

# Keys factors leading to effective performance management at a medical scheme company in South Africa

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# ABSTRACT

Effective performance management (PM) results in high performing employees who are engaged, creative, passionate and who continuously learn and develop. Worldwide organisations implement traditional performance management systems (PMS) with the aim of achieving effective PM, yet the literature reveals that many organisations report that their PMS are ineffective and cumbersome. Numerous factors that influence PM have been identified in the literature, however, there is no consensus regarding what the key factors are that lead to effective PM.

This research employs a case study research design at a high performing medical scheme company in South Africa. The medical scheme company operates in the mature, highly competitive private healthcare industry where superior service provision relies on high performing employees. In order to identify the key factors influencing PM effectiveness, 14 one-on-one interviews were conducted with managers and two focus groups were conducted with a total of 12 employees.

The key factors were identified using Thematic Content Analysis and they are: High quality manager-employee relationships built on trust and respect; A supportive, high performance organisational culture; High frequency interaction between managers and employees; Active engagement of both the managers and employees in PM; Manager's ability to identify and manage employee expectations and behavioural drivers; Leader and employee traits, knowledge, skills and abilities; The structure and function of the PMS; Effective communication across the organisation; A clear link between performance and rewards; Alignment between organisational strategy and employee goals and PM training for managers.

The key factors are similar to the internal aspects in the McKinsey's 7-S framework and there also appear to be multiple interconnections and synergies between the key factors (Waterman, Peters, & Phillips, 1980). Thus effective PM at the company requires an integrated, multidimensional approach that focuses not only on the key factors that were identified, but also on creating alignment and synergy between the key factors.

## DECLARATION

I, Heather Petro, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

\_\_\_\_\_  
Heather Petro

Signed at \_\_\_\_\_

On the \_\_\_\_\_ day of \_\_\_\_\_ 2016

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  - Obtaining informed consent to conduct the research at the company;
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# **CHAPTER 1: INTRODUCTION**

## **1.1 Purpose of the study**

The purpose of this research is to identify the key factors that lead to effective performance management (PM) at a medical scheme company in South Africa.

## **1.2 Context of the study**

The medical scheme company participating in this research operates within the healthcare industry in South Africa. The healthcare industry is subdivided into two sectors namely the public sector and the private sector (Ataguba & Akazili, 2010). The private health sector consists of private hospitals and clinics; privately employed healthcare professionals that charge fees for services and private medical scheme companies (health insurance companies). Private medical scheme membership is currently voluntary and medical schemes' reimburse their members for actual health expenses incurred (McLeod & Grobler, 2010). Medical scheme companies operate in a complex and dynamic environment that is also highly competitive (van den Heever, 2012).

The complex and dynamic nature of the healthcare industry in South Africa is partly due to the current inability of the industry to provide sufficient health services to the entire population (Ataguba & Akazili, 2010; McLeod & Grobler, 2010). There is mal distribution of financial and human resources between the public and private health sectors specifically in relation to the size of the population that each sector serves (Ataguba & Akazili, 2010). As a consequence the South African government has published the green paper for the Policy on National Health Insurance (NHI) in August 2011 that aims to ensure that every South African has access to efficient and high quality health services (Naidoo, 2012). The NHI will be implemented in phases over the next fourteen years and pilot studies have already begun (Naidoo, 2012). Thus the dynamics of the healthcare industry and its constituents are changing and will continue to change even more in the future.

Currently medical scheme companies are governed by the Medical Schemes Act (Act 131 of 1998) which is regulated by the Council for Medical Schemes (McLeod & Grobler, 2010). Medical scheme companies have become more regulated since 2000 in that they are required to have open enrolment policies; they are required to provide “prescribed minimum benefits” for certain chronic conditions and they are required to provide benefit packages for lower income earners (van den Heever, 2012). The companies are also required to maintain minimum solvency levels of 25% of the contributions for each of their benefit options (McLeod & Grobler, 2010). The increased regulation of the medical scheme industry has created more equitable healthcare coverage and it has also driven improved cost-containment by companies (van den Heever, 2012).

The increased regulations as well as the mature nature of the medical schemes industry has led to increased levels of competition between companies (van den Heever, 2012). In order to achieve competitive advantage medical scheme companies have differentiated themselves via both product and service innovation and differentiation (Beswick & Urban, 2010). Successful product and service differentiation requires a high level of employee performance and innovation (Buller & McEvoy, 2012). Effective PM that is aligned with an organisation’s strategy is essential to achieve high levels of employee performance and innovation (Buller & McEvoy, 2012).

The particular medical scheme company was chosen as a case study for this research because the company exhibits exceptional business and employee performance over time (Beswick & Urban, 2010). The company is an exemplifying case study because it is implementing both innovation and corporate entrepreneurship strategies that have necessitated changes in the PMS (Bryman, 2012). The company has moved from using a traditional PMS to the implementation of its own new customised PMS which appears to be a growing trend in successful dynamic companies (Buckingham & Goodall, 2015; Trosten-Bloom, Deines, & Carsten, 2014).

Franco-Santos and Bourne (2005) state that performance management systems (PMS) are widely implemented in companies with the aim of improving employee

performance. Evolution of PMS has occurred due to the increasing changes and complexity in both internal and external organisational environments. PMS evolution has coincided with the evolution of performance measurement systems that nowadays include both financial and non-financial performance measures.

Although both PMS and performance measurement systems have evolved, Biron, Farndale, and Paauwe (2011) and Elzinga, Albronda, and Kluijtmans (2009) have identified that there is a lack of knowledge regarding the key factors that lead to effective PM. Franco-Santos and Bourne (2005) state that there is a “knowing-doing” gap because little is known about why certain organisations are able to effectively “manage through measures” while others are not. PM is a continuous cycle of processes that are influenced by factors such as: the type of PMS in place; the organisation’s culture; the relationships between employees and managers; employee traits and characteristics as well as other factors (Pulakos & O’Leary, 2011). This research aims to explore what the key factors are that lead to effective PM at a medical scheme company in South Africa.

### **1.3 Problem statement**

The problem that this research addresses is that the medical scheme company does not know what the key factors are that lead to effective PM in the organisation.

### **1.4 Significance of the study**

This research assists in identifying the key factors that are perceived to lead to effective PM at the medical scheme company. The research results may assist the management team at the company by providing valuable insights that may be used to further improve PM effectiveness and employee performance.

## **1.5 Delimitations of the study**

### **1.5.1 *The scope of the research includes***

- The research focuses on PM and the factors that influence it.
- The company participating in the research has a formal PMS system in place.
- The research participants are active participants in PM at the company. They are either managers who are responsible for the PM of employees reporting to them or employees who are actively participating in the PM processes.
- The company participating in the research exhibits exceptional employee and business performance over time (Beswick & Urban, 2010).
- The company and the company's employees agreed to participate in the research and they were required to grant informed consent to the researcher.

### **1.5.2 *The scope of the research does not include***

- Other Human Resource functions such as recruitment and selection; training and development; health and safety activities and remuneration do not form part of this research.
- Corporate / enterprise performance management that focuses on business performance and its links to PM are not explored in this research.

## **1.6 Definition of terms and abbreviations**

### **1.6.1 *Definition of terms used***

- Performance Management (PM): According to Armstrong and Taylor (2014, p. 493), "PM is defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements".

- Performance Management System (PMS) / Framework: Yadav and Sagar (2013) state that there are many different theoretical PMS and the two that are most commonly used by companies include The Balanced Scorecard and the Performance Prism. Extensive evolution of PMS have occurred over the last two decades in response to changes in the both the internal and external environments of companies (Yadav & Sagar, 2013).
- Performance: Armstrong and Taylor (2014) state that performance is not only about achieving performance results / objectives, but importantly it is also how the results are achieved. Performance is a multi-dimensional construct that includes performance inputs (employee knowledge, skills and abilities), performance behaviours (specific effective behaviours) and performance outputs (results and behaviours). Specific examples of the some of the dimensions of performance include: “job-specific proficiency; non-job-specific proficiency (organisational citizenship behaviour); written and oral communication proficiency; demonstration of effort; maintenance of personal discipline; facilitation of peer and team performance; supervision / leadership and management administration” (Latham, Sulsky, & Macdonald, 2007, p. 366).
- Performance measurement: According to Armstrong and Taylor (2014) and Noe, Hollenbeck, Gerhart, and Wright (2008) performance measurement is the key means of providing feedback regarding whether employees are achieving the desired performance results / targets and whether they are displaying effective behaviours. Performance measures or key performance objectives are used to define the various performance dimensions that an employee should achieve. Performance targets are set for each of performance measure to set the level of performance required and these targets are reviewed during performance appraisals.
- Human Resource Management (HRM): Nel et al. (2004, p. 6) state that “HRM is a process through which an optimal fit is achieved among employee, job, organisation and the environment so that employees reach their desired level of satisfaction and performance and the organisation meets its goals”.

## 1.6.2 Abbreviations used in the study

The abbreviations that are used in the study are displayed in Table 1 below. Each abbreviation is listed along with its associated description and a reference.

**Table 1: Abbreviations used in this study**

Abbreviation	Word or phrase	Reference
NHI	National Health Insurance	(Naidoo, 2012)
PMS	Performance Management System	(Franco-Santos & Bourne, 2005)
HRM	Human Resource Management	(Stone & Deadrick, 2015)
PM	Performance Management	(Armstrong & Taylor, 2014)
SPMS	Social Performance Management Systems	(Goldberg, 2014)

## 1.7 Assumptions

The outcomes of this research are influenced by the following assumptions:

- The information and perspectives provided by the medical scheme company's managers and administration employees accurately reflect the current PMS at the company. This is a reasonable assumption and there is a high sensitivity in affecting the research results.
- The research participants remain anonymous and the researcher is not employed by the medical scheme company so participants may possibly share more accurate and detailed information due to less intimidation and fear of any repercussions. This is a reasonable assumption that also has a high sensitivity in affecting the research results.
- The researcher is be able to gain sufficient data from the research participants in order to complete a thorough data analysis and interpret the findings. This is a reasonable assumption because the researcher conducted both interviews and

two focus groups with different research participants. This assumption has a high sensitivity in affecting the research results.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

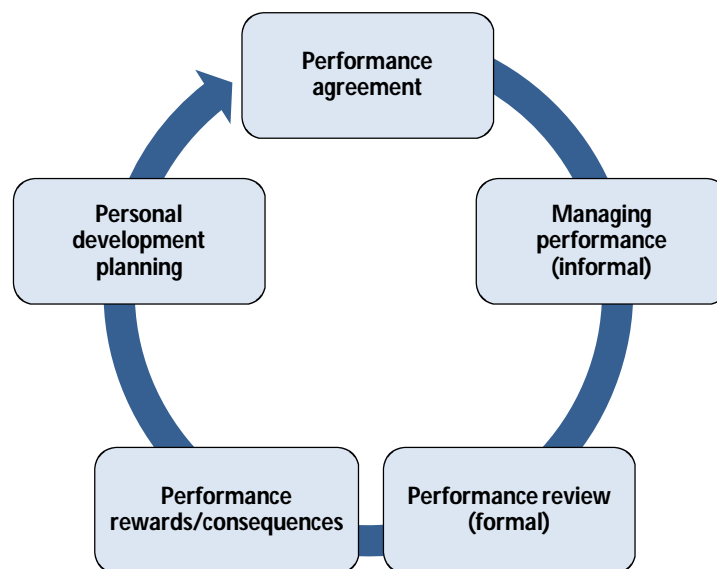
Krishnan and Singh (2011) and Rashidi (2015) state that the PMS is an essential component of strategic HRM because its goal is to ensure that employees achieve and exceed their performance targets which contributes to the organisation achieving its strategic goals. Organisations utilise different PMS which vary in their structure; type of performance dimensions used; overall costs involved and the amount of time to administer the system (Yadav & Sagar, 2013). Biron et al. (2011) and Elzinga et al. (2009) state that organisations utilise large amounts of resources such as time and money on PMS, yet the research regarding PM reveals that many companies exhibit ineffective PM. The authors also state that there appears to be a lack of consensus regarding what the key factors are that lead to effective PM.

In order to identify the key factors that lead to effective PM, a thorough understanding is needed of PM, employee performance as well as the organisational context in which employees work. The literature review examines the current PM research to identify factors that influence PM effectiveness. The literature review is structured in the following manner:

- Defining PM: A comprehensive description of PM and its processes.
- Understanding performance: The components of performance are described.
- The organisational context: The internal organisational context is described.
- Performance within the organisational context: A description of employee performance components and internal organisational factors.
- Defining effective PM: Effective PM is achieved when certain levels of performance are achieved.
- Evolution of PMS: PMS evolution from 1900 to 2011
- Evolution of new PMS: A new PMS has evolved due to changes in organisational strategies and the external environment.
- Factors influencing PM effectiveness

## 2.2 Defining Performance Management

According to Armstrong and Taylor (2014) PM is a vital component of strategic HRM because it has the ability to grow both human and social capital by increasing performance based behaviours and outputs. The main purpose of PM is to drive strategy implementation, create a change in culture and to improve organisational and employee performance and development. PM consists of a continuous self-renewing cycle of processes that are depicted in Figure 1.



**Figure 1: The performance management cycle  
(Armstrong & Taylor, 2014, p. 504)**

According to Biron et al. (2011) and Kinicki, Jacobson, Peterson, and Prussia (2013) the processes in the continuous PM cycle include: Defining performance (performance agreement), ongoing performance measurement (managing performance), performance review and the provision of rewards/consequences of the performance. The authors also state that PM consists of managerial behaviours specifically aimed at mentoring, motivating and developing employees in order to maximise performance. The various processes of PM are described below:

**Performance agreement** (Armstrong & Taylor, 2014; Rashidi, 2015)

The performance agreement / contract specifically defines the following:

- The key performance objectives (performance indicators / measures) and standards of performance required (performance targets).
- The required capabilities to perform the role.
- The nature of the performance review.

**Managing performance** (Armstrong & Taylor, 2014; Rashidi, 2015)

This is a continuous process that occurs throughout the year whereby employees implement their performance agreements and personal development plans. At the same time managers provide continuous informal feedback via progress reviews, coaching, updating performance objectives and addressing performance problems.

**Performance review / appraisal** (Armstrong & Taylor, 2014; Rashidi, 2015)

This is a formal review of previous performance over a period of time where achievements (performance results), personal development and problems are reviewed by measuring whether performance targets have been met or not. The performance review is used to assess whether organisational goals are being met and it is used to objectively provide either rewards or sanctions that are directly linked to the level of performance.

**Personal development planning** (Armstrong & Taylor, 2014; Rashidi, 2015)

Following the performance review, a plan is outlined to describe the actions required by both the employer (manager/leader) and the employee to further develop the employee's knowledge, skills and competence.

**Performance rewards / consequences** (Armstrong & Taylor, 2014; Rashidi, 2015)

Performance rewards / consequences should be linked to the performance review for the following reasons:

- It enhances employee's motivation to perform better and develop themselves further.
- It signifies that performance is important.

- It is considered fair to reward people according to the level of performance as long as the measurements are objective.

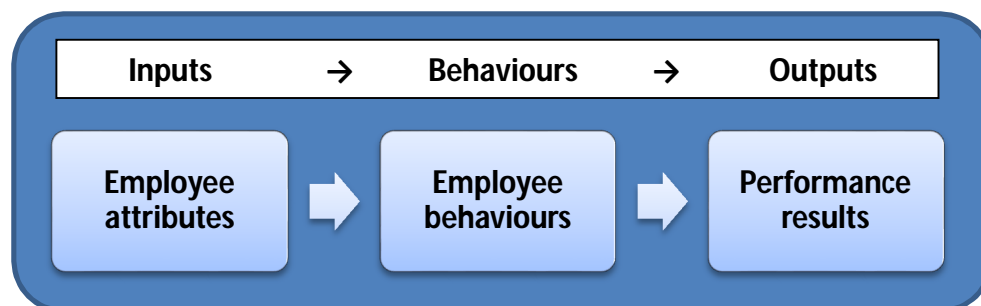
## 2.3 Understanding performance

In order to understand employee performance Armstrong and Taylor (2014) and Noe et al. (2008) break performance down into its constituent parts that include: performance inputs, performance behaviours and performance outputs. The components of performance are described below and depicted in Figure 2.

**Performance inputs:** These include an employee’s individual attributes such as personality traits, knowledge, skills and abilities.

**Performance behaviours:** The performance inputs are converted into performance outputs (results) through performance behaviours such as proactivity and engagement etc.

**Performance results:** These are the objective and measurable outputs of work that contribute to successful organisational strategy implementation.

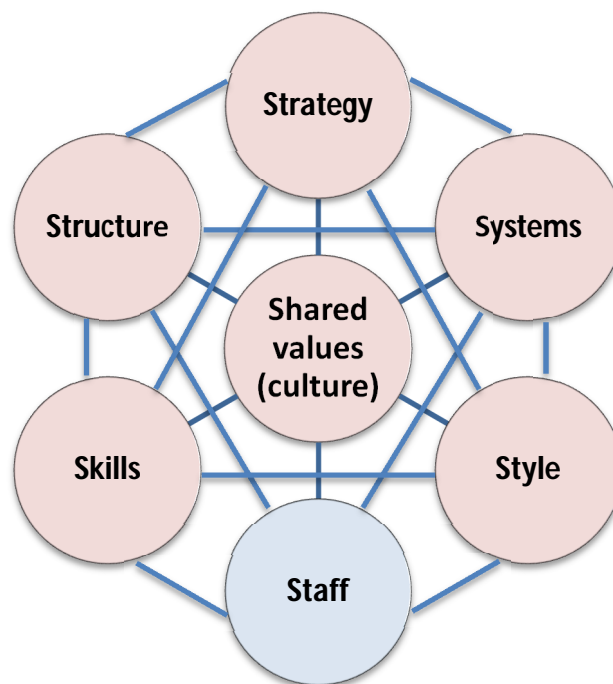


**Figure 2: The components of employee performance (Noe et al., 2008, p. 345)**

Thus it can be seen from Figure 2 above, that employee performance results are a combination of both appropriate employee behaviours, especially discretionary behaviour and of the employees using their knowledge, skills and abilities effectively (Armstrong & Taylor, 2014).

## 2.4 The internal organisational context

Employees perform within an organisation's internal environment and this environment is complex, interconnected and exerts a strong influence on employee performance outputs (Armstrong & Taylor, 2014; Chevalier, 2014; Noe et al., 2008). The internal organisational environment affects employee performance by influencing both employee attributes and employee behaviours (Chevalier, 2014). Waterman et al. (1980) describe seven interconnected aspects / factors of the internal organisational environment (context) in the McKinsey's 7-S Framework. The seven aspects / factors within McKinsey's 7-S Framework are depicted in Figure 3 below (Waterman et al., 1980).

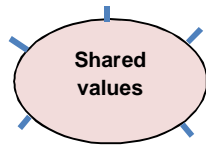


**Figure 3: McKinsey's 7-S Framework (Waterman et al., 1980, p. 18)**

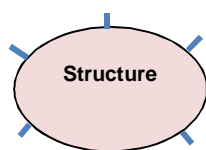
The seven internal aspects of the McKinsey's 7-S Framework include: strategy, shared values, structure, systems, skills, style and staff. Each of these internal organisational aspects is described in Figure 4 below.



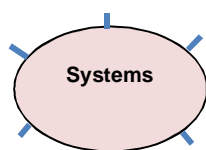
The corporate strategy includes goals and action plans designed so that an organisation may achieve competitive advantage in response to a changing external environment. Communication of strategy facilitates defining employee purpose and significance.



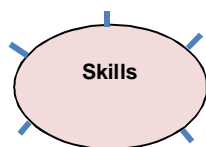
Also known as organisational culture. This aspect includes the shared set of values, norms and aspirations which influence employee behaviour.



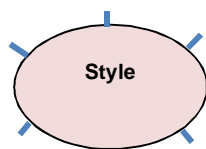
The structure of an organisation defines the division of tasks as well as the coordination of the tasks. Organisations may have a hierarchical, flat, matrix or other type of structure. Structure influences job roles with their associated performance targets. Structure also influences the communication system across the organisation.



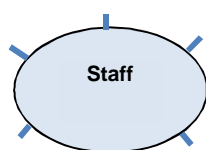
Systems consist of the functional groupings of all processes and procedures that are carried out in order to execute the organisations strategy on a daily basis. A PMS is an example of a system within an organisation.



This aspect consists of an organisation's critical attributes, competencies and capabilities that facilitate it acquiring competitive advantage.



Leadership / management style is an important aspect because what leaders say and do builds / destroys the shared values (culture) of an organisation.



Employee performance is influenced by the other six factors due to the multiple interactions between the factors which is depicted in Figure 3 above. Employee morale, motivation, attitudes and behaviours influence employee performance.

