32 of 2000) and the Municipal Planning and Performance Regulations (796 of 2001) reinforce the institutionalisation of performance management culture in South African local government. These pieces of legislation require municipalities to use performance management as part of a broader strategic management system. These legislative prescripts further require municipalities to use their performance management systems as primary mechanisms to plan performance, monitor, and review and improve the implementation of the municipality's Integrated Development Plan (IDP).

It should be recognized though that the legislation does not sufficiently constitute a framework and model that fully proposes how the performance management system will work.  It is accordingly left to each municipality to design a model for performance management that would provide for a set of procedures and functional tools to enable effective implementation of the system. In fact, the Municipal Systems Act provides flexibility for the municipalities to establish performance management systems that will be commensurate with resources and best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its integrated development plan. However, the legislation guides that the core components of the performance management system should cover following:

- Setting of appropriate key performance indicators
- Setting of measurable performance targets
- Monitoring performance
- Measuring and reviewing performance
- Taking steps to improve performance
- Establishing a system of regular reporting

Any performance management model should tell what aspects of the municipality's performance should be measured and managed.  Such a model should align the processes of performance management to the municipality's performance goals and outcomes.

## 1.1 Definition of the Problem

The purpose of the study was to examine and analyse the alignment between the strategic goals and objectives, and performance plans and objectives of senior managers of the City of Tshwane.  Since the performance goals and objectives of the organization are realised through the performance plans of its employees, it is accordingly important that organizational goals are cascaded through to the performance plans of the employees.  Secondly, the appraisal purposes and outcomes of senior management should reflect the performance outcomes of the organization.

This study sought to examine how the City of Tshwane's performance management system aligns the performance goals of senior managers, through their performance plans and reviews, to organisational goals and outcomes.

## 1.2 Issues that were investigated

Few organizations build a systematic performance management process and system into their overall strategic plan. Effective performance management should encourage effort and promote alignment between employee and organizational goals, Schein (1977).

The purpose of this study was to examine the alignment between the City's strategic goals and objectives, and performance plans and appraisal outcomes of senior managers of the City of Tshwane

The research addresses the alignment issue from the perspective that some performance management systems place emphasis on individual performance management, with organizational performance management being seen as a separate activity. Performance management should be about the setting and measurement of desired activities and outcomes of the organization, its individual components as well as its staff that contribute to the achievement of the strategic vision of the organization. It is therefore important that the municipality should set clear organizational goals that can be cascaded down the various components of the organization and staff. In this way employees can then see the way in which their individual contributions add to the greater performance of their departments and overall municipality.

Appraisal of employee performance should accordingly be tied to the achievement of the organizational goals. This can be achieved in a situation where there is alignment and integration of organizational and individual performance management (City of Joburg Performance Management Policy and Procedure: Key Challenges and Recommendations, 2006)

**<u>Issues that were investigated in the study were as follows:</u>**

### *1.2.1 Performance Management Model*

The study investigated the performance management model of the City of Tshwane through questionnaire, interviews and study of a number of core documents driving the performance management system of the City.

### *1.2.2 Performance Appraisal and the Link to Organisational Goals*

The study sought to establish how employees at individual or team level are held accountable through elements and standards that relate to organisational goals and how senior managers cascade departmental goals in their respective departments. The study sought to examine how the performance appraisal systems of the City of Tshwane ties to individual and organisational goals and performance.

### *1.2.3 Purpose of Performance Appraisal*

The study also sought the views of senior managers on what they understand to be the relative purpose of the organisational performance appraisal in the City.

### *1.2.4 Appraisal Process*

The study sought to determine the frequency of the performance reviews, who carries out the reviews as well as the link between the performance reviews and the salary reviews.

## 1.3 Rationale for Conducting the Research and Relevance of the Study in South Africa

The major preoccupation of most municipalities is to provide services and develop communities, and to do so effectively and efficiently. In the process of achieving this objective, municipalities are required to appraise their performance and the performance of employees.

Appraisal of performance is an essential and a continuous business activity if the effectiveness of individuals is to be improved upon ‘second time around’. Literature shows that in the past 40 or so years there have been conscious attempts by organizations to make sure that their appraisal of performance or performance review schemes should tie in more closely to the objectives of the business (Haeri, 1969). Schneir et.al (1987) put the point of aligning appraisals to organizational goals more succinctly by arguing that performance identified and performance appraised must be relevant to the organization's strategic objectives and goals.

**Accordingly, the importance of this research stems from its focus on:**

- Performance management model
- Alignment of performance appraisal to organizational goals and objectives.
- Appraisal process
- Purpose of performance appraisal in relation to organizational goals

Results from this study hold immediate implications for the way municipalities align organizational goals to the performance plans and goals of the senior managers and how senior managers cascade their performance plans to employees in their departments. It is conceivable for example, that some municipalities see the development of organizational goals as a separate activity to the appraisal objectives of its employees. Thus raising the concern that what we measure and reward for is different to the achievement of the goals of the organization.

A lot of research has been done in the area of performance appraisal as management attempts to improve appraisal systems in organizations. Lawler, Mohrman Jnr and Resnick (1984) reported that most of the research done in performance appraisal focused on the mechanics of measurement and appraisal forms. An initial survey of literature would seem to suggest that an understanding of how municipalities align organizational goals to performance appraisals is not readily apparent. Yet an “increased need for a link (of performance appraisal) to the performance system has arisen, specifically to assess and reward actual performance that assists and supports the attainment of the organisation’s broader business plan and goals” (Natorp, 1993).

## 1.4 Definition of Terms

### *1.4.1 Performance Management*

Performance Management is defined as both “the process through which companies ensure that employees are working towards organisational goals” and a broad term that has come to stand for the set of practices through which work is defined and reviewed, capabilities are developed, and rewards are distributed in the organisations” (Mohrman and Mohrman, 1995).

Rogers (1990) brings the definition closer to local government and sees performance management as an integrated set of planning and review procedures that cascade down through the organisation to provide a link between each individual and the overall strategy of the organization.

### *1.4.2 Performance Appraisal*

Performance appraisal is the regular assessment of an individual's performance.

### *1.4.3 Model*

Performance Management Model is a system that tells what aspects of the municipality's performance should be measured and managed. It is the organizational setting that that defines the procedures, systems and structures which enable it firstly, to determine its aims and objectives, sets its plans and budgets, and secondly, to control, monitor and review its actions and achievements ( Rogers, 1990).

### *1.4.4 Senior Management*

Senior management in the City of Tshwane and in the context of this study refers to levels 1-4 which include the City Manager (who is level 1), Chief Operations Officer, Chief of Police, Chief Finance Officer (who are level 2), Strategic Executive Officers (level 3) and General Managers (level 4).

### *1.4.5 Performance Standards*

Criteria for distinguishing the level of results are provided by performance standards. Measurements in terms of how much, how well, when and what way the job is done, are used to describe results. Results are further identified through quantity of outputs, quality of outputs, timeliness of output, effectiveness in the use of resources, and negative and positive effects of the effort employed, manner of performance and the way in which assignments were performed, (Henderson1982, 22).

Performance standards are therefore management approved expressions of the performance thresholds, requirements or expectations that employees must meet to be appraised at a particular level of performance.

## 1.5 Limitations of the Study

### *1.5.1 Limited Focus*

The focus of the study is on the City of Tshwane and thus the research findings cannot be overly generalized.

### *1.5.2 Changing System*

The performance management system of the City of Tshwane has gone through generations of improvements. Even at the time of the study new changes were being proposed. More importantly is the fact that three different systems are operating at the same time for different employees. Fixed term employees and permanent employees are on different systems and similarly, permanent employees from erstwhile municipal administrations are als**o** on different "performance management systems". This study was limited to the fixed term employees and the level at which the performance management system as proposed by the new legislation has been rolled out by the City of Tshwane.

The findings of the research may not necessarily reflect the changed practice and environment of performance management in the City of Tshwane.

# CHAPTER 2

## 2. LITERATURE REVIEW

### 2.1 Performance Management

#### *2.1.1 Performance Management Defined*

Spangenberg (1994) asserts that performance management should be regarded as a critical communication process that helps provide a motivating climate to assist employees in developing and achieving high standards of performance. Performance management is a multilevel process that starts with the overall strategy and cascades to organisational, departmental and individual performance management and appraisal. It encompasses the planning, monitoring, measurement and reporting of performance at organisational and individual level.

