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PERFORMANCE MANAGEMENT IN THE SERVICES SETA

Yoland Levina Ruiters

A research report submitted to the Faculty of Management, University of the Witwatersrand, in 25% fulfilment of the requirements for the degree of Master of Management (in the field of Public and Development Management)

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ABSTRACT

Performance management is critical to the South African public sector as the focus on increased accountability and performance grows. Performance management systems are used extensively in the public and private sectors, but are inclined to be fraught with challenges and limitations. The purpose of this research was to investigate factors leading to the inability of the Services SETA's Performance Management and Development System to develop public servants of the future; to present, interpret and analyse the findings; and to investigate how to transform the performance management system of the Services SETA to develop Executive Managers as public servants of the future.

The qualitative research approach used an instrumental single case study. This led to the key finding that the Services SETA's Performance Management and Development System is unable to develop Executive Managers as public servants of the future. The Services SETA specifically, and the public sector generally, needs to revise its design for performance management, with a strategic shift managing and directing performance to the facilitating performance. This strategic shift is necessary as performance is a multi-faceted phenomenon.

DECLARATION

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

Yoland Levina Ruiters

Signed:

Date : 15 January 2015

DEDICATION

I would like to dedicate my research to two very special people in my life.

To Tia, you are an inspirational young girl. I dedicate this research to you as a symbol of my belief in you and all that you will become. I am so very proud of all that you are and all that you have achieved at your very tender age. Continue shining like the bright star you are!

To Margaret, my mentor and coach, and my dearest friend. Your legacy as a public servant of the future lives on and inspires those in the public sector to be greater than what we are. A heartfelt thank you for your exceptional leadership and wisdom.

ACKNOWLEDGEMENTS

I am sincerely thankful to my supervisor, Dr Johnny Matshabaphala, for his supervision and wisdom in this journey. Your teachings and insights have been most valuable.

A vote of deep gratitude is extended to the former CEO of the Services SETA for his support and assistance during this time, and equally to my colleagues, the Executive Managers and Senior Managers who graciously gave of their time for the interviewing process. Thank you for your insights and experiences that you shared with me.

To my family and friends, thank you for your unwavering support in the last few years. I could not have done this without you.

To my partner, thank you for all that you have done to assist and support me through this process, you have been instrumental in this journey.

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GLOSSARY OF TERMS

TERM	MEANING	REFERENCE FOR SOURCE OF DEFINITION
BSC	Balanced Scorecard	Ong et al, 2010
CMC	Core Management Criteria	dpsa, 2003
KPA	Key Performance Area	dpsa, 2003
MCS	Management Control System	Kit and White, 2005
PA	Performance Agreement	dpsa, 2003
PDP	Personal Development Plan	Swanepoel, 2011
PMDS	Performance Management and Development System	dpsa, 2003
PMS	Performance Management System	Ong et al, 2010
SMS	Senior Management Service	dpsa, 2003

LIST OF ABBREVIATIONS

ABBREVIATION	MEANING
AgriSETA	Agriculture Sector Education and Training Authority
BankSETA	Banking Sector Education and Training Authority
BSC	Balanced Scorecard Approach
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority
CEO	Chief Executive Officer
CETA	Construction Sector Education and Training Authority
CHIETA	Chemical Industries Sector Education and Training Authority
CMC	Core Management Criteria
CTFL	Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
DHET	Department of Higher Education and Training
DPSA	Department of Public Service Administration
ETDP	Education, Training and Development Sector Education and Training Authority
EWSETA	Energy and Water Sector Education and Training Authority
FASSET	Financial and Accounting Services Sector Education and Training Authority
FoodBev	Food and Beverages Manufacturing Sector Education and Training Authority
HWSETA	Health and Welfare Sector Education and Training Authority
HR	Human Resources

INSETA	Insurance Sector Education and Training Authority
IT	Information Technology
LGSETA	Local Government Sector Education and Training Authority
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTS	Media, Information and Communications Technology Sector Education and Training Authority
MQA	Mining Sector Education and Training Authority
NPM	New Public Management
NSDS III	National Skills Development Strategy III
PA	Performance Agreement
PDP	Personal Development Plan
PMDS	Performance Management and Development System
PMS	Performance Management System
PSETA	Public Service Sector Education and Training Authority
ROC	Return on Capital
ROI	Return on Investment
SASSETA	Safety and Security Sector Education and Training Authority
SETA	Sector Education and Training Authority
SSETA	Services Sector Education and Training Authority
SHRM	Strategic Human Resource Management
SIC	Standard Industry Classification
SMART	Strategic Measurement Analysis and Reporting Technique

SMS	Senior Management Service
SSP	Sector Skills Plan
TETA	Transport Sector Education and Training Authority
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WSP	Workplace Skills Plan

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CHAPTER ONE

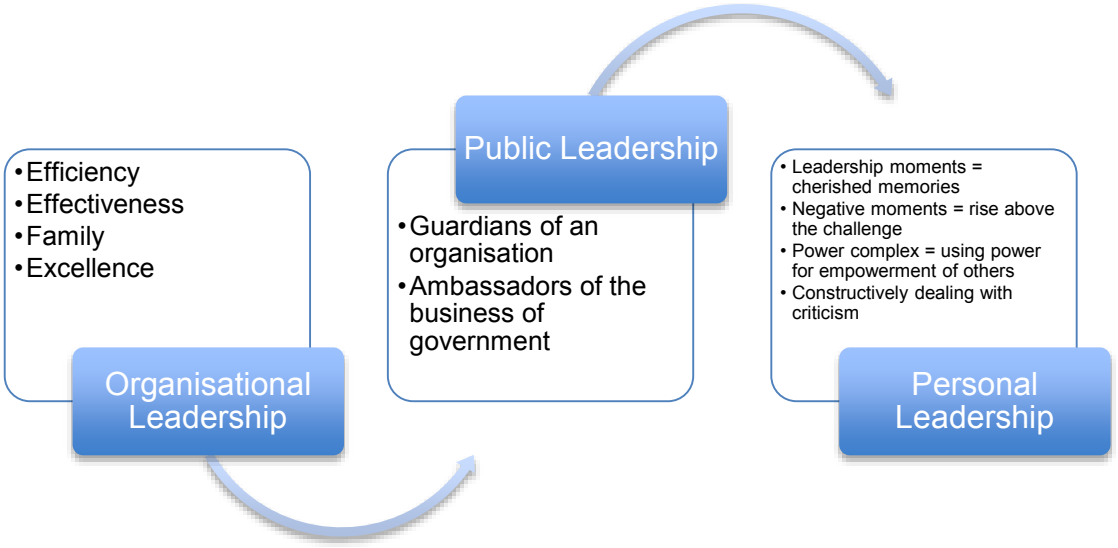
INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The public sector in South Africa has seen an increased focus on governance, accountability and performance in recent years. This has led to greater professionalisation of the public sector. The strategy to professionalise the public sector focuses on strategic integrated corporate governance for service delivery. The dimensions included in this strategy are management oversight of strategy and service delivery charters; organisational restructuring for greater impact on service delivery; ethics management; financial reporting including internal and external auditing; disclosure management and reporting; executive performance evaluation for fair and responsible remuneration; risk management; and stakeholder management.

To this end, the public sector requires leaders who can exercise organisational leadership, public leadership and personal leadership. Each of these leadership dimensions has different competencies but each requires emotional intelligence. The latter includes both personal competencies − including an understanding and awareness of the self and self-management – but also societal and personal skills that comprise motivation and empathy. These requirements are depicted in Figure 1: Leadership and Management below and in essence reflect the anatomy of leadership which requires a balance between one's character and competence, which are two critical elements for the public servant of the future.

Figure 1: Leadership & Management Requirements



COMPETENCIES:

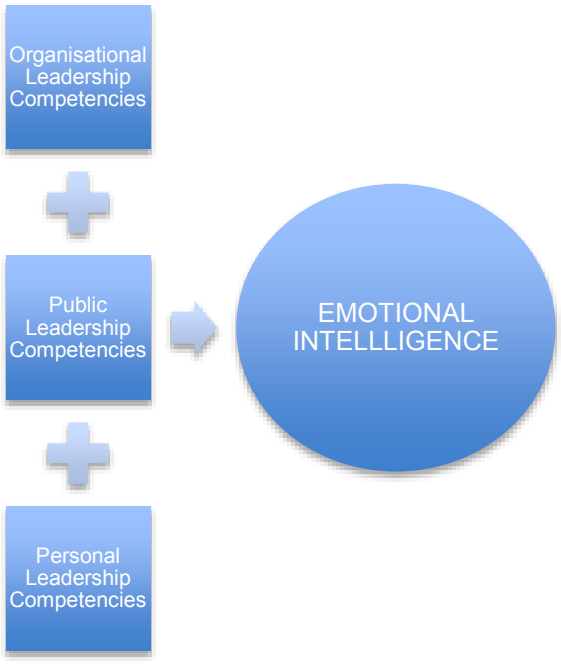
⇒ Coaching
⇒ Mentoring
⇒ Team Development
⇒ Innovative

COMPETENCIES:

⇒ Self-awareness
⇒ Self-management & regulation
⇒ Professional & industry knowledge

COMPETENCIES:

⇒ Humility
⇒ Integrity
⇒ Ability to connect with people
⇒ Credibility
⇒ Selflessness



Source: Own

In line with this evolution, the public sector requires public servants of the future who are poised to achieve and deliver significant results in relation to government's agenda, priorities and targets.

Public servants of the future see their service as their calling and have a passion for public sector service delivery; they are therefore in service to communities. These public servants are able to work with people, and lead by example. They are both managers and leaders as they navigate organisational strategy into operations as well as being ambassadors of the business of government. These are managers and leaders who understand the developmental context of South Africa and are able to exercise strategic public management. They are able to successfully operate at a high level; they have an extraordinary interest in serving the public; they demonstrate commitment and positive energy; they show exceptional discipline and focus; they can navigate the political field well and serve any government in power; and they display a "can do" attitude. Public servants of the future are a special cadre of managers and leaders who need to be developed if government is to succeed in delivering on its stated mandate.

Similarly, in the public sector managing performance has moved beyond measures and success in relation to financial indicators of strategy, to non-financial measures that determine an organisation's success or failure.

These factors have relevance for the public sector and warrant a review of the system used by government to manage performance and develop public servants of the future.

The purpose of this research therefore was to investigate how to transform performance management in the public sector in order to develop public servants of the future. The research considered performance management models internationally, regionally and within South Africa. The research has been conducted to provide information about the structure of performance management systems, quantitatively and qualitatively, internationally, regionally and locally, and to make recommendations on how to transform the

public sector performance management system to develop public servants of the future.

The themes and evidence arising from the literature that have been reviewed supported the premise that performance management systems do not consider the all-encompassing development of individuals as public servants of the future, but on the measurement of performance in terms of strategy, targets and outcomes. These themes that are evident from the literature review are, in the main, accountability, leadership including trust and employee engagement, reward and recognition, and learning. Other themes that emerged include organisational and environmental context as well as issues pertaining to culture, values and diversity. The role of human resources practices and policies are critical to all these themes.

This emphasised the significance of transforming the performance management system of the public sector to develop public servants of the future. In the final instance, this research could assist the public sector and its entities to review and enrich the current performance management approach and system utilised in order to develop public servants of the future.

An instrumental single case study was used and the research was thus confined to the transformation of the Services SETA's performance management system to develop Executive Managers as public servants of the future. Therefore, a brief background to the SETAs and the Services SETA in particular is presented to provide insight into the public entity that has been the point of focus for this research.

1.2 BACKGROUND

1.2.1 What are the SETAs?

South Africa has an unemployment rate of 25.5%, which means that the rate of unemployment increased by 87 000 to 5.2 million by the end of the second quarter of 2014 (Taborda, 2014). Skills development is a crucial contributor to

economic growth and development in South Africa and is also important in empowering previously disadvantaged communities in South Africa. This unemployment figure will most likely increase as more graduates enter the labour market on an annual basis. Many of the country's unemployed people have had little or no training and have a limited skill set.Training, education and skills development are thus essential (iEducation SETA South Africa, 2014).

Before the creation of the Sector Education and Training Authorities, usually referred to as the SETAs, South Africa had 33 industry training boards focused on its various economic sectors. The mandate of the industry training boards was education and training; however, much of their attention fell on apprenticeships. Given the status of skills development in the country, the Skills Development Act 97 of 1998 was approved (iEducation SETA South Africa, 2014). Amongst other things, the Skills Development Act presents a framework for skills development in the workplace; it provides for skills development financially through a levy; it establishes the Sector and Education Training Authorities; and its manages the skills development process (Brand SA, 2014).

The Sector Education and Training Authorities were created in early 2000 under the auspices of the Skills Development Act 97 of 1998 to assist with the furthering of the skills development, economic development and job creation agenda in South Africa. SETAS as the executing arm for skills development play an oversight role, ensure quality assurance of education and training programmes, and finance the provision of skills for all economic sectors through mandatory and discretionary grants within South Africa.

The legislative frameworks guiding the mandate of the SETAs are primarily the Skills Development Act 97 of 1998, the Skills Development Levies Act of 1999, the Skills Development Amendment Act 26 of 2011 and the National Skills Development Strategy III of 2011. SETAs initially reported to the National Department of Labour. However, when national governments were restructured during 2009 the SETAs were moved the newly established

Department of Higher Education and Training (DHET).

Twenty-seven SETAS were established under the leadership of the Department of Labour to cover the country's economic sectors with the aim of evaluating skills needs in each sector and ensuring that skills development programmes address these identified skills needs. In 2008 a process was initiated to assess the functionality of the SETAs in terms of governance and performance (World Wildlife Fund, 2014).

A number of challenges emerged through this evaluation process and a decision was taken to reduce the number of SETAs from 27 to 21. These 21 SETAs (Services SETA, 2014), still operational today, are:

- Agriculture (AgriSETA)
- Banking (BankSETA)
- Chemical Industries (CHIETA)
- Clothing, Textiles, Footwear and Leather (CTFL)
- Construction (CETA)
- Culture, Arts, Tourism, Hospitality and Sports (CATHSSETA)
- Education, Training and Development (ETDP)
- Energy and Water (EWSETA)
- Financial and Accounting Services (FASSET)
- Food and Beverages Manufacturing (FoodBev)
- Health and Welfare (HWSETA)
- Insurance (INSETA)
- Local Government (LGSETA)
- Mining (MQA)
- Manufacturing, Engineering and Related Services (MERSETA)
- Media, Information and Communications Technology (MICTS)
- Safety and Security (SASSETA)
- Public Service (PSETA)
- Services (Services SETA)
- Transport (TETA)

- Wholesale and Retail (W&RSETA).

The Standard Industry Classification (SIC) Codes, which is an international standard, is a framework that organises groupings of economic activities. The Skills Development Act 97 of 1998 outlines specific criteria, for example the types of economic activities or training needs. Jointly these two legislative frameworks inform the delineation of SETAs.

SETAs must be comprised of employers, government departments, bargaining councils and organised labour from each economic sector. The Minister of the Department of Higher Education and Training appoints a SETA Board. This Board has the responsibility for policy and strategy, oversight and governance. Each SETA must have a duly developed and approved Constitution. The Constitution of each SETA allows for the establishment of chambers for its sectors and sub-sectors. The chambers are important mechanisms for engagement and consultation in the sectors and sub-sectors including planning, development and oversight of skills development. Annually the SETA enters into a Memorandum of Understanding with the National Minister of Higher Education and Training (World Wildlife Fund, 2014).

The most important skills planning tools for any SETA are the Sector Skills Plan (SSP) and the Workplace Skills Plan (WSP). These are informed by national skills development strategies, for example the National Skills Development Strategy III (NSDS III). The SSP applies to a specific sector of a SETA and the WSP applies to an organisation. Whereas the SSP outlines skills requirements for an economic sector, the WSP outlines skills development needs for an individual organisation (World Wildlife Fund, 2014).

Key functions of the SETAs are to:

- Develop and implement a SETA specific Sector Skills Plan (SSP);
- Oversee education and training in a specific sector/s;
- Advance and encourage learnerships;

- Approve Workplace Skills Plans (WSPs);
- Manage mandatory and discretionary grants;
- Assist with the development of learning materials; and
- Oversee the quality of training programmes and training providers.