**Figure 4: The 7 “S” of the McKinsey’s 7-S Framework (Waterman et al., 1980)**

## 2.5 Performance within the organisational context

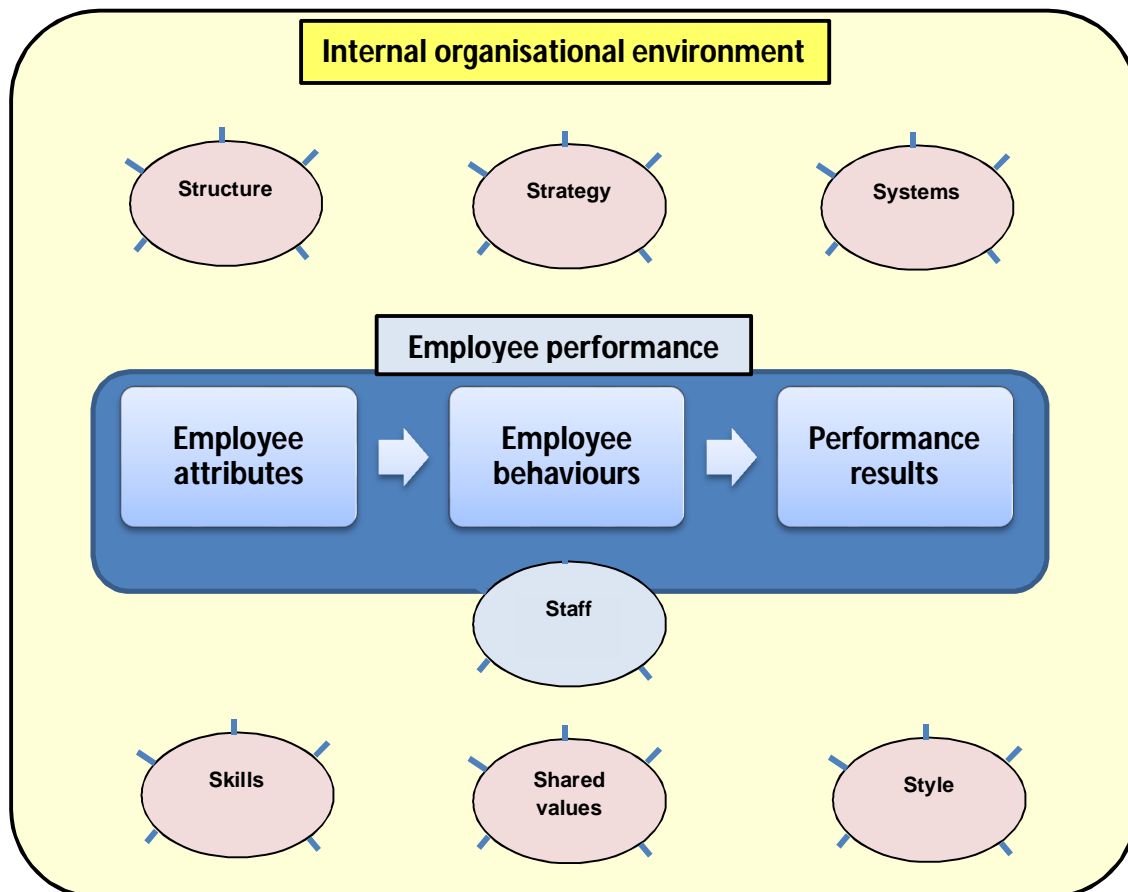
Chevalier (2014) and Noe et al. (2008) state that employee’s performance is influenced by both individual / employee factors and environmental / work factors. Chevalier (2014) produced an “Updated behaviour engineering model” by adapting the original Behaviour engineering model that was developed by Gilbert (1978). The model depicts six factors that affect individual and group performance namely: information, resources, incentives, motives, capacity and knowledge / skills. Table 2 below depicts the Updated behaviour engineering model that is subdivided into “Environment factors” and “Individual factors”.

**Table 2: Updated behaviour engineering model  
(Chevalier, 2014, p. 9; Gilbert, 1978, p. 88)**

	<b>Information</b>	<b>Resources</b>	<b>Incentives</b>
<b>E n v i r o n m e n t</b>	1. Roles and performance expectations are clearly defined; employees are given relevant and frequent feedback about the adequacy of performance.  2. Clear and relevant guides are used to describe the work process.  3. The PMS guides employee performance and development.	1. Materials, tools, and time needed to do the job are present.  2. Processes and procedures are clearly defined and enhance individual performance if followed.  3. Overall physical and psychological work environment contributes to improved performance; work conditions are safe, clean, organised and conducive to performance.	1. Financial and non-financial incentives are present; measurement and reward systems reinforce positive performance.  2. Jobs are enriched to allow for fulfilment of employee needs.  3. Overall work environment is positive, where employees believe they have an opportunity to succeed; career development opportunities are present.

I n d i v i d u a l	Knowledge / Skills	Capacity	Motives
	<ol style="list-style-type: none"> <li>1. Employees have the necessary, knowledge, experience, and skills to do the desired behaviours.</li> <li>2. Employees with the necessary knowledge, experience and skills are properly placed to use and share what they know.</li> <li>3. Employees are cross-trained to understand each other's roles.</li> </ol>	<ol style="list-style-type: none"> <li>1. Employees have the capacity to learn and do what is needed to perform successfully.</li> <li>2. Employees are recruited and selected to match the realities of the work situation.</li> <li>3. Employees are free of emotional limitations that would interfere with their performance.</li> </ol>	<ol style="list-style-type: none"> <li>1. Motives of employees are aligned with the work and the work environment.</li> <li>2. Employees desire to perform the required jobs.</li> <li>3. Employees are recruited and selected to match the realities of the work situation.</li> </ol>

Furthermore, Noe et al. (2008) describe a model that explains how PM is influenced by organisational factors such as the organisations strategy, culture and also by external economic conditions. Figure 5 below is an adapted model that combines the “Model of performance management in organizations” by Noe et al. (2008) with the “McKinsey’s 7-S Framework” by Waterman et al. (1980). Employee performance forms part of the “Staff” aspect / factor of an organisation and thus they are grouped together in the figure. According to Waterman et al. (1980) the seven internal aspects / factors are interconnected (see Figure 3 above) and thus employee performance is possibly affected by all of the internal organisational aspects / factors.



**Figure 5: Employee performance & the internal organisational context**  
 (Noe et al., 2008, p. 345; Waterman et al., 1980, p. 18)

## 2.6 Defining effective performance management

Effective PM is achieved when an organisation meets the following criteria namely (Armstrong, 2000):

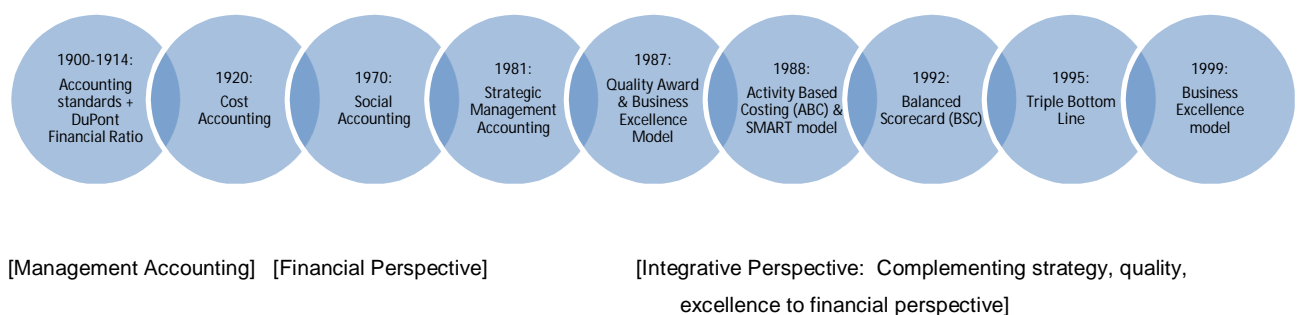
- Strategic organisational objectives and goals are obtained (strategic level);
- Continuous organisational performance improvements are achieved across multiple performance dimensions (operational level).
- Teams and individual employees reach or exceed their performance targets.
- Employees achieve personal growth and development (individual level).

## 2.7 Evolution of PMS

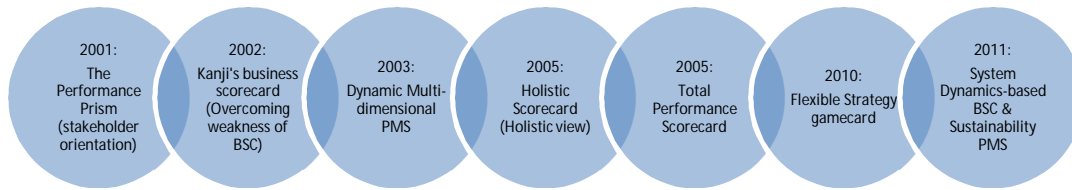
PMS have evolved and are still evolving to adapt to changes in both internal and external organisational environments (Franco-Santos & Bourne, 2005; Srimai, Radford, & Wright, 2011; Yadav & Sagar, 2013). Stone and Deadrick (2015) state that external environmental changes such as globalisation, rapid technological advances, shifts in the economy and increased generational diversity have contributed to the evolution of PMS. The continuous and dynamic evolution of PMS and PM occurs as organisations continue to search for “the holy grail” to achieve effective PM (Yadav & Sagar, 2013).

Yadav and Sagar (2013) conducted a chronological review of PMS in order to identify the research trends spanning two decades from 1991-2011 and they identified the following paradigm shifts:

- A paradigm shift occurred in the era 1991-2000 from only measuring the financial perspective of performance to the use of integrated perspectives of performance (see Figure 6 below).
- A paradigm shift occurred in the era 2000-2011 from focusing mainly on the operational perspectives of performance to focusing on the strategic perspectives of performance. A change also occurred from utilising a systems approach to the use of simulation techniques (see Figure 7 below).



**Figure 6: Evolution of PMS from 1900-2000**  
**(Taticchi, Tonelli, & Cagnazzo, 2010; Yadav & Sagar, 2013)**



[Inclusion of stakeholders] [Updates in BSC approach] [Holistic, dynamic, system dynamics & simulation based view]

**Figure 7: Evolution of PMS from 2001-2011  
(Taticchi et al., 2010; Yadav & Sagar, 2013)**

Part of the continuous evolution of PM and PMS has led to the design and implementation of new PMS (Buckingham & Goodall, 2015; Trosten-Bloom et al., 2014). The evolution of new PMS is described in detail below.

## **2.8 Evolving structure and function of new PMS**

According to Gunther McGrath (2013); Stone and Deadrick (2015) and Leavy (2014) organisations currently operate in a complex, highly competitive and increasingly dynamic environment and this has eroded their ability to sustain competitive advantage. The ever changing external environment has led organisations to adjust their strategies more frequently in order to become more agile. As a result internal organisational environments have become more complex and more matrixed and this has resulted in malalignment with traditional PMS (Pulakos, Hanson, Arad, & Moye, 2015).

According to Pulakos et al. (2015) many organisations report that their traditional / “best practice” PMS are ineffective and that there is a negative affect towards PM. The traditional PMS are too rigid, complex, time consuming, generic and they lack real time information and monitoring systems (Buckingham & Goodall, 2015; Rock, Davis, & Jones, 2014; Trosten-Bloom et al., 2014). Pulakos et al. (2015) state that traditional PMS designs consist of over engineered PM processes, inconsistent PM activity throughout PM cycles and there is a “tick box mentality” regarding PMS use.

A trend has begun where an increasing number of organisations have redesigned the structure and function of their PMS by doing away with single numeric performance ratings, increasing the frequency of interaction between managers and employees and many other changes some of which are outlined in Table 3 below (Buckingham & Goodall, 2015). Rock et al. (2014) report that no-rating PMS have better satisfaction scores as well as better employee retention and engagement scores compared to rating / ranking PMS. Organisations such as Deloitte, Google, General Electric as well as the medical scheme company participating in this research are examples of organisations that have designed and implemented new PMS (Buckingham & Goodall, 2015).

The new PMS appear to be completely different from the traditional PMS in both structure and function. The main differences between the structure and the function of the traditional PMS compared to the new PMS are depicted in the Table 3 below.

**Table 3: Differences between traditional PMS and new PMS  
(Buckingham & Goodall, 2015; Trosten-Bloom et al., 2014)**

<b>Aspect</b>	<b>Traditional PMS</b>	<b>New PMS</b>
<b>Systems and processes</b>	Rigid	Flexible
<b>Structure of system</b>	Complex, generic	Simpler, individualised
<b>Time</b>	Excessive time spent on PM	Real-time feedback and shorter performance reviews
<b>Focus</b>	<ul style="list-style-type: none"> <li>• Past performance</li> <li>• Intermittent learning</li> </ul>	<ul style="list-style-type: none"> <li>• Improving future performance.</li> <li>• Constant learning</li> </ul>
<b>Technology</b>	Enterprise resource planning and control management (ERPCM) system (generic)	Use of talent analytics, entire PM cycle is electronic. Use of performance dashboards.

<b>Aspect</b>	<b>Traditional PMS</b>	<b>New PMS</b>
<b>Performance ratings</b>	Single rating number obtained. Affected by idiosyncratic rater effect.	Measurable ratings & other contribution to the organisation assessed.
<b>Frequency of managing performance</b>	Monthly or less frequent depending on the organisation.	Weekly conversations/ check-ins with employees to increase engagement.
<b>Frequency of performance reviews</b>	Annually.	Post project completion & or quarterly.

Another organisation that has designed and implemented a new PMS includes the Colorado Coalition for the Homeless (Trosten-Bloom et al., 2014). The principles of their new PMS include:

- Regular articulation of department level vision and goals via collaborative planning.
- Hiring employees that have the same passion and values as the organisation (cultural fit).
- Regular positive performance updates are done in order to build strong trusting relationships that lead to increased employee engagement.
- Employee ownership of PM and personal development in order to assign responsibility and accountability.
- Rewards related to performance are linked to organisational or team performance and not individual performance.
- Performance planning and development are separate from progressive discipline to avoid any negative focus on the PMS.

Goldberg (2014) reports that some organisations have begun to use “social” performance management systems (SPMS) which utilise a social media type of platform in order to link employees, teams and managers. Companies such as Mozilla, Hootsuite, MediaAgility and others are using SPMS because it facilitates quick, real time exchange of information and communication and it also improves coaching and employee recognition. The other main advantage of SPMS is that it

facilitates employee engagement because employees view the system as a form of social communication and bonding, rather than the 'controlling / managed' view that they have of the traditional PMS. Enhanced employee engagement occurs because SPMS assist in developing and maintaining the psychological contract between managers and employees as well as between team members (Armstrong & Taylor, 2014).

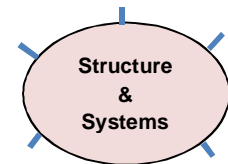
## **2.9 Factors that influence PM effectiveness**

According to the literature there are numerous factors that influence PM effectiveness and they can be broadly classified into the following four themes (Chevalier, 2014; Pulakos & O'Leary, 2011):

- Theme 1: The structure and function of the PMS
- Theme 2: Organisational factors/context
- Theme 3: Leader/manager factors
- Theme 4: Individual/employee factors.

The literature was systematically reviewed to identify the factors that influence PM effectiveness. The factors are described below and they have been grouped under the four themes listed above. The picture / symbol next to the heading of each factor represents the internal aspect(s) outlined in McKinsey's 7-S Framework (see Figure 3 above). The picture / symbol is used to depict the similarity / possible association between the factor identified in the PM literature and the specific internal aspect from the McKinsey's 7-S Framework (Waterman et al., 1980).

## 2.9.1 Theme 1: Structure and function of the PMS



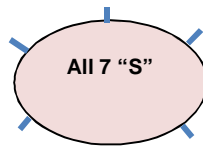
### Structure and function of the PMS

O’Leary and Pulakos (2011) state that organisations require formal PMS in order to ensure consistency, procedural justice and accountability of PM processes. The design, structure and content of PMS should be driven by an organisation’s strategy and culture (Aguinis, Joo, & Gottfredson, 2011; O’Leary & Pulakos, 2011; Stahl et al., 2012; Viedge, 2011). The PMS should also be practically feasible to implement (Aguinis et al., 2011). An effective PMS design consists of a “values-based” PMS that focuses both on employees achieving performance objectives (results) as well as exhibiting values and behaviours that are congruent to the organisation’s culture (Aguinis, Joo, & Gottfredson, 2012; Armstrong & Taylor, 2014; Stahl et al., 2012).

Stahl et al. (2012) state that effective talent management requires internal consistency or alignment of the PM processes because it creates PM synergies. Effective PM specifically requires alignment between the formal PM processes (performance review / appraisals) and the informal performance monitoring conducted by managers (Viedge, 2011). According to the literature new structured PMS have been implemented in organisations with the aim of improving PM effectiveness (Buckingham & Goodall, 2015; Trosten-Bloom et al., 2014). The changes in structure and function of the new PMS compared with the traditional PMS are described in Table 3 above.

DeNisi and Smith (2014) state that the PMS content as well as the strength of the system are important for effective PM and overall organisational performance. They state that the PMS content should include: skill-enhancing, motivation enhancing and opportunity enhancing practices. They further state that a strong PMS has the following qualities namely that is: visible and salient, valid, legitimate, relevant, instrumental and fair

## 2.9.2 Theme 2: Organisational factors / context



Haines III and St-Onge (2012) state that effective PM is supported by specific practices and the organisational context. Organisational factors affect employee engagement and behaviour via employee perceptions and interpretations of the work climate (Alfes, Shantz, Truss, & Soane, 2013). The most common organisational factors found in the literature that influence PM include: alignment between organisational strategy and employee goals; effective communication across the organisation; organisational culture; PM training for managers; a clear link between performance and rewards and the availability of resources (Biron et al., 2011; Chevalier, 2014; Haines III & St-Onge, 2012; O'Leary & Pulakos, 2011). These factors are discussed in more detail below.

### **Alignment between organisational strategy and employee goals**

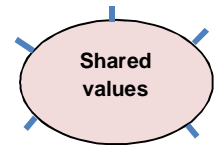


Armstrong and Taylor (2014); Biron et al. (2011); Bussin (2013); Rashidi (2015); Suttapong, Srimai, and Pitchayadol (2014); Swanepoel, Erasmus, Schenk, and Tshilongamulenzhe (2014) and Wendt (2010) state that the design of the PMS should directly link employee goals with the organisation's goals in order to facilitate performance behaviours and outputs that will create value for the organisation. Haines III and St-Onge (2012) found a positive association between the strategic integration of HRM and PM effectiveness.

Effective PM requires congruence between employee job descriptions and organisational goals (Aguinis et al., 2012). Participative processes are necessary when defining employee goals to ensure that there is shared responsibility and that mutual expectations are defined (Armstrong & Taylor, 2014). Chevalier (2014) state that employee selection and recruitment practices is an important factor because it facilitates alignment of the employee's capabilities with the job specification. It is

also important to recruit employees who have the correct cultural fit with the organisation.

## **Organisational culture**



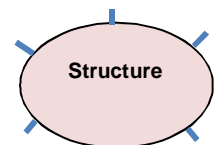
According to Armstrong and Taylor (2014, p. 311) organisational culture is defined as “the pattern of values, norms, beliefs, attitudes and assumptions that shape the ways in which people behave and things get done”. Organisational culture is developed by its leaders and following critical events with lessons learned. Organisational culture develops out of a need to maintain effective work relationships as it establishes values and expectations and it also develops in response to changes in the external environment. As organisational culture shapes the ways in which people behave and thus it influences PM.

An organisational culture of feedback enhances effective PM because it creates a safe environment for feedback to occur and it creates open communication channels (Biron et al., 2011; O’Leary & Pulakos, 2011; Wendt, 2010). A corporate culture that values employee engagement and one where senior managers are highly involved in the PM processes has a positive effect on organisational performance (Biron et al., 2011; Haines III & St-Onge, 2012; Tung, Baird, & Schoch, 2011; Wendt, 2010). Alfes et al. (2013) found that an organisational climate that facilitates reciprocity has a positive effect on employee performance outcomes and behaviours. Effective leadership is required to create and maintain a corporate culture of feedback and high performance (Schneider, Ehrhart, & Macey, 2013).

According to Spreitzer and Porath (2012) the key to creating sustainable performance is creating an organisational culture of vitality and learning. The researchers suggest that in order to create a culture of vitality and learning four mechanisms should be used namely: Employees should be allowed to make decisions that influence their work; an effective organisational communication network should be implemented; incivility by anyone in the organisation should be minimized and quick direct performance feedback should be given regularly.

Stahl et al. (2012) suggest that organisations can create a high performance culture by selecting and hiring employees that have similar attitudes and beliefs to that of the organisation (cultural fit). They also found that leading firms implement secondary socialisation and training in order to reinforce organisational values and culture. HRM processes and practices should be adapted to achieve alignment with the new workforce needs. Bussin (2013) further states that effective PM requires an output orientated culture where everyone focuses on outputs (what needs to be done) and not on activities (how it should be done).