According to Spangenberg (1994) performance management system comprises five core processes:

- Developing the organizational mission, goals and strategic capabilities
- Formulating goals and creating alignment at team and individual levels
- Designing or redesigning structures

- Managing performance at organizational, process, and team/individual levels.

Spangenberg argues that a linkages model should present performance management's connectedness to business strategy and other human resources systems.

Spangenberg argues further that with this approach, performance priorities for the municipality as a whole are cascaded through the entire organization such that each employee understands their unique and important contribution to the organization meeting its strategic objectives.

Accordingly, performance management forms part of the strategic management approach within the municipality, aimed at ensuring that the organization is strategy-led, and the key systems such as planning, budgeting and performance management are integrated. This approach enables the municipality to plan better, monitor and measure performance more effectively and report on achievements in a transparent and convincing manner.

### ***2.1.2 Performance Management Model***

In order to assess an organization's performance, a balanced view is required, incorporating a multi-perspective assessment of how the organization is performing as seen by different categories of stakeholders. To ensure this balanced multi-perspective examination of the municipality's performance, a model could be adopted to guide performance management in the entire municipal organization.

Williams (1998) proposes three models of performance management:

Performance management as a system for managing organisational performance; performance management as a system for managing employees' performance; and performance management as a system for integrating management of employees and organisational performance.

#### 2.1.2.1 Performance management as a system for managing organizational performance

There are instances where performance management places emphasis only on organisational performance management, with employee performance management being addressed separately. Ainsworth and Smith (1993) argue that performance management used in this sense is limited to planning concepts of defining the vision, mission and specification of organisational goals and objectives. It does also include measuring the performance and achievement against stated goals and targets.

The key level of oversight is in relation to the delivery against organisational business plan at the level of the organizational performance.

This limits the focus of the organization to ensure alignment between the business plans and the individual employee performance plans. More so, this approach tends to neglect the fact that the realisation of the organizational goals is through the performance and review of its employee performance.

### 2.1.2.2 Performance management as a system for managing employee performance

According to Williams (1998), for other organizations performance management refers to planning for individual employee goals. In these instances performance management places emphasis only on individual performance management, with organizational performance management being addressed separately. The focus is on the individual employee performance.

The problem with this approach is that it results in loss of focus on organization-wide targets, collaboration, and collective effort (City of Joburg Performance Management Policy and Procedure, 2006).

#### 2.1.2.3 Performance management as a system for integrating performance management of employee and organizational performance

Bevan and Thompson (in Armstrong, 1994) posit that the following features are important for the success of any performance management system:

- The organization has a shared vision or mission and objectives that are communicated effectively to all employees.
- Individual performance management targets are linked to team and organizational objectives.
- There are regular review processes to identify training, development needs and reward and recognition outcomes.
- The system is reviewed continuously and refined (Armstrong, 1994).

Castis (1999) critiques this approach in that objectives are driven from the top down, whilst training; development and reward are driven from the bottom.

Clearly, the significance of integrating organizational and individual performance as a basis for managing performance is acknowledged by some organizations as important but a challenge. In the review of the performance management system undertaken by the City of Joburg in 2006, the following gaps were identified in the performance management framework:

- Alignment and integration of the city-wide, organizational and individual performance management
- Clarifying the objectives of the City's performance management system at the level of city-wide, organizational and individual performance management
- Scope of individual performance management framework and challenges in respect of other levels.

The review of the City of Joburg found that the system under review placed much emphasis on individual performance management system with organizational performance being addressed separately. This was seen as problematic, because what it means is that the City of Johannesburg does not have a model and policy that seeks to integrate the processes of performance management at organizational and individual employee level.

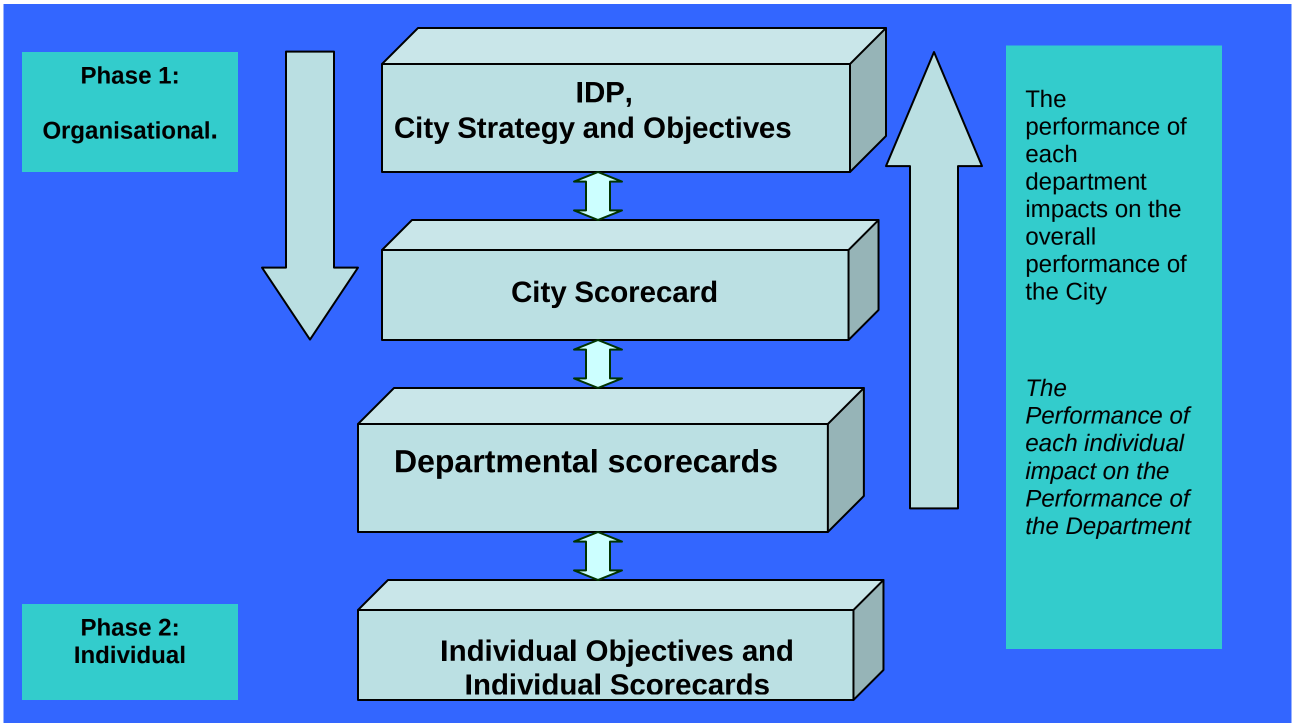
Secondly, the absence of an integrated policy means that there is no clarity in terms of objectives of performance management at the various levels. Resultantly, employees cannot see the way in which their individual contributions add to the greater performance of their departments, organization or the city as a whole.

The performance management model followed in this research is adapted from the City of Joburg's approach to the performance management process.

The model advocates for a link between organizational goals and the individual performance plans. The approach is based on the principle that once organizational objectives have been set, it is possible to cascade these down to the relevant departments and individuals. In turn, individuals and departments, by achieving their objectives and targets, contribute towards the organization achieving the objectives and targets in its organizational scorecard.

The City of Joburg's three-tired approach to performance management and its alignment with the planning process is outlined in the diagram below:

**Fig 1: The Linkage of the Organisational and Individual Performance** (adapted from the City of Johannesburg Performance Management Policy and Procedures: Key Challenges and Recommendations: 2006)




### *2.1.3 Performance Management Systems and Procedures - Some Thematic Issues*

Rogers (1990) suggests that the manner in which municipalities approach performance management could be categorized into several systems. These systems are not always a result of conscious choice by a municipality but a function of their practice and approach which progresses and evolve over time.

The six systems are: total vs. partial systems, top-down vs. bottom–up approach, action vs. analysis, direction and control by councilors vs. control by officers, continuity vs. change in systems, personnel and political control, and an internal control vs. an external control.