1.2.2 Performance of the SETAs

Since their inception the SETAs have operated amidst a number of challenges including poor governance and mismanagement, a lack of internal capacity, inadequate systems and processes and a changing legislative landscape. Initially 27 SETAs were established to focus on various sectors in the field of education and training. At the time of introducing the National Skills Development Strategy II (NSDS II) during 2008, the SETAs were reduced to 21 in an attempt to mitigate some of the challenges being experienced. Despite the deficiencies, as a collective force SETAs can and have made a positive difference to the skills development imperative of the country, with some SETAs achieving good performance results (James, 2014).

In a Development Policy Research Unit Working Paper written in 2007, an assessment of three SETAs was undertaken in the form of case studies. The aspects highlighted in the Working Paper (Grawitzky, 2007) include effective versus ineffective governance structures and their *modus operandi*; the role played by leadership in the form of the chief executive officer and/or Board of a SETA, both in terms of strategic leadership and vision as well as the daily management of operations; the impact of staff engagement and dynamics on an organisation's functioning; the role of innovation and creativity; and the impact of the political landscape. The critical point to note is that all of these aspects impact organisational performance positively or adversely.

Interestingly, it may be noted that the challenges highlighted in these three case studies as represented in the Working Paper may be generalised across the SETA landscape and are still applicable today, almost seven years later. These challenges include poor governance and mismanagement, a lack of internal capacity, inadequate systems and processes and a changing

legislative landscape. Notwithstanding, some SETAs have performed well while others have not.

1.2.3 Understanding the Services SETA

The Services SETA (SSETA) is a public entity accountable to the Minister of Higher Education and Training with the mandate to support inclusive growth and development through skills development in South Africa, particularly in the services sector. The Services SETA was established in terms of the Skills Development Act 97 of 1998 and the South African Qualifications Act of 1995.

The services sector is important to the South African economy. Structural shifts in the economy and labour market towards services have major implications for the work of the Services SETA. The increasing importance of the services sector suggests that the future growth of the economy will depend more on growth performance and productivity of this sector. Improving the functioning and performance of the Services SETA is a critical enabler within this context.

The sectors that the SSETA focuses on include:

- Cleaning and hiring services;
- Communications and management services;
- Labour and collective services;
- Management and business services;
- Personal care services; and
- Real estate and related services (Services SETA, 2014).

Internally, the context is that of a SETA which has recently emerged from administration. The Services SETA was first placed under administration on 21st April 2011, which period ended on 30th June 2013. The need for administration was brought about by the poor performance of the Services SETA in its programmes; the lack of research to inform the development of the SSETA Sector Skills Plan and its related targets; the imbalance between

its outcomes or achievements and the resources expended to attain these achievements; improper management of funds and budget; and the lack of alignment between SSETA programmes and national guiding legislation like the National Skills Development Strategy III (NSDS III).

From a governance perspective, challenges included the appointment of a new Accounting Authority to ensure good governance and performance of the SSETA and the stringent requirements related thereto; impressions of conflict of interest at the level of management; poor labour relations; and inadequate human resources policies.

It is of interest to note that a former Chief Executive Officer (CEO) of the SSETA in his recently published book states that the SSETA was not placed under administration for the reasons mentioned above, but rather because of questions around the appropriate ownership of the skills levy (Blumenthal, 2013).

Similar to the three case studies mentioned earlier in Grawitzky's working paper (2007), even after a few years of being under administration the SSETA continues to experience some of the challenges that led to the administration. This is evidenced by the continued problems around, *inter alia*, poor performance, poor labour relations, lack of alignment between national policies and strategy, and insufficient delivery against planned targets. The SSETA's Annual Report for the financial year ending March 2014 reinforces this status.

The Services SETA must now position itself to meet the skills needs of the sector within the context of an increasingly clear vision of its future in order to reach its goals. This is therefore a critical time to consider, review and enrich the performance management system for the development of Executive Management as public servants of the future within the Services SETA so that the entity achieves its mandate and is able to deliver on its critical objectives.

1.3 PROBLEM STATEMENT

The public sector in South Africa uses a standard performance management and development system (PMDS). The system may be varied in some elements but generally it is the same system.

The SSETA, being a public entity, uses the same public sector performance management and development system. In the public sector generally, and specifically in the Services SETA, the performance management system that is deployed addresses individual and organisational performance in relation to predetermined targets and indicators.

The public service of the future is characterised by professionalism, the ability to deliver exceptional results linked with high levels of service delivery, the ability to monitor and evaluate itself for greater levels of service delivery without being policed by any external source, and being staffed by public servants who are capable of high levels of performance and productivity as well as having good people management and interpersonal skills.

The public servant of the future is described as one who sees the public service as a calling rather than merely a job and is therefore passionate about their role in society; one who is able to deliver both leadership and management in his/her daily operations; one who is a professional in service and not one who merely delivers a service; one who is able to focus on people and performance; one who is able to remove all barriers to change and organisational excellence so that organisations may move seamlessly from dysfunctionality to functionality; one who is ethical and leads by example; one who has both leadership and professional competence and character; and one who has a passion for creating a better world for others.

The performance management and development system of the public sector and particularly the Services SETA does not develop Executive Managers as public servants of the future, who are able to deliver the needed services which exceeds simple performance metrics and measurement. So,

performance management is not designed for the broad and all-encompassing development of public servants who are able to provide a public service of the future.

The Senior Management Services (SMS) in the public sector include Executive and Senior Managers. This is the level of employee within the public sector where significant responsibility is placed from the perspective of accountability, leadership including trust and employee engagement, reward and recognition, and learning. It is also this level of employee that has to both manage performance within their respective departments as well as manage their own performance. This group of employees was thus the focus for the research.

The problem then is that the SSETA PMDS is not designed to, nor does it facilitate, the development of public servants of the future, who are critical to ensuring better performance by government in South Africa. The current PMDS landscape in the South African public sector and in the SSETA is that of merely managing targets as opposed to facilitating improved performance by employees and the organisation. This is the crux of the problem, as improved levels of service delivery by government and better performance by the SSETA may not be realised unless the current PMDS is reviewed and significantly transformed.

This research could assist the public sector and its entities like the SSETA to review and enrich the current performance management system in order to develop public servants of the future so that the country as a whole may realise a professional public service with high levels of service delivery. The findings of this research come at a critical time in South Africa where there is a strong political focus on what has been delivered by the government of the day and what promises it makes for the future. These promises of the future depend heavily on performance management in the public service in terms of its ability to deliver on its promises.

1.4 PURPOSE STATEMENT

Within the above context, the purpose of this research was to investigate factors leading to the inability of the Services SETA, as a public entity within the public service, using its Performance Management and Development System, to develop public servants of the future; to present, interpret and analyse the findings; and to investigate how to transform the performance management system of the Services SETA to develop Executive Managers as public servants of the future by making recommendations.

1.5 RESEARCH QUESTIONS

The main research question that has been answered through the research is "How does the Services SETA transform its performance management system to develop Executive Managers as public servants of the future?"

The sub-research questions are:

1. What are the strengths of the Services SETA Performance Management and Development System to develop public servants of the future?
2. What are its weaknesses and gaps?
3. How does the Services SETA Performance Management and Development System link with dimensions like innovation, creating a learning organisation, trust and employee engagement?

In concluding Chapter One, an introduction and overview of the research that was conducted has been articulated through the problem and purpose statements, the skills development landscape in South Africa with particular emphasis on the SETAS and specifically the Services SETA has been presented, and the chapter has been concluded with an outline of the research question and sub-questions. From this chapter it is evident that the performance of the SETAs, as part of the public sector, and more specifically, the Services SETA, is critical and warrants a closer examination of how its

performance is managed to ensure greater impact on skills development and the economy of the country.

Chapter Two of the research report will focus on the Literature Review. Chapter Three will explain the Research Methodology. Chapter Four will provide the Presentation of the Research Findings. Chapter Five will present an Interpretation and Analysis of the Findings and Chapter Six will present the Conclusion and Recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

A literature review may be described as an evaluation of a pool of published information, obtained through either primary or secondary sources, related to a selected field of study. A literature review therefore reviews, explains, condenses, probes, evaluates and links the selected literature to the topic being researched.

According to Neuman (2006), a literature review has four objectives, namely to present an understanding of a body of knowledge and show a researcher's credibility; to present existing research and its link to the research about to be undertaken; to assimilate and condense current knowledge on a topic; and to learn from earlier research and create the space for new thoughts.

Neuman (2006) highlights six kinds of literature review: context review; historical review; integrative review; methodological review; self-study review; and theoretical review. Research literature may be found in periodicals; scholarly journals; books; dissertations; government departments; and policy reports and presented papers (Neuman, 2006).

The literature review for this research utilises a Theoretical Review, which may be defined as "a specialised review in which the author presents several theories or concepts focused on the same topic and compares them on the basis of assumptions, logical consistency, and scope of explanation" (Neuman, 2006; p.112).

A review of the literature focused on performance management systems and models in order to identify emerging themes and evidence. These key themes include accountability, leadership including trust and employee engagement, reward and recognition, and learning.

The literature review is not intended to be comprehensive with regard to performance management systems. The review has been conducted to provide information on performance management systems, both quantitatively and qualitatively, in international, regional and local literature. Literature has been sourced spanning the period 2000 to 2014.

The literature search was confined to the University of the Witwatersrand databases, and concentrated on leadership and management journals as well as government policy, papers and reports. Search strings were used to source articles that focused on performance management systems in the public sector.

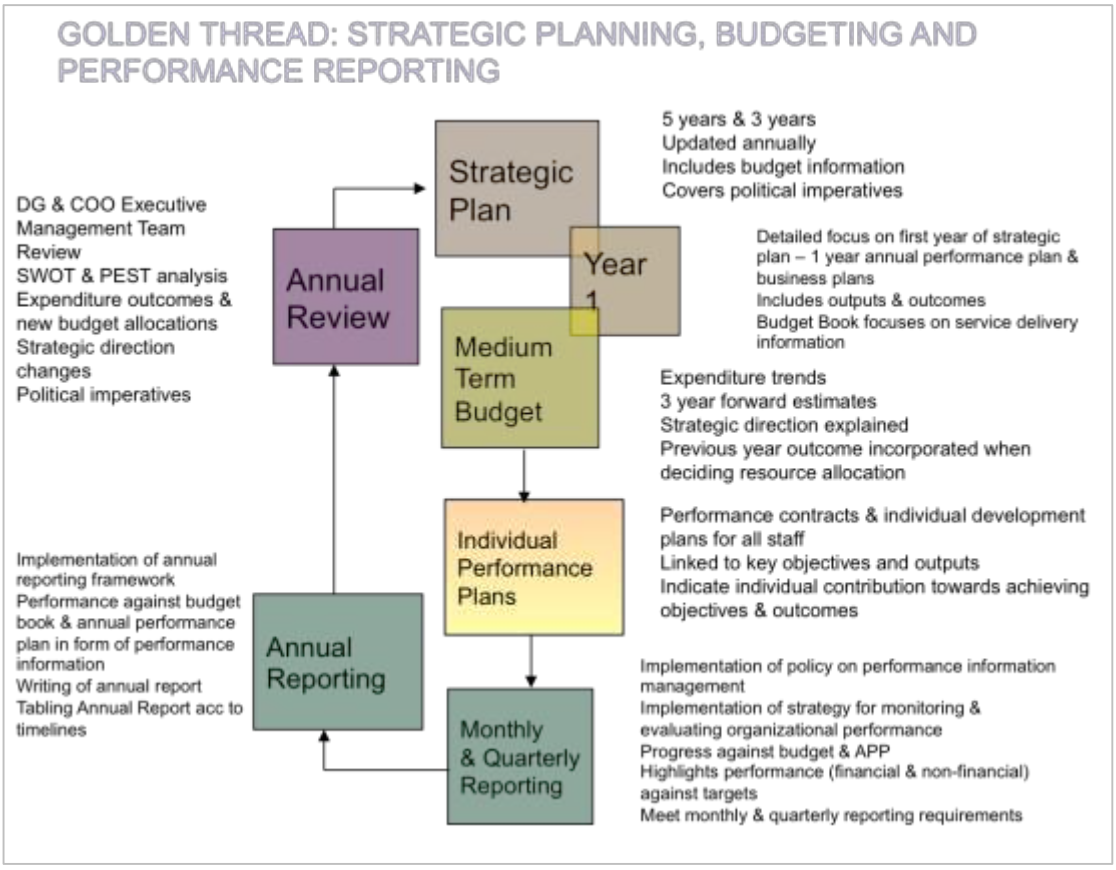
2.2 DEFINING PERFORMANCE MANAGEMENT

This literature review examines performance management models. According to Heathfield (2013), performance management may be defined as a process of building a work environment that enables an employee to perform optimally, effectively and efficiently. Performance management therefore should be a comprehensive work system that starts with a job description and ends when an employee exits the organisation. A performance management system, within the context of this definition, should develop clear job descriptions; ensure the appropriate recruitment of the right people for the right job; determine tools of the trade; agree on performance standards, outcomes and measures; provide orientation and induction, training and development; facilitate ongoing coaching and mentoring; see the implementation of formal quarterly and annual performance feedback sessions; design appropriate compensation, reward, recognition and sanction systems; provide promotional and career development opportunities; facilitate succession and retention strategies; and in the final instance, ensure that critical exit interviews are conducted to understand the reasons for exiting an organisation (Heathfield, 2013).

Public institutions use the concept of performance management to represent the various processes, systems and methods that are utilised daily to deliver services to the public at large. Thus, the performance management system of the public sector, similarly to that of the private sector, is to manage the work of managers and employees in achieving organisational strategic goals and targets (Van Der Waldt, 2004).

Figure 2 below is derived from the Framework for Strategic Plans and Annual Performance Plans by National Treasury and represents this management of work.

Figure 2: Golden Thread: Strategic Planning, Budgeting & Performance Reporting



Source: National Treasury, 2010

Within the context of the public sector, a performance appraisal system offers a formal and structured way to assess the performance of public officials. Through this system, the strengths and weaknesses relating to the job (Swanepoel, Erasmus & Van Wyk, 2011) must be articulated by way of defining the performance aspects that will be assessed and measured in terms of a performance rating; noting and discerning all issues that are important to appraisal so that accurate and objective assessments may be achieved; formally documenting the outcomes of the assessment process; and ensuring that the employee receives ongoing training and development.

In South Africa, performance appraisal systems are important for the following reasons (Swanepoel et al, 2011):

- Ensuring that public sector employees understand the employer's expectations;
- Assisting public sector managers to assess whether employees are indeed achieving their job-related objectives and targets;
- Assisting with the detection of poor performance so as to facilitate performance improvements;
- Rewarding exceptional performance;
- Informing training and development needs;
- Improving employee motivation and commitment; and
- Providing a basis for HR planning information.

When a performance management and development system is implemented correctly it shows the inter-relationships and inter-dependencies between all strategic Human Resources (HR) functions and practices.

2.3 PERFORMANCE MANAGEMENT MODELS AND THEORY

The performance management models referenced are grounded in a number of different theories. Organisational behaviour is a theory that analyses the impact of the individual, group or structure on behaviour within an

organisation in order to apply this knowledge to improve the effectiveness of an organisation. It therefore touches on sociology, psychology, communication and management. Organisational psychology focuses on human behaviour in the workplace. Social exchange theory is based on social psychology and sees social change as a number of considered interactions between people so that they will determine the general value of a relationship by taking away the costs of the relationship from the reward it brings. Human capital theory links the characteristics of an employee, which are either inherent or gained, to an organisation's productivity.

The following metatheories appear to underpin the literature reviewed to a greater or lesser extent: Old Public Management and New Public Management (Folan & Browne, 2004; Hood, 1995; Hoque, 2005); Traditional Institutional Theory and Neo-Institutional Theory (Hoque, 2005); and Public Choice Theory (Chipkin & Lipietz, 2012). In essence, these academic foundations of performance management systems in the literature reviewed appear to be value-oriented public management approaches. The geology of the literature around performance management systems appears to be based on governance and development with emergent themes of accountability, leadership that includes trust and employee engagement, reward and recognition, and the management of learning and innovation.

Traditional Institutional Theory moots that organisations are affected by and can sway society within their operating environment. In this regard, the values, interests and choices of the society impact the operations and practices of an organisation. On the other hand, Neo-Institutional Theory goes beyond this and states that legislation and internal organisational practices impact organisational behaviour, whilst Brignall and Modell (2000) states that Institutional Theory refers to multi-dimensional performance management and measurement.