### **Effective communication across the organisation**

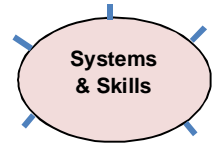


Biron et al. (2011); Chevalier (2014); Rashidi (2015); Singh (2013); Spreitzer and Porath (2012) and Wendt (2010) found that effective communication across an organisation can enhance performance because it creates clear performance expectations; it enhances relationship building and it increases socialisation within the organisation. Effective communication gives employee's direction and it increases their intrinsic motivation because they understand how their performance is linked to achieving organisational goals (Chevalier, 2014).

Greenwald (2008) and Suttapong et al. (2014) state that increased availability of information also facilitates quicker decision making. The authors further state that employees who have greater access to information as well as those who are active in decision making processes perform better. Employee performance also improves due to the improved problem solving abilities and increased trust in the organisation.

An effective communication system is non-authoritarian and it requires strong open communication channels across all departments and levels of the organisation (O'Leary & Pulakos, 2011). Brumback (2011) states that effective PM requires a flat organisational structure rather than a hierarchical structure because it facilitates employee engagement, communication and employee ownership of performance and development. Goldberg (2014) suggests that organisations utilise a social media type platform to create easy real time communication between team members as well as between managers and employees.

## Performance management training for managers

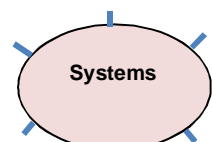


Armstrong and Taylor (2014) outline the importance of formal PM training for managers followed by ongoing coaching so as to acquire adequate knowledge and skills to be effective in implementing PM processes. Haines III and St-Onge (2012) and Tung et al. (2011) concluded that PM training for managers contributes to effective PM because it enhances both the communication of performance information and it improves the manager's ability to give employees recognition.

According to Biron et al. (2011) formally training managers that are involved in rating employee performance is important because it increases the accuracy and fairness of performance reviews. Aguinis et al. (2012) and Pulakos and O'Leary (2011) recommend adequate training for both managers and employees regarding the benefits of as well as the daily process of PM. They also recommend post training interventions for managers such as employee surveys because they assist in collecting information on whether or not managers are displaying effective PM behaviours.

Managers also require training to improve their relationship building skills, ability to diagnose and correctly address performance issues and how to deliver performance feedback correctly (O'Leary & Pulakos, 2011). Wendt (2010) states that managers should be trained in the company specific content of PM as well as development skills such as coaching. When the PMS is changed all employees require training to develop skills and abilities to function effectively in the new system (Rashidi, 2015). Pulakos and O'Leary (2011) state that both managers and employees require training regarding the benefits of PM as well as how to actively engage in PM on a daily basis.

## Clear link between employee performance and rewards



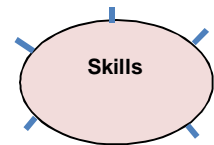
Swanepoel et al. (2014); Jiang et al. (2012) and Wendt (2010) state that there should be a clear link between employee performance and rewards (pay-for-performance) because it assists in motivating employees. Managers should be cognisant that people value specific rewards differently and thus rewards need to be perceived as

meaningful or of value by the employee (Aguinis et al., 2012; Swanepoel et al., 2014). The organisation's reward system should be clearly defined and transparent to ensure internal equity is maintained (Swanepoel et al., 2014).

Suttapong et al. (2014) identified eight best practices that allow organisations to build high performance HRM practices and include: Provision of employee job security; offering job rotations to high performers; providing ongoing training & development; utilising developmental performance appraisals; sharing information and knowledge; providing career opportunities; fostering employee participation and using performance-based incentives to reward employees.

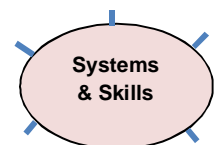
In contrast Trosten-Bloom et al. (2014) suggest that employee performance rewards should be rather be linked to organisational or team performance and not to individual performance.

### **Availability of resources**



Chevalier (2014) state that employees require adequate tools, materials and time to work effectively. The physical and the psychological work environment should be safe, well organised and clean. Employee performance may also be enhanced if there processes and procedures are clearly defined.

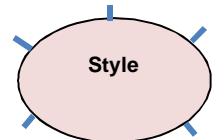
### **Effective employee selection and recruitment processes**



Chevalier (2014) reports that accurate employee selection and recruitment is necessary where employee's knowledge, skills and capacity / abilities are matched to specific job descriptions. In order to facilitate effective selection and recruitment of employees, Aguinis et al. (2012) state that there must be congruence between employee job descriptions and organisational goals. They further state that the job descriptions should summarise the job duties, the necessary knowledge, skills, abilities as well as the necessary behaviours and the expected performance results from those behaviours.

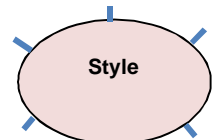
Employees should also be cross trained so that they understand other employee's roles (Chevalier, 2014). Trosten-Bloom et al. (2014) also state that hiring employees who have the same passion and values as the organisation (good cultural fit) facilitates employee engagement and performance. Furthermore, accurate manager selection processes are necessary to ensure that managers have the relevant competencies to be effective managers/leaders (O'Leary & Pulakos, 2011).

### **2.9.3 Theme 3: Leader / manager factors**



Managers are also employees within the organisation and thus their performance can also be described by Armstrong and Taylor (2014) and Noe et al. (2008) model of employee performance (see Figure 5 above). Manager attributes (performance inputs) together with their behaviours (performance behaviours) result in the manager's performance outputs (Noe et al., 2008). Manager attributes (personality, knowledge, skills and abilities) as well as their behaviours have been identified in the literature as important factors leading to effective PM and these factors are described below (Alfes et al., 2013; McDermott, Conway, Rousseau, & Flood, 2013; O'Leary & Pulakos, 2011).

#### **Leader / manager personality, knowledge, skills and abilities**

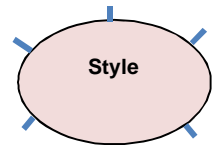


Greenwald (2008) states that effective leaders take initiative; they identify employee's capabilities, needs and aspirations and they most importantly build and maintain effective relationships within organisations. Effective PM requires leaders who are skilled at setting expectations, giving ongoing employee feedback and developing their employees (O'Leary & Pulakos, 2011). Leaders are also responsible for collecting and disseminating information which facilitates effective communication across the organisation (O'Leary & Pulakos, 2011).

Alfes et al. (2013) reports that there is some research which suggests that certain employee personality traits such as honesty, integrity, dominance, self-confidence and the ability to nurture confidence in others are necessary for effective leadership.

Effective leadership is a key driver of employee engagement and it facilitates high quality manager-employee relationships.

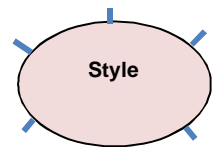
### **Leader / manager behaviours**



Poor leadership leads to widespread employee disengagement according to Kim and Mauborgne (2014) whose research results suggest that “blue ocean leadership” is required to engage employees to improve their performance. The authors state that leaders should focus more on changing their own behaviours and activities to one’s that will boost employee motivation. They should focus less on changing their own values and behavioural traits because these are extremely difficult to change.

Pulakos et al. (2015) state that increased employee engagement and performance are achieved when managers exhibit the following behaviours: They set clear expectations, they provide regular informal feedback and they help employees to develop and succeed. Two of the most frequent manager behavioural factors that appear in the literature are described below and they include: Effective manager-employee relationships and regular performance monitoring and feedback.

### **Effective manager-employee relationships**



According to O’Leary and Pulakos (2011); Pulakos and O’Leary (2011) and Trosten-Bloom et al. (2014), effective manager-employee relationships is one of the most important factors that lead to effective PM. Manager-employee relationships characterised by high levels of trust, respect and reciprocal influence are important because employees are more willing to follow the managers lead and employees feel that they are treated fairly (Alfes et al., 2013; Pulakos & O’Leary, 2011). High trust relationships facilitate effective PM by increasing employee motivation and engagement at work (Alfes et al., 2013; Armstrong & Taylor, 2014; Haines III & St-Onge, 2012; Wendt, 2010). Trust and respect enhance safe and open communication that makes it easier for managers to provide developmental feedback and for employees to ask for guidance and support (O’Leary & Pulakos, 2011).

Rashidi (2015) and Wendt (2010) state that employees are more likely to stay in an organisation and they will perform more effectively when their personal relationships with other colleagues and managers are meaningful. O'Leary and Pulakos (2011) state that managers need to understand that they are accountable for each of the employees that report to them and that their responsibilities include giving guidance, feedback, encouragement and the provision of resources. Managers should be cognisant that there are differences between individual employees with regards to their expectations, motivators, work preferences, feedback seeking behaviours and feedback orientation because this affects the relationship and communication preferences of different employees (O'Leary & Pulakos, 2011; Singh, 2013; Swanepoel et al., 2014).

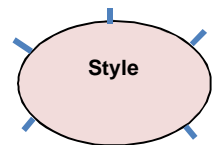
According to Armstrong and Taylor (2014) and McDermott et al. (2013) the psychological contract is essential for ongoing development of manager-employee relationships and this contract continuously evolves over time. The psychological contract consists of the unspoken beliefs that each party has regarding the expectations of the other party. Managers are responsible for the managing the psychological contract as it facilitates development and maintenance of effective relationships which may improve employee performance. Furthermore, it is stated that the core of the psychological contract can be measured by assessing: whether employees feel they are treated fairly; how much trust they have in an organisation and by how well they believe their expectations are being met.

According to O'Leary and Pulakos (2011) effective manager-employee relationships are built on trust and this is achieved by managers displaying the following behaviours:

- Get to know employees well by learning more about their families, hobbies, interests, etc.
- Share information openly and foster effective two-way communication channels.
- Help employees to solve work problems by empowering them with adequate knowledge, skills and resources.
- Create and maintain a psychological contract between the manager (organisation) and the employee by (Armstrong & Taylor, 2014):

- Clearly define expectations during recruitment and induction.
- Continually communicate and agree to new expectations as relationships and job roles change.
- Ensure that company policies, procedures, management proposals and decisions are transparent.
- Treat people as stakeholders so that consensus and cooperation replace control and coercion.

### **Regular performance monitoring and feedback**



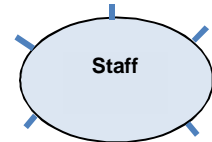
Regular performance monitoring and feedback is one of the main PM processes in the continuous PM cycle (see Figure 1 above) defined by Armstrong and Taylor (2014). Informal management of performance should occur throughout the year where managers take ownership for assisting employees to perform at their best through informal monitoring, regular recognition and coaching (Haines III & St-Onge, 2012). As informal monitoring is a key process in the PM cycle the frequency of the performance monitoring and feedback influences PM effectiveness (Armstrong & Taylor, 2014).

According to Chevalier (2014); Rashidi (2015) and Suttapong et al. (2014) employees who are monitored regularly by their line managers and who receive regular performance feedback and recognition perform better. Buckingham and Goodall (2015) state that Deloitte has found a positive correlation between the frequency of performance conversations / informal monitoring and the level of engagement of its team members. Deloitte's current PMS requires that team leaders meet with each of their team members at least once a week.

Frequent employee-manager interaction assists in creating a more agile PMS and one that encourages employee performance and development (O'Leary & Pulakos, 2011; Wendt, 2010). Conducting frequent, effective strengths-based performance conversations (formal and informal) has the potential to affect future job performance and it affects the employee's attitude towards the organisation (Aguinis et al., 2012; Pulakos & O'Leary, 2011; Trosten-Bloom et al., 2014). Ongoing feedback increases

employee motivation, commitment and engagement at work which leads to improved performance (Rashidi, 2015). Frequent performance updates should include positive conversations that focus on peak employee experiences, successes as well as hopes and dreams according to Trosten-Bloom et al. (2014).

#### **2.9.4 Theme 4: Individual / employee factors**



The most common individual / employee factors found in the literature that influence PM effectiveness include: Employee personality, knowledge, skills, abilities and employee engagement behaviours.

#### **Employee personality, knowledge, skills and abilities**



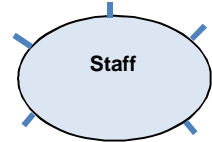
Chevalier (2014) and Noe et al. (2008) state that the following factors are necessary for employees to perform effectively: adequate knowledge, experience and skills; the ability to learn and use relevant knowledge in job activities and lastly, employees must be emotionally stable and physically fit in order to meet the demands of the job. These factors are displayed in the Updated behaviour engineering model in Table 2 above.

Barrick, Mount, and Li (2013) further state that an employee's personality traits as well as the specific work situation influence employee motivation and performance. Employees seek purposeful and meaningful experiences and it is personality traits, task attributes and social demands that influence employees' work choices and behaviours. People have different personalities and Ihionkhan and Aigbomian (2014) state that employees who have a high positive affect such as extroverts usually exhibit positive attitudes towards work and they exhibit high levels of work commitment.

Penney, David, and Witt (2011) also state that employee performance behaviours are partly influenced by the "big five" personality traits which are: conscientiousness, emotional stability, openness to experiences, agreeableness and extroversion.

Employees with the “big five” personality traits tend to be more goal orientated and they generate intrinsic motivation more easily which may lead to improved work performance (Barrick et al., 2013; Cherian & Jacob, 2013).

## **Employee engagement behaviours**



Haines III and St-Onge (2012) concluded their study stating that effective employee behaviours are a function of employee competencies / attributes (knowledge, skills and abilities), motivation and the organisational context. Gruman and Saks (2011) state that PMS which are focused on increasing employee engagement lead to effective PM. Employee engagement is a complex human process that starts with a specific psychological state which then triggers engagement behaviours. The psychological state necessary for engagement includes a high level of energy, focus and enthusiasm for work. Employee engagement behaviours include persistence / motivation, adaptability, role expansion and proactivity and these behaviours enhance employee performance.

Chevalier (2014) states that maximal engagement occurs when an employee’s personal motives are aligned with the organisation’s culture and goals. Farndale, Hope-Hailey, and Kelliher (2011); Tung et al. (2011) and Wendt (2010) found that employees will more engaged and compliant if they are actively involved in their work design, work definition and formation of performance metrics. Thus PM that focuses on encouraging employees to actively own both their personal development and their performance outcomes leads to increased employee motivation and performance.

Farndale et al. (2011) and (Gruman & Saks, 2011) state that increased employee engagement mental states are activated when performance agreements are negotiated because effective psychological contracts are formed. Ongoing performance management / monitoring requires effective leadership, regular manager interaction / feedback, coaching and training (Alfes et al., 2013). Performance reviews that focus on improving employee perceptions of trust and

justice in the organisation also lead to increased employee engagement (Farndale et al., 2011; Gruman & Saks, 2011).

## **2.10 Conclusion of the literature review**

PM is a complex and continuous cycle of processes that are aimed at enhancing employee performance and development in order to achieve organisational goals (Armstrong & Taylor, 2014). Effective PM occurs when all of the following criteria are achieved namely: employees meet or exceed performance objectives; employees learn and develop and employee performance leads to the organisation achieving its strategic goals and objectives. (Armstrong, 2000).

Employee performance outputs / results are influenced by their performance inputs and their performance behaviours (Noe et al., 2008). Employee's work / perform within the internal organisational environment / context and various organisational factors influence PM effectiveness (Noe et al., 2008; O'Leary & Pulakos, 2011). The McKinsey's 7-S Framework describes seven interconnected internal organisational aspects / factors that delineate the organisational context (Waterman et al., 1980).

The changing external business environment along with increased competition between organisations has led to more frequent strategic changes and thus traditional PMS have become less effective (Buckingham & Goodall, 2015; Trosten-Bloom et al., 2014). There is an evolution of new PMS that organisations have implemented with the aim of achieving effective PM (Buckingham & Goodall, 2015). The value of effective PM has further increased as human and social capital have become important sources of competitive advantage in hypercompetitive environments (Buller & McEvoy, 2012).

The literature review revealed four main themes of factors that influence PM effectiveness and they include: The structure and function of PMS; Organisational factors / context; Leader / manager factors and Individual / employee factors. The factors leading to effective PM that are cited most frequently in the literature include:

### Theme 1: The structure and function of the PMS

- The structure and function of the PMS.

### Theme 2: Organisational factors / context

- Alignment of organisational strategy and employee goals.
- Organisational culture.
- Effective communication across the organisation.
- Performance management training for managers.
- Clear link between employee performance and rewards.
- Availability of resources.
- Effective employee selection and recruitment processes.

### Theme 3: Leader / manager factors

- Leader / manager personality, knowledge, skills and abilities.
- Leader / manager behaviours
  - Effective manager-employee relationships.
  - Regular performance monitoring and feedback.

### Theme 4: Individual / employee factors

- Employee personality, knowledge, skills and abilities.
- Employee engagement behaviours.

The literature review has identified multiple factors that influence PM effectiveness and there appear to be similarities between the factors and the internal aspects of the McKinsey's 7-S Framework as indicated by the picture / symbol next to the heading of each factor described above (Waterman et al., 1980). There also appear to be multiple and complex interactions between the various factors as similar concepts appear in the various different factors (O'Leary & Pulakos, 2011).

Studies vary greatly on which factors are the most important factors for effective PM and many organisations are dissatisfied with their current PMS because they are not achieving effective PM (Buckingham & Goodall, 2015; Pulakos et al., 2015; Trosten-

Bloom et al., 2014). Thus, after reviewing the literature there is no clarity regarding what the key factors are that lead to effective PM.

## **2.11 Research question**

What are the key factors that are perceived to lead to effective PM at a medical scheme company in South Africa?

## **CHAPTER 3: RESEARCH METHODOLOGY**

The research methodology defines and explains the following aspects of the research namely: The research paradigm, research design, population and sampling, the research instruments, procedures for data collection, data analysis and interpretation, limitations of the study as well as validity and reliability aspects of the research (Bryman, 2012). The research methodology used to conduct the research is described below.

### **3.1 Research methodology / paradigm**

According to Bryman (2012) there are three types of research paradigms namely quantitative, qualitative and a mixed method paradigm. In this research a qualitative research paradigm was chosen because the researcher wishes to explore and identify the key factors that lead to effective PM and because the type of data that was collected and analysed consists of descriptive words (non-numerical in nature). A similar study to this research was conducted by Biron et al. (2011) who explored the factors that lead to PM effectiveness in 16 world-leading firms in which the authors utilised a qualitative paradigm.

According to Bryman (2012) the qualitative research paradigm views events and the social world via the eyes of research participants and it is flexible and fairly unstructured in order to decrease biases and pre-conceptions. In addition it focuses on processes, events and patterns occurring over time and it usually consists of detailed information regarding the contextual factors of social behaviour. Finally the concepts and theory of qualitative research are developed from inductive reasoning utilising the research data (Mouton, 2012).

The qualitative research paradigm is appropriate for this research because the researcher aimed to explore and understand the views of the medical scheme company employees regarding how organisational, individual/human and social/cultural factors affect performance (Mouton, 2012). Flexibility and a limited structure in data collection assisted the researcher in collecting information relating

to processes, events and contextual factors. The following qualitative approaches to data collection were used namely qualitative interviewing and the use of a focus group (Bryman, 2012; Mouton, 2012).

## **3.2 Research design**

The research design directs the execution of the research methods and the procedures that are used for data collection and analysis (Bryman, 2012). According to Bryman (2012) there are five types of research designs namely experimental, comparative, cross-sectional, longitudinal and case studies. This research utilises a case study research design because a detailed and intensive analysis is conducted using a single case namely the medical scheme company. A case study approach is appropriate because the researcher wishes to explore the nature and complexity of the key factors that influence PM effectiveness at the company. The case study design includes two different methods of data collection which are outlined below:

- One-on-one semi-structured interviews conducted with managers and,
- Two focus groups conducted with administrative employees and managers.

### **3.2.1 *Semi-structured Interviews***

One-on-one semi-structured interviews were conducted by the researcher with 14 managers from the medical scheme company. The researcher chose managers to participate in individual interviews in order to gain rich, detailed information and insights from them and because they are actively involved in the planning, implementation and control of the PMS (Bryman, 2012). Semi-structured interviews were chosen due to the qualitative research paradigm that requires a less structured and more flexible approach in order to be able to adapt the interview questions depending on the manager's responses (Bryman, 2012). An Interview schedule (Appendix A) was used to collect data during the semi-structured interviews.

The advantages of using semi-structured interviews is that they are flexible in that they allow research participants to share additional relevant information and because

the information obtained is rich and detailed (Bryman, 2012). Semi-structured interviews also facilitate collecting information regarding research participants attitudes and perspectives (Bryman, 2012).

According to Bryman (2012) the disadvantage of using interviews is that there is a possibility that the researcher's biases and expectations influence the way that the questions are asked and it also influences the responses from the research participants.

### **3.2.2 Focus Groups**

Two focus group interviews were conducted with a total of 12 administrative employees from the medical scheme company in order to gain the views of administrative employees regarding PM (Bryman, 2012). Administrative employees are appropriate research participants for the focus group because their performance is the central focus of PM and they are active participants in PM processes (Bryman, 2012). Conducting focus groups assists in exploring the organisation's culture, which has been identified in the literature as an important factor influencing PM effectiveness (Bryman, 2012; O'Leary & Pulakos, 2011).