Rogers asserts that while all of these approaches provide an interesting insight in understanding the conduct of performance management in any given local authority, not a single approach fully defines the character and approach of one municipality. It is not the intention of this writer to explain all of them in this text. Four of them are summarised hereunder. These four have specific relevance to the subject of inquiry in that they may elaborate on the system or combination of systems or model that the City of Tshwane pursues in implementing its performance management system.

#### 2.1.3.1 Total systems vs. partial systems

Rogers argues that in some municipalities the approach to managing performance may be described as a “total systems approach” in so far as they have an overall framework or system of management, which provides a clear focus on performance at all stages of the policy making and management process which is municipal wide and involves both councilors and officers, covering all services and activities and integrate a number of systems and procedures.

The system is said to be total in two fundamental respects:

- Horizontally, i.e. they are corporate
- Vertically, i.e. they have an influence from the top to the bottom of the municipality’s organizational structure.

In such municipalities the overall system of management would provide a framework, which determines how, when and by whom the interrelated processes of planning, action monitoring and reviewing are affected.

Roger argues that in reality, in the majority of local authorities the approach to performance management is more partial, representing one of several approaches to management. The impact of such an approach is that for some it will be a critical and major influence on their thoughts and actions, while others may be hardly aware of its existence.

Meanwhile in some local authorities performance management as represented by the reporting of performance indicators, the presentation of annual performance reports and the carrying out of ad hoc performance review exercises may give the appearance of having been "tacked on" as an incidental afterthought to the main corporate and departmental management processes.

#### 2.1.3.2 Top-Down vs. bottom-up approaches

Roger posits that in some local authorities the major impact and intent of performance management flow from a perceived need to 'give direction to' the local authority and to provide procedures which ensure that there are appropriate controls over what is done and achieved. In such authorities the general style or approach adopted tends to be clearly hierarchical (top-down) in nature. It starts with the specification of municipal aims and objectives, translating them successively downwards through the organization to the point where individual members of staff have specific objectives and key results areas determined. The downward specification of direction, objectives and expected results is then matched by an upwards process of monitoring and reviewing.

The hierarchical approach contrasts with that adopted by some local authorities who may be described as bottom-up in that the initial or primary focus on performance is directed at the individual officer or at cost-center or service unit level. Such approaches are generally more concerned with general motivation, enthusiasm and the willingness of individuals and small units to monitor, review and appraise their own performance.

In practice a number of local authorities attempt to adopt an approach, which offers both a top-down and a bottom-up style of management. Clearly any local authority requires a sense of strategy and direction, which must be determined at the most senior levels, and clearly it must be able to check whether that sense of strategy and direction is being achieved in practice. But an excessive degree of direction and control can create an environment in which individuals merely seek to conform to what is required of them without contributing to the process of problem solving and planning in an active way.

#### 2.1.3.3 Internal vs. an external focus

Approaches to performance management may vary in the extent to which they are predominantly internally focused, in which case they will tend be concerned with the efficiency of internal procedures. The mechanism for setting performance goals and for monitoring and reviewing achievement will also be inward looking, contained within the municipality or even within separate departments.

Meanwhile those municipalities that are externally focused will tend to be more concerned with effectiveness of their services, and the mechanism for goal setting, monitoring and review. Such municipalities are likely to focus on customers and clients.

The research done by Rogers on local authorities in Britain concludes that the distinguishing feature is the extent to which municipalities consciously and systematically attempt to translate the procedure for planning, monitoring and reviewing performance down to the level of the individual member of staff, thereby integrating the management of organisational performance with that of the individual performance. In this case performance review is conceived as an integral and continuous part of the management process.

#### 2.1.3.4 Direction and control by councilors vs. direction and control by officers

Roger posits that local authorities differ in the extent to which either councilors or officials are involved in directing and controlling the affairs of the municipality. In some municipalities it is quite clearly the councilors who both formulate and specify policies. In others although councilors in a formal sense decide policies, it is officers who are more involved in the process of formulating and articulating policy, a process which they undertake on behalf of councilors based on their understanding of the general political purpose and sense of direction. The same is true with regard to monitoring and reviewing the performance of the municipality, in which councilors can become extensively involved by means of detailed reporting and analysis of performance or undertake only a general overview of these processes which are essentially carried out by officers.

### *2.1.4 Performance Appraisal*

#### 2.1.4.1 Performance appraisal defined

Formal and informal appraisal systems frequently operate side by side. It is frequent these days to hear managers and employees alike talk of one on one meetings taking place either weekly or monthly. It is in these meetings where performance is tracked and reported. This form of appraisal of performance also takes the form of the manager thinking of the performance of their subordinates.

Meanwhile in a more formal sense managers and employees agree on the regularity of performance reviews over the year leading to the final annual performance review.

#### 2.1.4.2 Purpose of performance appraisal

In its simplest form a performance management appraisal has as its starting point a comprehensive assessment of a company's goals. These are translated (or should be translated) into employee goals. A performance plan is developed which includes regular feedback and development as key elements of the system. A formal performance appraisal discussion then takes place at the end of the performance appraisal cycle and the results of the appraisal informs the individual's performance plan for the following cycle as well as the individual development plan and annual salary increment. This process is intended to develop, inter alia, a high performance culture in an organization (Levinson, 1970; Corporate Leadership Council, 1990a).

In practice however, managers and employees regard performance appraisals ambivalently for different reasons. Some of the problems and frustrations with performance appraisals involve mixed or conflicting purposes of appraisal systems.

Consequently, several authors (Cederblom and Permel, 2002; Maier, 1998; Haeri, 1969) have warned against attempting to use appraisals to cover too many objectives including review of current performance, discussion of career development, and communication of salary increase in one interview using a single method. In fact Haeri (1969) puts it succinctly that if one appraisal system tries to cover more than one major objective, such an appraisal scheme is in danger of not achieving any of the objectives satisfactorily.

For example if an appraisal scheme tries to cover;

- Review of performance
- Appraisal of potential
- Appraisal of salary and

at the same time indicate adequately the training needs for the individual being assessed, then that scheme is in danger of falling between several stools.

In a study of 170 companies undertaken by the British Institute of Management in 1967 to assess the purpose for appraisal schemes, 92 units (an appraisal unit is defined as any part of a company in which a particular appraisal system is in use) aimed to assess past performance, 86 aimed to assess promotabilty, 73 units aimed to assess training needs, 19 aimed to assess salary. Interestingly, only 7 units aimed to assess all of the above appraisal purposes.

Rundquist and Bittner (1946) express the view that a single purpose must be the basic principle and that two purposes cannot be well served with a single instrument. A study undertaken by Meyer et.al (1965) concluded that salary considerations overshadowed other purposes than those the scheme was intended to serve. Sloan and Johnson (1968) wrote that a given appraisal method can serve several purposes, but experience may show that it achieves one purpose better than another.

Randel et. al (1984) has identified three groups of purposes of appraisal procedures and has advocated that they be dealt with as three separate activities not only separate in time but also in paper work, procedure and responsibility. These three groups of activities are:

- Reward reviews which relate to the distribution of such rewards as pay.
- Performance reviews which relate to the need to improve performance of each individual member of staff and thereby improve the effectiveness of the organization as a whole.
- Potential review that attempts to deal with the problem of predicting the level and type of work that the individual will be capable of doing in the future.

It is common course though, that large organizations tend to employ a number of distinct appraisal techniques to decide matters of compensation, promotion, training and motivation (Haeri, 1969).

Performance appraisal therefore needs to be systematic. According to Beach (1980) a systematic evaluation of the subordinate's conduct and work performance must take place on a continuous basis. Such evaluation must be purposeful with respect to whom the evaluation is made so that an objective image of capabilities, potential, aptitudes, preferences, limitations and weaknesses is achieved with a view to further development and utilization of the employee.

#### 2.1.4.3 Performance appraisal and the link to organisational goals

Several authors have pointed out that most performance management systems do not tie individual goals and performance to organisational goals and performance, (Halachmi, 1993). Aguilar (2003) argues that in most companies, there is no mechanism to cascade and instill the strategy down through the organization to ensure that it is implemented. This leaves divisions, business units, departments, and individuals to set their own priorities as best as they can, whether or not these priorities are in alignment with overall strategic objectives.