Public Choice Theory has the fundamental premise of self-interest. As articulated by Chipkin and Lipietz (2012), it is closely linked to social choice theory, which is a scientific and measured approach to the combined sum of

individual interests. Old Public Management as mooted by Folan and Browne (2004) is quantitative in nature and focuses on economy, efficiency and effectiveness.

New Public Management as described by Hood (1995) focuses on accountability for managing outcomes; it endeavours to limit corruption, waste and incompetence and therefore improves public sector efficiency; it brings together the public and private sectors; and it is results-driven. New Public Management originates from public choice theories and new institutional economics that sees the introduction of results-oriented performance-related operating principles and offers voice and choice to citizens. Hood (1995) therefore argues that it is a value-oriented approach.

Most literature reviewed referenced the following performance management models: the Balanced Scorecard by Kaplan and Norton; the Performance Pyramid by Cross and Lynch; the 3K Scorecard; the Results and Determinants Framework by Fitzgerald, Johnston, Brignall, Silvestro and Voss and performance models premised on academic notions of organisational behaviour, organisational psychology, and social exchange.

The four performance management models, in terms of theoretical approaches, that have been explored for purposes of this research are:

1. Kaplan and Norton's Balanced Scorecard
2. Cross and Lynch's Performance Pyramid
3. Results and Determinants Framework by Fitzgerald et al
4. Public Sector Performance Management and Development System for the Senior Management Services (SMS).

2.3.1 Kaplan and Norton's Balanced Scorecard

The Balanced Scorecard (BSC) is a model of performance management that was presented in the 1990s by Kaplan and Norton (Cardoso & Machado, 2013; Ong, Boon, Kwong & Lee, 2010) in order to overcome the heavy and

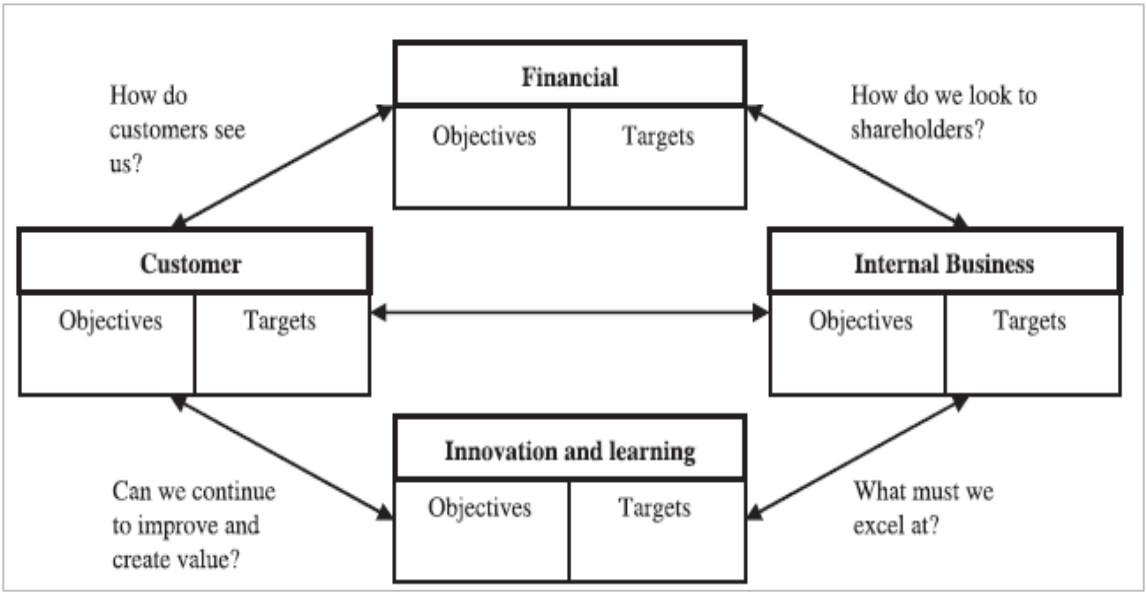
primary reliance on financial measures to measure performance. Hence, this PMS saw an additional focus to include non-financial measures (Cardoso & Machado, 2013; Sundin, Granlund & Brown, 2010; Zin, Sulaiman, Ramli & Nawawi, 2012). Figure 3 below reflects the BSC Framework and Figure 4 below shows the implementation model for the BSC.

The BSC as a performance management system has evolved over the years through various iterations, to the point where it is now seen as a structure that assists an organisation to convert strategy into objectives at an operational level that guide employee conduct and performance (Cardoso & Machado, 2013; Cheng & Humphreys, 2011; De Geuser, Mooraj & Oyon, 2009; Hwang & Rau, 2007; Sharma & Gadenne, 2011; Veltri, 2011; Zin et al, 2012), and as such it is a system to manage both organisational strategy and organisational performance (Cardoso & Machado, 2013; Cheng & Humphreys, 2012; Elg & Kollberg, 2009; Luo, Chang & Su, 2012; Yang & Yeh, 2009; Zaribaf & Samandi, 2010; Zin et al, 2012). The BSC has been conceptually rooted in a competitive environment, that is, Porter's concept of strategy (Hwang & Rau, 2007; Veltri, 2011; Woods & Grubnic, 2008; Yang & Yeh, 2009) and as such it has as its intention the achievement of competitive advantage. Every BSC approach in an organisation must have as its point of departure an articulation of the desired change/s within the organisation, with the outcome being the achievement of the desired change. The Balanced Scorecard performance management system assists an organisation which is strategy-focused to translate its strategy, facilitating the process between strategy design and implementation and thereby making it a useful tool to manage strategy through action and to ensure a link between strategy and its external environment (Luo et al, 2012).

There are four dimensions of the BSC, namely learning and growth; internal business processes; customer value and satisfaction; and financial performance (Cardoso & Machado, 2013; Elg & Kollberg, 2009; Ittner, 2008; Luo et al, 2012; Ong et al, 2010; Umashev & Willett, 2008; Zaribaf & Samandi, 2010; Zin et al, 2012), all of which are inter-related through a cause-and-effect model. The learning and growth perspective emphasises

innovation, creativity, competitiveness and capability which together ensure that an organisation has a focus on people in investing in human capital, information capital and organisational capital (Ong et al, 2010; Zin et al, 2012), which contributes positively to the improvement of internal business processes. The internal business processes angle addresses critical processes, skills, competencies and technologies that drive organisational success and customer satisfaction, and these processes are optimised for increased efficiency (Ong et al, 2010; Zin et al, 2012). The perspective on customer value and satisfaction states that an organisation's value proposition must stem from a customer's perspective in order to ensure customer satisfaction and brand loyalty (Ong et al, 2010; Zin et al, 2012). The focus on financial performance considers issues like profitability, return on capital (ROC) employed; return on investment (ROI); and growth in sales and market share (Ong et al, 2010; Zin et al, 2012).

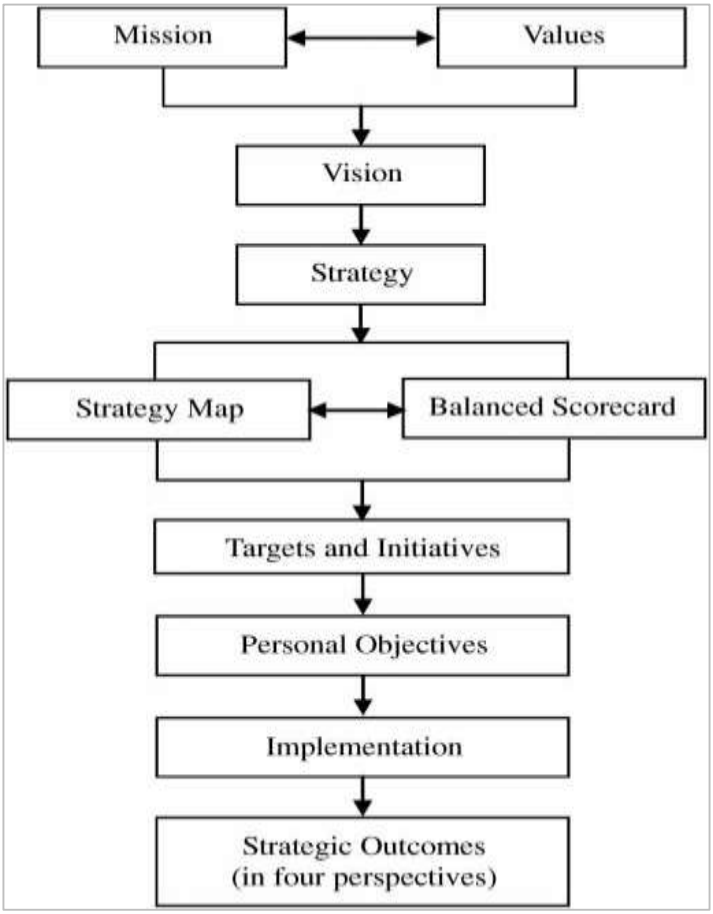
Figure 3: BSC Framework



Source: Susilawati et al, 2013

As can be seen from the implementation model in Figure 4 below, concepts of strategic objectives, measures, targets, indicators and initiatives or activities are used in the BSC (McAdam & Walker, 2003; Yang & Yeh, 2009).

Figure 4: Implementation Model for the BSC



Source: Yang and Yeh, 2009

The increased attention to performance management and accountability in the public sector, with the advent of New Public Management (NPM), has met with the introduction and implementation of performance management systems (Hoque & Adams, 2011; McAdam & Walker, 2003; Sharma & Gadenne, 2011; Sundin et al, 2010; Woods & Grubnic, 2008). NPM has seen the public sector attempting to adopt private sector practices and the BSC is but one example in this regard (Woods & Grubnic, 2008). The BSC is used in both public and private sectors. However, the public sector has some challenges in adapting and implementing the model (Sharma & Gadenne, 2011; Umashev & Willett, 2008; Zaribaf & Samandi, 2010). Some of the challenges in this regard include, but are not limited to, the inability of some targets to be measured by their very nature; performance results arising from the implementation are used negatively within the public sector; resources and budget required to implement the BSC are too high; the BSC does not

consider the requirements of all stakeholders who are many and varied within the public sector; and the BSC as a PMS does not consider organisational context of the public sector.

Some limitations (Dror, 2008; Elg & Kollberg, 2009; Johnson, Reckers & Bartlett, 2014; McAdam & Walker, 2003; Modell, 2004; Ong et al, 2010; Sharma & Gadenne, 2011; Sundin et al, 2010; Taylor & Baines, 2012; Umashev & Willett, 2008; Woods & Grubnic, 2008; Yang & Yeh, 2009) are noted in the BSC as being the following, amongst others: the BSC as a framework does not offer a causal model for strategy; there is a lack of clarity in terms of how the BSC must be implemented; it over-emphasises financial performance measures and results; there is no scientific evidence of the benefits of the BSC as an approach to strategy and performance management; focusing on the customer value perspective does not always guarantee customer loyalty as the market gives customers a variety of products and services and there is poor causality between customer value and financial performance; it is challenging to implement the BSC in larger organisations; implementation of the BSC requires significant investments in IT infrastructure, systems and training which investment organisations are not always willing to make; in larger organisations it is a complex process to derive departmental and individual scorecards from an organisational scorecard; little guidance and clarity is available in terms of creating a balance between inputs and outcomes, that is, achieving an equal distribution of measures across the four dimensions of the BSC; the BSC approach does not consider the context of an organisation; despite the creation and addition of non-financial performance measures there is still a significant focus on financial performance; the BSC approach does not consider organisational context; the BSC is linked to punitive measures and sanctions; there is a long turnaround time to see the desired outcomes and impact; and the BSC may result in an organisation having too many indicators.

There are, on the other hand, positive implications (De Geuser et al, 2009; McAdam & Walker, 2003; Woods & Grubnic, 2008) of using a BSC, including the integration of management processes that is achieved between business

units; an improvement in organisational performance; breaking the silo mentality in organisations to achieve greater impact, the translation of an organisational strategy into operational activities for business units and individuals; and the focus on outcomes of planned actions.

Critical success factors (Cardoso & Machado, 2013; Chang, Tung, Huang & Yang, 2008; Zin et al, 2012) to successfully applying the BSC include leading the execution of the BSC from the level of executive leadership; significant investment in IT infrastructure, software and training; creating a performance culture; implementing a clear and concise communication strategy in relation to the BSC; organisational culture; the understanding that strategy is a continuous and evolving process; and that the organisation must ensure the alignment of organisational, business unit and individual scorecards.

2.3.2 Cross and Lynch's Performance Pyramid

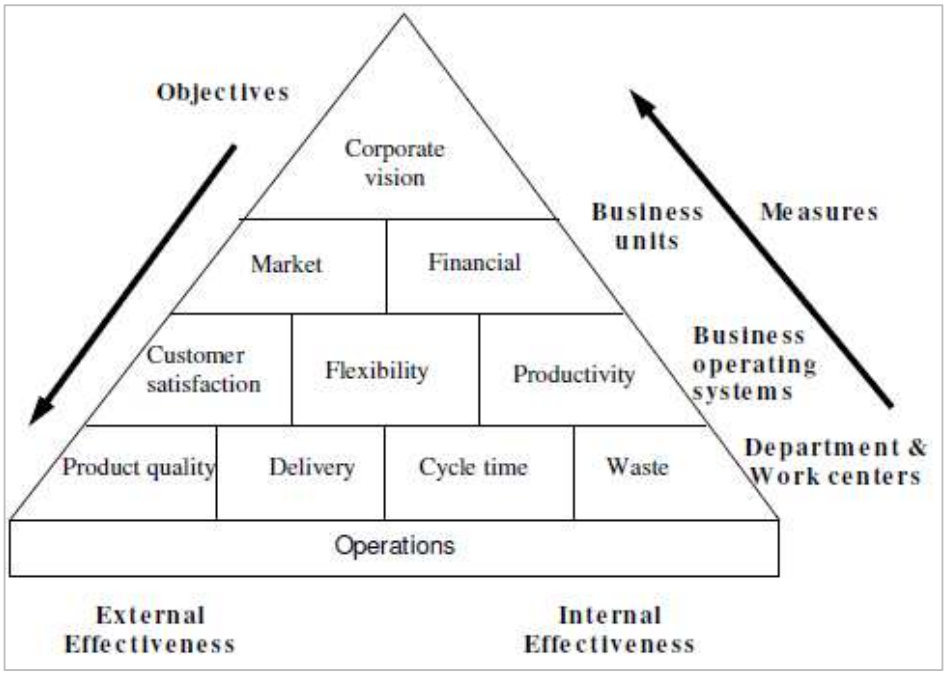
Managing performance at an organisational level is critical to translating strategy into results; so too is performance management an effective tool for managing an organisation. The nature of a performance management system (PMS) is symbolic of the culture in a particular organisation. In the last decade there has been a move towards including both financial and non-financial perspectives, indicators of performance and objectives in a PMS.

The Strategic Measurement Analysis and Reporting Technique (SMART) advanced by Wang Laboratories in the 1990s (Chalmeta, Palomero & Matilla, 2011; Mihaela-Lavinia & Luciana, 2011; Ndlovu, 2010; Sobota & Peljhan, 2012; Susilawati, Tan, Bell & Sarwar, 2013) focuses like the BSC on both financial and non-financial measures, and is a PMS that lets managers measure and improve internal business processes (Kit & White, 2005; Mills, Platts, Richards, Gregory & Bourne, 2000; Mohamed, Wee Shu, Rahman & Aziz, 2009; Susilawati et al, 2013) with a view to achieving competitive advantage and long-term sustainability of an organisation. The SMART PMS, also called the Performance Pyramid, was developed originally as a management control system (MCS) that included performance indicators that

were designed to achieve and sustain competitive advantage and sustainability as well as internal efficiency (Ciobanica & Goergescu, 2012; Kit & White, 2005). Here the Performance Pyramid allows organisations to concentrate on customer satisfaction, flexibility and productivity and thereby the organisation achieves and sustains competitive advantage (Mihaela-Lavinia & Luciana, 2011).