As suggested by Bryman (2012) the approach of the focus group is un-intrusive and relatively unstructured. The advantage of conducting a focus group is that the researcher is able to observe how the research participants respond to each other's views and the researcher can then build up an overall view following the interaction. Focus groups are good because they elicit a wide variety of different views and they are able to identify key issues regarding the specific theme. Another advantage is that more accurate information about what the participant's think and feel may be obtained because participants may challenge each other's views.

Disadvantages of focus groups include the possibility that research participants may not arrive on the day the group is conducted (Bryman, 2012). Another disadvantage is that the audio recordings of focus groups take longer to transcribe and they are

more complicated to transcribe and analyse because multiple research participants are speaking and they sometimes speak at the same time (Bryman, 2012).

### **3.3 Case site and sample**

#### **3.3.1 Case site**

The medical scheme company that was selected for this case study research is a leading organisation in that it consistently analyses its systems and skills in order to create both incremental and radical innovation (Beswick & Urban, 2010). The company places a strong emphasis on high performance and has a long track record of good business performance (Beswick & Urban, 2010). In 2014, the company redesigned and implemented a new custom built PMS with the aim of improving employee performance and retention as well as creating data analytical capabilities. The analytical capabilities allow the company to predict and measure employee behaviour, wellbeing, flight risk, retention and productivity levels.

Some of the aspects of the new custom built PMS include: digitisation of the performance appraisals (PA); simplification of the PA content; implementation of incentives for PA completion; the ability to change objectives frequently and increased engagement of managers and employees in PM processes. The company is still adapting and improving their new PMS and one of the upcoming improvements will be the ability to capture informal performance monitoring and coaching information on the digital PMS.

The fact that the medical scheme company has recently implemented a new PMS makes it an ideal case study for the research because the research participants may possibly be more aware of factors leading to effective PM because of the multiple changes that have occurred. The company's new PMS exhibits many aspects that are similar to those of the new PMS that are described in the literature and these similarities are highlighted in Table 4 below (Buckingham & Goodall, 2015; Trosten-Bloom et al., 2014).

**Table 4: The medical scheme company’s new PMS compared to the new PMS described in the literature (Buckingham & Goodall, 2015; Trosten-Bloom et al., 2014)**

<b>Aspect</b>	<b>Company’s new PMS</b>	<b>New PMS (literature)</b>
<b>Systems &amp; processes</b>	More adaptable, can change objectives at any time.	Flexible
<b>Structure of system</b>	Simpler, more individualised. Certain parts are still generic.	Simpler, individualised
<b>Time</b>	Shorter performance reviews & quick access to performance history.	Real-time feedback and shorter performance reviews
<b>Focus</b>	Improving future performance.	<ul style="list-style-type: none"> <li>• Improving future performance.</li> <li>• Constant learning</li> </ul>
<b>Technology</b>	Part of PM cycle is electronic, data analytical capabilities.	Use of talent analytics, entire PM cycle is electronic. Use of performance dashboards.
<b>Performance ratings</b>	Measurable performance ratings & behaviours. Aim to include discretionary effort into the future.	Measurable ratings & other contribution to the organisation assessed.
<b>Frequency of managing performance (informal)</b>	Monthly and weekly conversations / check-ins with employees.	Weekly conversations/ check-ins with employees to increase engagement.
<b>Frequency of performance reviews</b>	Performance reviews are twice yearly with the ability to alter employee objectives post project completion.	Post project completion & or quarterly.

### **3.3.2 Case study population**

The case study population includes approximately 5000 employees that are currently employed by the medical scheme company at its Sandton branch in South Africa. The population does not include any employees of the company that are based in other parts of South Africa or other countries around the world. The employee population functions within the hierarchical structure of the company and the company is also divided into multiple functional departments such as Customer Services, Marketing and Finance etc. The employee population of the company consists of people with various seniority levels, job titles, and various lengths of service (LOS) as well as people with varying age, gender, race and religion etc.

### **3.3.3 Sample and sampling method**

- The research participants were sampled from the employee population of the medical scheme company described above.
- The selection of the research participants was facilitated by the Organisational Development Specialist at the company utilising the sampling technique and the associated research participant profile in Table 5 below.
- A qualitative research paradigm has been chosen and thus a non-probability purposive sampling method was used (Bryman, 2012). A purposive sampling method is appropriate for this research because it ensures that the research participants which are sampled exemplify the key participants of PM at the medical scheme company (Bryman, 2012). The research question indicates that both managers and employees should be selected as research participants because they are the key participants in the PM cycle and because a combination of their different views may provide more accurate and complete data for analysis (Armstrong, 2000; Bryman, 2012).
- Two separate samples were selected namely:
  - 14 managers were selected to participate in the one-on-one semi-structured interviews. The sample size of 14 was chosen to achieve data saturation so as to assist in identifying patterns and themes (Bryman, 2012).

- 12 administrative employees were recruited to participate in the focus groups. According to Bryman (2012) focus groups usually consist of an average 10 – 15 research participants.
- A quota sampling technique was used to select the two samples. This sampling technique is appropriate for the research because the researcher wishes to gain adequate representation of the managers and employees across the company. A detailed description of the sampling technique as well as the resultant profile of the research participants is given in Table 5 below:
- Sampling technique to select managers:
  - Managers from different hierarchical levels: Line managers, middle level managers and senior level managers were selected. This will ensure that the sample more closely represents the views vertically across the management team of the company.
  - Managers from different functional departments: Managers from Customer Services, Finance, ICT and Marketing etc. were sampled. This ensured that the sample more closely represents the views horizontally across the management team of the company.
- Sampling technique to select administrative employees:
  - Employees from different functional departments: Employees from Customer Services, Finance, ICT and Marketing etc. were sampled. This ensures that the sample more closely represents the views horizontally across the administrative employees of the company.
  - Employees with different demographics: Employees with different ages, culture and gender were sampled so that the data collected is more representative of the diverse South African population.

**Table 5: Profile of the research participants**

Interviews with 14 managers		Focus Groups with 12 employees	
Participant Type (Managers)	Number to be sampled	Participant Type (Employees)	Number to be sampled
Executive level managers	2	Human Resources	2
Senior managers	3	Finance	2
Middle level managers	4	IT	2
Line managers	5	Marketing	2
		Operations/call centre	2

### 3.4 Research instruments

#### 3.4.1 Description of the research instruments

Two research instruments were used to collect the data namely:

- **Interview Schedule (Appendix A):**

The Interview Schedule has a semi-structured format in order to facilitate the semi-structured nature of the interviews (Bryman, 2012). It was used as a guide during the interviews and it contains a list of fairly specific topics that were covered in the interviews (Bryman, 2012). The researcher also asked probing questions to clarify the answers given and they were used to pose other questions as new topics were raised (Bryman, 2012).

- **Focus Group Instrument (Appendix B):**

The Focus Group Instrument has a semi-structured format that is similar to the Interview Schedule because the researcher wished to explore the same topics and questions with all the research participants. The Focus Group Instrument was used to identify and record aspects of the social interaction and common attitudes between research participants (Bryman, 2012).

### **3.4.2 Design method of the research instruments**

- The semi-structured design of the research instruments was guided by Bryman (2012) and the general structure includes:
  - The demographics and description of the research participants.
  - Structured open ended interview or focus group questions.
  - Additional probing questions.
  
- The specific topics and questions for both the research instruments were identified by analysing previous research studies, literature reviews, conceptual papers and books (Bryman, 2012). This method was used to ensure that the contents of the research instruments contain the relevant and necessary topics in order to accurately answer the research question (Bryman, 2012).
  
- The Literature Review above revealed the following key topics and questions necessary to answer the research question (Bryman, 2012):
  - Defining the new PMS at the company is important so that both the researcher and the research participants use the same frame of reference when communicating with one another.
  - Identifying the reasons for implementation of the new PMS and how research participants feel about the change is important because it may possibly highlight the important factors influencing PM effectiveness.
  - The assumption is made that the reason for implementing a new PMS is to further improve PM effectiveness and consequently improve employee performance. This is a reasonable and logical assumption to make.
  - A direct open ended question that asks research participants to identify the key factors leading to effective PM aims to directly answer the research question.
  - The probing questions were be used to gain additional clarity and they are also related to the research question.

### **3.5 Procedure for data collection**

Only the researcher collected the data from the research participants during the one-on-one interviews and during the two focus groups. The Organisational Development Specialist at the company assisted in identifying and initially contacting the various departmental heads who then notified prospective research participants. The data collection and data storage procedures are described below.

#### **3.5.1 *General steps in data collection***

- Access to the research participants at the company has been granted by a senior Human Resources Manager at the company.
- The profile of the research participants as set out in Table 5 above will be used by the Organisational Development Specialist at the company in to order select the appropriate employees from the electronic employee database. Prospective research participants received an email containing information that briefly described the research (Appendix C) as well as the Informed Consent Form (Appendix D). Interested research participants then emailed the researcher to schedule either the one-on-one-interview or to join one of the focus groups.
- The data collection procedures for the interviews and the focus groups outlined below were used to collect the data.

#### **3.5.2 *Data collection procedure: One-on-one interviews***

- Schedule the interviews: One-on-one interviews were scheduled by the researcher and the interviews were conducted at the company's offices in Sandton to make participation in the research more convenient.
- Conduct interviews using the following structure:
  - Introduction and written informed consent: The researcher explained the information in the Research Information Letter (Appendix C) as well as the general structure of the interview. Research participant anonymity was explained as well as access to the research results. The participant was informed that the interview would be audio recorded. The participant was asked whether he / she had any questions which were then be answered.

Following verbal agreement to participate in the research, the research participant signed the Informed Consent Form (Appendix D).

- Assign research participants a random number: A random number was assigned to each research participant on his/her Informed Consent Form. The same number was written on top of the Interview Schedule for that specific research participant. No employee names, identity numbers or employee numbers appear on the Interview Schedules in order to ensure research participant anonymity.
- Semi-structured interview: The researcher asked the research participant a certain number of pre-formulated questions using the Interview Schedule (Appendix A). The participant's answers were recorded by the researcher on the Interview Schedule. The interview was audio recorded using the researcher's Dictaphone. Additional open ended probing questions were asked in order to gain extra information that may be relevant to the research but that was not identified in the literature review.
- Ranking exercise: At the end of the interview the research participant was asked to choose the top five factors that he / she feels lead to effective PM. The research participant then ranked their top five factors from 1 to 5, where 1 is the most important factor and 5 is the 5<sup>th</sup> most important factor (Appendix A)
- Interview conclusion: The research participants were verbally thanked for their participation at the end of the interview and via email the day after the interview.

### **3.5.3 Data collection procedure: Focus Groups**

- Schedule the focus groups: The focus groups were scheduled by the researcher and they were conducted at the company's offices in Sandton to make participation in the research more convenient.
- Conduct the focus groups using the following structure:
  - Introduction and written informed consent: The researcher explained the information in the Research Information Letter (Appendix C) as well as the general structure of each focus group. Research participant anonymity was explained as well as access to the research results. The participants were

informed that the focus groups would be audio recorded. The participants were asked whether they had any questions which were then answered. Following verbal agreement to participate in the research, each research participant signed the Informed Consent Form (Appendix D).

- Assign research participants a random number: A random number was assigned to each research participant on his/her Informed Consent Form. The research participant numbers were be written on top of the Focus Group Instrument. None of the employee names, identity numbers or employee numbers appear on the Focus Group Instruments in order to ensure research participant anonymity.
- Conduct the focus groups: The researcher asked the research participants to discuss and give feedback on a certain number of pre-formulated questions using the Focus Group Instrument. The participant's answers were recorded by the researcher on the Focus Group Instrument and the focus group was audio-recorded using the researcher's Dictaphone. Additional open ended probing questions were asked in order to gain extra information that may be relevant to the research but that was not identified in the literature review.
- Ranking exercise: At the end of each focus group, the research participants were asked to individually choose the top five factors that he / she feels lead to effective PM. The research participant then ranked their top five factors from 1 to 5, where 1 is the most important factor and 5 is the 5<sup>th</sup> most important factor (Appendix B)
- Focus group conclusion: The research participants were verbally thanked for their participation at the end of the focus group and via email the day after the interview.

#### **3.5.4 Data storage**

In order to ensure safe and secure storage of the data, it was stored on the researcher's external hard drive that is kept in a safe. The following data storage procedures were followed:

- The signed Informed Consent Forms were scanned and saved.

- The research instrument documents namely the Interview Schedules and the two Focus Group Instruments were scanned and saved.
- The audio recordings from the interviews and the focus groups were uploaded and then deleted off the Dictaphone.

## **3.6 Data analysis and interpretation**

### **3.6.1 *Specification of data for analysis***

The data collected utilising the following research instruments was subjected to analysis and interpretation:

- The interview schedules of the 14 managers.
- The two focus group instruments containing information from the group discussions that included a total of 12 administration employees.
- The audio recordings of the interviews and the focus groups were listened to and analysed when extra information was required following the initial analysis of the interview schedules and the focus group instruments.

### **3.6.2 *Thematic Content Analysis***

The data analysis for this qualitative research followed an iterative process whereby the researcher moved repeatedly between various data analysis steps in order to explore the continuities and linkages between data (Bryman, 2012; Mouton, 2012). More specifically Thematic Content Analysis was used to analyse the data because the researcher wished to identify the main themes with their associated factors that are perceived to lead to effective PM at the medical scheme company (Bryman, 2012). Data analysis and interpretation was conducted in the following sequence:

- Familiarisation and immersion during data collection (Bryman, 2012): Coding the data began during data collection in order to stay close / immersed in the research and its context.
- Initial data coding (Bryman, 2012): The researcher read through the data collected on the research instruments multiple times in order to gain a general

understanding of the data. The researcher then identified and specified codes (labels) in the data so that the data could be indexed / organised.

- Review the codes (Bryman, 2012): The codes were then reviewed in order to identify whether they are related to specific factors and themes that influence PM that were identified in the literature review.
- Consider theoretical ideas (Bryman, 2012): The researcher outlined the connections / patterns between the codes, the factors and the themes as well as how they affect PM by referring back to the literature review (Chapter 2). To facilitate identification of the factors and themes the researcher searched for: repetitions, metaphors and analogies; transitions, similarities and differences; linguistic connectors; theory-related material; missing data and indigenous typologies or categories (Mouton, 2012).
- Thematic Content Analysis Framework / Matrix (Bryman, 2012): The themes and factors that were identified in the process above were then ordered and synthesized into a matrix that represents the data collected from each research participant (see Table 6 below). The matrix assisted the researcher in visually analysing the frequency of the factors present in the data. The matrix also allowed identification of similarities and differences between the data from the different samples (interview participants and focus group participants).

**Table 6: Thematic Content Analysis Framework (Bryman, 2012)**

<b>Factors</b>	<b>Research Participant Number</b>	<b>Frequency</b>
<b>THEME 1</b>		
Factor A	1, 4, 7, 8, 12	5
Factor B	2, 5, 6	3
Factor C	1,2, 3, 4, 7, 9, 14	7
<b>THEME 2</b>		
Factor D	1	1
Factor E	2, 5, 6, 7, 8, 9, 10, 11	8
Factor F	1, 2, 4, 5, 7,9	5

### **3.6.3 Data interpretation**

The factors and themes that were identified in the Thematic Content Analysis Framework were then used to interpret the findings by referring back to the literature in order to analyse the similarities and differences between the research findings and other studies (Mouton, 2012). The possible reasons for the similarities and differences in findings were also described (Bryman, 2012). The researcher also scrutinised the presence of similar concepts within different factors in order to identify whether there were any connections between the factors (Mouton, 2012). The connections that were identified in the findings were then compared with the literature in order to provide further meaning (Mouton, 2012).

## **3.7 Limitations of the study**

The following limitations of this research were identified:

- This research consists of a qualitative research paradigm with a single case study design and thus the research results cannot be generalised to other medical scheme companies or companies in other industries (Bryman, 2012; Mouton, 2012).
- The researcher is inexperienced in conducting both interviews and focus groups and this may negatively affect the data collection process (Bryman, 2012). The researcher addressed this limitation by becoming familiar with the best practices associated with data collection as described by Bryman (2012).
- Due to the small sample sizes for both the interviews and the focus groups there were difficulties in gaining representation from all the functional departments in the company.
- A limitation in coding the data is that the context of the data may be lost and fragmentation of the research participant responses occurs. The researcher attempted to decrease this limitation by specifically focussing on the social context in which the data was collected when coding the data (Bryman, 2012).

### **3.8 Ethical considerations**

- This research was conducted for academic purposes in order to fulfil the requirements for completion of the Master of Business Administration studies at Wits Business School.
- The research design and methodology is such that it will not harm the research participants physically, psychologically or emotionally.
- The medical scheme company was provided with detailed information of the nature and purpose of the research prior to and in order to gain informed consent from the company (Appendix E). The detailed information included information relating to the nature and scope of information that would be accessed, collected, stored and reported. The medical scheme company wishes to remain anonymous and thus the company's name has not been included in the research report.
- Individual research participants were provided with detailed information on the nature and purpose of the research prior to and in order to gain their informed consent to participate in the research (see Appendix C and Appendix D).
- Data safety and security has been ensured by saving the data on an external hard drive that is stored in a safe and the audio recordings were deleted off the Dictaphone after they were uploaded. Only the researcher and the researcher's supervisor have access to the data.

### **3.9 Validity and reliability**

According to Bryman (2012) validity and reliability are important criteria for assessing the quality of qualitative research.

#### **3.9.1 External validity**

This research has a low external validity because it consists of a qualitative research paradigm that utilises a case study research design (Bryman, 2012). Therefore the results of this research cannot be generalised to other medical scheme companies or to other companies in different industries (Bryman, 2012).

### **3.9.2 *Internal validity***

#### Construct validity

The construct validity of the research is fairly good because the researcher has defined both PM and effective PM in the “Definitions of terms used” above. Both these constructs were explained to the research participants prior to the interviews and the focus groups so that there was a mutual understanding of the PM construct between the researcher and the research participants (Bryman, 2012).

#### Content validity

The content validity of the research instruments is good because the structure of the instruments was determined using research methodology theory and the content of the instruments was determined from the literature review above (Bryman, 2012). The researcher’s supervisor is an expert in Human Resource Management and he was consulted in order to corroborate and interrogate the validity of the topics included in the research instruments.

The research instruments cover the following topics namely: defining PM, implementation of a new PMS, PM effectiveness and most importantly identifying the key factors that are lead to effective PM. Thus the content of the research instruments was designed specifically to answer the research question (Bryman, 2012).

### **3.9.3 *Reliability***

In order to enhance the external reliability of this research the researcher has provided a detailed description of the research methods and procedures so that the research may be more accurately repeatable (Bryman, 2012).

Increased internal reliability of the data collection procedures was achieved because only the researcher collected the data during the interviews and the focus groups thereby avoiding inter-observer differences (Bryman, 2012). The researcher also strictly followed the same data collection procedure outlined in the research

methodology (3.5 Data collection) for each one-on-one interview and for both of the focus groups. In order to increase the accuracy in identifying the key factors perceived to lead to effective PM, the sampling method included sampling managers and employees so that the researcher could gain the perspectives from the various participants involved in PM (Bryman, 2012).

## CHAPTER 4: PRESENTATION OF THE RESULTS

### 4.1 Introduction

A large amount of rich descriptive information was collected during both the one-on-one interviews and the two focus groups. Two focus groups were conducted instead of one in order to accommodate the work schedules of the research participants and thus increase the chance that the employees would attend the focus groups.

Thematic Content Analysis was used to analyse the data in order to answer the research question. The results are presented in the following sequence:

- Demographic profile of the research participants: The profile of the research participants is presented in Table 7 and a summary of the demographic profiles is presented in Table 8. Summaries of the racial diversity of the research samples is depicted in Figures 8 and 9 below.
- Identification of the key factors leading to effective PM: A Thematic Content Analysis framework is used to visually display the themes with the factors that are perceived by the research participants to lead to effective PM (Bryman, 2012). There is a separate framework for the one-on-one interview results (see Table 9) and the two focus group results (see Table 10).
- Views on the effectiveness of the current PMS: Table 11 presents the views of The research participants views regarding whether they perceive the current PMS at the company to be effective or not are presented in Table 11 (Interview participants views) and Table 12 (Focus Group participants views). The associated reasons for participant's views are also shown in the tables.
- Ranking the top five factors that lead to effective PM: The results presented in Table 14 and Table 15 indicate how each research participant ranked their "top five factors" that they believe lead to effective PM. The participant's rankings were converted into points and the sum of the points as well as the total frequency for each specific factor is presented in the last two columns of Table 14 and Table 15. Thus the top five factors ranked by the research participants are

the factors with both the highest number of points as well as the highest frequency.

## **4.2 Demographic profile of the research participants**

The demographic profile of the research participants is presented followed by a summary of demographic profile.

### **4.2.1 *Demographic profile***

The demographic profiles of the research participants from the one-on-one interviews and the focus groups are depicted in Table 7 below. The following demographic information for each research participant is depicted namely: age, gender, race and length of service. The information pertaining to job title and department / division were not displayed in the table in order to ensure anonymity of the medical scheme company. The research participants in the one-on-one interviews and in the focus groups included people from various functional departments such as Information Technology, Finance, Customer Services, Research and Development etc. The managers that participated in the one-on-one interviews had varying seniority levels that included junior, middle and senior level managers. The research participants in the focus groups included general administration employees and a few managers.