Typically individual performance is assessed in isolation without asking if that performance is actually helping the organization achieve its strategies (Aguilar, 2003). In a way the completed performance appraisal interview is an isolated event focusing on the individual employees' performance, independent of the organisation's strategy or direction. Compounding this "disconnect", most appraisals focus on the employee's past performance, independent of the organisation's strategy and current future direction.

Accordingly, it is suggested that appraisal systems should focus on linking the individual's goals/performance with the organisations strategy and objectives, especially future goals/performance. This focus should increase the relevance of appraisals to managers and employees, and help channel everyone's efforts in a common desired direction. (Cederblom and Pemerl, 2002).

#### 2.1.4.4 Organisational performance management and the link to performance plans and appraisal of employees

To put the strategic vision into action, it is necessary to link the corporate scorecard to the one of the business units and teams, as well as to the individual performance plans of employees (Becker, Huselid and Ulrich, 2001). Yet at most companies, there is no mechanism to cascade and instill the organizational strategy down through the organization and ensure that it is actually implemented. Meanwhile, the Handbook for measuring employee performance (2001) warns that by developing performance plans without using a process that links accomplishments to organizational goals, the organization loses the opportunity to use appraisal process to communicate its goals to its employees and to align employee efforts with its goals.

Meanwhile Armstrong (1994) argues that the success of performance management system depends, in part on organisations putting in place a framework of clearly defined organizational goals and performance measures that can serve as the basis for setting employees' performance expectations and evaluating their performance

To make organizations, departments and teams work effectively, managers have to align and co-ordinate their activities (de Waal and Fourman, 2000). To integrate individual, work teams and organisational objectives requires a shared understanding of the organisational strategy so that executives can create alignment around it. It is performance at individual, departmental and organizational levels that collectively contributes to the City's success in ensuring delivery to its citizens (Joburg Performance Management Policy and Procedure, 2006).

Accordingly, a system should be designed such that key performance areas and indicators of performance contained in the citywide scorecard are cascaded into the organizational scorecard and individual scorecards thus ensuring appropriate alignment between individual performance and organizational performance. Resultantly, all employees should be able to see the way in which their individual contributions add to the greater performance of their departments, organization or the municipality as a whole.

The effective way to measure the results of employees is through their linkage to organizational goals and strategy. From a strategic point of view, the greatest value of performance management system is its ability to focus people on the mission / vision of the organization (Baron, 1994).

The Handbook for Measuring Employee Performance (2001) suggests an eight step approach to ensuring alignment of employee performance plans with organizational goals:

**Step1:** Begin the process by looking at the organizational goals and objectives. The important questions to answer are: firstly, what your organisation’s general outcome goals are as outlined in its strategic plan. This question requires that you refer to your organisation’s strategic plan while creating the employee performance plans. Secondly, what is the specific performance goals established for your department as outlined in your organization’s annual performance plan.

**Step 2**: Determine the accomplishments of the department. In this regard there are three different ways to determine what to measure at the departmental level:

- **Goal cascading method**: This works best for organizations with clear organizational goals and objectives such as those established in the strategic plans and annual performance plans.
- **Customer-focused method**. This method works well when there are no clear agency goals and when the department knows who its customers and what they expect.
- **Work flow charting method.** This works well for departments that are responsible for a complete work process, such as the processing of a case, the writing of a report, or production of a customer information package.

**Step 3:** Determine individual accomplishments that support departmental goals.

**Step 4:** Convert expected accomplishments into performance elements, indicating type and priority. Critical elements must address individual performance only. Other elements can be regarded as non-critical or additional, and can be shared in a team work.

**Step 5:** Determine work unit and individual measures

**Step 6:** Develop work unit and individual standards.

**Step 7:** Determine how to monitor performance

**Step 8:** Check the performance plan

The Municipal Planning and Performance Regulations (796 of 2001) and related legislation require municipalities to set priorities, objectives, indicators and targets in their integrated development plans. Because of this requirement, the study will adopt the cascading method to determine the City's alignment system.

Walters (1995) argues though that the linkages between the performance of the organization and the performance of the individual members are often highly complex. If the organization fails to perform to the required standards it is difficult to assess to what extent this can be ascribed to the failings in the individual performance and to what extent it reflects the broader structural, systems or process problems. On the other hand organizational performance should be more than the aggregate of its members' performance.

It is the view of this writer that performance management should form part of strategic management approach aimed at ensuring that the organization is strategy-led and that key systems such as planning, budgeting and performance management are integrated. This approach would enable the municipality to plan and budget better, monitor and measure performance more effectively and report on achievements in a transparent manner.

Communicating the formulated organizational scorecard to all stakeholders in clear, exciting terms is necessary in order to create organizational buy-in for it and to arouse organization-wide commitment. This can only be achieved if all the stakeholders understand the organizational scorecard and know which behavior is necessary to realize the organizational vision (Rampersad, 2003).

# CHAPTER 3

## 3. RESEARCH METHODOLOGY

### 3.1 Introduction

The purpose of this research was to assess the linkage between the performance appraisal and organizational objectives. The linkage between individual and organizational objectives is important to focus individuals to organizational goals. The appraisal of individual employee performance should therefore focus on how each employee has contributed to the achievement of the organizational goals

This chapter describes the research methodology used in addressing the research questions. The chapter describes the design and administration of the research instrument.

### 3.2 Research Design

The research design for this study was exploratory. The research questions and interview schedules were used as primary data sources for the research. In addition to data collected from interviews, a survey of literature was made on the

City’s documentation relating to performance management framework, performance audit reports, City’s strategy, scorecards for senior managers, and coaching/review records. Further information was therefore gained from a study of these documents, in particular analysis of appraisal records, Performance Management Policy, City Strategy and audit reports.

## 3.3 Research Methodology

A descriptive survey method was used to process the data collected through the questionnaire and interview schedule. The study is classified as a survey in that surveys are associated with “the use of interviews and questionnaires” (Groenwald, 1999, p.55).

A questionnaire is an instrument that can be employed to observe data beyond the physical reach of the observer. Similarly, with a structured interview, the researcher asks questions directly relevant to the research objective. This research concerns itself with collected information about the linkages between the performance appraisal and the organizational goals. This method is consistent with the aims of the research.

## 3.4 Questionnaire Design

Leedy (1993, p.187) has defined the questionnaire as "a commonplace instrument for observing data beyond the physical reach of the observer". Based on the literature reviewed, a questionnaire was drawn up to gather data for the study. The respondents were asked closed-ended and open-ended questions to assess their views on the matter. A copy of the questionnaire is included in the appendix (appendix 1).

This research report is based on information obtained from questionnaires sent to 17 senior managers. The organization chart of the City was studied and managers selected on the basis of their level in the structure.

Additional and more detailed information was obtained from follow-up semi-structured interviews with the senior managers and Performance Management Specialist in the Office of the City Manager. The questionnaire data were collected in June 2006 while the interviews were also conducted in the same period.

## 3.5 The Questionnaire

A survey questionnaire, a copy of which may be found in Appendix 1, was administered to the sample group. The process followed in constructing the questionnaire comprised three stages:

**Stage 1: Draft Questionnaire Design**

A draft questionnaire was assembled which focused on a range of open- ended and closed-ended questions. The questionnaire items were gleaned from the following sources:

- indications from the literature review as to preferred aims of performance appraisal by various companies
- A questionnaire developed by Deirdre (1977) for the research undertaken under the auspices of the Institute of Personnel Management designed to evaluate current performance appraisal practices in British companies.

Although researchers have examined a range of issues relating to performance appraisal (Haeri, 1969) the focus on the linkage between performance appraisal and organizational goals warranted the construction of a new questionnaire.

**Stage 2: Interviews and Questionnaire Development**

During stage two, the draft questionnaire was administered with one manager responsible for Performance Management in the City of Johannesburg and one Manager responsible for Organizational Performance from the City of Tshwane. The draft questionnaire was used as the basis for the discussion. The interviews were conducted in order to introduce a measure of validity to the constructs being examined by the research questionnaire. In addition this first round of interviews served as a valuable form of indirect observation, generating qualitative information about the issues that appraisal users face.

As a result of these interviews, the method and duration of interviews were standardized. The decision to restrict the interviews to those managers participating in the performance management scheme was also reinforced as a result of this first round of interviews. The reason for the choice of senior managers up to and including level 4 was that the nature of the work of such managers and the employment contract lend themselves more readily to appraisal.