As depicted below, the PMS comprises four levels in the Performance Pyramid which include, firstly, a corporate vision or strategy; secondly, business unit objectives expressed on the basis of market and financial terms; thirdly, operational objectives defined for each operating system in the organisation from the perspectives of customer satisfaction, flexibility and productivity; and lastly, at a departmental level, the dimensions of customer satisfaction, productivity and flexibility are quantified by explicit operational measures like cost, quality, delivery and process time (Chalmeta et al, 2011; Kit & White, 2005; Mohamed et al, 2009). At the foundational level of the Performance Pyramid, these measures are essential to achieving organisational strategic goals and success. As seen in Figure 5 below, there are four levels with nine perspectives in total, which uses a top-down method to cascade strategy to operations (Chalmeta et al, 2011; Susilawati et al, 2013).

Figure 5: Strategic Measurement Analysis and Reporting Technique (SMART)



Source: Susilawati et al, 2013

A number of limitations (Chalmeta et al, 2011; Ciobanica & Goergescu, 2012; Garengo, Biazzo & Bititci, 2005; Kit & White, 2005; Susilawati et al, 2013) are seen in the SMART PMS including that the PMS does not guide the type of measures and how to develop these measures; the system does not focus on continuous improvement in internal business processes; the PMS does not offer any framework for the identification of indicators of quality, cost and delivery; a good organisational structure is required to effectively implement SMART; the Performance Pyramid does not have a theoretical basis; the Performance Pyramid does not take into consideration the size of an organisation and therefore it may be hard to employ; and a change in one measure on one level will naturally result in a change to another measure on a different level.

On the other hand, the PMS also has strengths. These strengths (Chalmeta et al, 2011; Kit & White, 2005; Mills et al, 2000; Garengo et al, 2005; Susilawati et al, 2013; Zhou, Dekker & Kleinknecht, 2011) are the direct link between strategy and operations; the integration and alignment between strategic organisational objectives and operational performance measures; the SMART PMS is structured according to four levels which makes it easy to

understand the system and its inter-relationships between the nine perspectives; there is a good inter-relationship between and distinct measures for internal business processes and external customer value; there is a good relationship between organisational performance and organisational business processes; and the system allows for assessment and rapid changes to be effected to organisational strategy and the PMS so that there is continuous improvement in internal business processes and external effectiveness and this allows for strategic alignment and improvement.

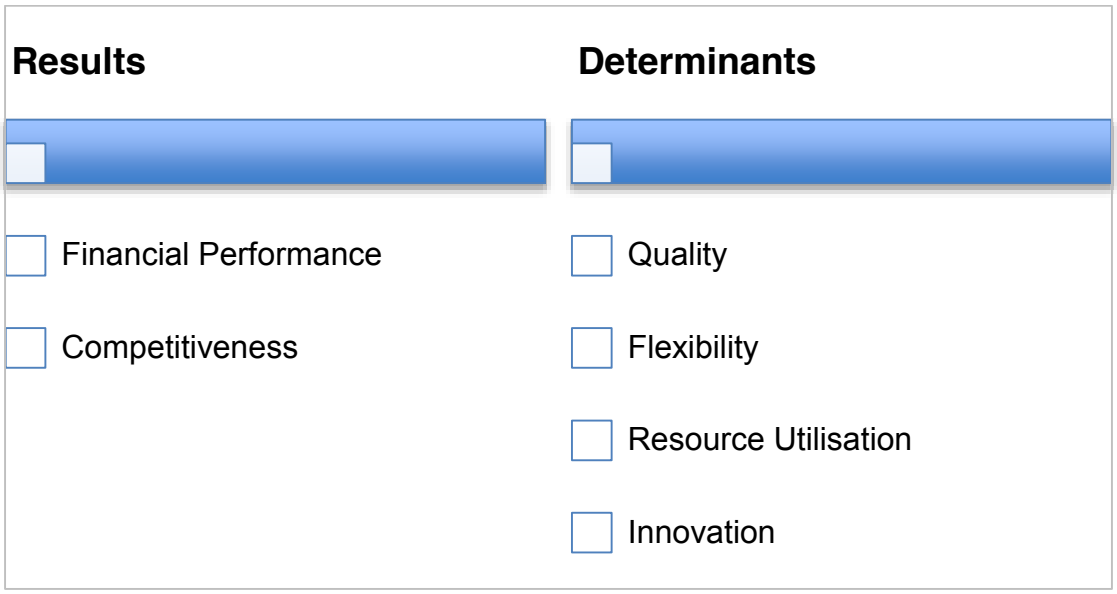
2.3.3 Results and Determinants Framework

The Results and Determinants Framework is a performance management system developed by Fitzgerald, Johnston, Brignall, Silverno and Voss after they studied performance management systems in the services industry (Mills et al, 2000). It is also referred to as the Performance Measurement System for Service Industries (Chalmeta et al, 2012; Garengo et al, 2005). This system states that there are only two types of indicators in any organisation: the first relates to results that are delivered due to historical actions and activities implemented by the organisation and therefore show the success or failure of an organisation's strategy and are therefore lagging indicators; and the second relates to determinants or the means of those results which are measures that are leading in that they will provide future success or failure of an organisation's strategy (Mills et al, 2000; Mohamed et al, 2009). This is therefore a cause-and-effect model as it shows causality by way of the relationship between results and determinants (Garengo et al, 2005; Mohamed et al, 2009). Collectively these leading and lagging indicators or measures will contribute significantly to the improvement of the organisation's performance and competitiveness (Mohamed et al, 2009).

The Results and Determinants Framework is a multi-dimensional balanced performance management system, which focuses on both financial and non-financial performance measures (Folan & Browne, 2004; Mohamed et al, 2009). This PMS differentiates between indicators of results and indicators of the causes of results. The model sees the significance of financial and non-

financial indicators or measures to meet strategic goals and objectives of the organisation. The Results and Determinants Framework includes six dimensions (Chalmeta et al, 2012; Folan & Browne, 2004; Garengo et al, 2005; Kit & White, 2005; Kloot & Martin, 2000; Mohamed et al, 2009) and links strategy and performance management. These measures are diagrammatically presented in Figure 6 below.

Figure 6: Results and Determinants Framework



Source: Fitzgerald et al, 1991

The measures of results of strategy focus on financial success and competitiveness whilst the measures of the determinants of strategy success focus on quality, flexibility, resource utilisation and innovation (Folan & Browne, 2004; Kloot & Martin, 2000). There is a critical link between performance management and accountability, especially in the public sector; therefore it is important, according to the Results and Determinants Framework, to differentiate between the results of strategy and the determinants of the results, which may be likened to primary and secondary objectives of an organisational strategy (Brignall & Modell, 2011; Kloot & Martin, 2000). The need for balance and integration in measures of a performance management system is grounded in Institutional Theory within the context of New Public Management (Brignall & Modell, 2011) which necessitates a greater focus on accountability, and therefore significance is

placed on financial and non-financial performance measures in a performance management system.

Most notably, some of the strengths (Brignall & Modell, 2011; Chalmeta et al, 2012; Garengo et al, 2005; Kit & White, 2005; Kloot & Martin, 2000;) of this performance management system are its focus on customers; it serves the interests of its shareholders and employees through the dimensions and perspectives mooted by the model; the model guides the articulation of measures or indicators and also outlines in great detail the process to develop these measures; the model enhances internal business processes; this PMS closely aligns strategy, performance management and competitiveness of an organisation; and it focuses on strategy improvement.

However, the Results and Determinants Framework is not without its flaws (Chalmeta et al, 2012; Garengo et al, 2005; Kit & White, 2005) namely, it does not focus on HR as a dimension of performance and therefore as a system it is not entirely balanced; as a performance management system it can only really be applied to service industries, that is mass services, professional services and service shops, and it is therefore quite limited as a PMS; and lastly, the model does not take into consideration the size of an organisation.

2.3.4 Public Sector PMDS

Any government requires a dedicated, committed, ethical, capable and professional workforce to deliver on multiple complex priorities, within limited timeframes and with scarce or limited resources (Van Der Waldt, 2004). This government corps requires managers and leaders of a particular calibre who are able to navigate the day-to-day challenges, adversity, diversity and multi-faceted environments, and who possess the technical and people skills to achieve success. Such is the need in South Africa.

The South African Government introduced the Senior Management Service (SMS) in 2001. It was envisaged that this SMS would be central to ensuring proper leadership and management throughout the country to ensure delivery

on the objectives and targets of the Government and to facilitate improved levels of service delivery to communities (Public Service Commission, 2011b; Sing & Admin, 2012). This decision to introduce the SMS needed to be accompanied by a performance oversight mechanism. Thus the Performance Management and Development System (PMDS) for SMS was introduced in 2002 as an accountability framework to measure, manage and oversee the performance of the SMS (Public Service Commission, 2011b; Public Service Commission, 2012).

Various pieces of legislation and a number of regulatory frameworks govern and guide the PMDS, which include but are not limited to the Constitution of the Republic of South Africa; the Public Service Act, 1994; the Batho Pele White Paper, 1997; and Treasury Regulations, 2001 (Public Service Commission, 2011b; Sing & Admin, 2012; Swanepoel et al, 2011). Furthermore, the South African Government has endorsed twelve outcomes to guide its priorities and programmes. One of these outcomes, namely Outcome 12, focuses on an "efficient, effective and development-oriented public service. An output of this outcome is that of human resource management and development which has as a sub-output performance development, performance agreements and assessment (DPSA, 2013).

An enhanced focus on performance management and accountability in the public sector, under the banner of New Public Management (NPM), has seen the implementation of performance management systems (Hoque & Adams, 2011; McAdam & Walker, 2003; Sharma & Gadenne, 2011; Sundin et al, 2010; Woods & Grubnic, 2008). There are some that view the Performance Agreement as a tool of New Public Management Theory wherein practices of the private sector are transposed onto the public sector and where rewards and sanction are seen as effective tools to monitor performance of the SMS cadre (Public Service Commission, 2009; Woods & Grubnic, 2008). Studies undertaken in the public sectors of the United Kingdom, Australia, New Zealand, the United States, Vanuatu and Kenya (Public Service Commission, 2009) show that the Performance Agreements receive a mixed reaction in terms of their successes and challenges. However, all these governments

indicate that Performance Agreements can and are effective, though there is a need for improvement and enhancement for Performance Agreements to become a successful and effective tool for managing and overseeing performance.

The PMDS allows for the translation and operationalisation of government priorities and targets as well as job requirements and key performance areas (KPAs) into a Performance Agreement between the employer and the member of the SMS, which agreement would include assessment on a periodic basis throughout a financial year and end off the financial year with a formal performance assessment (Public Service Commission, 2009; Swanepoel et al, 2011). A five-point rating scale is used in this regard.

The PMDS in government is seen as a way of organising work (DPSA, 2003) and should be integrated with other systems and processes like departmental strategic and operational plans, as well as budgeting processes, and this means it should be driven at the level of the Head of Department.

An important component of the PMDS in developing a Performance Agreement is that of the Core Management Criteria (CMCs) (Swanepoel et al, 2011). These are skills and knowledge that each member of the SMS should have in one form or another as they are key contributors to good performance. These CMCs in the PMDS (DPSA, 2003; Swanepoel et al, 2011) include strategic capability and leadership; programme and project management; financial management; change management; knowledge management; service delivery innovation; problem-solving and analysis; people management and empowerment; client orientation and customer focus; communication; and honesty and integrity.

Human resources practices like career progression, training and development and job profiling are key to the effectiveness of the PMDS (Swanepoel et al, 2011). The PMDS has a fundamental and significant focus on individual and organisational continuous learning and development (DPSA, 2003) with the Head of Department creating an enabling environment within the department

for ongoing learning, development and training. This emphasis on learning and development is articulated in the Performance Development Plan (PDP) for each member of the SMS which is a component of the Performance Agreement (Swanepoel et al, 2011). Service delivery and meeting the needs of communties are core to government, hence the inclusion of *Batho Pele* principles into the performance agreement. To this end, the service delivery challenge (DPSA, 2003) has been introduced for SMS in the public sector wherein members of the senior management service are required on an annual basis to spend 5 days at a service delivery point in communities.

When one considers the theoretical framework (Public Service Commission, 2011b) around the PMDS in the public sector, it is a comprehensive one and is relatively well designed. However, the challenge arises in relation to the overall design and implementation of the performance management system in the public sector (Sharma & Gadenne, 2011). Some of these challenges are the absence of feedback; no compliance with the PDPs; the absence of KPAs; excluding *Batho Pele* principles; a lack of attention to and correction of poor performance; performance agreements not concluded timeously; a lack of understanding and poorly skilled HR practitioners to champion the PMDS; and a lack of leadership in driving the PMDS in a department (Public Service Commission, 2009; Public Service Commission, 2011a; Public Service Commission, 2011b; Public Service Commission, 2012).

In summary, much of the literature reviewed defines performance management systems from a purely performance measurement perspective and articulates concepts of strategy development, management and control, targets and indicators (De Lima, da Costa, Angelis & Munnik, 2012; Tuomela, 2005; Verbeeten, 2008;); the roles of different stakeholders on organisational performance (Brignall & Modell, 2000); outcomes-based performance management (Heinrich, 2002); and the integration of policy, practice and people (McAdam, Hazlett & Casey, 2005).

2.4 EMERGING THEMES IN PERFORMANCE MANAGEMENT

Emerging themes and evidence within performance management models were primarily accountability, leadership including trust and employee engagement, reward and recognition, and learning. Secondary themes that emerged include organisational and environmental context as well as issues pertaining to culture, values and diversity. The role of human resources practices and policies is critical to all these themes.

Smith (2005) supports the concept of the public servant of the future who is passionate in service, displays management and leadership qualities in different facets of personal and professional life, and who provides a positive example in the pursuit of public value. Critical in the development of the public servant of the future, as highlighted by Kloot and Martin (2000), is managing innovation and learning which includes training and development; empowerment of all levels of staff; promotion of organisation-wide learning and change; understanding the difference between the effects of rewards versus recognition; and providing time to think and innovate. Organisations must create a good culture for performance and in this regard the role of management and leadership is key (Griffin & Moorhead, 2010; Griffin, Parker & Mason, 2010). The dominant culture in an organisation must inform the type of leadership style that is implemented so that it leads to a positive impact on organisational performance (Chen, Eberly, Chiang, Farh & Cheng, 2011).

2.4.1 Accountability and Leadership

The move towards outcomes-based performance management (Heinrich, 2002) introduces the concept of professional and political accountability. The former allows for leaders and managers to use particular freedoms in day-to-day operations management and performance management as opposed to following predetermined rules and regulations, whilst the latter in relation to performance management is more about reporting to stakeholders, beneficiaries and oversight bodies. Accountability, as an important part of

good governance, brings in the critical element of oversight over the performance of the public sector and its officials.

The role of leadership is fundamental to facilitating individual and organisational performance (Ahmad, Mustafa, Ahmad & Ahmad, 2012; Boohene & Asuinura, 2011; Griffin & Moorhead, 2010; Griffin et al, 2010; Jing & Avery, 2008; Ostergaard, Timmermans & Krinstinsson, 2011; Zaheer, Rehman & Khan, 2010; Tohidi, 2011). Part of this leadership is ensuring the professional and personal well-being of employees (Khan & Tarab, 2012), which also leads to employee satisfaction (Sageer, Rafat & Agarwal, 2012). What is critical is the manager and leader's view of the performance management system, which will determine how successful its implementation will be. It is important to equip managers and leaders to properly implement performance management systems as a constructive tool because performance management systems impact accountability and organisational culture (Groen, Wouters & Wilderom, 2012; Heslin & Van der Walle, 2009; Lewis & Donaldson-Fielder, 2014; Shuck, Rocco & Albornoz, 2011).

An interesting observation is noted by Aykac and Metin (2012) as they declare that the public service of the future requires that all public servants become leaders who must be *au fait* with management competencies and approaches across the board as opposed to specialisation in any one area of management and leadership. Boyce, Zaccaro and Wisecarver (2010) highlight the significance of leader development and leader self-development. This means that a system for leader development must include and focus on the organisation's role in leader development and self-development. Accelerated leadership development is key to organisational and individual performance facilitation (Luthans & Avolio, 2009). Similar to the psychological capital alluded to earlier, leadership constructs include an understanding of oneself, considered decision-making, transparency and ethical moral thinking, and the development of leaders must address these constructs (Luthans & Avolio, 2009).