**Table 7: Demographic profile of the research participants**

Research participant	Age (years)	Gender	Race	Length of service (LOS) (years)
<b>One-on-one interviews</b>				
1	28	Female	African	6
2	42	Male	White	5
3	32	Male	Indian	9
4	38	Female	White	13
5	66	Male	White	22
6	40	Female	White	18
7	56	Male	White	17
8	34	Female	White	7
9	47	Male	White	15
10	46	Female	White	14
11	39	Female	White	15
12	33	Male	White	14
13	38	Male	White	4
14	48	Female	White	11
Research participant	Age (years)	Gender	Race	Length of service (LOS) (years)
<b>Focus Group 1</b>				
A	33	Female	White	9
B	50	Male	White	2
C	25	Male	Other	3
D	24	Female	Indian	3
E	29	Male	Other	2
F	42	Female	White	16
G	34	Male	African	4
H	34	Male	Indian	1
<b>Focus Group 2</b>				
K	32	Female	White	5
L	38	Female	White	15
M	23	Female	Indian	0.4
N	40	Female	Indian	12

#### 4.2.2 Summary of the demographic profile

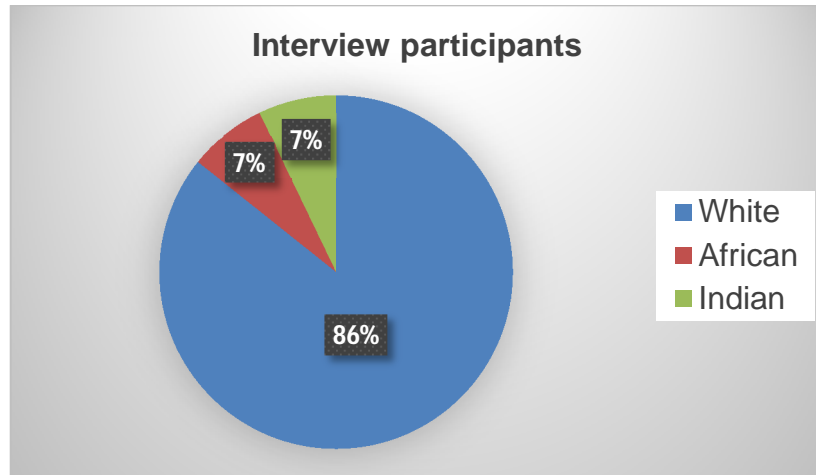
The summary of demographic profile of the research participants is represented below in Table 8, Figure 8 and Figure 9.

- Table 8: A summary of the demographic data of the both the interview participants and the focus group participants. The data in Table 7 was used to calculate the average age of the research participants, the average length of service (LOS) and the female to male ratio.

**Table 8: Summary of the demographic profile of the research participants**

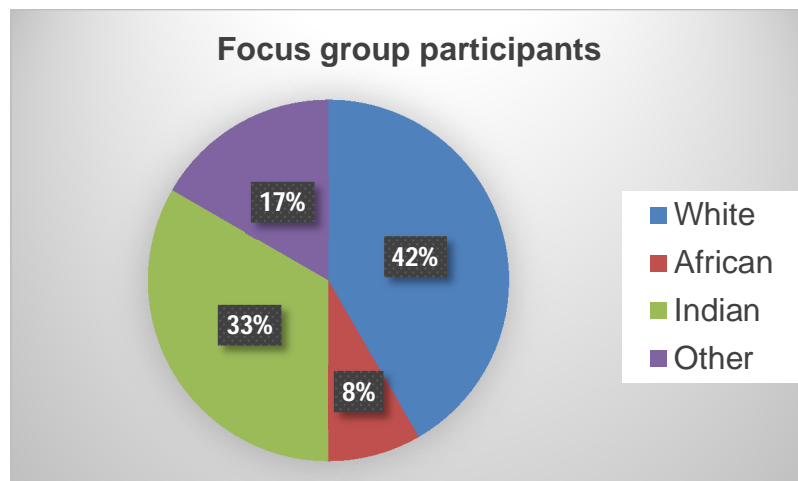
<b>Demographic data summary - Interview participants</b>	
Average research participant age (years)	41.9
Average LOS (years)	12.14
Female to Male ratio (F:M)	1:1
<b>Demographic data summary - Focus group 1 &amp; 2 participants</b>	
Average research participant age (years)	33.7
Average LOS (years)	6.55
Female to Male ratio (F:M)	1.4:1

- Figure 8: The pie chart below displays the racial diversity data of the interview participants. The data values from Table 7 above were converted into the percentages which are displayed below.



**Figure 8: Racial diversity of the interview participants**

- Figure 9: The pie chart below displays the racial diversity data of the focus group participants. The data values from Table 7 above were converted into the percentages displayed below.



**Figure 9: Racial diversity of the focus group participants**

### 4.3 The key factors leading to effective PM

The data that was collected from the 14 one-on-one interviews and the two focus groups was analysed using Thematic Content Analysis in order to identify the themes and the key factors that are perceived to lead to effective PM at the medical scheme company (Bryman, 2012). The researcher moved forwards and backwards between the various data analysis steps in order to explore the continuities and linkages between the data and the PM literature (Bryman, 2012; Mouton, 2012).

The presence of four themes that were identified during the literature review were reinforced during the Thematic Content Analysis and the four themes include: The structure and function of the PMS; Organisational factors / context; Leader / manager factors and Individual / employee factors. The key factors that were identified are grouped under the specific theme that they are associated to.

In order to identify the key factors that are perceived to lead to effective PM, the research participants were asked for their views regarding the most important / positive factors that lead to effective PM. Some of the participants reported negative responses in that they identified certain factors that negatively influence PM effectiveness. The Thematic Content Analysis Frameworks that were used to identify the key factors are presented in Table 9 and Table 10 below. The results are presented in the following sequence:

- Results of the one-on-one interviews: Table 9
- Results of two focus groups: Table 10

#### 4.3.1 *Thematic Content Analysis results: One-on-one interviews*

Table 9 presents the Thematic Content Analysis Framework from the one-on-one interviews that was used to identify the key factors that are perceived to lead to effective PM at the medical scheme company. The factors that were identified are displayed in the left hand column and the research participant number(s) who cited the factor as important appears in the middle column. The column on the most right hand side of the table depicts the frequency (the total number of participants that

cited the factor) of the research participants that reported the specific factor as important for effective PM. The factors that are highlighted in purple were identified as the key factors because they have the highest frequencies when comparing the frequencies of the all the factors.

**Table 9: Thematic Content Analysis Framework: One-on-one interviews**

<b>Theme 1: Structure and function of the PMS</b>	<b>Interview participants</b>	<b>Fre- quency</b>
<b>Positive factors</b>		
Quick & easy to track performance progress over time	1, 2, 6, 7, 8, 9, 10, 12, 13	9
Digitised, easily accessible and adaptable PMS	1, 2, 4, 7, 8, 10, 11, 12, 13, 14	10
Comprehensive, relevant, achievable & measurable dimensions of performance & development	1, 2, 3, 7, 9, 10, 11, 12, 13	9
Clear, defined & person specific performance objectives	2, 6, 7, 10, 11, 12, 14	7
Ongoing link/ feedback loop between informal and formal PM	3, 4, 7, 9, 13	5
Collaborative design requiring inputs from manager & employee	4	1
Transparent PMS	8, 10, 11, 14	4
Cost effective PMS	10	1
Feedback from both parties on the other's performance	11	1
Adequate time to engage in PM processes	4	1
<b>Negative factors</b>		
Subjective PMS structure due to self-assessment & manager's assessment	3, 7, 14	3
Inadequate time for formal & informal PM processes	6, 10	2
<b>Theme 2: Organisational factors / context</b>	<b>Interview participants</b>	<b>Fre- quency</b>
<b>Positive factors</b>		
Culture: Supportive, shared values, positive energy, high performance	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	14
Alignment of organisational strategy, departmental & individual performance objectives	1, 2, 5, 6, 7, 8, 9, 11, 13	9
Effective communication across organisation	1, 2, 3, 5, 8, 9, 10, 12, 13	9
Clear rewards / incentives linked to performance	2, 4, 6, 7, 8, 9, 11, 12, 13	9

Adequate and accessible resources	4, 8, 9, 10, 12, 14	6
PM training for managers	4, 8, 9, 11, 12, 13, 14	7
<b>Theme 3: Leader / manager factors</b>	<b>Interview participants</b>	<b>Fre- quency</b>
<b>Positive factors</b>		
Leader traits, knowledge, skills & abilities	3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14	11
Leaders create effective PM culture	5, 8, 14	3
Focus on employee development via mentoring/coaching	1, 3, 8, 10, 11	5
Being visible & interested in employees lives	5, 8, 10	3
Adequate understanding of PM system & objectives	1, 2, 3, 9, 11, 13, 14	7
High quality manager-employee relationships built on respect and trust	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	14
Ability to identify & manage employee behavioural drivers & expectations	1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14	13
Recognition of good employee performance	6, 8, 10	3
Active engagement in PM	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	14
Open & effective communication	1, 2, 3, 7, 9, 10, 12	7
High quality performance conversations (adequate preparation, engagement)	1, 3, 5, 6, 8, 9, 10	7
High frequency of interaction (informal more frequent than formal)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	14
<b>Negative responses</b>		
Lack of follow up to assess manager/leadership training effectiveness	4	1
Excessive focus on tasks instead of on good relationships and employee development	11, 14	2
<b>Theme 4: Individual / employee factors</b>	<b>Interview participants</b>	<b>Fre- quency</b>
<b>Positive factors</b>		
Employee traits, knowledge, skills & abilities	1, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14	12
Active engagement in PM	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	14
Adequate understanding of PMS & objectives	1, 2, 3, 11, 13, 14	6
Employee takes responsibility for their own self-development	6, 11	2

#### **4.3.2 Thematic Content Analysis results: Focus groups**

Table 10 presents the Thematic Content Analysis Framework of the two focus groups that was used to identify the key factors that are perceived to lead to effective PM at the medical scheme company. The factors that were identified are displayed in the left hand column. The focus group number(s) namely, F1 (Focus Group 1) and / or F2 (Focus Group 2) is / are displayed in the middle column next to each of the factors that the specific group(s) identified as important. The column on the most right hand side of the table depicts the frequency (the total number of participants that cited the factor) of the research participants that reported the specific factor as important for effective PM. The factors that are highlighted in purple were identified as the key factors in the following way:

- Both the focus groups (F1 and F2) had to have identified the factors as important factors necessary for effective PM and,
- Contextual factors were also used to assess the relative importance of the factors identified by the focus groups. The combination of contextual factors that were used to rank the factors includes:
  - The amount of time that the research participants spent discussing the specific factor;
  - The number of participants that actively contributed to the discussion regarding the factor and;
  - The overall agreement level between the participants that the factor is an important factor.

**Table 10: Thematic Content Analysis Framework: Focus Group 1 and 2**

Focus group number: F1 = Focus Group 1; F2 = Focus Group 2		
Theme 1: Structure and function of the PMS	Focus group number	Frequency
<b>Positive factors</b>		
Quick & easy to track performance progress over time	F1, F2	2
Digitised, easily accessible and adaptable PMS	F2	1
Comprehensive, achievable, measurable dimensions of performance & development	F2	1
Objectivity of PM	F1	1
Clear, defined & person specific performance objectives	F2	1
Ongoing link / feedback loop between informal and formal PM	F1, F2	2
Transparent PMS	F1	1
Feedback from both parties on the other's performance	F1, F2	2
360° feedback from multiple sources. E.g. Manager, team members, customers	F1, F2	2
<b>Negative factors</b>		
Subjective PMS structure due to subjectivity of self-assessment & manager's assessment	F1	1
Theme 2: Organisational factors / context	Focus group number	Frequency
<b>Positive factors</b>		
Culture: Supportive, shared values, positive energy, high performance	F1, F2	2
Alignment of organisational strategy, departmental & individual performance objectives	F2	1
Effective communication across organisation	F1, F2	2
Rewards/incentives linked to performance	F1, F2	2
PM training for managers	F1, F2	2

<b>Theme 3: Leader / manager factors</b>	<b>Focus group number</b>	<b>Fre- quency</b>
<b>Positive factors</b>		
Leader traits, knowledge, skills & abilities	F1, F2	2
Leaders create an effective PM culture	F1	1
Focus on employee development via mentoring/coaching	F1, F2	2
Being visible & interested in employees lives	F1, F2	2
Adequate understanding of PM system & objectives	F1	1
High quality manager-employee relationships built on respect and trust	F1, F2	2
Ability to identify & manage employee behavioural drivers & expectations	F1, F2	2
Recognition of good employee performance	F1, F2	2
Active engagement in PM	F1, F2	2
Open & effective communication	F1	1
High quality performance conversations (adequate preparation, engagement)	F1	1
High frequency of interaction (informal more frequent than formal)	F1, F2	2
<b>Negative factors</b>		
Large power differential in manager-employee relationship	F1	1
Focus more on people and not only on tasks	F1	1
<b>Theme 4: Individual / employee factors</b>	<b>Focus group number</b>	<b>Fre- quency</b>
<b>Positive factors</b>		
Employee traits, knowledge, skills & abilities	F1, F2	2
Active engagement in PM	F1, F2	2
Adequate understanding of PMS & objectives	F1	1
Employee takes responsibility for own self-development	F1, F2	2
Job role aligned with employees personal goals	F2	1

#### 4.4 Views on the effectiveness of the current PMS

The research participants were asked for their views regarding whether they deem the current PMS to be effective or ineffective as well as reasons for their views.

Table 11 below presents the information for each of the fourteen interview

participants and Table 12 presents the information obtained from the two focus groups.

**Table 11: Interviews - Does the company currently have an effective PMS?**

<b>Interview participant number</b>	<b>Yes (Y)</b>	<b>No (N)</b>	<b>Reason</b>
1	Y		Easy and quick to use the system, goals are tracked over time, focus on performance and development, assists staff retention.
2	Y		Easy to use and comprehensive, identifies key objectives, more adaptable system, encourages staff engagement in PM.
3	Y		Forces people to engage in PM process and there are rewards for engagement in performance appraisals.
4		N	Not enough focus on one-on-one monthly meetings and other catch up meetings.
5	Y		Good talent management approach
6		N	Sometimes negative focus, lack of manager interest in PM processes.
7	Y		As long as people use it, not as effective for managing underperforming employees.
8	Y		Level of engagement determines PM effectiveness.
9	Y		Level of engagement determines PM effectiveness.
10		N	It's a tick box exercise, too rushed, language barriers lead to decreased understanding.
11		N	Tick box exercise, focus is more on task management and not on development.
12	Y		Adaptable PMS, measures overall performance well.
13		N	Tick box exercise, too generic.
14		N	Too subjective, mainly useful to PM underperforming employees.
<b>Totals: Interview participants</b>	<b>8 Yes</b>	<b>6 No</b>	

**Table 12: Focus groups - Does the company currently have an effective PMS?**

Focus Group number	Yes (Y)	No (N)	Reason
Focus Group 1 (F1)		N	Too subjective, tick box exercise, certain departments are not doing informal monitoring.
Focus Group 2 (F2)	Y		Use of formal and informal performance monitoring, incentives include prosperity points.
<b>Totals: Focus groups</b>	<b>1 Yes</b>	<b>1 No</b>	<b>The overall consensus of each group was used.</b>

#### 4.5 Ranking the top five factors of effective PM

Two separate tables (Table 15 and Table 16) are used to present the results of the ranking exercise that the research participants completed at the end of the one-on-one interviews and the focus groups. The research participants were requested to choose five of the most important factors they felt are necessary for effective PM. They were informed that if they felt an important factor was missing from the table, they could add factors in the blank spaces at the bottom of the “Ranking the factors that lead to effective PM” form (see last page of Appendix A and Appendix B). After selecting their five most important factors out of the list of factors, the research participants then ranked their five chosen factors in order of importance from 1 to 5. The ranking scale that was used by the participants to rank their top five factors necessary for effective PM is depicted in Table 13 below.

**Table 13: Ranking scale for the top five ranking exercise**

Ranking value	Description of the ranking
1	The most important factor
2	2 <sup>nd</sup> most important factor
3	3 <sup>rd</sup> most important factor
4	4 <sup>th</sup> most important factor
5	5 <sup>th</sup> most important factor

In order to score the rankings made by the research participants, the researcher used a points system to allocate points to each of the top five factors that was ranked. The factors with the highest number of points and those with the highest frequency are the top five factors that were ranked by the research participants. Table 14 below depicts how the points were allocated for the rankings.

**Table 14: Points system used to analyse the top five rankings**

<b>Ranking given by research participant</b>	<b>Number of points allocated</b>
1 = The most important factor	5
2 = 2 <sup>nd</sup> most important factor	4
3 = 3 <sup>rd</sup> most important factor	3
4 = 4 <sup>th</sup> most important factor	2
5 = 5 <sup>th</sup> most important factor	1

#### **4.5.1 Ranking exercise results: One-on-one interviews**

Table 15 presents the points allocated to each interview participant for their ranking exercise and the factors that are highlighted in purple are the factors with both the highest number of points and those that were ranked most frequently by the research participants.

**Table 15: Interview participants ranking top five factors of effective PM**

ONE-ON-ONE INTERVIEWS																
FACTORS INFLUENCING PM EFFECTIVENESS	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 10	P 11	P 12	P 13	P 14	SUM OF POINTS	FREQUENCY
Alignment between company strategy and performance management	3				2	1	2	2	3	2	2	1	5	5	28	11
Effective communication across the company	4									5	1				10	3
Strong culture of shared values		5			5		1	3	5			4		3	26	7
Frequent performance conversations (monitoring and feedback)	5		3	4	3		5						2		22	6
Performance management training for managers									1						1	1
Clear link between performance and rewards		3		1					4		4		4		16	5
Availability of resources		4				2				4				1	11	4
Employee traits/personality		2	4							3					9	3
Effective manager-employee relationships	2	1	5	3	4	3	4	5	2		3	2	3	2	39	13
Employee engagement			1	5			3	1				3			13	5
Quality of conversations between manager and employee	1		2	2	1	4		4		1	5	5			25	9
Identifying employee drivers						5									5	1
Measurable outcomes													1		1	1
Objectivity														4	4	1

#### 4.5.2 Ranking exercise results: Focus groups

Table 16 presents the points allocated to each focus group research participant for their ranking exercise and the factors that are highlighted in purple are the factors with both the highest number of points and those that were ranked most frequently by the research participants. One of the participants in Focus Group 1 ranked all five factors as the most important factor and thus the rankings for research participant PG were not be used when analysing the responses (thus zero points were allocated for participant PG).

**Table 16: Focus groups ranking top five factors of effective PM**

FOCUS GROUPS	FOCUS GROUP 1								FOCUS GROUP 2				SUM OF POINTS	FREQUENCY
	P A	P B	P C	P D	P E	P F	P G	P H	P K	P L	P M	P N		
Alignment between company strategy and performance management	2	1				3	0		1	5		5	17	6
Effective communication across the company			5		3		0			1	1		10	4
Strong culture of shared values	5	2		5	4	4	0			3		2	25	7
Frequent performance conversations (monitoring and feedback)	4			4			0	5	3		2	3	21	6
Performance management training for managers	1			3	2		0						6	3
Clear link between performance and rewards			1	2	1	2	0						6	4
Availability of resources			4				0						4	1
Employee traits/personality							0		4				4	1
Effective manager-employee relationships		4				1	0	3			5	4	17	5
Employee engagement		3	3				0	4	5	2	4		21	6
Quality of conversations between manager and employee	3	5	2	1	5	5	0		2	4	3	1	31	10
Actionable feedback							0	2					2	1
PM using team metrics							0	1					1	1

## 4.6 Summary of the results

### 4.6.1 Summary: Key factors leading to effective PM

Thematic Content Analysis is the main method of data analysis that was used to identify the key factors that are perceived to lead to effective PM at the medical scheme company. The Thematic Content Analysis Frameworks in Table 9 (One-on-one interviews) and Table 10 above (Focus Groups 1 and 2) were combined to create a summary of the key factors with the highest frequencies that were identified by the research participants in both samples. Table 17 below depicts the key factors identified by both the one-on-one interview participants and both the focus group's participants. The column on the extreme right hand side indicates the total frequency, which is, the sum of the interview frequencies and the focus group frequencies.