Items in the first draft questionnaire were then categorized based on the discussions with the respondents.

**Stage 3: Final Questionnaire Construction**

Based on the information gathered during stages 1 and 2 the final questionnaire was constructed. Part A of the research instrument required very administrative and organizational data relating to the number of employees within a particular business unit, the title of the respondent and whether performance appraisal occurs in the specific business unit. This allowed for between divisions comparisons in terms of performance management and appraisal practice.

Part B of the research questionnaire was divided into four parts. The first set of questions sought to determine the City's performance management model/framework. In the second and third parts questions were asked relating to the extent of the practice of appraisal, who is appraised and the purpose for which performance appraisal is used. The fourth part sought to understand the methodology used to develop the organizational goals and performance plans of employees. This was necessary to determine if there was conscious effort to align performance goals of employees to organizational goals. This part was also meant to determine if setting of organizational goals cascades in a standardized way within and between the various departments of the organization. This was necessary to determine any methodology and or model, if any, used to align employees to organizational plans

Overall the questionnaire instrument aimed to determine whether at the point of appraising performance, the focus remained to assess achievement against organizational goals.

## 3.6 Questionnaire Administration Procedure

The researcher, in collaboration with the Manager responsible for Organizational Performance in the City of Tshwane, sent out the questionnaire to all the respondents in advance. Most respondents completed the questionnaire and returned to the researcher via email while others were returned at the instance of the interview that followed. The response rate was thus very high.

## 3.7 Interviews

Kerlinger (1986) argues that when coupled with an adequate schedule of pre-tested worth, an interview can provide information not obtainable in any other way. This researcher conducted separate structured interviews. The interviews followed the same questionnaire format while allowing the respondents to provide additional information beyond what they have given in the completed questionnaire. This ensured that respondents understood the questions.

At the beginning of each interview, which normally lasted about an hour, managers were assured that their identity would not be disclosed. It was emphasized that the interviews were informal interviews. They were further assured that the responses about their own organization would not be used as a critique of their own organisation in the research report. Instead the responses would be intended to discover if there were any similarities or differences in the views of managers.

During the interview itself, a checklist of questions was followed. The interviews were not tape-recorded. Instead the researcher made comprehensive notes, which were then transcribed immediately after the interviews.

## 3.8 Data analysis

### *3.8.1 Content Analysis*

The open -ended questions in the questionnaire were analyzed by a process of content analysis. “Content analysis is the study of the recorded human communications” (Barbie, 2005, p.328). According to Barbie, content analysis is essentially a coding operation, which is the process of transforming raw data into a standardized form. The process involves the logic of conceptualization and operationalisation. According to Barbie, operationalisation and conceptualization typically involve the interaction of theoretical concerns and empirical observations. In this study, the process involved the formulation of themes. The first step entailed reading through each response and deducting the themes. It should be mentioned though that some of these themes were predetermined considering the way the questionnaire was structured. The following themes were then followed:

- Performance Management Model
- The extent of the appraisal scheme
- Alignment between organizational goals and performance plans
- Purpose of performance appraisal
- Performance appraisal and reward

### *3.8.2 Questionnaire analysis*

The data collected from questionnaires was analyzed statistically. The responses were analyzed in terms of the percentage of respondents choosing each option, and where appropriate the actual responses obtained were compared to literature. The responses about the City's appraisal methods and procedures were not used as a critique of the methods and procedures used in the organization. They were instead intended to discover if there were similarities or differences in the views of the different employees.

# CHAPTER FOUR

## 4. RESEARCH RESULTS/ANALYSIS OF DATA

### 4.1 Organizational Data

#### *4.1.1 Response Rate*

The response rate from the Senior Management was good. A total of 17 questionnaires were sent out to senior managers of the City. A total of 17 questionnaires were returned which represents 100% response rate.

The high response rate was achieved by following up on the non-returners by the Manager responsible for Organisational Performance in the Office of the City Manager. The good relation that the Manager has with the senior management appears to have been a factor in the rate of the response. The response rate was considered to be very satisfactory for the purpose of this study. All replies received were suitable for use in the analysis of the data.

### *4.1.2 Sample Description*

The sample consisted of 17 respondents selected on the basis of their level in the management structure of the City of Tshwane. Questionnaires were sent to managers up to level 4. Interviews were also held with the same managers.

#### 4.1.2.1 Grade of employees for which performance appraisal is applicable

Exactly 100% of the senior management participates in the current performance management system as per the requirements of the Municipal System Act. Staff from level 5 downwards is not participating in the same performance management system. They do however participate in the annual merit assessment system.

This reveals that the current formal performance appraisal scheme is used mainly for senior management grades. The reason for this is almost certainly rooted in the history of local government prior to 2001. Appraisal was originally used primarily as a device on which to base pay increase.

#### 4.1.2.2 Years of involvement in individual performance management

Of the sample respondents who have taken part in the questionnaire, 45% have been involved with the current system for less than five years, 36% have been involved for less than four years and 19% have been involved for less than three years (see table 1). This variation may have to do with the period of appointment of the different managers in the City. This also corresponds with the years of service in respective occupations.

**Table 1**

| No. of Managers | Years of service | Percentage |
|---|---|---|
| **8** | **< 5 years** | **45%** |
| **6** | **< 4 years** | **36%** |
| **3** | **< 3 years** | **19%** |

#### 4.1.2.3 Roll out of the performance management system

*(Part A)Question 5: For which of the following grade of employees do you use regular appraisal? (Please tick).*

**Table 2**

| Grade | Item (Yes/No) | frequency | % |
|---|---|---|---|
| 1 to 4 | **Yes** | **17** | 100 |
| 5 to 6 | **No** | **17** | 100 |
| **Other** | No | 17 | 100 |

The new performance management system was introduced in 2003/4 financial year. By the year 2005/6 the new Performance Management System has been cascaded down to the fourth reporting level to replace the annual merit assessment system at that level. The rest of the employees were still subject to the annual merit assessment system. According to the Strategic Executive Officer responsible for the IDP and Performance Management

System in the Office of the City Manager, the new Performance Management System was going to be rolled out to all employees below level 4 over a three-year period.

Level 1 is the City Manager; level 2 is the second reporting level which includes the Chief Operations Officer and the Chief of Police who report directly to the City Manager. Level 3 is third reporting level which includes the Senior Executive Officers (SEO's) who report to the Chief Operations Officer. There are however some Senior Executive Officers who report directly to the City Manager. Level 4 is the fourth reporting level which includes the General Managers. The performance management of levels 1-4 is the responsibility of the office of the City Manager.

From level 5, this is managers and below, is permanent employees whose performance management is the responsibility of Human Resources Department. Depending on the previous administration from which they come, permanent employees are on different merit assessment systems. The merit assessment system is not applied uniformly across the City

## 4.2 Analysis of Responses to Questionnaires (Part B).

The questionnaire was structured such that the questionnaire items were grouped according to their relevance to specific propositions.

### *4.2.1 Performance Management Model*

The questions on this part focused on the approach to the development of organizational goals and the performance plans for senior managers for the financial years 2003/4, 2004/5 and 2005/6.

***Question 1.1:*** *Who develops organizational goals?*

**Table 3**

| Item | Frequency | % |
|---|---|---|
| Council | 9 | 53 |
| Senior management | 6 | 35 |
| Other (specify) | 2 IDP Unit and Consultants | 12 |

***Question 1.2:*** *At what stage in the planning cycle are performance plans for senior managers developed?*

**Table 4**

| Item | Frequency | % |
|---|---|---|
| During the IDP planning stage | 2 | 12 |
| After IDP | 14 | 82 |
| Other (specify) | 1 | 6 |

***Question 1.3:*** *Who determines the performance objectives of senior managers?*

***Table 5***

| Item | Frequency | % |
|---|---|---|
| Council | 0 | |
| City Manager | 6 | 35 |
| Human Resources | 0 | |
| IDP Unit | 11 | 65 |

### *4.2.2. Purpose of Performance Appraisal*

Questions for this proposition were combined in one table below.