2.4.2 Trust

Trust is necessary for optimal organisational performance. In new models of public sector leadership, trust is important for effective leadership in New Public Management. According to Albrecht and Travaglione (2003) the level of trust between employees and executive management determines organisational impact and effectiveness. The determinants of trust are articulated as organisational support, job security, fairness, and open communication through various communication platforms, equity and participatory engagement. Holistic Leadership, Servant Leadership and New-Genre Leadership styles (Avolio, Walumba & Weber, 2009) increase employee trust in the organisation and in its executive management. As previous literature suggests, trust engenders performance. Leadership styles bring about trust, which then impacts performance (Chen et al, 2011).

2.4.3 Employee Engagement

Employee satisfaction pertains to how happy an individual is in relation to the fulfilment of their needs, wants and desires. Employee engagement impacts performance levels (Lewis & Donaldson-Fielder, 2014; Rose, Kumar & Pak, 2011). It is advocated that employee engagement is a key driver to facilitate organisational performance management (Gruman & Saks, 2011). Engagement includes investment of the self into the job role as well as individual versus collective engagement and a team work ethic. Employee engagement on their key performance targets is important to ensure optimal performance (Groen et al, 2012; Murphy & Margulies, 2004). Feedback to employees on their performance is necessary for organisational learning, in terms of individual ability and motivation to strive to meet organisational goals (Solomon, Hashim, Mehdi & Ajagbe, 2012).

The multi-dimensional and dynamic nature of organisational performance is linked to an individual's emotional intelligence, task performance, contextual performance, adaptability, and proactivity (Gruman & Saks, 2011). In organisations, this requires a move from the management of performance to

the facilitation of performance. It is through this facilitation of performance, focusing on employee engagement, that public servants of the future may be developed to deliver public value.

2.4.4 Reward and Recognition

Some authors (Reilly, 2003; Verbeeten, 2008) give minimal recognition to the role of reward, both financial and non-financial (Solomon et al, 2012) and sanctions in a performance management system. There is also significant support for the role of incentives in performance management (Cleveland, Murphy & Williams, 1989; Garrido-Moreno & Padilla-Mendez, 2011; Griffin & Moorhead, 2010; Khan, Rehman, Rehman, Safwan & Ahmad, 2011; Mahmood, Iqbal & Sahu, 2014; Solomon et al, 2012; Taylor & Tyler, 2010; Tohidi, 2011). It is important that formal recognition programmes are thoughtfully structured to engender long-term as opposed to short-term performance (Neckermann, Cueni & Frey, 2012). Reward and recognition are viewed as drivers for employee satisfaction, which leads to optimal performance (Bhatti, 2011; Hassan, Nawaz, Abas & Sajid, 2013; Sageer et al, 2012).

2.4.5 Learning and Innovation

Training, career development, innovation and creating a learning organisation is related to levels of employee satisfaction and ultimately impact performance (Ghafoor et al, 2011; Heath & Brown, 2011; Khan & Tarab, 2012; Ostergaard et al, 2011; Rose et al, 2011; Sageer et al, 2012; Zaheer et al, 2010;). The role of the leader cannot be over-emphasised in terms of ensuring employee engagement with regard to the environment they create (Martinson, 2014).

Organisational learning ensures that an organisation may stay abreast of changes in their operating environment, maintain their competitive advantage and ensure sustainability of the organisation (Latif, Jan & Shaheen, 2013; Rose et al, 2011; Singh, 2014). Innovation influences knowledge processes, which is necessary for organisational performance (Bhatti, Zaheer & Rehman,

2011; Zhou et al, 2011). Knowledge acquisition is required for employees to perform better (Garrido-Moreno & Padilla-Mendez, 2011; Koster, De Grip & Fouarge, 2011). Creating an environment of learning is important and part of this is the management of employees through training (Latif et al, 2013; Singh, 2014).

Investment in training and development will positively impact organisational performance (Ahmad et al, 2012; Bakker, Demerouti & ten Brummelhuis, 2012; Liu & Batt, 2010; Mahmood et al, 2014; Rahman & Shah, 2012; Snape & Redman, 2010; Tohidi, 2011; Van Iddeking, Roth, Putka & Lanivich, 2011; Zhou et al, 2011). The organisation must show a culture of development as important for employees as individual training and development leads to better results and improved attitudes, motivation and job performance (Malik, Abbas, Kiyani, Malik & Waheed, 2010; Solomon et al, 2012). Employee training and development leads to organisational learning but organisational learning must also ensure individual learning (Singh, 2014). Training of employees is necessary for results in the organisation but also in shaping employee attitudes and behaviours, gaining knowledge and changing behaviours (Jantz, 2012; Latif et al, 2013). Training and development of employees should also address assisting the individual to navigate the day-to-day environment as this too leads to enhanced performance and success (Plouffe & Gregoire, 2011). This is reinforced by the fact that a range of factors in the environment contributes to performance and therefore the organisational context is an important consideration, which includes training, self-management and coaching (Shantz & Latham, 2011).

The optimum management of human capital impacts organisational performance and a performance management system that is designed to consider human capital optimally will lead to optimal performance for the organisation (Luthans, Avey, Avolio & Peterson, 2010; Rahim, 2010). A critical finding is that a performance management system must focus on all factors and behaviours that have value for the organisation (Griffin et al, 2010). Organisations must ensure that training and development is facilitated for all employees and this training and development must consider variables such

as age, gender and the relevance of the training to the industry (Van Vianen, Dalhoeven & De Pater, 2011). What must also be considered is the psychological development of employees and not just professional development and therefore the whole employee must be addressed in terms of training and development of both hard and soft skills (Ghafoor, Qureshi, Khan & Hijazi, 2011).

A core aspect of an organisation's training and development offering includes mentorship and coaching. Training and development is about an individual's profession and in this regard the role of mentors is emphasized (Balaji & Balachandran, 2012; Bhatti, Zaheer & Rehman, 2011; Hassan et al, 2013; Heath & Brown, 2011). Empowerment of employees through exposure to leadership relates to significant opportunities for development that may be realised through mentorship and coaching (Sageer et al, 2012).

2.4.6 Context, Culture and Diversity

Performance management systems are dependent on socio-cultural norms and standards in an organisation (Liu, Meng, Mingers, Tang & Wing, 2012; Peretz & Fried, 2011). This means that organisational context is important as a facilitator to performance. This context includes people, policies, processes, structures and the soft issues (Shuck et al, 2011), all of which are located in the environment and impact on employee engagement. Organisational culture is important to motivate employees and ensure their professional health and well-being (Khan & Tarab, 2012). Building the correct corporate culture will bring about employee engagement and employee satisfaction, which ultimately positively impacts on organisational performance (Sageer et al, 2012).

Diversity, within organisational culture, considers relationships so the role of management and leadership in this sense is also of importance (Choi & Rainey, 2010).

2.4.7 Role of Human Resources

The role of Strategic Human Resources is mooted by Boselie, Dietz and Boon (2005), Den Hartog, Boselie and Paauwe (2004) and Gould-Williams (2003). Strategic Human Resources practices are important for both individual and organisational performance (Jiang, Lepak, Han, Hong, Kim & Winkler, 2012). So too must HR draw out the talents of employees and build those competencies that can promote the performance of the organisation and the individual (Khan & Tarab, 2012).

The critical bundle of Strategic Human Resources activities that are viewed as significant in relation to driving organisational strategic goals and improving organisational performance include training and development, reward and recognition, employment security, diversity and facilitating a work-life balance (Ahmad et al, 2012; Balaji & Balachandran, 2012; Boohene & Asuinura, 2011; Boselie et al, 2005; Chaudrey, Sohail & Riaz, 2013; Hassan et al, 2013; Huselid, 1995; Jiang et al, 2012; Koster, De Grip & Fourage, 2011; Mahmood et al, 2014; Peretz & Fried, 2012; Rahman & Shah, 2012; Sageer et al, 2012; Shantz & Latham, 2011; Snape & Redman, 2010; Stumpf, Doh & Tymon, 2010; Van de Voorde, Paauwe & Van Veldhoven, 2010; 2012; Wright & McMahan, 2011).

Gould-Williams (2003) suggests that there is a significant impact of Strategic Human Resources Practices on trust, job satisfaction, commitment and effort and organisational performance. Avey, Reichard, Luthans and Mhatre (2011) highlight the importance of HR insofar as management of psychological capital is concerned which includes dimensions such as hope, optimism, efficacy and resilience as these are viewed as predictors of performance. As such, HR practices are critical forecasters of trust and organisational performance as categories of HR practices lead to increased performance, elevated commitment and involvement of all levels of employees in an organisation. People are the source of competitive advantage for any organisation and in maintaining that competitive advantage in performance management, HR must play a value-adding role for the organisation (Van de

Voorde et al, 2010). An important link between HR practices, organisational strategy and performance is noted which means that HR must concentrate on the creation and well-being of human capital and thereby foster organisational performance (Buller & McEvoy, 2012).

These themes support the premise that performance management systems do not focus on the comprehensive development of an individual as public servants of the future, but rather on performance management and measurement in relation to strategy, targets and outcomes.

2.5 THEORETICAL FRAMEWORK

The theoretical framework of this research report is based on the Performance Management and Development System (PMDS) that is currently utilised by the South African Government for its Senior Management Service (SMS) in that it supports the transformation of a performance management system to develop public servants of the future.

The PMDS was introduced to the South African public sector in 2002 with the Minister of Public Service and Administration as its custodian. This performance management system is seen as a way of organising work around KPAs, *Batho Pele* Principles, CMCs as well as the departmental strategic, operational and financial plans. An important mechanism through which the PMDS is driven is the Performance Agreement signed between the member of the SMS and his/her immediate supervisor. The progress against the Performance Agreement is reviewed during the financial year and includes a formal assessment at the end of the financial year.

2.6 FUNCTION OF A PERFORMANCE MANAGEMENT SYSTEM

The structure and operation of a performance management system should be an all-inclusive approach to the management and regulation of organisational performance. A performance management system must support strategic planning and ongoing management and focuses on, through formal and

informal mechanisms, analysis, planning, measurement and control, rewards, management of performance, organisational learning and change. As stated by Ferreira and Otley (2009), this makes performance management a challenging concept to define as it is always evolving.

It is clear that performance management systems are largely mechanistic due to the dominant focus on performance metrics and are not comprehensive in nature, despite the fact that there is emphasis placed on both individual and organisational performance. It is interesting to note that literature on performance management models and theories are grounded in Behavioural Theory, Institutional and Neo-Institutional Theory, as well as New Public Management, yet, despite these theoretical underpinnings, there is a deep void in performance management models and systems in terms of a concentrated and thorough focus on the individual who is the most critical actor in the performance management scenario.

This emerges quite strongly when one considers the definition of performance management as a process of building a work environment that enables an employee to perform optimally, effectively and efficiently. This means that performance management should be a comprehensive work system that starts with a job description and ends when an employee exits the organisation.

Performance management systems are widespread but have a number of challenges. It needs better implementation and must be agile and action-oriented. Fundamentally the public sector needs to revise the design for performance management systems. There should be a strategic shift away from the management of performance to the facilitation of performance as the performance context is multi-dimensional and dynamic in that it includes emotional intelligence, task performance, contextual performance, adaptability and proactivity. Through all these aspects, employee engagement is important, as it is a key driver for organisational performance.

The themes that emerged in the literature include accountability, leadership including trust and employee engagement, reward and recognition, creating a learning organisation, training and development. These dimensions are equally critical to individual performance and organisational performance. Despite the importance attached to these dimensions of performance management, no single performance management system or model appears to address each of these dimensions. The literature is silent on how these dimensions should be introduced into, facilitated, managed and assessed in a performance management system.

The emerging themes and evidence arising from the literature reviewed support the premise that performance management systems do not focus on the comprehensive development of an individual in general and in particular an executive manager as public servants of the future, but rather on performance management and measurement in relation to strategy, targets and outcomes. Equally performance management systems and models focus primarily on performance measurement and metrics as opposed to the development of executive managers as public servants of the future.

There is some indication of the role of leadership, strategic human resources and trust in organisational performance; however, there is little evidence that supports the overall development of the public servant of the future to deliver public value and service delivery. These findings therefore emphasise the importance of transforming the performance management system of the Services SETA to develop executive managers as public servants of the future. In the final instance, this research may assist the public sector, and specifically the Services SETA and its entities to review and enrich the current performance management approach and system utilised in order to develop public servants of the future at the level of executive management.

Chapter Two has presented a literature review, which provided an overview of four performance management models, the theories that underpin these models, as well as an assessment of emerging themes in literature on

performance management. The chapter has also articulated which theoretical framework has informed the research report.

CHAPTER THREE

RESEARCH METHODOLOGY

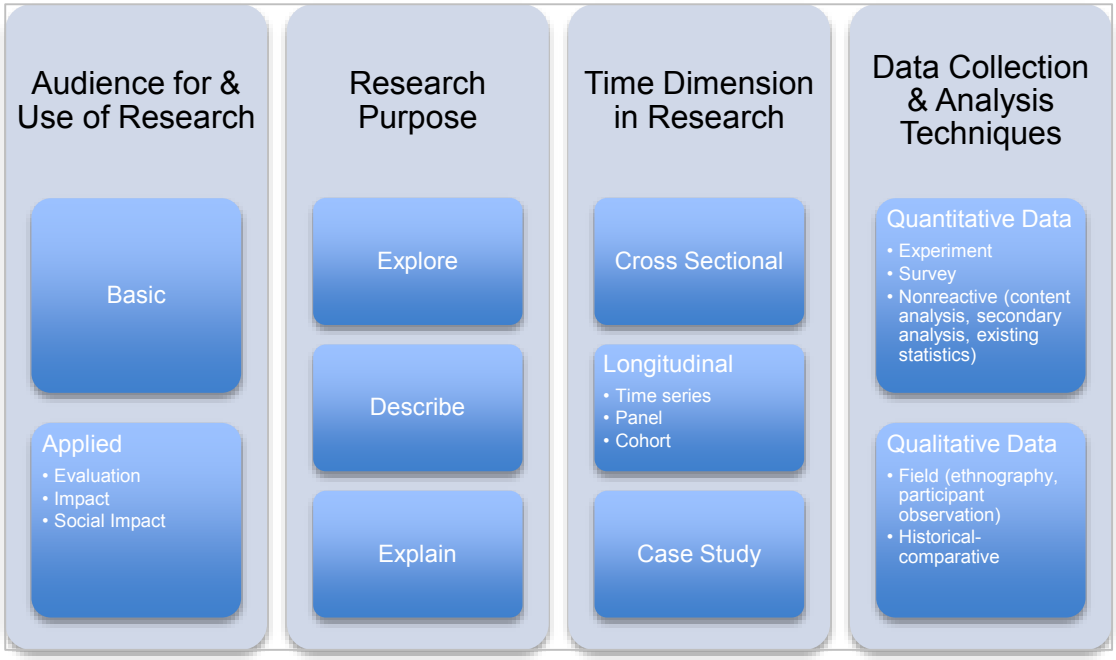
3.1 INTRODUCING THE CONCEPT OF SOCIAL RESEARCH

Chapter Three presents the Research Methodology that was used to conduct this research. The chapter will commence with a definition of social research and research methodology and will then discuss approaches to research, namely quantitative and qualitative research methodologies. The chapter will reflect on the research methodology utilised for this research report and will address issues of research strategy and design, including sample selection, data collection methods and procedures, measurement and reliability, data analysis and ethics requirements.

There are different ways to learning something about the social world that people occupy. Some of these ways are alternatives to social research (Neuman, 2006), such as obtaining knowledge from those in positions of authority like experts or from books; another form of authority is tradition wherein knowledge from the past is accepted; common sense in everyday life; and media myths, for example, films and personal experience. Social research is defined by Neuman (2006, p.2) as being *"a collection of methods and methodologies that researchers apply systematically to produce scientifically based knowledge about the social world"*.

Neuman (2006) articulates four important dimensions to research: the audience for and use of the research; the purpose of the research; the time dimension in the research; and the data collection and analysis techniques used in the research. Figure 7 below summarises these dimensions as derived from Neuman (2006).

Figure 7: Dimensions to Research



Source: Neuman, 2006

Research may be classified in various respects based on the dimensions to the research and that one dimension may intersect with another in any form of research.