**Table 17: Summary of the key factors identified by the research participants**

<b>Theme 1: Structure and function of the PMS</b>	<b>Interview - frequency</b>	<b>Focus groups - frequency</b>	<b>Total frequency</b>
Quick & easy to track performance progress over time	9	2	11
Digitised, easily accessible and adaptable PMS	10	1	11
Comprehensive, relevant, achievable & measurable dimensions of performance & development	9	1	10
Ongoing link / feedback loop between informal and formal PM	5	2	7
<b>Theme 2: Organisational factors / context</b>			
<b>Interviews - frequency</b>	<b>Focus groups - frequency</b>	<b>Total frequency</b>	
Culture: Supportive, shared values, positive energy, high performance	14	2	16
Alignment of organisational strategy, departmental & individual performance objectives	9	1	10
Effective communication across organisation	9	2	11
Clear rewards / incentives linked to performance	9	2	11
PM training for managers	7	2	9
<b>Theme 3: Leader / manager factors</b>			
<b>Interviews - frequency</b>	<b>Focus groups - frequency</b>	<b>Total frequency</b>	
Leader traits, knowledge, skills & abilities	11	2	13
High quality manager-employee relationships built on respect and trust	14	2	16
Ability to identify & manage employee behavioural drivers & expectations	13	2	15
Active engagement in PM	14	2	16
High frequency interaction (informal more frequent than formal)	14	2	16
<b>Theme 4: Individual / employee factors</b>			
<b>Interviews - frequency</b>	<b>Focus groups - frequency</b>	<b>Total frequency</b>	
Employee traits, knowledge, skills & abilities	12	2	14
Active engagement in PM	14	2	16

#### **4.6.2 Summary: Views on the effectiveness of the current PMS**

The data in Table 11 and Table 12 above were used to calculate the percentages of the research participants that reported the current PMS to be effective versus those that reported it to be ineffective. Table 18 below reveals that just over half of the interview participants and one out of two (half) of the focus groups reported that the current PMS is effective. Valuable information was captured from the research participants when they cited the reasons for their views on the current PMS effectiveness.

The percentages in Table 18 do not form part of the main data analysis, because they do not answer the research question. Thematic Content Analysis of the data collected during the one-on-one interviews and during the focus groups (see Table 17) is the main data analysis method used to identify the key factors that are perceived to lead effective PM.

**Table 18: Summary of the views on the effectiveness of the current PMS**

<b>Research Sample</b>	<b>Current PMS effective</b>	<b>Current PMS ineffective</b>
Interview participants	57%	43%
Focus groups	50%	50%

#### **4.6.3 Summary: Ranking the top five factors of effective PM**

Table 19 below represents the combined results for the top five ranking exercise completed by participants in the one-on-one interviews (see Table 15) and the focus groups (see Table 16). The summary of the top five factors influencing effective PM was calculated by:

- Adding the points from the interviews (I) and the focus groups (F) for each factor to reveal the Total Points (I+F) for each factor.
- Adding the frequencies from interviews (I) and the focus groups (F) for each factor to reveal the Total Frequency (I+F) for each factor.

The top five factors are those factors that have both the highest Total Points and the highest Total Frequency.

The results obtained from the ranking exercise do not form part of the main data analysis, because the ranking exercise was not the main source of data collection. Thematic Content Analysis of the data collected during the one-on-one interviews and during the focus groups (see Table 17) is the main data analysis method used to identify the key factors that are perceived to lead effective PM.

**Table 19: Summary of top five factors ranked by the research participants**

FACTORS INFLUENCING PM EFFECTIVENESS	SUM OF POINTS			FREQUENCY		
FACTORS	ONE-ON-ONE INTERVIEWS (I)	FOCUS GROUPS (F)	TOTAL POINTS (I+F)	ONE-ON-ONE INTERVIEWS (I)	FOCUS GROUPS (F)	TOTAL FREQUENCY (I+F)
Effective manager-employee relationships	39	17	56	13	5	18
Quality of conversations between manager & employee	25	31	56	9	1	10
Strong culture of shared values	26	25	51	7	7	14
Alignment between company strategy & performance management	28	17	45	11	6	17
Frequent performance conversations (monitoring and feedback)	22	21	43	6	6	12

# CHAPTER 5: DISCUSSION OF THE RESULTS

## 5.1 Introduction

The purpose of this research was to identify the key factors that are perceived to lead to effective performance management at the medical scheme company. A discussion of the research results has been compiled below utilising the following sources of information:

- The results and the summary of the results presented in Chapter 4, specifically the Thematic Content Analysis Frameworks in Table 9, Table 10 and Table 17.
- The completed data collection instruments were used to access verbatim quotes from the interviews and the focus groups (Bryman, 2012). The use of verbatim quotes assists in reinforcing the factors that were identified and it gives a voice to the research participants (Bryman, 2012).
- The PM literature detailed in Chapter 2 was used to compare and contrast the research results to the existing body of knowledge (Bryman, 2012).

The discussion of the research results that follows is sequenced in the manner:

- Demographic profile of the research participants.
- The key factors leading to effective PM.
- Interactions between the key factors.
- Participant's views on the effectiveness of the current PMS.
- Ranking the top five factors of effective PM.
- A comparison between the factors identified during Thematic Content Analysis and the top five factors identified by the ranking exercise.

## 5.2 Discussion: Demographic profile of the research participants

The summary of the demographic data in Table 8 as well as Figure 8 and Figure 9 above were used to compare the demographic profiles of the interview participants with the focus group participants. The following comparisons were made:

The average age of the interview participants is 8.2 years older than average age of the focus group participants. The average length of service (LOS) of the interview participants is 5.59 years greater than the focus group participants. The managers that were interviewed had an average age of 41.9 years and they had a long average length of service (LOS) which was 12.14 years. The long average LOS may improve the quality of the responses and insights shared regarding the medical scheme company. The average age of the focus group participants was 33.7 years and the average LOS was 6.55 years. The participants in the focus groups had a younger average age and shorter average LOS compared to the managers who participated in the one-on-one interviews. This variation is expected because the focus group participants mainly consisted of administration employees and whereas the one-on-one interviews only included managers.

The female to male ratio was 1:1 for the interviews and 1.4:1 for the focus groups and this indicates that a fairly equal number of females and males participated in this research. The female to male ratio of both of the samples is similar to the ratio at the medical scheme company which is 1.17:1.

The racial diversity of the interview participants was different compared to the focus group participants in that the focus groups had a greater racial diversity. Both the interview and focus group samples did not have the same racial diversity as the employee population of the medical scheme company. The differences in the samples are due to the sample selection technique that was employed. The sample selection involved recruiting research participants that volunteered to participate in the research and thus participants were not selected according to their race.

### **5.3 Discussion: The key factors leading to effective PM**

The discussion of the key factors that are perceived to lead to effective PM utilises the results from the combined Thematic Content Analysis Framework in Table 17. Table 17 displays the key factors identified during the Thematic Content Analysis for both the one-on-one interviews and the two focus groups.

Analysis of the combined results in Table 17 reveals that the “Leader / manager factors” theme contains the highest number of key factors with the highest frequencies followed by the “Individual / employee factors” theme. One of the factors within the “Organisational factors / context” theme that exhibited a very high frequency is a “supportive, high energy and high performance culture”. These findings may suggest that a greater focus on effective leadership may be required for effective PM. This result is similar to McDermott et al. (2013) who states that leaders exhibiting both transactional and transformational leadership styles develop effective employee psychological contracts and relationships which leads to improved employee performance.

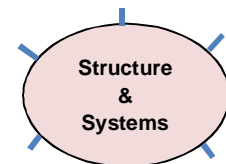
Table 17 depicts the key factors that were identified by the research participants along with the frequency that they were identified. The factors with the highest frequencies are classified as the key factors because it is assumed that, the higher the number of research participants that identify a specific factor, the more important the factor is. The results reveal that the key factors that are perceived to lead to effective PM at the medical scheme company include:

- High quality manager-employee relationships built on trust and respect.
- High frequency informal interaction between managers and employees.
- Active engagement of both managers and employees in PM.
- A supportive, positive energy and high performance organisational culture.
- Ability of managers to identify and manage employee expectations and behavioural drivers.
- Employee traits, knowledge, skills and abilities.
- Leader traits, knowledge, skills and abilities.
- The structure and function of the PMS.
- Effective communication across the organisation.
- Clear rewards / incentives linked to performance.
- Alignment of organisational strategy, departmental and individual performance objectives.
- PM training for managers.

Each of the key factors is discussed below and the discussion is structured so that the key factors are grouped under the specific theme that they are associated to. The four themes that appear in the discussion include: The structure and function of the PMS; Organisational factors / context; Leader / manager factors and Individual / employee factors. The picture / symbol next to the heading of each key factor represents the internal aspect(s) outlined in the McKinsey's 7-S Framework (see Chapter 2, Figure 3). The picture / symbol is used to depict the similarity / association between the key factor identified in the research results and the specific internal aspect from the McKinsey's 7-S Framework (Waterman et al., 1980).

### **5.3.1 Theme 1: Structure and function of the PMS**

#### **Structure and function of the PMS**



The research results reveal that 10 out of 14 interview participants and both of the focus groups identified that the structure and function of the PMS is an important factor for effective PM. The research results from of the interviews and the focus groups are similar in that the majority of the research participants reported that the new PMS design and structure is facilitating more effective PM compared to the companies old PMS. The research participants reported the following aspects of the structure and function of the company's current PMS to be important namely:

- Participant 4 reported that “the new PMS improves record keeping and makes it easier to find the information at a later date.”
- Participant 12 reported that “the previous performance appraisals were too long and not relevant. The new system is a lot simpler, shorter and easier to understand.”
- Participant 13 reported that “digitising the PMS makes it easier to track performance over time and it assists in standardising the PM processes.”
- Focus Group 1 participants said that “linking the performance appraisals to the monthly, one-on-one meetings will increase PM effectiveness.”
- Focus Group 2 participants reported that “information from the performance appraisals was not stored previously and the digitised system has made the information accessible all year round and the new system is quicker to use.”

The research results are similar to the PM literature which identifies that the structure and function of an organisation's PMS is an important factor leading to effective PM (Biron et al., 2011; Buckingham & Goodall, 2015; O'Leary & Pulakos, 2011; Pulakos et al., 2015; Trosten-Bloom et al., 2014). The aspects of the company's new PMS that the research participants identified as important for effective PM are similar to some of the aspects from the PM literature outlined in Chapter 2, Table 3 above. The similarity between the aspects identified by the research participants and the PM literature include that the new PMS is: flexible, simpler to use, enables shorter performance reviews and digitisation increases accessibility.

Biron et al. (2011) state that both the content of the PMS as well as how the system is implemented are extremely important factors that influence PM effectiveness. O'Leary and Pulakos (2011) and Viedge (2011) also state that the design, structure and content of PMS should be driven by the organisation's strategy and culture. Pulakos et al. (2015) state that organisations have identified that the structure and function of their traditional / "best practice" PMS have become ineffective which negatively influences PM effectiveness. Thus a trend has arisen where an increased number of organisations, including the medical scheme company in this research, have redesigned and implemented a PMS with a new structure and function so as to improve PM effectiveness (Buckingham & Goodall, 2015; Trosten-Bloom et al., 2014).

With regards to the functioning of the PMS, five interview participants and both of the focus group's participants identified the importance of an ongoing link between the weekly / monthly one-on-one meetings (informal PM monitoring) and the performance appraisals (formal performance review). This result is similar to the Viedge (2011), who states that effective PM specifically requires alignment between formal PM activities (performance review/appraisals) and informal performance monitoring by line managers. Stahl et al. (2012) also concluded their research by finding that effective talent management requires internal consistency or alignment of PM processes as it creates PM synergies. Pulakos et al. (2015) further state that one of the main reasons for PM ineffectiveness is due to inconsistent PM activity throughout PM cycles especially a lack of engagement in informal performance monitoring and coaching.

Although most of the research participants reported that the new PMS is more effective, three of the interview participants as well as participants from Focus Group 1 reported that the new PMS structure was “too generic” and that it was “too subjective” in its ability to measure performance. These participants views are similar to O’Leary and Pulakos (2011) who state that the design of the PMS requires a high level of customisation due to the vast differences in organisational culture and structure, as well as individual employee differences. Because people are unique in their needs, wants and views, it is necessary to get employees actively involved in their work design, definition and formation of performance metrics in order to facilitate acceptance and engagement in PM and its processes (Farndale et al., 2011; Tung et al., 2011; Wendt, 2010).

Six of the interview participants as well as the participants from Focus Group 1 (see Table 10) identified that the current PMS is ineffective at times because “it is sometimes used as a tick box exercise and effective PM requires mutual engagement of both managers and employees in the PM processes”. This research finding is similar to Pulakos et al. (2015) who states that a “tick box mentality” regarding PMS use is one of the main causes of PM ineffectiveness along with over engineered PM processes. Thus a well-designed PMS structure and function is a very important factor for effective PM, however, there are other factors that play an equally important role.

In summary, “The structure and function of the PMS” is perceived to be one of the key factors leading to effective PM at the medical scheme company as the majority of the research participants identified this factor as important.

### **5.3.2 Theme 2: Organisational factors / context**



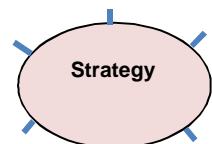
Numerous internal Organisational factors that are perceived to lead to effective PM were identified by the research participants in the interviews and the focus groups. The research results include internal organisational factors that are similar to those identified by Armstrong and Taylor (2014), Chevalier (2014) and Noe et al. (2008).

During the Thematic Content Analysis, the researcher identified similarities between the internal organisational factors identified by the research participants and the seven organisational aspects in the McKinsey's 7-S Framework (Waterman et al., 1980). The "Organisational factors" that were reported most frequently by the research participants include:

- Alignment of organisational strategy and employee goals.
- Organisational culture - The organisational factor cited most frequently by the interview and both focus group participants.
- Effective communication across the organisation.
- Performance management training for managers.
- Clear link between employee performance and rewards.

The organisational factors identified most frequently by the research participants are discussed below and related back to the literature.

### **Alignment of organisational strategy and employee goals**



Nine of the interview participants as well as the Focus Group 2 participants identified that it is important for employees to understand how their goals (key performance indicators) are linked to the organisation's strategy because it creates clear purpose, significance and meaning for employees. Participant 11 said that "people need to understand how their goals fit into the company strategy as it helps to motivate them".

The research results are similar to other authors and researchers such as Armstrong and Taylor (2014); Biron et al. (2011); Haines III and St-Onge (2012); Rashidi (2015); Swanepoel et al. (2014) and Wendt (2010) who state that the design of the PMS should directly link employee goals with the organisation's goals in order to facilitate effective performance behaviours and outputs that will create value for the organisation.

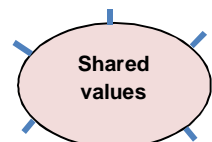
Performance behaviours and outputs are enhanced when employees understand how their work contributes to achieving organisational results/goals because it increases employee engagement (Rashidi, 2015; Wendt, 2010). Engagement is

achieved when employees participate in defining their own goals, when mutual expectations are defined and when shared responsibility for PM is accepted (Armstrong & Taylor, 2014; Farndale et al., 2011; Gruman & Saks, 2011).

Trosten-Bloom et al. (2014) state that organisations have changed their strategies yet many of them still utilise the traditional PMS and thus there is malalignment of the organisations strategy, the PMS structure and function and employee goals and this negatively effects PM. Biron et al. (2011) conducted a study utilising semi-structured interviews at 16 world-leading firms and they found that successful firms had both aligned and complimentary organisational and individual/employee goals in order to create clear signals on which attitudes and behaviours were effective.

Furthermore, Aguinis et al. (2012) state that one of the five universals for effective PM regardless of cultural context is that there must be congruence between job descriptions and organisational goals. They further state that the employee job descriptions must summarise the job duties, the necessary knowledge, skills, abilities, as well as the necessary behaviours and the expected performance results from those behaviours. Thus performance may be improved by ensuring that employees are selected and recruited to match the specific job roles and by aligning the employee motives with the work environment / organisational culture (Chevalier, 2014). The literature echoes the views of eight of the interview participants who reported that “employees need to fit into the organisation’s culture (culture fit) and they need to be able to interact well with their team members”.

## **Organisational culture**



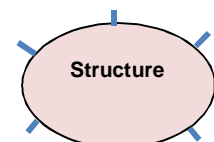
All 14 of the interview participants as well as both of the focus group participants identified that the company’s culture is an important factor for PM effectiveness. Participant 1 reported that “the company’s culture is diverse, energetic and positive which stimulates performance”. Participant 5 also said that “organisational culture is very important for employee performance and the leaders are responsible for creating and sustaining the culture”. Focus Group 2 participants identified that “the company’s culture strengthens the importance of PM and supports it”.

This result is similar to other studies which state that an organisational culture of feedback facilitates effective PM as it creates a safe environment for feedback to occur and it also creates open communication channels (Biron et al., 2011; O’Leary & Pulakos, 2011; Wendt, 2010). A supportive feedback environment facilitates managers in giving developmental feedback and it allows employees to discuss their needs without fear of losing their pay and / or career advancement (O’Leary & Pulakos, 2011).

Haines III and St-Onge (2012) conducted research investigating the effect that organisational culture, employee relations climate and strategic integration of HRM have on PM effectiveness. They concluded that all three PM organisational factors positively influence PM effectiveness. In a multiyear research study by Stahl et al. (2012), semi structured interviews and surveys were conducted at 33 high performing multinational organisations to determine the principles of effective global talent management. They concluded that cultural embeddedness which consists of integrating and reinforcing shared values is a key principle for improving employee performance.

Three interview participants and participants from Focus Group 1 articulated that the company’s leaders are responsible for creating and sustaining an effective PM culture. These participant’s views echo that of Schneider et al. (2013) who state that effective leadership is necessary to create and maintain a corporate culture of feedback and high performance. Leaders create the culture by articulating (primary embedding) their values through their actions and behaviours and they reinforce those values (secondary embedding) via the organisational structure, systems and management style etc. (Schneider et al., 2013).

### **Effective communication across the organisation**



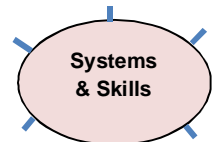
Nine interview participants in both of the focus group participants cited that effective and open communication across the organisation is an important factor for effective PM. Interview participant 10 reported that “effective communication across different

levels of the company is important because it assists in motivating people and it builds trust due to increased transparency”.

This research result is similar to that of Biron et al. (2011); Chevalier (2014); Rashidi (2015); Singh (2013); Spreitzer and Porath (2012) and Wendt (2010) who found that effective communication across an organisation can enhance performance because it creates clear performance expectations; it enhances relationship building and it increases socialisation within the organisation. Effective communication gives employee’s direction and it increases their intrinsic motivation because employee’s understand how their performance is linked to achieving organisational goals (Chevalier, 2014).

Greenwald (2008) and Suttapong et al. (2014) state that increased availability of information also facilitates quicker decision making. The authors further state that employees who have greater access to information as well as those who are active in decision making processes perform better. Employee performance also improves due to the improved problem solving abilities and increased trust in the organisation.

### **Performance management training for managers**



Seven of the interview participants and both the focus group participants stated that is it important for managers to undergo PM training as well as training on how to be effective leaders. Participants in Focus Group 2 reported that “PM training is important because it provides managers with adequate knowledge regarding: the structure and function of the PMS, how to conduct effective PA and it also facilitates engagement in PM processes”. Interview participant 11 said that “PM training is useful to teach new managers how to use the PMS and how to conduct the performance appraisals, but training can’t teach them how to mentor or coach people”.

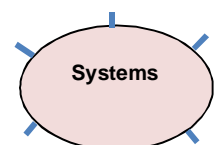
The research results are similar to Armstrong and Taylor (2014) who outline the importance of formal PM training for managers followed by ongoing coaching so as to acquire adequate knowledge and skills in order to be effective in implementing PM

processes. Other research by Haines III and St-Onge (2012) and Tung et al. (2011) concluded that PM training for managers contributes to effective PM because it enhances both the communication of performance information and it improves the manager's ability to give employees recognition.

According to Biron et al. (2011) formally training managers that are involved in rating employee performance is important because it increases the accuracy and fairness of performance reviews. Wendt (2010) states that managers should be trained in the company specific content of PM as well as employee development skills such as coaching. Aguinis et al. (2012) and Pulakos and O'Leary (2011) recommend training for both managers and employees regarding the benefits of PM and how to actively engage in PM on a daily basis. They also recommend post training interventions for managers such as employee surveys because they assist in collecting information on whether or not managers are displaying effective PM behaviours.

Focus Group 1 participants identified that managers also require training to be effective leaders as one participant reported that "managers need adequate soft skills / people skills and they need to know how to recognise good performance and how to assist in improving performance". Another participant in the group stated that "if leaders focus on people then the work will follow" suggesting that leaders should focus more on their relationships with fellow employees rather than being too task orientated. This result is similar to O'Leary and Pulakos (2011) who concluded that managers require training to improve their relationship building skills, their ability to diagnose and correctly address performance issues as well as how to deliver performance feedback correctly.

### **Clear link between employee performance and rewards**



Nine of the interview participants as well as both of the focus groups stated that good performance should be rewarded as it provides recognition and a sense of achievement. They also stated that a clear link is necessary between the performance reviews / appraisals and the rewards/incentives that are given.