**The ranking was given the weighting as follows:**

1st ranking = **3**

2nd ranking = **2**

3rd ranking = **1**

**Question 2.1**: *For which of the following purposes do you use performance appraisal?*

**Table 6**

| | **Q 2.1** | **Q 2.2** | | | | |
|---|---|---|---|---|---|---|
| **Item** | | **1st** | **2nd** | **3rd** | **N** | **Weighting** |
| **To set performance objectives** | 6 | 5 | 0 | 1 | 6 | 16 |
| **To asses past performance** | 5 | 1 | 4 | | 5 | 11 |
| **To help improve current performance** | 6 | 0 | 1 | 4 | 5 | 6 |
| **To assess training and development need** | 3 | 0 | 0 | 0 | 0 | 0 |
| **To assess increases or new levels in salary** | 2 | 0 | 0 | 0 | 0 | 0 |
| **To assess future potential/promotability** | 0 | 0 | 0 | 0 | 0 | 0 |
| **To assist career planning decisions** | 0 | 0 | 0 | 0 | 0 | 0 |

**Question 2.2*:*** *From the above please rank in order the three purposes of the performance management appraisal considered most important by the City.*

**The most important objectives were ranked as follows:**

**First**: To set performance objectives

**Second**: To assess past performance

**Third**: To help improve current performance

### *4.2.3. Appraisal Process*

Respondents were requested to indicate what currently takes place in the City by making use of closed-ended questions.

***Question 3.1***: *When an individual is formally appraised who carries out the appraisal? Tick appropriate box.*

**Table 7**

| Item | Frequency | % |
|---|---|---|
| 1. Performance Management Committee | 0 | 0 |
| 2. Immediate supervisor | 12 | 71 |
| 3 HR. Manager | 0 | 0 |
| 4.Other (specify):<br>Second level supervisor after first / immediate supervisor<br>City Manager | 4<br><br>1 | 24<br><br>5 |

***Question 3.2:*** *How frequently is the formal appraisal carried out?*

**Table 8**

| Item | Frequency | % |
|---|---|---|
| Less than once a year | 1 | 6 |
| Once a year | 4 | 23 |
| Twice a year | 3 | 18 |
| More than twice a year | 9 | 53 |

***Question 3.3:*** *Is the appraisal procedure carried out at a separate time from the salary review?*

**Table 9**

| Item | Frequency | % |
|---|---|---|
| Yes | 10 | 59 |
| No | 7 | 41 |

**Question 3.4:** *If yes to question 3.2 above, what is the interval between the time of appraisal and the salary review? Tick one*

**Table 10**

| Item | Frequency | % |
|---|---|---|
| Less than a month | | |
| One month or more but less than three months | 1 | 10 |
| Three months or more, but less than six months | 8 | 80 |
| Other (explain)<br><br>Depends on appointment date of the person being evaluated<br>Varies through the year depending on the person's increment date | 1 | 10 |

### *4.2.4. Performance Appraisal and the Link to Organizational Goals*

***Question3.5:*** *(Refer to your City and departmental scorecards) what are the specific goals established for your department as outlined in the City's annual performance plan?).*

The Strategic Executive Officer for Service Delivery listed the following as examples:

- Addressing infrastructure backlogs
- Maintaining infrastructure

The Strategic Executive Officer accepts that "not all goals in the departmental scorecard are in the Strategic Executive Officer's scorecard. There is no methodology to cascade". Meanwhile the Specialist for City Development Strategy, Integrated Development Plan (IDP) and Organizational Performance states that "the current City scorecard system lacks clear measures and targets". The IDP Process Manager in the Office of the City Manager stated that "individuals choose to avoid interdependencies if not picked up by the supervisor. People do what is easier for them, and take short cuts. I wish the system could collapse for change to occur".

Table 11 below is a sample of the City's linkage approach between strategic priority areas, strategic objectives, key performance areas. This is adapted from the City's 2005/6 IDP Manual.

**Table 11: The relationship between strategic priority areas, strategic objectives, key performance areas.** *(Adapted from the City's IDP Manual for 2005/6).*

| Strategic Priority | Strategic Objective | City KPA | Key Outputs | Possible City Strategic targets | Department |
|---|---|---|---|---|---|
| Basic service delivery and infrastructure development | Provide basic services and develop infrastructure | Eradication of infrastructure backlogs | Roads, water, electricity, sanitation, storm water drains, transport infrastructure<br>Housing | • Elimination of basic service infrastructure backlogs equal or earlier than the National Target (2012).<br>• Electricity: 90% of national targets for water (2008) and sanitation (2010).<br>• The elimination of housing backlogs.<br>• Elimination of transport infrastructure backlogs. | Storm Water and Drainage, Housing City Planning and Environmental Management; Water and Sanitation; Electricity; Transport |
| Building safer, viable and sustainable communities | Build sustainable communities | Support to the indigent | A social net-social package for the indigent.<br>Free basic services<br>Supported exit from indigent status. | • At least a 50% reduction in no of indigent by 2014 (linked to the reduction of poverty). | Social Development |

***Question 4.2:*** *What are the specific measures and targets established for your department (and possibly yourself as head of department) as outlined in the City's annual performance plan?*

**Table 12: Extract from the City of Tshwane Five year Business Plan (Roads and Storm Water) 2006-2011**

| City KPA | Departmental KPA | Departmental KPI | Departmental Target(2006/7) |
|---|---|---|---|
| Eradication of infrastructure backlogs | Eradication of backlogs on Roads/To reduce the current backlogs of roads with 25% by 2011 | Length of Roads Upgraded to reduce the backlogs | Length of roads upgraded to reduce the backlogs:19, 1% |
| | Eradication of backlogs on storm water/. | Length of storm water drainage systems constructed to reduce backlogs(in Km) | 42% |
| Provide quality infrastructure for growth | Provide new storm water drainage systems | Length of storm water drainage system provided to cater for growth | 2.9Km |

## 4.3. Content Analysis

Once respondents have been asked closed – ended questions about alignment between the appraisal process and the objectives of the City, they were also requested by way of an open-ended question to indicate what they would like see done to ensure alignment. The respondents' responses were categorized into the predetermined themes considering the way the questionnaire was structured. However, the theme relating to the alignment between the appraisal process and the objectives of the City is summarized as follows:

### *4.3.1. Performance Appraisal and the Link to Organizational Goals*

***Question 4.3:*** *What should be done to ensure alignment between the appraisal process and the objectives of the City?*

**The results were summarized and categorized as follows:**

- Develop clear performance management policy/framework
- Involve staff in setting goals ( organizational and staff)
- Ensure regular reviews and feedback
- Roll out performance management system to all levels of the organisation

According to respondents, the City's performance management system is not clear. The Strategic Executive Officer for Service Delivery stated that "not all goals in the departmental scorecard are in the Strategic Executive Officer's scorecard. There is no methodology to cascade". Meanwhile the Specialist responsible for the City Development and Strategy, IDP and Organizational Performance stated that "the process for cascading organizational goals is confusing. Not all objectives in the City's Scorecard cascade to departments and individuals. Reporting on performance against the City Scorecard is an issue".

Respondents also felt that there is a need for managers to be trained or informed as to the specific framework of the City's performance management. A study of the City's 2005/6 IDP manual reveals that a performance management audit of the City was undertaken to provide an understanding of the complexities of the system since inception in 2004. The audit revealed the need to review the City's performance management system. Further, the audit also revealed the need to "align the organizational system with its individual performance management system" (Planning a City with a great future, 2005, p.34)".

Respondents also indicated that to achieve alignment, staff must be involved in setting goals. The current arrangement is such that "priorities are developed by politicians".

# CHAPTER FIVE

## 5. INTERPRETATION OF THE RESEARCH RESULTS

This chapter is dedicated to the interpretation and discussion of the results.

### 5.1 Roll Out of the Performance Management System

The extent to which the performance appraisal is applied in the organization can be appreciated by examining the levels of employees included in the performance management system and the appraisal proramme.

For the purpose of this study employee appraisal was defined as a procedure, which involves the regular use of recorded assessment of an individual's performance. In other words the focus of the study was on formal appraisal programmes. Bearing this definition in mind the respondents were asked on the grade of employees participating in the regular appraisal.

Exactly 100% of the senior management participated in the current formal performance management system as per the requirements of the Municipal System Act. All the senior managers are on fixed term contracts. The new Performance Management Systems has been cascaded down to the fourth reporting level to replace the performance merit award system. The rest of the employees are still subject to the performance merit award system. The introduction of the new Performance Management Systems will be rolled-out to all employees over a three year period.