The steps in the research approach depend on the kind of social research that is undertaken although there are basic steps in each that are similar. It must be noted that these seven steps in the research process are not necessarily sequential and a researcher may alternate between steps. These seven basic steps (Neuman, 2006) are the same for both quantitative and qualitative approaches for steps three to seven, which are designing the study; collecting the data; analysing the data; interpreting the data; and communicating the results. However, in the quantitative research process (Neuman, 2006) step one is choosing a topic, with question two articulating a focus question, whereas in the qualitative research process the first step is that of a researcher's self-assessment of his or her position in society; followed by the second step of adopting a perspective. These approaches to research will be detailed later in this chapter.

3.2 INTRODUCTION TO QUANTITATIVE AND QUALITATIVE RESEARCH APPROACHES

Social research can be undertaken through qualitative or quantitative approaches. According to Bryman (2012), the research strategy is the actual orientation regarding how social research is conducted. Neuman (2006) indicates that the research design is the structure or strategy that informs the execution of the research method and the analysis of the subsequent data. The research design therefore provides a framework for every stage of data collection and analysis. This includes the determination of whether the research adopts a qualitative, quantitative or mixed research method.

Whilst sharing some similarities and keeping in mind that these could be complementary, quantitative and qualitative research approaches each utilise distinctive techniques (Neuman, 2006). In essence, quantitative research focuses on numerical analysis or the quantification of data in relation to the data analysis and collection, which is also called hard data In contrast, qualitative social research primarily uses words or symbols in various forms, or soft data (Bryman, 2012; Neuman, 2006).

As an approach, quantitative research assumes a positivist approach (Neuman, 2006). The approach to quantitative social research is deductive (Bryman, 2012) in which a hypothesis is formed, data is collected and analysed in an investigation of the problem, after which conclusions are drawn to prove a hypothesis as being true or not. In this regard, the researcher who follows a quantitative approach follows a sequential path in which variables and hypotheses are related to cause-and-effect accounts (Neuman, 2006). This precise nature of the quantitative approach is premised on reconstructed logic (Neuman, 2006).

On the other hand, qualitative research strategy is inductive (Bryman, 2012) where the generalisation of theories are highlighted. This research approach is a paradigm, which is a cluster of beliefs or dictates about what to, and how to, conduct research and how to interpret research. Furthermore, qualitative

research is epistemologically based on interpretivism (Bryman, 2012), that is, understanding human behaviour and context in which people are seen as human actors critical to social phenomena. In addition, qualitative research as a social research strategy has as its ontological position constructivism (Bryman, 2012), that is, social phenomena are products of social interaction where human actors are critical to construct social reality. Qualitative research assumes an inductive view (Bryman, 2012) as theory is generated by research. This lends itself to the application of logic in practice (Neuman, 2006) to this type of research.

There are a number of research designs which feature prominently in quantitative research including experimental; longitudinal and comparative research designs (Bryman, 2012). A cross-sectional research design is also called survey design in which data is to a great extent collected through questionnaires which produce a significant body of data for descriptive and correlational analysis. This type of research design may also focus on a sample of documents at a single point in time. As a research design, it examines the extent of a relationship between two or more variables using statistical data and is seen as descriptive in that the variables are studied in a natural setting and are not manipulated. The independent variable is a variable that impacts another variable, namely the dependent variable (Bryman, 2012). A cross-sectional research design also has a hypothesis.

Qualitative design places special emphasis on context, specific cases and social activities and endeavours to find meaning in various scenarios (Neuman, 2006). Social phenomena are seen as products of social interaction where human actors are critical to construct social reality and meaning and as such qualitative researchers consider many and varied perspectives. In this regard, qualitative researchers seldom employ variables or numbers, nor do they test hypotheses (Neuman, 2006). Hence, the significance of inductive reasoning in qualitative research, which leads to the development of theory during the research process, is referred to as grounded theory (Neuman, 2006). In this regard, qualitative research focuses primarily on one or a few cases and studies these from different dimensions, and as a result the

understanding gained and the rich descriptions generated from these cases provide the platform for the research.

The issue of measurement is central to research. However, quantitative and qualitative research approaches the issue of measurement rather differently. Quantitative researchers approach measurement as a distinctive activity in the research process, whereas qualitative researchers use more techniques for measurement. To this end, the quantitative researcher takes a deductive approach by identifying their concept and then developing scientific measures so that the findings may be expressed numerically, whilst the qualitative researcher, using the inductive approach, considers how to define and express ideas and concepts and ultimately create new concepts in the process (Neuman, 2006). There are three important differences between the quantitative researcher and the qualitative researcher in this regard, namely the timing of the measurement process wherein quantitative research sees defining the measurement process as a step during the planning process and the qualitative researcher undertakes the measurement process during the phase of data collection; quantitative researchers generate data numerically whereas qualitative researchers use and create data as words, symbols or images (Neuman, 2006).

Measurement raises issues of reliability and validity as they relate to the credibility of research findings. Again, there are opposing views on the issues of reliability and validity by quantitative and qualitative researchers.

Reliability considers the consistency or dependability of measures of concepts (Bryman, 2012; Neuman, 2006). In quantitative research, the measurement reliability concerns itself with the consistency of the measure of a variable, whereas in qualitative research, reliability focuses on the consistency or dependability of their findings. However, this is challenging as qualitative research studies social contexts that are not necessarily stable over time (Neuman, 2006). Quantitative research has three types of reliability (Neuman, 2006) which are stability reliability where the measure gives the same results at different times; representative reliability wherein the measures give

consistent results for different social sets; and equivalence reliability where measures using different indicators provide the same consistent results.

Validity is whether the measure really measures the concepts or constructs intended by the research, that is the credibility of the research findings (Neuman, 2006), which refers in essence then to measurement validity. There are different ways to measure validity in quantitative research, namely face validity, content validity, criterion validity which includes concurrent validity and predictive validity, construct validity, convergent validity and discriminant validity (Bryman, 2012; Neuman, 2006). For qualitative research, validity means credibility or truth (Neuman, 2006) in that authenticity is key for qualitative researchers where a truthful account of a social phenomenon through the eyes of the human actors involved is given. The concepts of ecological validity and natural history methods are alternatives to validity as seen by quantitative researchers (Neuman, 2006).

One cannot have validity without reliability as the one is necessary to the other, although they may complete or challenge each other. There is also internal and external reliability to be found within research. Internal reliability measures the degree to which there is consistency of measurement across people and time. In this regard, there is also the issue of inter-observer consistency where there is more than one researcher. Cronbach's Alpha is the measure of internal consistency reliability which is a means test. It calculates the average of all possible split-half reliability coefficients (Bryman, 2012). External reliability determines the degree to which the study may be replicated.

The level of confidence a researcher has in generalising findings to the population relates to statistical significance. The researcher also defines the risk being taken by inferring that the findings are within the population, which is known as statistical inference (Bryman, 2012). Thus risk and confidence are important to statistical significance (Bryman, 2012). Tests to determine statistical significance have as the basis a null hypothesis, or no relationship, which states that two variables are unrelated in the population. In most social

research (Bryman, 2012) the maximum level of statistical significance that is acceptable is $p < 0.05$ which means that there are fewer than 5 chances in 100 that shows that a relationship exists (Bryman, 2012). A chi-square test is used to test statistical significance. If the research findings are statistically significant at 0.05 then there is no relationship between the variables and the null hypothesis is rejected (Bryman, 2012).

Quantitative research uses random sampling as findings may be generalised (Bryman, 2012). With regard to the sampling strategy, there are three important concepts, namely the population, the sampling frame and the sample. A population is all the elements to which the research questions and findings may be generalised; a sampling frame is a specified list which may be closely aligned to all the elements in the population; and a sample is a segment of the population that is chosen for the research (Neuman, 2006).

Qualitative research deploys purposive sampling, as the sample is not selected using random sampling (Bryman, 2012). This is due to the fact that some units in the population have a greater chance of being chosen than others. The sample participants are strategically selected to ensure unit relevance to the research (Bryman, 2012).

Data collection and analysis for quantitative and qualitative research also differ in approach. For quantitative research, this step in the research process may be conducted through either reactive or non-reactive research. Within the category of reactive research one may find experimental research, which yields accurate and straightforward proof for a causal relationship between variables, and survey research, which yields statistical data. Non-reactive research has four different techniques including non-reactive measures; content analysis; existing statistics or documents and secondary analysis; and issues of inference and theory testing (Neuman, 2006). Data analysis for quantitative researchers is done by employing standardised and specialised data analysis techniques (Neuman, 2006). Data analysis only begins once all the data is collected.

Qualitative research data collection and analysis may be effected through field research, which is also referred to as ethnography or participant-observation research; or historical-comparative research (Neuman, 2006). Data analysis in qualitative research is less standardised and specified in comparison to quantitative data analysis. Data analysis is not only done when all data is collected, but commences very early on in the research process.

3.3 RESEARCH STRATEGY AND APPROACH

A qualitative research paradigm was used for this research. When one considers the epistemology and the ontology of qualitative research it was appropriate for this particular research as the research focused on the performance management system in the public sector which has at its heart the individual, that is the human actor which is critical to the system. Equally, ontologically the research focused on the social phenomenon of performance management, which sees the social interaction between the system and the individuals who operate within that system. A qualitative approach to this research was most feasible as the focus was on the transformation of a system, which relies largely on a human element that cannot be equated to numbers and statistics.

A qualitative research strategy (Bryman, 2012) was used for this research, as it presented a particular context, namely the public sector and particularly the Services SETA, and provided a rich description of the ways in which the performance management system of the public sector may be transformed to develop public servants of the future. In this way the researcher was able to place significant emphasis on context. Furthermore, the findings of this research informed the theoretical approach within the public sector on performance management, as the recommendations for transformation are based on a rich understanding of the public sector performance management system, that is, understanding a social phenomenon which is the performance management system by gaining insight into the experiences of the actors, namely the Services SETA Executive Managers.

The qualitative research design used for this research is that of a case study. A case study describes and analyses a 'case' (Neuman, 2006), which could be a phenomenon or a social unit (Baxter & Jack, 2008) within their context. In this instance, the phenomenon was the performance management system of the public sector, whilst the social unit within their context was the Executive and Senior Managers at the Services SETA. In this regard, the views, realities and experiences of the Executive and Senior Managers could not be manipulated and the context of the Services SETA as a public entity was important to the performance management system that is deployed within this entity. As the purpose of this research was to determine how to transform the performance management system of the public sector, a case study was relevant as it allowed for the in-depth analysis of a system within a particular context. In addition, with a case study the researcher was unable to manipulate the behaviour of the participants (Merriam, 1998).

The case study in this research was an instrumental single case study. It was instrumental as it provided insight into the performance management system within the public sector whilst the case is of secondary importance as it aided the understanding of the performance management system in the public sector. This could then inform the review of the existing theoretical framework on performance management in the public sector. A single case study design was appropriate as it is deemed similar across the public sector and its entities.

A variety of data sources was used. The case study consequently became an important tool to inform the review of the performance management system and related theory, evaluate the current performance management system of the public sector and identify interventions to improve the system. The case study therefore, as a type of qualitative research design, allowed for flexibility and the evolution of the research process. It also allowed for observation and semi-structured interviewing, which greatly assisted with thick descriptions in the detailed evaluation of the particular case (Bryman, 2012).

The case or unit of analysis for this research was the transformation of the performance management system of the public sector, particularly the Services SETA, to develop public servants of the future, especially Executive and Senior Managers.

The research informed the case according to definition and context. The definition for performance management, for purposes of this research, was that of it being a process of building a work environment that enables an employee to perform optimally, effectively and efficiently. The context then was the focus on Executive and Senior Managers within the Services SETA as a public entity.

3.3.1 Sample

For purposes of this research, fixed purposive sampling was used, as the fixed sample was the Executive and Senior Managers at the Services SETA. The financial year 2013/2014 was the time period. It was not envisaged that the sample would increase as the research progressed. The sample size was five as this was the number of Executive Managers at the Services SETA at the time, which makes the sample size appropriate. However, towards the end of the financial year, two of the Executive Managers resigned. To mitigate this gap, two Senior Managers were selected to complete the sample based on their tenure in the public sector. A total of four Executive Managers and two Senior Managers were interviewed, changing the sample size to six.

The research used the Executive Managers and Senior Managers as its sample as this level of employee within the public sector is an appropriate example of the focus of performance management. Significant responsibility is placed on executive management within the public sector in relation to accountability, leadership including trust and employee engagement, reward and recognition, and learning, as is evidenced by the literature review. In line with the sample size, six semi-structured interviews were conducted with Executive Managers and Senior Managers at the Services SETA, accompanied by observation by the researcher of the performance

management environment, practices and processes within the Services SETA. Had the reduction in the number of Executive Managers been anticipated, the sample could have been expanded to include all Senior Managers in the SSETA. However, given the findings of the research interviews it is unlikely that additional insights or very different insights would have emerged.

In the final instance, a range of documents (Merriam, 1998) was utilised in the research including interview transcripts, policy documents as well as written and spoken texts.

3.3.2 Data Collection Methods and Analysis

As indicated above, multiple data sources were used. Data sources included the Executive Managers and Senior Managers who were interviewed at the Services SETA, various policy documents from relevant websites including written and spoken texts, and direct observation in which the researcher was the primary instrument. The semi-structured interview schedule is provided as Appendix 1. The policy documents including written and spoken texts are freely available from various government and academic websites.

Quantitative survey data was used together with the qualitative approach to enhance the understanding of the public sector performance management system. This information was primarily obtained from government websites and this information is freely accessible.

A database was created and used for this research to enhance the reliability of the case study, as the researcher was able to track and organise data sources both manually and electronically. For the purposes of this research, field notes (Merriam, 1998) were used specifically for the direct observation process. Detailed field notes during observation at the Services SETA provided for thick descriptions, direct quotes and observer comments to be made during both interviews and observation. In this regard, the researcher used a diary.

Whichever process is used to analyse data, the critical objective is to understand the overall case rather than only individual aspects of the case. The analysis of the data and the understanding of the overall case were done by deploying a thematic analysis of data (Bryman, 2012). The thematic analysis that the researcher used for this research focused on the themes emerging from the literature review, which included accountability, leadership including trust and employee engagement, reward and recognition, and learning. The data collection and analysis approaches utilised for this research in the end were appropriate to serve the research purpose as the approaches used provided the information, insights and data needed to respond to the research questions.

3.3.3 Validity and Reliability

With regard to this specific research, internal reliability was difficult to ensure as there is only one researcher undertaking the study. With regard to external reliability one needs to indicate if the study can be replicated or not. This too is a challenge as it is difficult to 'freeze' the context and setting of the research. For this specific research, external reliability posed a challenge as well due to the fact that the sample, that is Executive and Senior Managers at the Services SETA, may indeed provide different information in another place and time, should the performance management system change over time and should they operate within a different entity at another point in time.

This links to external validity (Bryman, 2012) which has the same challenge in that the findings of this research may not be able to be generalised, again as social settings cannot be 'frozen'. On a positive note, internal validity may be achieved if there is a good relation between the researcher's observations and the theory that will emerge; in this case, these would be the recommendations on how to transform the public sector performance management system. What is necessary for the case study is whether the findings can result in 'analytic or theoretical generalisation' (Bryman, 2012).

For this research, validity and reliability has been strengthened through triangulation and an audit trail (Baxter & Jack, 2008). Triangulation was ensured through the corroboration of qualitative and quantitative findings and information, using the multiple data sources cited earlier. The field notes and the information database, also mentioned earlier, assisted with providing an audit trail for the research. The approaches used for the triangulation and the audit trails were useful and appropriate as they served to corroborate research findings, insights and information for purposes of validity and reliability.

The quality of the research facilitated trustworthiness through the audit trail that engendered dependability, transferability in the form of the rich descriptions that were generated, and credibility through the triangulation that was done. In addition, the research findings have ontological authenticity in that the research provided insight into how the public sector is able to transform its performance management system and tactical authenticity in that the Services SETA will be empowered to transform its performance management system to develop public servants of the future.

3.4 SIGNIFICANCE OF THE STUDY

The research was conducted to examine the make-up of performance management systems, quantitatively and qualitatively, internationally, regionally and locally, and then present recommendations to transform the public sector performance management system to develop public servants of the future. Whilst the instrumental case study focused on the Services SETA, which is a Schedule 3A Public Entity, the findings could be generalised to the public sector at large because the entire public sector utilises the same performance management system.