Participant 8 reported that "currently there is no clear link between the performance

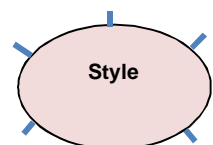
appraisals and rewards. This may be causing a lack of employee involvement in the PM process and managers are also not prepared at times”. Focus Group 2 participants discussed how “rewards give a sense of achievement and recognition and different people want different rewards.”

The research results are similar to other studies such as Wendt (2010) and Jiang et al. (2012) who state that a clear link between employee performance and rewards (pay-for-performance) assists in improving employee performance as it increases employee motivation. The literature further states that an organisation’s reward system should be clearly defined and transparent to ensure internal equity is maintained (Swanepoel et al., 2014). Reward practices must be managed fairly so that there are clear expectations and adequate knowledge regarding: what good performance is and why, when and how rewards are achieved (Suttapong et al., 2014).

Effective PM requires that managers are cognisant that people value specific rewards differently and that the rewards need to be perceived as meaningful or valuable to the employee (Aguinis et al., 2012; Swanepoel et al., 2014). The response of interview participant 13 echoes the literature because the participant noted that “different people want / value different types of rewards and managers need to be aware of individual preferences”.

In summary, there are multiple Organisational factors that are perceived to lead to effective PM at the medical scheme company because the majority of the research participants identified the factors as important. The organisational factor that appears to be most important is “a supportive, high energy and high performance organisational culture”.

### **5.3.3 Theme 3: Leader / manager factors**



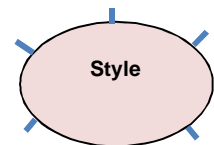
The research participants identified a large number of different Leader / manager factors that they believe lead to effective PM. Leaders / managers are key

participants in PM and the factors that were most frequently identified in the Thematic Content Analysis include:

- Leader / manager personality, knowledge, skills and abilities.
- High quality manager-employee relationships that are built on mutual trust and respect (Effective manager-employee relationships).
- Managers are able to identify and manage employee expectations and behavioural drivers.
- High frequency interaction between the manager and the employee where the interaction is more informal than formal in nature (Regular performance monitoring and feedback).
- Leader / manager active engagement in PM (discussed in the Theme 4: Individual /employee factors below).

The Leader / manager factors that were identified most frequently by the research participants are discussed below and related back to the literature.

### **Leader / manager personality, knowledge, skills and abilities**



The research results revealed that 11 interview participants and participants in both of the focus groups identified that managers require effective leadership knowledge, skills and abilities to facilitate effective PM. Focus Group 1 participants concluded that “effective PM requires leaders with adequate soft skills, who value and build effective relationships with people. A sole focus on task completion leads to dysfunctional work relationships which demotivates people. Leaders must listen to employees, be humble and they must not be arrogant”. Participant 4 stated that “managers require the skills to read the different levels of engagement that employees want and adapt their leadership style accordingly”.

These results are similar to the PM literature more specifically Greenwald (2008) who states that effective leaders take initiative; they identify employee’s capabilities, needs and aspirations and they importantly build and maintain effective relationships within organisations. According to O’Leary and Pulakos (2011), effective PM requires leaders who are skilled at setting expectations, giving ongoing employee feedback and developing their employees. Managers also need to understand that

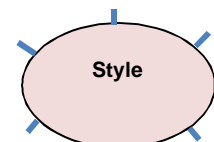
they are accountable for each of the employees that report to them and that their responsibilities include giving guidance, feedback, encouragement and the provision of resources. Leaders are also responsible for collecting and disseminating information which facilitates effective communication across the organisation (O’Leary & Pulakos, 2011).

Alfes et al. (2013) report that there is some research that suggests that certain personality traits such as honesty, integrity, dominance, self-confidence and the ability to nurture confidence in others are necessary for effective leadership. The authors also state that effective leadership is a key driver of employee engagement and it facilitates high quality manager-employee relationships.

Poor leadership leads to widespread employee disengagement according to Kim and Mauborgne (2014) whose research results suggest that “blue ocean leadership” is required to engage employees to improve their performance. The authors state that leaders should focus more on changing their own behaviours and activities to one’s that will boost employee motivation. Leaders should focus less on changing their own values and behavioural traits because these are extremely difficult to change.

### **Leader / manager behaviours**

#### **Effective manager-employee relationships**

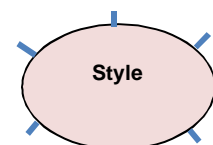


All 14 of the interview participants and both of the focus groups identified that the quality of the relationship between a manager and an employee is a key factor for effective PM. The research participant’s identified trust, respect, humility, integrity and honesty as important factors necessary to build high quality relationships. Participant 5 said that “the quality of manager-employee relationships is fundamental for effective PM. It is important to be visible and interested in people’s lives that’s why I go onto the floor daily to interact with staff”. Focus Group 2 participants said that “the quality of the manager-employee relationships is very important for effective PM and thus open communication is essential. Good managers are honest, approachable and they pay attention to employees”.

This result is similar to the PM literature, more specifically Pulakos and O’Leary (2011) who state that “PM is broken” because there is an excessive focus on the structure and implementation of PMS and not enough focus on developing effective manager-employee communication and relationships. Alfes et al. (2013) and Pulakos and O’Leary (2011) also state that high quality relationships that are built on mutual trust, respect and reciprocal influence increase an employee’s willingness to follow the managers lead and the employee also feels that they are being treated fairly.

High trust relationships facilitate effective PM by increasing employee motivation and engagement at work (Alfes et al., 2013; Armstrong & Taylor, 2014; Haines III & St-Onge, 2012; Wendt, 2010). Trust and respect also enhance safe and open communication that makes it easier for managers to provide developmental feedback and for employees to ask for guidance and support (O’Leary & Pulakos, 2011). Rashidi (2015) and Wendt (2010) state that employees are more likely to stay in an organisation and they will perform more effectively when their personal relationships with other colleagues and managers are meaningful. The importance of high quality relationships for effective PM is further strengthened by the frustrated views of two participants in Focus Group 1 who reported that “some team leaders are so focused on tasks that they don’t have a relationship with their team members and this negatively affects our job satisfaction and motivation levels”.

### **Identification and management of employee expectations and behavioural drivers**

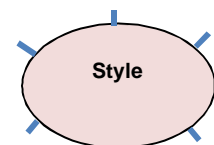


13 interview participants and both of the focus groups identified that it is important that managers identify and manage employee expectations and behavioural drivers. Interview participant 2 reported that the most important factor is that “mutual expectations must be defined and staff have clear performance targets, with no grey areas”. Interview participant 5 said that “it is important to identify employee behavioural drivers as it assists in managing employee expectations”. Focus Group 2 participants reported that “people need to know what performance leads to what rewards”.

The research results are similar to Armstrong and Taylor (2014), Conway and Coyle-Shapiro (2012) and McDermott et al. (2013) who state that effective psychological contracts between managers and employees improve employee perceptions of justice, fairness and trust in the organisation and this increases employee performance. They further state that managers are responsible for managing the psychological contract which is essential for ongoing development of manager-employee relationships. Interview participant 5's statement above indicates that he acknowledges his responsibility in managing the psychological contract between a manager and an employee.

Effective leaders / managers are cognisant that there are differences between individual employees with regards to feedback seeking behaviours and feedback orientation because this affects the relationship and communication preferences of different employees (O'Leary & Pulakos, 2011; Singh, 2013; Swanepoel et al., 2014). This finding in the literature echoes that of interview participant 4 who stated that "employee engagement depends on the type of manager and the manager's ability to read the level of engagement that employees want. You need to treat people differently to satisfy their unique needs".

### **Regular performance monitoring and feedback**



All 14 of the interview participants and both of the focus groups identified that high frequency interaction between managers and employees is an important factor for effective PM. Participant 9 reported that "continuous interaction / conversations with employees are essential so that during performance appraisals there are no new issues that need to be raised".

This result is similar to Chevalier (2014); Rashidi (2015) and Suttapong et al. (2014) who state that employees should be monitored regularly by their line managers and performance feedback should be given frequently so as to correct any deviation away from desired behaviours or levels of performance. Frequent employee-manager interaction assists in creating a more agile PMS and one that encourages employee performance and development (O'Leary & Pulakos, 2011; Wendt, 2010).

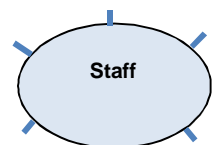
Other studies concluded that conducting frequent, strengths-based performance conversations (formal and informal) has the potential to affect future job performance and it affects the employee's attitude towards the organisation (Aguinis et al., 2012; Pulakos & O'Leary, 2011; Trosten-Bloom et al., 2014). Ongoing feedback increases employee's motivation, commitment and engagement in their work which leads to improved employee performance (Rashidi, 2015). Frequent performance updates should include positive conversations that focus on peak employee experiences, successes as well as hopes and dreams according to Trosten-Bloom et al. (2014).

Buckingham and Goodall (2015) state that Deloitte has found a positive correlation between the frequency of the performance conversations / monitoring and the level of engagement of its team members. Deloitte's current PMS requires that team leaders meet with each of their team members at least once a week.

In summary, there are multiple "Leader / manager factors" that are perceived to lead to effective PM at the medical scheme company because the majority of the research participants identified the factors as important. The following three "Leader / manager factors" were identified most frequently:

- Effective manager-employee relationships.
- Regular performance monitoring and feedback.
- Active engagement of both the manager and the employee in PM.

#### **5.3.4 Theme 4: Individual / employee factors**

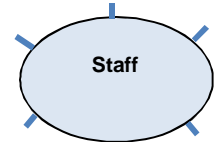


The research participants identified a number of different Individual / employee factors that they believe lead to effective PM. The individual / employee factors that were most frequently identified in the Thematic Content Analysis include:

- Employee personality, knowledge, skills and abilities.
- Employee engagement in PM.

The Individual / employee factors identified most frequently identified by the research participants are discussed below and they related back to the literature.

## Employee's personality, knowledge, skills and abilities



12 interview participants and both of the focus groups reported that an employee's personality, knowledge, skills and abilities is an important factor that influences PM effectiveness. Participant 4 said that "it is important to recognise employee individuality, that is, people have different personalities which affects team dynamics and requires that managers tailor their PM styles accordingly". Participants in Focus Group 1 agreed that "people require self-awareness, an understanding of what drives them and what their personal goals are". Participant 9 reported that "people are different and high performance requires meeting key performance targets, displaying appropriate behaviours and it requires a certain level of maturity which is not age based. A person also needs to fit the culture of the company".

The research results are similar to Chevalier (2014) and Noe et al. (2008) who state that the following factors are necessary for employees to perform effectively:

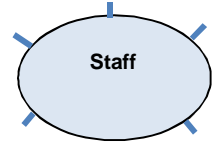
Adequate knowledge, experience and skills (employee attributes); the ability to learn and use relevant knowledge in job activities and lastly employees must be emotionally stable and physically fit in order to meet the demands of the job (see Chapter 2, Figure 4 above). According to Noe et al. (2008) employee attributes together with employee behaviours result in specific performance outputs (see Chapter 2 above).

Barrick et al. (2013) further state that an employee's personality traits as well as the specific work situation influence employee motivation and performance. Employees have intrinsic high order goals that include achieving both purposeful and meaningful work experiences. While aiming to achieve the high order goals, an employee's personality traits, the task attributes and social demands influence the employee's work choices and behaviours. Ihionkhan and Aigbomian (2014) state that employees who have a high positive affect such as extroverts usually exhibit positive attitudes towards work and they exhibit high levels of work commitment.

Penney et al. (2011) also state that employee performance behaviours are partly influenced by the "big five" personality traits which are: Conscientiousness, emotional stability, openness to experiences, agreeableness and extroversion.

Employees with the “big five” personality traits tend to be more goal orientated and they generate intrinsic motivation more easily which may lead to improved work performance (Barrick et al., 2013; Cherian & Jacob, 2013).

## Employee engagement behaviours



All 14 of the interview participants as well as both of the focus groups identified by the level of engagement in PM processes is an important factor for PM effectiveness. Thus managers and employees identified the need for mutual engagement in PM processes for it to be effective. Participant 6 reported that “the level of employee engagement depends on an employee’s personality, the employee’s unique circumstances and whether or not their performance is being recognised adequately.” Focus Group 2 participants stated that “employees and managers must be actively engaged in PM for it to work effectively”.

This is different from the literature in that most of the studies only identify employee engagement as an important factor and they do not identify manager engagement as an important factor (Chevalier, 2014; Farndale et al., 2011; Gruman & Saks, 2011; Tung et al., 2011). O’Leary and Pulakos (2011) is one study that did identify the importance of mutual engagement in ongoing PM behaviours as part of daily work for effective PM.

Gruman and Saks (2011) suggest that a PMS that is focused on increasing employee engagement will lead to effective PM. Employee engagement is a complex human process that starts with a specific psychological state which then triggers engagement behaviours. The psychological state necessary for engagement includes a high level of energy, focus and enthusiasm for work. Employee engagement behaviours include persistence / motivation, adaptability, role expansion and proactivity and these behaviours enhance employee performance.

Chevalier (2014) states that maximal engagement requires that an employee’s personal motives are aligned with the organisation’s culture and goals. Farndale et al. (2011); Tung et al. (2011); Wendt (2010) found that employees will engage more

and be more compliant if they are actively involved in their work design, definition and formation of performance metrics. Thus PM should encourage employees to actively own both their personal development and performance outcomes as this will increase employee motivation and performance. One of the Focus Group 2 participant's reported that "as an employee you must drive your own performance and development because people (managers) get busy and may at times tend to forget employee development".

Farndale et al. (2011) and Gruman and Saks (2011) suggest the following changes in the PM cycle in order to increase employee engagement namely: Performance agreements should be negotiated in order to achieve a psychological contract with the employee which initiates the engagement mental state. Ongoing performance management/monitoring should be implemented and this requires effective leadership, regular manager interaction/feedback, coaching and training (Alfes et al., 2013). Performance reviews should focus on improving employee perceptions of trust and justice in the organisation as this fosters employee engagement (Farndale et al., 2011; Gruman & Saks, 2011).

In summary, there are multiple Individual / employee factors that are perceived to lead to effective PM at the medical scheme company because the majority of the research participants identified the factors as important. The following two Individual / employee factors were identified most frequently:

- Employee personality, knowledge, skills and abilities.
- Employee engagement in PM.

#### **5.4 Discussion: Interactions between the key factors**

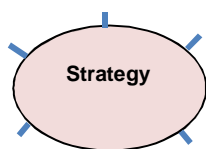
In order to interpret the findings of the research, the researcher scrutinised the presence of similar concepts within the different themes and factors in the research results in order to identify whether there are any interconnections between the factors that influence effective PM (Mouton, 2012). The connections that were

identified in the results were compared with the PM literature in order to provide further meaning (Mouton, 2012).

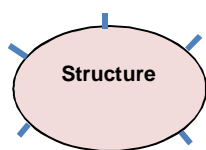
The interconnections between the various key factors identified in the research results were analysed using multiple comparisons of the following sources of information:

- The completed data collection instruments;
- The PM literature relating to factors that lead to effective PM;
- The McKinsey's 7-S Framework described in Chapter 2 above (Waterman et al., 1980);
- An adapted model of employee performance within the organisational context that is described in Chapter 2 above (Noe et al., 2008; Waterman et al., 1980).

Figure 10 below depicts the interconnections / interactions / links between the key factors that were identified during the Thematic Content Analysis and the PM literature. The interconnections between the key factors perceived to lead to effective PM appear to be similar to those between the seven internal organisational aspects in McKinsey's 7-S Framework (Waterman et al., 1980). The pictures / symbols situated on the left hand side of the key factors represent the McKinsey's seven internal organisational aspects namely: strategy, structure, shared values, systems, style, staff and skills. The pictures / symbols are used to highlight the similarities of the key factors to the seven internal organisational aspects as well as the interconnections between the key factors.

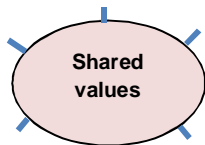


- Alignment between organisational goals and employee goals increases employee motivation as it creates purpose and meaning for employees (linked to **Staff**).
- Alignment and clarification of goals strengthens shared values and it provides signals regarding effective attitudes and behaviours (linked to **Shared values** and **Staff**).

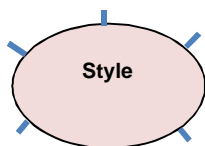


- A formal PMS is necessary and this should be aligned to the organisation's strategy and culture (linked to **Shared values** and **Strategy**).

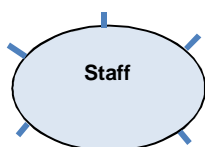
- Flat organisational structure improves open communication that results in improved relationship building and socialisation (linked to **Style** and **Shared values**).
- An effective, open communication system provides increased employee direction and motivation (linked to **Staff** and **Strategy**).



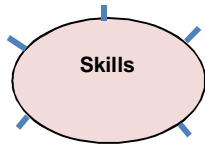
- A supportive feedback culture is developed and maintained by the leaders / managers (linked to **Style**).
- The shared values and norms of the organisation influence both employee behaviour and employee performance outputs (linked to **Staff**).



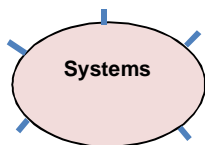
- Leader/managers exhibit their style by articulating their values and via their behaviours and actions which can create and sustain the organisation's culture (linked to **Shared values**).
- Leaders sustain organisational culture via the organisations strategy and structure (linked to **Strategy** and **Structure**).
- Regular performance monitoring and positive feedback increases employee engagement (linked to **Staff**).
- Effective manager-employee relationships improve employee motivation and engagement which leads to improved employee performance (linked to **Staff**).



- Employee performance and development are influenced by:
  - Employee attributes such as personality, knowledge, skills and abilities (linked to **Skills**);
  - Organisational factors / context that is described by (Waterman et al., 1980) in the McKinsey's 7-S framework (linked to **Strategy**, **Structure**, **Systems**, **Style**, **Shared values** and **Skills**).



- PM training for managers facilitates acquiring the necessary competencies and capabilities the organisation requires to implement and evolve effective PM (linked to **Style**).
- Organisations require the capability and the competency to align their internal aspects to facilitate effective PM (linked to **Style, Structure, Systems, Shared values, Staff** and **Strategy**).



- Clear link between performance and rewards increases employee motivation (linked to **Staff** and **Style**).
- The structure and function of the PMS is influenced by the management style, the organisational structure and organisational skills (linked to **Style, Structure, Skills, Shared values, Staff** and **Strategy**).
- PM training for managers and employees improves engagement in PM processes (linked to **Staff** and **Style**).

**Figure 10: Interactions between the key factors (Waterman et al., 1980)**

In conclusion, Figure 10 highlights the presence of multiple interconnections and synergies between the various key factors that are perceived to lead to effective PM. These interconnections appear to be similar to the interconnections between the internal organisational aspects described in the McKinsey's 7-S Framework by Waterman et al. (1980) and partially described in the Model of employee performance within the organisational context by Noe et al. (2008).

The interpretation of the research results is similar to O'Leary and Pulakos (2011) who state that there is inherent complexity in achieving effective PM due to the interdependencies between individual employee differences, cultural differences and organisational variables. Similarly, Haines III and St-Onge (2012) concluded their research by stating that both PM practices and contextual factors influence PM effectiveness. Their study consisted of 312 questionnaires completed by employees

and the results revealed positive associations between the following factors and effective PM:

- PM practices: PM training for managers (**Systems**, **Skills**) and employee recognition (**Style**).
- Contextual factors: organisational culture (**Shared values**), employee relations climate (**Style**, **Structure**) and strategic integration of HRM (**Strategy**).

## **5.5 Discussion: Views on the effectiveness of the current PMS**

Table 18 above displays the percentages of research participants from each of the research samples that view the current PMS as either effective or ineffective. The discussion below reviews the results from Table 18 as well as the reasons given by participants for their views.

### **5.5.1 Research participant's views: The current PMS is effective**

An interesting finding is that eight of the fourteen managers (57%) that were interviewed and one out of the two focus groups (50%), stated that they felt the current PMS is effective. Some managers cited that the reasons for PMS effectiveness were due to the high quality relationships that they have with their direct reports (higher level managers); effective structure and function of the PMS and others reported that engagement of all stakeholders in PM is a key factor. Focus Group 2 identified that PM is effective because all the key PM processes are well established and there are adequate performance incentives for high performance.

### **5.5.2 Research participant's views: The current PMS is ineffective**

Out of the fourteen managers that were interviewed, six (43%) of them stated that the current PMS is ineffective. One out of two focus groups (50%) also stated that the current PMS was ineffective. The reasons cited for their views included that the PMS is used as a tick box exercise and thus there is lack of engagement in PM by either employees and / managers. The main lack of engagement appeared to be

with the informal performance monitoring and feedback (informal monthly one-on-one meetings). Managers reported that this is occurring in other departments from their own. Focus Group 1 also stated that the PMS is ineffective due to inadequate informal performance monitoring and because the PMS is too subjective.