The reason for the above approach is almost certainly rooted in the provision of the Systems Act section 57 which provides for the signing of the fixed term contracts by managers directly reporting to the municipal manager, and therefore limiting the participation in the performance management to those reporting to the municipal manager. Secondly, unions operating in the municipal sector have not recorded their objection to the system.

In the study undertaken by Ndwalaza (1998) among the union officials, line managers and human resources managers in the unionized manufacturing environment, the majority of the respondents agreed that the performance management system should be extended to all categories of employees in the company. Hock (1992) also noted that whilst there is conflict of interest between the trade unions and the employees they represent, and the employers, there is also a community of interest between capital and labour. Ndwalaza (1998) argues that in line with this there is strong consensus that workers be involved so that they should understand how their individual effort and jobs help in achieving the overall company goals, budget and targets.

Godongwana (1992) called for a social contract or accord through which major stakeholders in society – notably organized labour, capital and the state – give content to the common objectives of economic growth, employment creation and better standards of living for the entire population. Ndwalaza (1998) argues that these comments perhaps should signal a change in union thinking because all respondents to his study agreed to very similar extent that there is a legitimate need for all management to improve current performance/productivity levels of all workers and need for the unions to assist in improving current performance levels of their members.

In support of the above claims, Du Toit et al (2008) argue that management must ensure that subordinates accept the goals and are willing to cooperate in achieving them. They argue further that people who share in formulating the goals more readily associate themselves with their achievement.

## 5.2. Performance Management Model

Over 53% of the respondents pointed out that the council is responsible for developing the City's organizational goals and 35% say that senior management is responsible for developing organisational goals (*table 5).* Meanwhile in the open ended question, the respondents were required to state how organizational goals are linked to the performance plans of senior managers. The majority pointed out to the lack of performance management framework in the City, absence of a system to hold departments accountable to reporting on organizational goals, limited roll out of the new performance management system.

These findings confirm the views espoused by Rogers (1990). Rogers has argued that some local authorities have a partial approach to performance management. Firstly, there is lack of a system that provides a framework which determines how, when and by whom the interrelated processes of planning, action monitoring and reviewing are affected. This state of affairs leads to lack of cohesion and coordination which results in different parts of the local authority to adopt their own goals, expectations and standards of performance.

Rogers (1990, p.29) argues for total systems approach. The total systems approach has characteristics which include the following

a. Setting corporate policy and resources aims and guidelines
b. Specifying, within the framework provided by (a) above, a detailed set of plans, budgets, objectives, targets and standards of performance
c. Regularly and systematically reviewing the performance of all services.

In section 5.1 above it was stated that the current performance management system is limited to the senior managers. The rest of the staff in the City is not held to account through the same system. Rogers (1990) argues that this sort of approach would lead to particular weaknesses including lack of cohesion and coordination which results in different parts of the local authority being able to adopt their own goals, expectations and standards of performance

## 5.3. Purpose of Performance Appraisal

Table 6 shows that "setting performance objectives" was the purpose for which performance appraisal is mostly used. This was reflected by the highest number of 6 respondents.

The ranking of purposes as derived from the sample indicates that setting of performance objectives (16 weighting value), assessing past performance (6 weighting value), and helping to improve current performance (5 weighting value). All these are developmental purposes. Anstey et.al. (1976), state that development review entails the discussion of achievement and problems that have been encountered during the year, with a view to the improvement of performance during the next year. This includes the discussion of the objectives and training needs.

The findings are consistent with the warning by several authors (Cederblom and Permel, 2002; Maier, 1998; Haeri, 1969) against attempting to use appraisals to cover too many objectives including review of current performance, discussion of career development, and communication of salary increase in one interview using a single method.

In fact Haeri (1969) puts it succinctly that if one appraisal system tries to cover more than one major objective, such an appraisal scheme is in danger of not achieving any of the objectives satisfactorily. Gill (1977) posits that an attempt should be made not to cover too many objectives in one interview using a single method.

## 5.4 Appraisal Process

### *5.4.1 The Person Responsible for Appraisal*

The majority (71%) of the respondents showed that the person responsible for appraisal is the immediate supervisor. This finding is consistent with the study undertaken by Malwandla (1995) in which 76% of the respondents made similar claims. This finding would appear logical. Cascio (1991) holds that the supervisor is probably most familiar with subordinate employees and would be best suitable to assess the subordinate's performance in the light of the organisation's overall objectives.

However, in terms of the Local Government: Municipal Planning and Performance Management Regulation (2001) a municipality must annually appoint and budget for a performance audit committee. A performance audit committee must assist the Executive Mayor and the Municipal Manager in the performance evaluation of the Municipal Manager and his direct reports as well as the remuneration of officials, respectively by performing the following functions:

- Tracking and Reviewing Senior Management Performance against Targets;
- Review Performance Management policies;
- Assess the legal compliance of the Performance Management System; and
    - Monitor the effectiveness of the Performance Management System.
    - Review the quarterly reports submitted to it.
- Review the municipality's performance management system and make recommendations in this regard to the council of that municipality;
- At least twice during a financial year submit an audit report to the municipal council concerned; and
- In reviewing the municipality's performance management system in the committee should focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The findings show that the performance audit committee has not been established. The City was not compliant to the provisions of the Local

Government: Municipal Planning and Performance Management Regulation (2001). It is accordingly difficult to determine how the City is able to review the municipality's performance management system focusing on economy, efficiency; effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

### *5.4.2 Frequency of the Appraisal*

The majority (53%) of the respondents indicated that appraisal in the City takes place more than twice a year, with the final end of the financial year one regarded as the formal review.

Performance appraisal needs to be systematic. According to Beach (1980) a systematic evaluation of the subordinate's conduct and work performance must take place on a continuous basis. Such evaluation must be purposeful with respect to whom the evaluation is made so that an objective image of capabilities, potential, aptitudes, preferences, limitations and weaknesses is achieved with a view to further development and utilization of the employee.

In the municipal sector, the performance audit committee should be responsible for tracking and reviewing senior management performance against targets, as well as review the quarterly organizational reports submitted to it.

### 5.4.3 Appraisal and Salary Review

The majority (59%, Table 8) of the respondents indicated that the appraisal procedure is carried out separately from the salary review. The review rating is used as a basis for the determination of the performance bonus. There's therefore a link between the performance review and bonus allocation. However, the salary increase is linked to the outcome of the salary negotiations between the employer and the unions, and this is separate from the performance review process. The interval period between the performance review and salary review (salary increase) was indicated by 59% of the respondents to be between three and six months. It is important to note that this is still within the same financial year.

The findings are consistent with the views of several authors on separating performance reviews from salary reviews, which is not only separate in time but also in paper work, procedure and responsibility.

Rundquist and Bittner (1946) express the view that a single purpose must be the basic principle and that two purposes cannot be well served with a single instrument. A study undertaken by Meyer et.al (1965) concluded that salary considerations overshadowed other purposes than those the performance scheme was intended to serve. Lawler (1989) cited in Spangenberg (1994) argues that incorporating merit increases with the basic salary represent a problem. Sloan and Johnson (1968) also wrote that while a given appraisal method can serve several purposes, experience shows that it achieves one purpose better than another.

The link between performance review and bonus payment by he City is a contradiction to a single purpose approach. However the proponents of this approach posit that the link aims to motivate employees.

## 5.5 Performance Appraisal and the Link to Organisational Goals

Appraisal systems should focus on linking the individual’s goals/performance with the organisation’s strategy and objectives, especially future goals/performance. This focus should increase the relevance of appraisals to managers and employees, and help channel everyone’s efforts in a common desired direction (Cederblom and Pemerl, 2002). An appraisal system should therefore be designed such that key performance areas and indicators of performance contained in the citywide scorecard are cascaded into the departmental scorecard and individual scorecards thus ensuring appropriate alignment between individual performance and organizational performance. Resultantly, all employees should be able to see the way in which their individual contributions add to the greater performance of their departments, organization or the municipality as a whole.