3.5 LIMITATIONS OF THE STUDY

External validity for this research (Bryman, 2012) is a challenge in that the findings of this research may not be able to be generalised purely because

social settings cannot be ‘frozen’. This means that over time the findings could change. Respondents could thus give different answers to the same questions at a different time, which will alter the findings.

However, internal validity may be achieved if there is a good relation between the researcher’s observations and the theory that will emerge. In this case, the recommendations on how to transform the SSETA PMDS will be drawn from the assessment of the PMS and the findings reached through the research process. This ensured a correlation between the research observations and the emergent theory.

3.6 ETHICAL CONSIDERATIONS

The research complied fully with the Ethics Policy of the Graduate School of Public and Development Management, which included handling all information with the necessary confidentiality, sensitivity and anonymity. The identity of all respondents remained confidential and participation was voluntary. This was expressed in the letter to interviewees which is provided as Appendix 2.

Chapter Three outlined the research design and strategy utilised for this research. In this regard, a qualitative research strategy was used to examine the performance management system within the public sector in general and in particular the Services SETA. The fixed sample was the Executive Management team at the Services SETA as the context and it focused on the financial year 2013/2014. This case study allowed for a rich description of the ways in which the performance management system of the public sector may be transformed to develop public servants of the future. Chapter Four will provide the analysis of the data from the interviews undertaken with the sample in question.

CHAPTER FOUR

DATA PRESENTATION

4.1 INTRODUCTION

By way of introducing the analysis of the case study interviews, it is useful to be reminded that for purposes of this research, performance management is defined as a process of building a work environment that enables an employee to perform optimally, effectively and efficiently. A notable consideration is that the themes and evidence around performance management both in terms of models and the literature include accountability, leadership including trust and employee engagement, reward and recognition, and learning which includes training and development as well as mentorship and coaching.

The theoretical framework of this research report is based on the Public Sector Performance Management and Development System (PMDS) that is presently used by the South African Government for its Senior Management Service (SMS) in that it supports the transformation of a performance management system to develop public servants of the future. The PMDS was introduced to the South African public sector in 2002 with the Minister of Public Service and Administration as its custodian. This performance management system is seen as a way of organising work. A key vehicle through which the PMDS is driven is the Performance Agreement that is signed between the member of the SMS and his/her immediate supervisor.

The research questionnaire that was designed and used in the interviews with the Executive and Senior Managers at the Services SETA also focused on these themes and the theoretical framework. These themes of performance management therefore informed the analysis and coding of the interviews conducted and focused on employee engagement, creating a learning organisation and innovation, reward and recognition, training and development including mentorship and coaching, leadership and

management, the role of culture, diversity and values, the role of strategic human resource management and organisational and environmental context. As part of the research process, the Policy on Individual Performance Management and Development of the Services SETA was also analysed.

This chapter will present an overview of the Services SETA PMDS as well as the analysis of the case study. Collectively, the responses to the semi-structured questionnaire obtained through the interviews and the analysis of the policy document allowed for thick descriptions to be generated.

4.2 OVERVIEW OF PMDS IN SERVICES SETA

The Services SETA is a Schedule 3A Public Entity that operates within the ambit of the public sector, and was therefore selected as an appropriate case study. The Services SETA has undergone a lengthy period of administration which ended in June 2013. Since that time, a new Accounting Authority has been appointed to oversee the Services SETA. Despite the administration period, the entity still experiences many challenges that adversely impact on its performance. These factors have been elaborated on in Chapter One.

The newly appointed Accounting Authority has defined the organisation's strategic direction with a particular emphasis*, inter alia*, on the role of human resources in the organisation including performance management for optimal service delivery. This has also been explained in Chapter One.

The Services SETA, as a public entity, utilises the public sector Performance Management and Development System (PMDS) to manage individual performance and has developed and implemented a Policy on Individual Performance Management. In line with its policy, the Services SETA sees performance management as a mechanism for managing organisational, team and individual employee performance and building organisational capacity for the future. To create a high performance organisation, an integrated and effective performance management system is important for the Services SETA. The aim of the policy within the Services SETA is to provide

guidance for the successful implementation of a performance management philosophy, process and practice within the Services SETA in order to create an environment where individual and team performance is optimised to ensure the ultimate realisation of business plans and strategies.

The policy objectives include:

- Directing the efforts of employees within their spans of control to achieve strategic objectives in a manner which promotes optimal service delivery;
- Timeously identifying and taking constructive remedial action where objectives have not been met;
- Rewarding employees whose performance exceeded job requirements against agreed outcomes and in doing so contributing to the retention of high performing and skilled employees; and
- Building capacity amongst employees to meet present and future performance delivery requirements.

The Services SETA Policy on Individual Performance Management is based on the following principles: line managers and their staff will assume responsibility for their respective roles in the performance management and development system; both these categories of staff will take an active role in the implementation of the PMDS; line managers are accountable for the effective management of their employees and team members and in this regard they are to identify outstanding performance, find opportunities to develop their employees and successfully manage poor performance; line managers must ensure that organisational strategy is cascaded into operations and must be evidenced in the employees' performance agreements; performance management is an ongoing process and not an instance during a performance management cycle.

The policy outlines the roles and responsibilities of various actors in the PMDS. Table 1 below lists these actors and their roles within the Services SETA environment:

Table 1: Actors and Roles in SSETA PMDS

Services SETA Actor	Role of the Actor in the PMDS
Line Managers	• Align employees' PAs to organisational strategy; • Coach employees; • Create PDPs for employees; • Conduct regular one-on-one performance management sessions; • Evaluate individual employee performance according to the rating scale; and • Manage poor performance.
Employees	• Drive the management of their own performance; • Prepare for all formal performance reviews and assessments; • Provide objective feedback about their own performance; and • Take charge of their growth and development.
HR Department	• Design user friendly tools to support the PMDS; • Provide PMDS training; • Facilitate difficult and sensitive performance discussions between managers and their employees if the need arises; and • Manage the PMDS timetable.

The Services SETA's PMDS is a five step process which is depicted in Figure 8 below.

Figure 8: PMDS Process in Services SETA

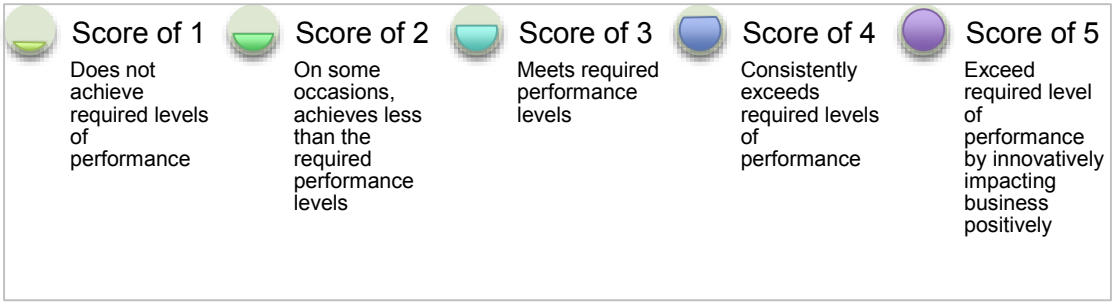


In the planning phase, the manager and employee agree on the different components of the performance agreement, which includes three sections. The first section is the individual work plan that contains the key performance areas or measurable objectives, the performance indicators, the annual target, activities and enablers as well as evidence required for each performance indicator. The second component to the performance agreement focuses on organisational transversal and governance support and comprises dimensions of strategic capability and leadership; programme and project management; knowledge management; financial management; change management; service delivery innovation; problem-solving and analysis; people management and empowerment; and communication. The third and final section of the performance agreement considers developmental requirements of the employee.

Individual and team performance will be measured over a cycle of 12 months, starting on 1st April of each year and ending on 31st March of the following

year. A quarterly timetable has been designed by the HR Department to co-ordinate the implementation of the PMDS within the Services SETA. Quarterly performance reviews and annual performance assessments are conducted utilising a five-point scale, as shown in Figure 9 below.

Figure 9: Five-Point Rating Scale



Source: DPSA, 2003

This rating scale allows an employee to be rated on both a quarterly and annual basis. An employee may obtain scores between one and five. It should be noted that the SSETA utilises a split bonus scheme, in terms of performance bonus awards, for Managers. The bonus is calculated on the basis of a split between organisational − 20%, and individual performance − 80%. This means that the performance of a manager is rated according to a combination of both individual and organisational performance, with the former carrying a higher weighting.

Based on the above, it is clear that the Services SETA PMDS is very closely aligned to and based on the public sector PMDS in South Africa.

Moving on to the case study, as indicated in Chapter Three, four Executive Managers and two Senior Managers were interviewed at the Services SETA, at their Head Office in Parktown. The Services SETA has nine regional offices located throughout the country. This group of top management was selected as the sample due to their role in performance management system implementation and the fact that they are intrinsically the most critical group of employees who are able to impact service delivery for the Services SETA.

4.3 SUMMARY OF RESPONDENT INTERVIEWS

Table 2: Summary of Respondents Results from Interview

Research Interview Question	Public Sector PMDS	SSETA PMDS	Qualifying Comments
How long have you worked in the public sector, and specifically at the Services SETA?	Minimum = 4 years Maximum = 23 years Average = 12.66 years Total = 76 years	Minimum = 1 years Maximum = 23 years Average = 3.21 years Total = 19.3 years	None
What have been your highlights and challenges during this time?	Highlights = 25% Challenges = 75%		None
One of the key programmes from a governance perspective in the public sector is that of performance management. What is your experience with public sector performance management?	83% of the sample has experience with public sector PMDS	17% of the sample has experience with the SSETA PMDS	None
In your view, what are the strengths of the public sector performance management system?	Number of strengths identified = 6	Number of strengths identified = 1	None
What are the weaknesses and gaps in the current system?	Number of weaknesses identified = 11	Number of weaknesses identified = 11	None
Does, and if so how does, the SSETA performance management system translate organisational strategic goals and objectives into divisional, departmental, team and individual goals and objectives?	Yes	The SSETA PMDS is in the process of translating organisational strategic goals and	None

		objectives into divisional, departmental, team and individual goals and objectives.	
Does the SSETA PMDS allow for a continuous and evolutionary process in which performance improves over a period of time?	No	No	None
Is the SSETA PMDS based on communication, co-operation or on control?	Yes	No.	In SSETA, communication and co-operation happens when the manager or leader uses this type of management style.
Does the SSETA PMDS promote self-management of individual performance and team performance?	Yes	No	In SSETA, the promotion of self-management depends on the manager.
What kind of management style is ushered in by the SSETA PMDS?	Democratic	Mixed	In SSETA, this depends on an individual's management style.
Does the SSETA PMDS ensure a continuous feedback loop in terms of organisational, divisional, departmental, team and individual performance?	No	No	In SSETA, this is dependent on the management style deployed.
What, in your view, are performance management strategies that you would recommend for Services SETA?	Various	Various	None
Issues of accountability and leadership are important at the level of executive management in the public sector. How do you think these	Yes	No	In SSETA there is little leadership demonstrated

aspects are addressed by the performance management approach in the public sector?			and no accountability shown.
Within an organisation, dimensions of trust, employee engagement, and reward and recognition are important for staff. In your view, how does the performance management system of the public sector engender these dimensions within the organisation?	Trust = Yes Employee Engagement = Yes Reward & Recognition = Yes	Trust = No Employee Engagement = No Reward & Recognition = Yes	None
In recent years, innovation and creating a learning organisation have come to the forefront. What would you say the role of the performance management system is in ensuring that these aspects are built into the organisation's daily operations?	Yes	No	None
Do you think that the public sector performance management system is aligned to best practices globally?	No	Not Sure = 2 Yes = 1 No = 3	None

4.3.1 Experience in the Public Sector & SSETA

Table 3: Interviewees Demographic Profile & Years of Experience in Public Sector & SSETA

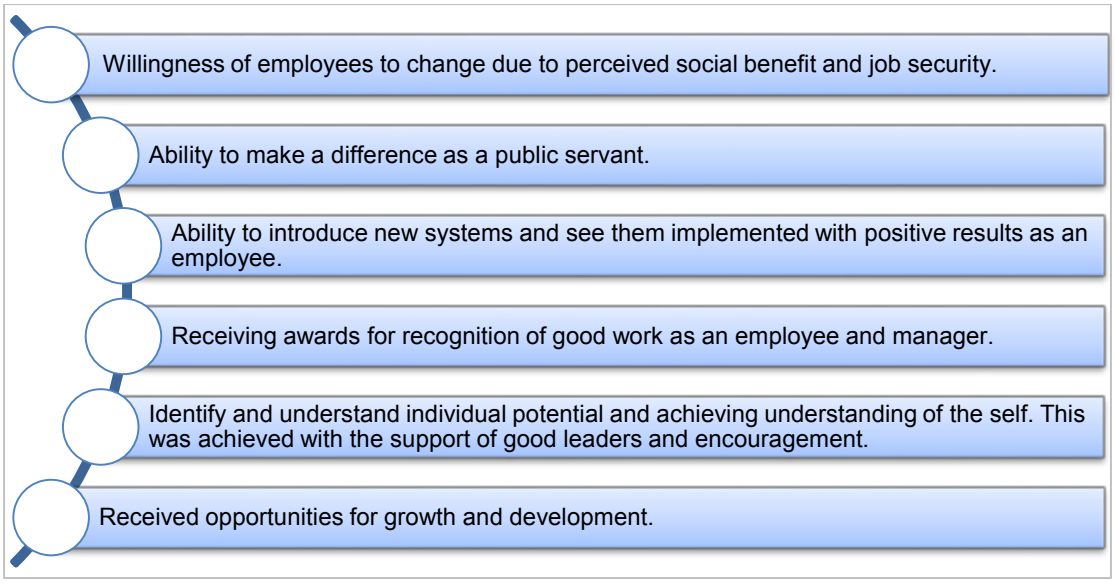
Interviewee	**Gender**	**Age**	**Race**	Years experience in public sector	Years experience in SSETA
EM1	Female	36	African	4	2
EM2	Female	52	African	10	1
EM3	Male	51	Coloured	7	1
EM4	Male	52	African	12	12
SM1	Male	43	White	23	1.5
SM2	Male	44	Coloured	20	1.8
Total years experience	**-**	**-**	**-**	**76**	**19.3**
Average years experience	**-**		**-**	**12.66**	**3.21**

The total sample interviewed were *au fait* with the system of performance management in the public sector generally, and specifically in the SSETA. When one considers the total years of experience that this sample has in relation to the public sector, the statistics show that there is a wealth of experience within the public sector, with limited years of experience in the SSETA, except for one outlier of 12 years. The statistics reflected in Table 1 show the relevance of the sample to the research as this group of managers is well versed with the public sector and SSETA performance management systems and are therefore considered as a representative sample.

4.3.2 Key Highlights and Challenges

The following three figures, namely Figures 10, 11 and 12, present the responses from respondents when questioned about their main highlights and challenges in the public sector and/or the SSETA:

Figure 10: Highlights in Public Sector and SSETA

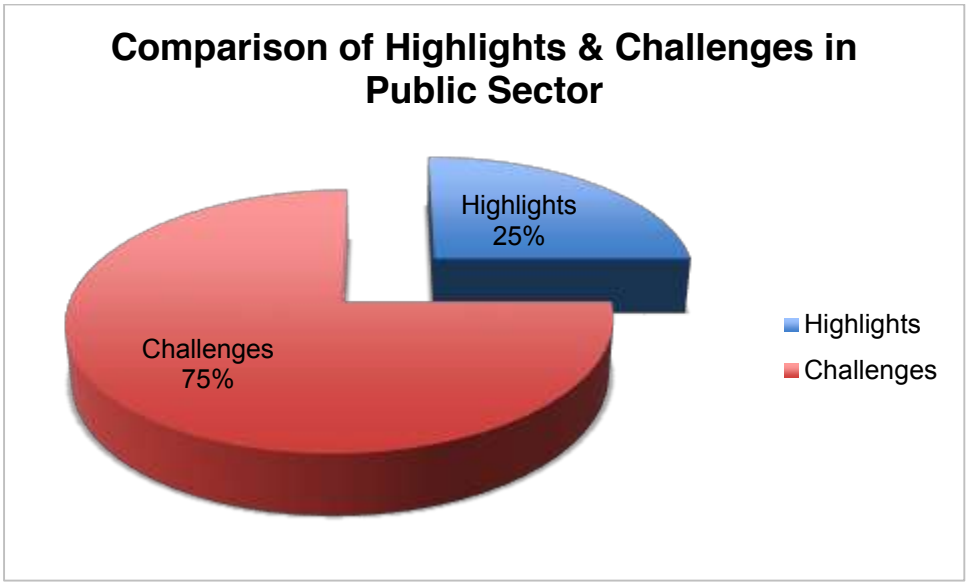


As shown in Figure 11 below, when the definition of performance management is brought to bear in relation to these highlights and challenges, that is, that performance management is seen as a way of creating a work environment that acts as an enabler for an employee to perform optimally, effectively and efficiently, it is clear that all these factors pertain directly to performance management and the advantages and disadvantages of developing a comprehensive performance management system.