### **5.5.3 Conclusion of the views of the effectiveness of the current PMS**

Overall there were mixed responses from the research participants regarding the effectiveness of the current PM at the medical scheme company. The reasons for the mixed responses may be due to the fact that the company has recently implemented a new PMS and further changes have been made since the initial implementation of the new PMS. The multiple changes may have led to uncertainty regarding the effectiveness of the new PMS. Employees may also still be in the process of adapting to and accepting the changes of the new PMS.

The results of the views regarding the current PMS effectiveness cannot be assumed to represent the views of the entire company due to the small sample sizes that was used in this research. The views of the research participants are, none the less valuable in that they did identify some of the key factors that are perceived to lead to effective PM. All the research participants identified that active engagement of both managers and employees in PM is extremely important for effective PM. It was further stated that the structure of the PMS is a less important factor than mutual engagement of managers and employees in PM processes.

## **5.6 Discussion: Ranking the top five factors of effective PM**

Table 19 above presents the combined results of the top five factors that were ranked by the research participants in both the one-on-one interviews and the two focus groups. The factors with the highest number of points are the factors that were ranked as the most important factors by the research participants. The reason that the research participants were asked to rank the top five factors they perceived as

most important for effective PM, was to focus their thoughts at the end of the one-on-one interviews and the focus groups.

The combined results reveal that research participants ranked the following five factors as most important factors (top five) for effective PM. The factors are listed below in a hierarchical order according to the number of points, with the factor that has the highest points listed first.

The top five factors ranked by the research participants are:

- Effective manager-employee relationships.
- Quality of the performance conversations between the manager and employee.
- A strong culture of shared values.
- Alignment between the company strategy and performance management.
- Frequent performance conversations (monitoring and feedback).

The two highest ranked factors were “effective manager-employee relationships” and the “quality of performance conversations between the manager and employee” and both of these factors are associated with the “Leader / manager factors” theme. Further analysis of the top five ranked factors reveals that three out of the five factors are associated with the “Leader / manager factors” theme and the other two factors are associated with the “Organisational factors / context” theme. Thus the research participants have ranked Leader / manager factors as the most important factors for effective PM.

## **5.7 Discussion: Comparison of the Thematic Content Analysis results and the Ranking exercise results**

A comparison of the results between the Thematic Content Analysis (see Table 17 above) and the results of the top five ranking exercise (see Table 19 above) is depicted in Table 20 below. The factors in both columns are displayed in descending order according to the frequencies that they were identified by the research participants. The factors with the highest frequencies are listed first.

**Table 20: Comparison of the Thematic Content Analysis results and the top five ranking exercise results**

<b>Thematic content analysis (Interviews + Focus groups)</b>	<b>Top five ranking exercise (Interviews + Focus groups)</b>
High quality manager-employee relationships built on trust and respect.	Effective manager-employee relationships.
A supportive, high performance organisational culture.	Quality of the performance conversations between the manager and employee.
High frequency interaction between the managers and employees.	A strong culture of shared values.
Active engagement of manager and employee in PM.	Alignment between the company strategy and performance management.
Alignment of organisational strategy, departmental and individual performance objectives.	Frequent performance conversations (monitoring and feedback).

The comparison in Table 20 above highlights that the key factors that were identified by the research participants during the one-on-one interviews and the focus groups are almost identical to the top five factors that were identified by the same participants following completion of the Ranking exercise. Thus there appears to be a fairly high level of congruence in the answers given by the research participants. A relatively good level of congruence may also indicate that the researcher accurately and comprehensively coded the data from the research instruments during the Thematic Content Analysis.

## **5.8 Conclusion**

In the detailed discussion of the research results above, the researcher discussed and explained the results by comparing them to the literature so as to contextualise the findings (Bryman, 2012). The main conclusions of the research conducted at the medical scheme company are summarised below.

### **5.8.1 Four themes influencing PM effectiveness**

Repeated referral forwards and backwards between the PM literature during the Thematic Content Analysis of the data reinforced the presence of four themes of factors that influence PM effectiveness at the medical scheme company (Bryman, 2012). The four themes that were identified include: The structure and function of the PMS; Organisational factors / context; Leader / manager factors and Individual / employee factors.

### **5.8.2 The key factors leading to effective PM**

The research participants identified numerous factors that they perceive to be the key factors leading to effective PM at the company. The majority of the key factors that were identified by the participants are the same as the factors that were identified in the PM literature. The key factors also appear to be similar to the internal aspects in the McKinsey's 7-S Framework (Waterman et al., 1980). Table 21 below presents the key factors leading to effective PM at the medical scheme company

**Table 21: The key factors leading to effective PM at the company**

<b>Theme 1: Structure and function of the PMS</b>
Quick & easy to track performance progress over time
Digitised, easily accessible and adaptable PMS
Comprehensive, relevant, achievable & measurable dimensions of performance & development
Ongoing link / feedback loop between informal and formal PM
<b>Theme 2: Organisational factors / context</b>
Culture: Supportive, shared values, positive energy, high performance
Alignment of organisational strategy, departmental & individual performance objectives
Effective communication across organisation
Clear rewards / incentives linked to performance
PM training for managers
<b>Theme 3: Leader / manager factors</b>
Leader traits, knowledge, skills & abilities
High quality manager-employee relationships built on respect and trust
Ability to identify & manage employee behavioural drivers & expectations
Active engagement in PM
High frequency interaction (informal more frequent than formal)
<b>Theme 4: Individual / employee factors</b>
Employee traits, knowledge, skills & abilities
Active engagement in PM

The key factors that were identified most frequently by the participants are factors that are associated with the “Leader / manager factors” theme and the “Individual /

employee factors” theme. This may suggest that effective PM at the company requires a greater focus on effective leadership behaviours as well as improving employee engagement and development initiatives as this will help to address the majority of the key factors listed above.

### **5.8.3 Interactions between the key factors**

Interpretation of the results by analysing the common concepts within the different factors and then conducting multiple comparisons with the PM literature, revealed that there appear to be multiple interconnections and synergies between the various factors that influence PM effectiveness (see Figure 10 above). The interconnections between the factors appear to be similar to the interconnections between the internal organisational aspects in McKinsey’s 7-S Framework (Waterman et al., 1980).

The multiple interconnections between the themes and factors suggest that effective PM at the medical scheme company may require a multidimensional approach with an equal focus on the four themes and their associated factors. Furthermore, both alignment and synergy of the themes and factors may be necessary for effective PM due to the multiple interconnections. This interpretation is similar to O’Leary and Pulakos (2011) who identified that there is complexity in implementing effective PM due to individual / employee differences as well as the presence of multiple organisational variables.

# **CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS**

## **6.1 Introduction**

Following the discussion of the results in Chapter 5 it is now possible to conclude the research. The conclusions and recommendations are structured in the following sequence:

- Conclusions of the study: A summary of the main findings is presented and contextualised by referring back to both the context of the study as well as the PM literature (Mouton, 2012). Any gaps or anomalies in the results are discussed as suggested by Mouton (2012).
- Recommendations: Recommendations are made for the various stakeholders who may find value from this research (Mouton, 2012).
- Suggestions for further research are outlined below.

## **6.2 Conclusions of the study**

The medical scheme company that is the focus of this research study is a high performing and innovative company that has recently implemented a new designed PMS system with the aim of achieving effective PM. There were mixed views from the research participants regarding the effectiveness of the current PMS possibly due to the multiple changes that have recently occurred and that are still occurring. Employees may still be in the process of adapting to and accepting the changes to the new PMS.

The researcher acknowledges that the use of small sample sizes in this research infers that the research results may not accurately represent the overall views of all of the company employees. The researcher is, however, satisfied that the research design enabled adequate identification of the spectrum of factors that influence PM effectiveness because two different samples were used namely, the one-on-one interviews and the focus groups. The responses from the research participants in the two different samples were very similar with regards to the key factors that they identified, however, the participant's perspectives were different.

Four main themes of factors that influence PM effectiveness were identified in the literature and from the research results and they are: The structure and function of the PMS; Organisational factors / context; Leader / manager factors and Individual / employee factors. The “Leader / manager factors” theme contains the majority of the key factors with the highest frequencies which may indicate a greater need to focus on effective leadership in order to achieve effective PM.

The Thematic Content Analysis revealed that the key factors that are perceived to lead to effective PM at the medical scheme company include:

- High quality manager-employee relationships built on trust and respect.
- High frequency informal interaction between managers and employees.
- Active engagement of both managers and employees in PM.
- A supportive, positive energy and high performance organisational culture.
- Ability of managers to identify and manage employee expectations and behavioural drivers.
- Employee traits, knowledge, skills and abilities.
- Leader traits, knowledge, skills and abilities.
- The structure and function of the PMS.
- Effective communication across the organisation.
- Clear rewards / incentives linked to performance.
- Alignment of organisational strategy, departmental and individual performance objectives.
- PM training for managers.

The key factors listed above appear to be similar to the internal aspects in the McKinsey’s 7-S Framework (Waterman et al., 1980). There also appear to be multiple interconnections and synergies between the key factors that influence PM effectiveness at the company. These interconnections appear to be similar to the interconnections between the internal aspects in the McKinsey’s 7-S Framework (Waterman et al., 1980). Thus, it appears that effective PM may require a multidimensional approach in order to create alignment and synergy of the key factors that influence PM. A multidimensional approach to PM that facilitates development of job specific employee knowledge, skills and abilities and that

encourages performance enhancing behaviours may lead to improved employee performance (Armstrong & Taylor, 2014; Noe et al., 2008).

In conclusion, PM occurs within the organisation's internal environment (see Chapter 2, Figure 5) that functions as an "internal ecosystem" consisting of multiple organisational aspects / key factors that interact and influence each other (Armstrong & Taylor, 2014; Noe et al., 2008; O'Leary & Pulakos, 2011; Waterman et al., 1980). Thus effective PM at the company requires an integrated, multidimensional approach that focuses not only on the key factors that were identified, but also on creating alignment and synergy between the key factors (O'Leary & Pulakos, 2011).

## **6.3 Recommendations**

### **6.3.1 The medical scheme company**

The results indicate that there is a mixed response from the research participants regarding the effectiveness of the current PMS. The medical scheme company should take the following recommendations into consideration:

- Focus should be placed on the company's internal "ecosystem" in order to maximise the alignment and synergy between the key factors that are perceived to lead to effective PM.
- The company should further strengthen and create increased consistency of the implementation of the key factors across all the levels and departments of the company.
- Further research should be conducted with a larger sample size in order to gain more information regarding the effectiveness of PM at the company currently.
- Active ongoing engagement of managers and employees in PM should be facilitated by creating a platform to provide continuous feedback and allow company employees to actively contribute to making further changes to the new PMS.
- The implementation of a newly designed PMS at the company has initiated multiple, large organisational changes that have altered the company's internal "ecosystem". The scale of the changes coupled with the fact that there appear to

be multiple interconnections between the key factors affecting PM, support the use of an organisational development approach to implementation the new PMS (Armstrong & Taylor, 2014).

## **6.4 Suggestions for further research**

The research process has led to the identification of numerous concepts for further research into PM effectiveness and they include:

- Further exploration of the key factors of PM using a systems approach may possibly help to identify the factors and their interactions more systematically. Use of a framework that includes the internal organisational aspects as well as the components of employee performance may be useful (see Chapter 2, Figure 5).
- Further research is also needed to explore the nature and extent of the interconnections / interactions between the key factors that lead to effective PM. The aim would also be to identify possible synergies and blockers of effective PM.
- Research that explores the relative influence that specific leader / manager attributes and behaviours have on effective PM may prove valuable. This is an important area for further research because most of the key factors that were identified in the research results are associated with the “Leader / manager factors” theme.

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**APPENDIX A**

Date: \_\_\_\_\_

Participant Number: \_\_\_\_\_

Researcher: \_\_\_\_\_

**INTERVIEW SCHEDULE**

Age (years)		Gender	M / F
Job Title		Department	
Length of service (years)		Race	W / A / I / O

1. What is your understanding of the new performance management system (PMS) at the company? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. What were some of the main reasons that the company changed the PMS?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Do you think changing the PMS system was a good idea? Why/Why not?

\_\_\_\_\_  
\_\_\_\_\_

4. Do you think the current performance management system at the company is effective? Yes / No and why? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

5. What do you think are the key factors that lead to effective performance management? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## APPENDIX A

Probing Prompts: There are many factors that affect PM do you think that any of these factors are really important in creating effective PM?

- Alignment of organisational strategy and PM.
- Effective communication across the organisation.
- Organisational culture.
- Regular performance monitoring and feedback.
- PM training for managers.
- Clear link between performance and rewards.
- Availability of resources.
- Employee traits.
- Effective manager-employee relationships.
- Employee engagement.

Are there any other factors that I have missed? \_\_\_\_\_

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## APPENDIX A

Interview research participant

Research Participant Number: \_\_\_\_\_

### Ranking the factors that lead to effective performance management

#### Instructions

- A number of factors that may lead to effective performance conversations /management can be found in Table 1 below.
- From these factors please choose five (5) factors that you feel are most important for effective performance management.
- If you feel there is/are factor(s) missing from Table 1 that you deem to be highly important then please write it/them in the blank space(s) in the table.
- Then please rank your five chosen factors in order of importance from 1 to 5 in the ranking column where:  
**1** = Most important factor;      **2** = 2nd most important factor;  
**3** = 3<sup>rd</sup> most important factor;    **4** = 4<sup>th</sup> most important factor;  
**5** = 5<sup>th</sup> most important factor

**Table 1: Key factors that lead to effective performance management**

FACTOR	RANKING
Alignment between company strategy & performance management	
Effective communication across the company	
Strong culture of shared values	
Frequent performance conversations (monitoring and feedback)	
Performance management training for managers	
Clear link between performance and rewards	
Availability of resources	
Employee traits/personality	
Effective manager-employee relationships	
Employee engagement	
Quality of conversations between manager & employee	

**APPENDIX B**

Date: \_\_\_\_\_

Researcher: \_\_\_\_\_

**FOCUS GROUP INSTRUMENT**

Participant Character	Job Title	Department	Length of service (years)	Age (years)	Gender	Race
A					M / F	W / A / I / O
B					M / F	W / A / I / O
C					M / F	W / A / I / O
D					M / F	W / A / I / O
E					M / F	W / A / I / O
F					M / F	W / A / I / O
G					M / F	W / A / I / O
H					M / F	W / A / I / O
I					M / F	W / A / I / O
J					M / F	W / A / I / O

1. What is your understanding of the new performance management system (PMS) at the company? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. What were some of the main reasons that the company changed the PMS?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. Do you think changing the PMS system was a good idea? Why/Why not?

\_\_\_\_\_

\_\_\_\_\_

4. Do you think the current performance management system at the company is effective? Yes / No and why? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**APPENDIX B**

5. What do you think are the key factors that lead to effective performance management? \_\_\_\_\_

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Probing Prompts: There are many factors that affect PM do you think that any of these factors are really important in creating effective PM?

- Alignment of organisational strategy and PM.
- Effective communication across the organisation.
- Organisational culture.
- Regular performance monitoring and feedback.
- PM training for managers.
- Clear link between performance and rewards.
- Availability of resources.
- Employee traits.
- Effective manager-employee relationships.
- Employee engagement.

Are there any other factors that I have missed? \_\_\_\_\_

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Notes relating to company culture: \_\_\_\_\_

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Focus group research participant      Research Participant Character: \_\_\_\_\_

**Ranking the factors that lead to effective performance management**

Instructions

- A number of factors that may lead to effective performance conversations /management can be found in Table 1 below.
- From these factors please choose five (5) factors that you feel are most important for effective performance management.
- If you feel there is/are factor(s) missing from Table 1 that you deem to be highly important then please write it/them in the blank space(s) in the table.
- Then please rank your five chosen factors in order of importance from 1 to 5 in the ranking column where:  
**1 = Most important factor;      2 = 2nd most important factor;**  
**3 = 3<sup>rd</sup> most important factor;    4 = 4<sup>th</sup> most important factor;**  
**5 = 5<sup>th</sup> most important factor**

**Table 1: Key factors that lead to effective performance management**

FACTOR	RANKING
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Performance management training for managers	
Clear link between performance and rewards	
Availability of resources	
Employee traits/personality	
Effective manager-employee relationships	
Employee engagement	
Quality of conversations between manager & employee	

Dear prospective research participant,

**RE: RESEARCH INFORMATION LETTER**

I am Heather Petro (researcher), a current part time MBA student at Wits Business School. As part of the curriculum I am required to do research and complete a research report. My research aims to identify some of the key factors that lead to effective performance management at your company. Performance management includes the following processes namely: Setting performance agreements; personal development planning; performance coaching/mentoring; performance reviews as well as the rewards/consequences of performance.

A new performance management system has recently been implemented at the company. Because you have experienced different types of performance management systems I believe that your views are valuable in identifying the key factors that lead to effective performance management. I therefore wish to invite you to participate in the research/study. The research will involve your participation in one of the following activities:

1. Managers will participate in a one-on-one interview with the researcher. The interview will be held at the company's offices in Sandton and it will take approximately one hour
2. Ten employees will participate in a focus group that will be conducted by the researcher at the company's offices in Sandton. The focus group will consist of an informal group discussion that will take approximately one hour.

Your views will remain anonymous because you will be allocated a research participation number/character on your informed consent form prior to the interview or focus group. Only this number/character will be written on the data collection forms used for the research and no other identifying information. Only the researcher and the researcher's supervisor at Wits Business School will have access to the data collected. The interviews and the focus group will be audio recorded and the recordings will be deleted after the research report has been marked. Your participation in the research is entirely voluntary and therefore you have the choice of whether to participate or not.

I look forward to hearing your views. If you would like more information regarding the research prior to deciding whether to participate you can send me an email with and I will contact you.

My email address is: [heatherpetro79@gmail.com](mailto:heatherpetro79@gmail.com)

Regards,

Heather Petro

## APPENDIX D

Research Participant Number/Character: \_\_\_\_\_

### INFORMED CONSENT FORM

Research Title: Key factors leading to effective performance management at a medical scheme company in South Africa.

Researcher: Mrs Heather Petro

Email address: [heatherpetro79@gmail.com](mailto:heatherpetro79@gmail.com)

Contact no.: 082 859 2146

- I confirm that I have read and understand the research information letter for the above research and I have had the opportunity to ask questions.
- I understand that my participation is voluntary and that I am free to withdraw at any time without giving reason.
- I agree to take part in the above research study.
- I agree to the interview or focus group being audio recorded.
- I agree that the researcher may use my anonymised quotes in the research report.

\_\_\_\_\_

Date: \_\_\_\_\_

Name:

Title: Research participant

\_\_\_\_\_

Date: \_\_\_\_\_

Name: Heather Petro

Title: Researcher

**RESEARCH INFORMATION & PERMISSION REQUEST**

**Research Topic:** Key factors that leading to effective performance management at a medical scheme company in South Africa.

**Researcher:** Mrs Heather Petro (heatherpetro79@gmail.com)

**University:** Wits Business School, Master of Business Administration (MBA)

**Wits supervisor:** Conrad Viedge (011) 717 3585 / conradviedge@wits.ac.za

**Why (Rationale):**

- The research is inconclusive regarding what factors lead to effective performance management.
- Understanding what factors lead to effective performance management guides the strategy, implementation and measurements of the performance management system.
- Performance management is an essential component of strategy implementation.
- Traditional performance management systems based on 'best practice HR' are becoming outdated due to changing business models and strategies needed to create transient competitive advantage.

**How:**

- Qualitative research design
- 14 one on one interviews with managers at the company.
- 1 Focus group with the company administrative employees

**Who:**

- 4 senior level managers, 10 managers from different departments (Human Resources, Strategic Planning, Operations etc. Also different levels of seniority e.g. Line managers (5?), middle level managers (5?). A control manager: HR senior manager who is implementing the performance management system.
- 10 employees from different departments (focus group).

## **APPENDIX E - continued**

### **When:**

- Research Proposal submission: 29 June 2015
- Presentation at Research Panel: 6 July 2015.
- Data collection: Interviews with managers in July 2015 (after performance conversations completed 30 June 2015).  
Conduct Focus Group in July/August 2015.

**Goal:** Data collection complete by 31 Aug 2015.

- Data analysis and write up: Complete by 7 December 2015.

### **Where:**

- Both the Interviews and the Focus group will be conducted at the company's offices in Sandton so as to maximise the convenience for research participants.

### **Informed Consent to do research at the company:**

- **Formal written consent:** Gain signed consent to conduct research at the company.
- **Specify data & information to be shared:** Specify the nature and type of information the researcher may use in the research report. The research report once complete will be publicly available to anyone accessing the internet.
- **Specific questions relating to anonymity and confidentiality of information:**
  - Can the company's name be used in the research report?
  - The names of the research participants will be kept anonymous.
  - Can information regarding the underlying philosophy of the performance management system be utilised in the report?
  - Can mention be made how the performance management system philosophy is linked to the company's strategy?
  - Can information be utilised regarding the general factors why the performance management system has been changed?
  - Can the positive and / or negative factors relating to the effectiveness of the performance management system be utilised? (Information obtained from the interviews and the focus group).

## **APPENDIX E – continued**

- The research report may be submitted to the company prior to submission to Wits for proofreading to ensure no confidential information appears in the report.