The Municipal Planning and Performance Regulations (796 of 2001) and related legislation require municipalities to set priorities, objectives, indicators and targets in their integrated development plans. The legislation requires municipalities to develop strategic plans that include objectives, quantifiable and measurable performance goals. Because of this requirement, the study adopted the cascading method to determine the City's alignment system.

An assessment of the alignment between the City and the departmental plans revealed the following:

- Lack of vertical consistency. This means that departmental goals are not fully compatible with those of the sections within the department. This could be due to the fact that the cascading of the City's goals is limited to departments and Strategic Executive Officers. This could also be caused by the lack of clarity in respect of critical elements in the performance plan of departments and individual employees. Further finding is that there are no clear performance standards. Performance measures (quantity, quality, timeliness, or cost-effectiveness) not based on clear and verifiable baseline data.
- Lack of horizontal consistency. This refers to the compatibility of the objectives of the various departments with one another. This could be caused by the lack of clarity on departmental goals and or services rendered by the various departments to customers.

When asked what should be done to ensure alignment between the appraisal process and objectives of the City, respondents pointed to the following thematic issues:

- Develop clear performance framework/policy
- Roll out performance management to all levels of the City
- Involve staff in setting organizational goals
- Ensure regular reviews and feedback
- Training and development of staff

# CHAPTER 6

## 6. CONCLUSION AND RECOMMENDATIONS

This chapter sums up the main findings of the study. The implications are discussed based on the results attained. Possible research applications are then highlighted and areas of further research are then suggested.

### 6.1. Findings of Research

This study examined how the City of Tshwane's performance management system aligns the performance goals of senior managers, through their performance plans and reviews, to organisational goals and outcomes. The study focused specifically on examining the City's

- Performance management model
- The extent of the roll out of performance management
- Alignment of performance plans for managers to organizational goals and objectives.
- Purpose of performance appraisal in relation to organizational goals

The sample was restricted to the senior management of the City due to the fact that the performance management has been rolled out to level 4 managers only.

The rest of the staff in the City was using the merit award system which is not uniformly applied.

What has come out very clearly in the findings of the research study is that the new Performance Management Systems has not been cascaded down to all levels of staff in the City ( refer to section 4.1.2.3) . The City has a partial approach to its performance management system, " giving the impression that it has been 'tacked-on' as an incidental afterthought to the main corporate and departmental management processes" , Rogers, (1990, p.26).

It has also become clear that the purpose of the City's performance management system is mainly an aid to setting of performance objectives, assessing past performance and to help improve current performance. This finding is consistent with the claim by English (1991) that effective performance appraisal should achieve two things. The first is to establish what employees are supposed to do, and the second is to assess how they do it. The third aim of the City's performance management system, being to improve current employee performance is supported by Armstrong (1995). Armstrong emphasized that employee development provides the basis for developing and broadening attributes and competences relevant to the current and future roles.

Another important finding is the fact that the City has not finalized the performance management framework. The framework would provide clarity in respect of the departmental goals and or services rendered by the departments to customers in relation to the set goals of the City. The performance management model or system would also guide the cascading of organisational goals down to departments and individual employees and therefore ensure both horizontal (they are corporate) and vertical (they have an influence from the top to the bottom of the municipality's organizational structure) consistency of goal setting.

In addition, there is lack of clarity in respect of critical elements in the performance plans of departments and individual employees in relation to the set goals of the City. The performance measures (quantity, quality, timeliness, or cost-effectiveness) are not based on verifiable baseline data. This observation was made by the external auditors as well.

Through this research, some ground has been laid for addressing some of the performance problems faced by municipalities in South Africa. It is in this light that the following areas for further research are recommended.

## 6.2. Recommendations for Future Research

This research study has not contributed to the development of a performance management approach for a municipality. This has not been its objective.

What the research study has raised are numerous questions and potential for further research that could be answered by conducting investigation on some of the following theses:

- A methodology for cascading organisational goals to lower level units
- Further research is needed to investigate whether the link between performance and salary review (bonus and salary increase) in the local government leads to enhanced employee performance and organisational achievement

## 6.3. Conclusion

In chapter one of this report, the research problem to be investigated was specified. The project set out to examine how the City of Tshwane's performance management system aligns the performance goals of senior managers, through their performance plans and reviews, to organisational goals and outcomes.

The summary findings of the undertaking can concisely be outlined as follows:

The purpose of the City's performance management system is mainly an aid to setting of performance objectives and that this occurs in an environment where there's lack of a clear performance management framework. The absence of a performance management model results in a lack of a system to guide the cascading of organisational goals down to departments and individual employees.

In the final analysis the results of this study seem to be in keeping with the literature. The overall message seems to be that the development of a performance management framework is key to clarifying the organisation's purposes and systems of aligning departmental and individual employee goals.

It is hoped that this study has contributed to the generation of a body of knowledge on the subject of aligning the organisational goals to those of work units and individual employees.

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# APPENDICES

*Appendix I*

## Questionnaire

### PART A: ORGANISATIONAL DATA

1. What is your current occupation?

| |
|---|
| |

2. For how long have you been in this position?

| |
|---|
| |

3. Have you ever been involved in individual performance management system in the City?

| Yes | | No | |
|---|---|---|---|

4. If your answer is yes to 3 above, how long? (Years please tick).

| <5 | | <4 | | <3 | |
|---|---|---|---|---|---|

5. For which of the following grade of employees do you use regular appraisal? (Please tick).

| | |
|---|---|
| Senior Management | |
| Middle Management | |
| Junior | |
| **Other(specify)** | |

## Part B

1. **Performance Management Model**

| 1.1 Who develops organizational goals? | a) Council /Executive Committee | | b) Senior Management | |
|---|---|---|---|---|
| (Please specify) | C) Other | | | |

| | |
|---|---|
| 1.2 At what stage in the planning cycle are performance plans for senior managers developed? | |
| 1.3 How are the organizational goals (Explicitly) reflected in your performance plans? (Please Elaborate). | |
| 1.4 Who determines the performance objectives of senior managers? | |
| 1.5 What informs determination of the performance objectives of senior managers? | |

**2. Purpose of Performance Appraisal**

| | |
|---|---|
| 2.1 For which of the following purposes do you use performance appraisal in the City (mark with x) | |
| 2.1.1 To set up performance objectives | |
| 2.1.2 To assess past performance | |
| 2.1.3 To help improve current performance | |
| 2.1.4 To assess increases or new levels in salary | |
| 2.1.5 To assess training and development needs. | |
| 2.1.6 To assess future potential/promotability | |
| 2.1.7 To assist career planning decisions | |

2.1.8 Other reasons (Write in)

| |
|---|
| |
| |

2.2 From the above list please rank in order of priority the three purposes of the performance management appraisal as considered by the City. My ranking

| | |
|---|---|
| 1st | |
| 2nd | |
| 3rd | |

**3. Appraisal Process**

3.1. When an individual is formally appraised who carries out the appraisal? Tick appropriate box.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Immediate Supervisor | | HR Manager | | Performance Management Committee | | Other (Write in) | |

**3.2 How frequently is the formal appraisal carried out?**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Less than once a year | | Once a year | | Twice a year | | More than twice a year | |

**3.3. Is the appraisal procedure carried out at a separate time from the salary review?**

**Yes:** **No:**

**3.4. If yes to question 3.2 above, what is the interval between the time of appraisal and the salary review? Tick one**

| | | | | | |
|---|---|---|---|---|---|
| Less than a month | | One month or more but less than 3 months | | Three months or more, but less than 6 months | |

| | |
|---|---|
| Other (explain) | |

**4. Performance Appraisal and the Link to Organisational Goals**

**4.1 What are the specific goals established for your department as outlined in the City's annual performance plan?**

| | | | |
|---|---|---|---|
| City's Goals | **Goal 1** | Departmental Goals | **Goal 1** |
| | **Goal 2** | | **Goal 2** |
| | **Goal 3** | | **Goal 3** |

**4.2 What are the specific goals in your individual performance plans as outlined in the department's annual performance plan?**

| Departmental Goals | | Individual Goals | |
|---|---|---|---|
| | **Goal 1** | | **Goal 1** |
| | **Goal 2** | | **Goal 2** |
| | **Goal 3** | | **Goal 3** |

**4.3. What should be done to ensure alignment between the appraisal process and the objectives of the City?**

| |
|---|
| |
| |
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| |
| |