Figure 11: Challenges in Public Sector & SSETA



Figure 12: Comparison of Highlights & Challenges in Public Sector

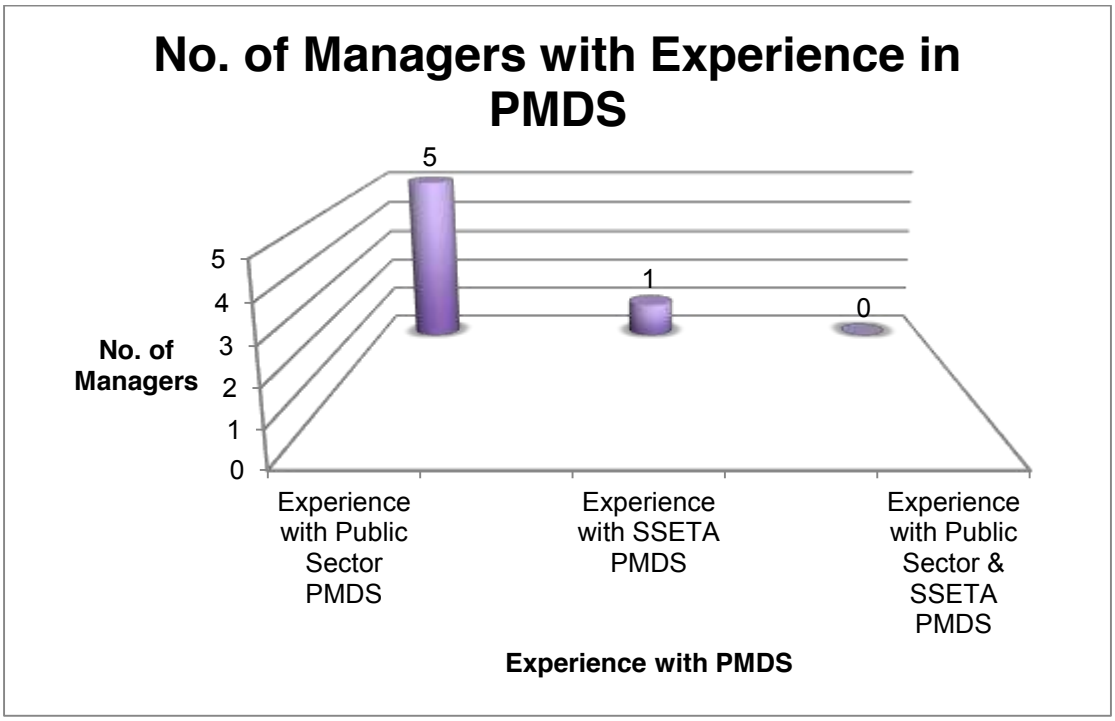


The above comparison clearly shows a significantly higher number of challenges in the experiences of the sample than highlights during their service in the public sector. This is indicative of the state of the public sector in terms of its performance, according to the respondents.

4.3.3 Experience with public sector performance management as a form of governance

Figure 13 shows that from the sample of six members of top management that were interviewed, 83% of the sample indicated that they have experience with the public sector PMDS, with the remaining 17% only having experience with PMDS in the Services SETA. However, of the 83%, none of the managers indicated that their experience with the public sector PMDS was obtained at the Services SETA.

Figure 13: Experience of Managers with PMDS



Some interviewees indicated that there is relevance in the PMDS as it is a standardised system for the public sector, though there were indications that

whilst it is a standardised system, the implementation thereof is vastly different from one public entity to another. It was indicated that the PMDS as a system could be effective if implemented correctly with the right tools and systems. However, the inconsistency in the utilisation of the PMDS, that is, where the PMDS is not implemented correctly, can lead to an unsystematic process in implementation. In juxtaposition, it was highlighted that the system may not recognise those individuals who work hard and perform optimally.

In addition, the significance of the tool was highlighted in facilitating both organisational and individual performance. However, this significance may be diluted by a lack of understanding of the purpose and desired outcomes of a PMDS.

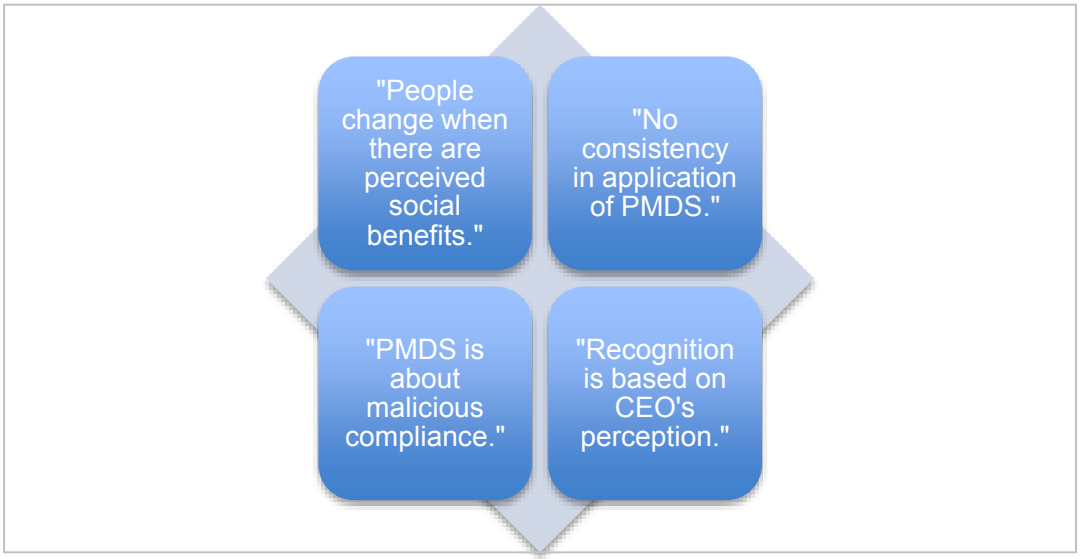
Furthermore, it was indicated that there is no qualitative aspect to assessing performance, only quantitative assessment of performance. This therefore means that the form of assessment brought about by the PMDS is not comprehensive nor is it an accurate assessment of performance of either individuals or organisations.

The role of the DPSA as the custodian of the system was highlighted as critical in terms of benchmarking the PMDS and ensuring that the public sector keeps abreast of developments in this regard.

Views were expressed that the performance management system is implemented for malicious compliance purposes and the benefits of the system as seen by employees is only that of receiving a performance bonus, whereas performance management should have a greater focus on improving individual and organisational performance on a continuous basis through constant feedback. Incentives through performance bonuses provide only short-term motivation.

The performance management and development system should provide an environment where employees feel motivated to perform optimally and thereby contribute meaningfully to individual and organisational performance.

Figure 14: Quotes from Respondents on their Experience with PMDS



4.3.4 Strengths of the PMDS

Respondents indicated that the public sector PMDS has ushered in a platform to actually measure and monitor performance. The evidence-based reporting for performance assessments allows for an objective assessment of performance. The PMDS if properly aligned to organisational goals and objectives can yield results. Generally, if the system is implemented properly by managers and understood well by employees, it serves as a good system to manage performance.

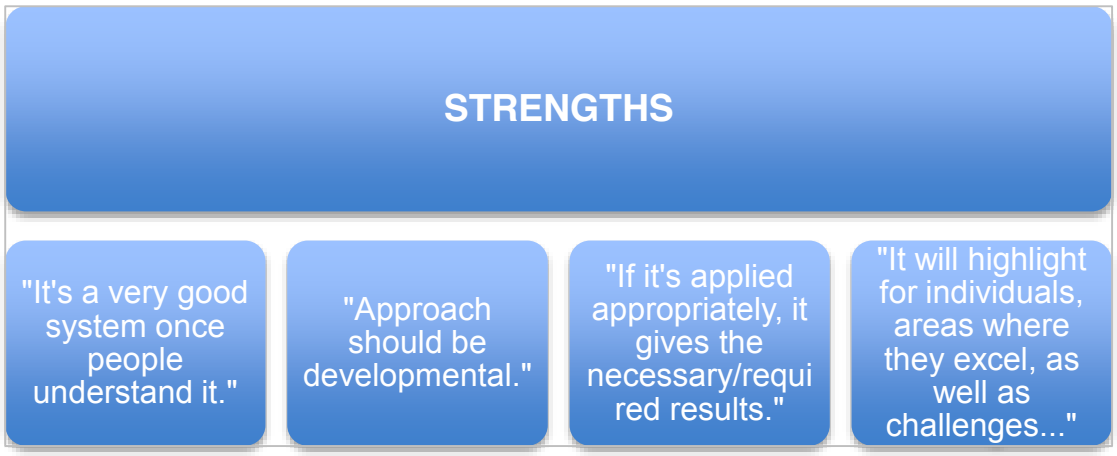
It was also stated that the public sector PMDS creates the space to benchmark within an organisation to determine best practices as well as externally with other public sector departments and entities, in order to improve individual and organisational programmes and practices.

Interviewees felt that the system generally allows for the recognition of good performance and provides measures to address poor performance. Recognition of good performance comes in the form of incentives, which is a motivator in itself. The PMDS is thus a good mechanism in this regard. The system also allows for objective assessment of individual performance and

assists employees with understanding their areas of strength and weakness. This brings to bear on the developmental aspect of the PMDS, which should assist employees to obtain the necessary skills to perform optimally, which adds value to both the individual in performing better and to the overall organisation.

The respondents gave no indication, save for the fact that the SSETA PMDS has focused attention of employees on the link between strategy and performance, of the strengths of the PMDS specifically in relation to the SSETA PMDS but generalised their experience to the public sector.

Figure 15: Quotes from Respondents on Strengths of PMDS



4.3.5 Weaknesses of the PMDS

Two respondents felt that the public sector PMDS does not allow for flexibility in that it is a standardised tool applicable to all entities and departments in the public sector. The public sector PMDS is seen as restrictive in that it does not allow for individual creativity in the performance of their duties and the achievement of their targets. This quantitative assessment means employees are not given the freedom to “think outside of the box” in performing their day-to-day functions.

According to a number of interviewees, there is poor comprehension of the system's objectives and how it works, especially in terms of an individual's performance reporting from an evidence-based perspective. This creates an environment of malicious compliance to adhere to the system.

A significant number of interviewees felt that managers are not trained on the application and implementation of the PMDS, which leads to ambiguity and subjective implementation of the PMDS.

Two interviewees indicated that the SSETA at this stage has no formal system of performance management as it is currently under review. There are no formal signed performance contracts in place, which leads to confusion about the roles of individual employees. However, there has been some work undertaken to establish a proper performance management system, which sees the alignment of organisational goals to individual activities, though there is still a long way to go for the SSETA to reach an optimal performance management system.

One critical issue noted by a respondent is that the general public sector PMDS and specifically the SSETA PMDS do not consider organisational context and environment. It is important that new employees when entering the organisation are assisted with understanding this context and environment so that they are able to adapt and "learn the ropes" so that they can perform well. This is especially true for the SETA environment where an individual cannot receive a qualification specific to the organisation's core mandate. In addition, delivery takes place in the external domain so context must be considered with regard to the PMDS for the SSETA, as employees do not have control over all factors, which may negatively impact their performance. The two areas of concentration, namely internal and external, must be the context that the PMDS considers.

One respondent indicated that the role of HR in facilitating the understanding and the communication relating to the PMDS cannot be over-emphasised. HR practitioners play a pivotal role in ensuring that the developmental aspect of

the PMDS is realised and that skills match the job requirements and the needs of the organisation.

An important issue raised was that the current system does not link to the improvement of both the organisation and the employee. The fundamental element of the formula for performance management is the alignment of personal values and organisational goals and values.

An interviewee argued that the system does not differentiate between individual and organisational performance although it should, as the one should lead to the other. However, this is not the case as an individual may perform and meet their targets but this is not translated cumulatively into organisational performance.

Figure 16: Quotes from Respondents on Weaknesses of PMDS



Figure 17: Comparison of Strengths & Weaknesses of PMDS in Public Sector versus SSETA

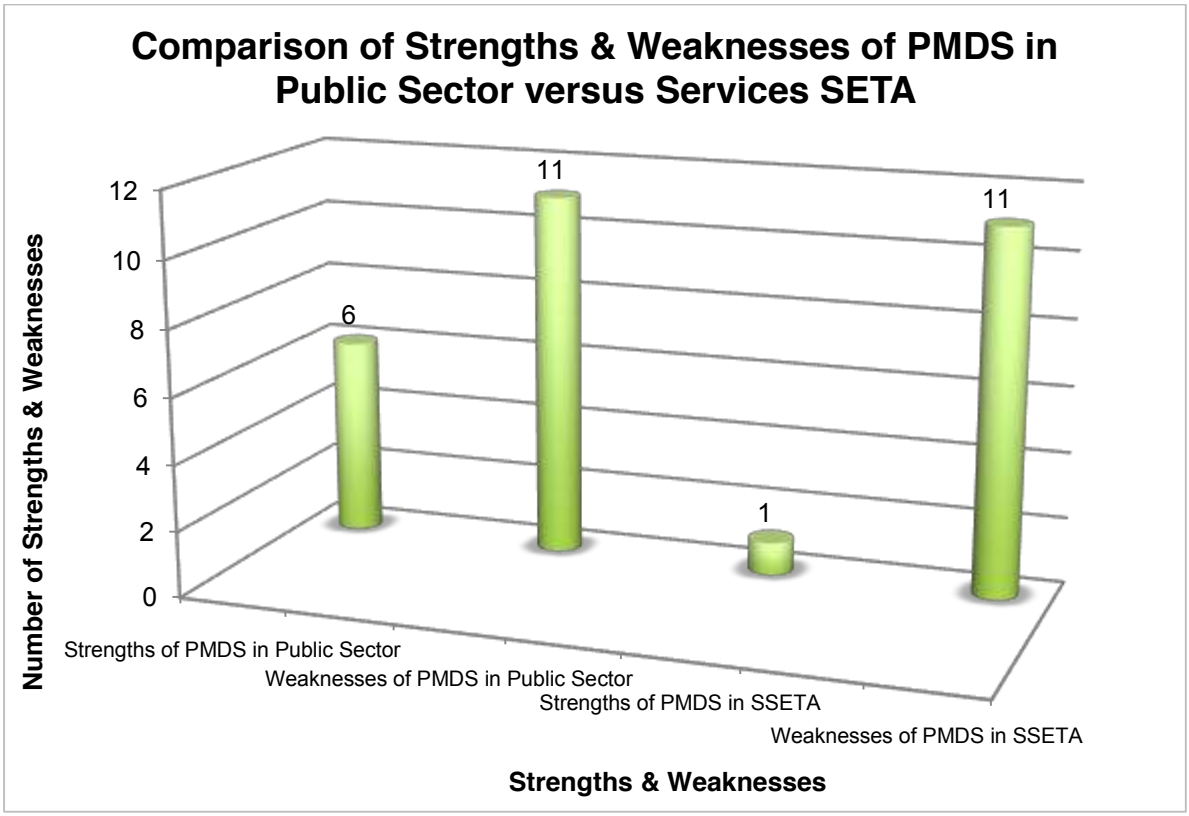


Figure 17 above reflects a comparative analysis of the strengths and weaknesses in the PMDS of the public sector and Services SETA respectively. It is evident that the weaknesses in the PMDS outweigh the strengths for both the public sector and the SSETA PMDS.

4.3.6 Services SETA PMS ability to translate organisational strategic goals and objectives into divisional, departmental, team and individual goals and objectives

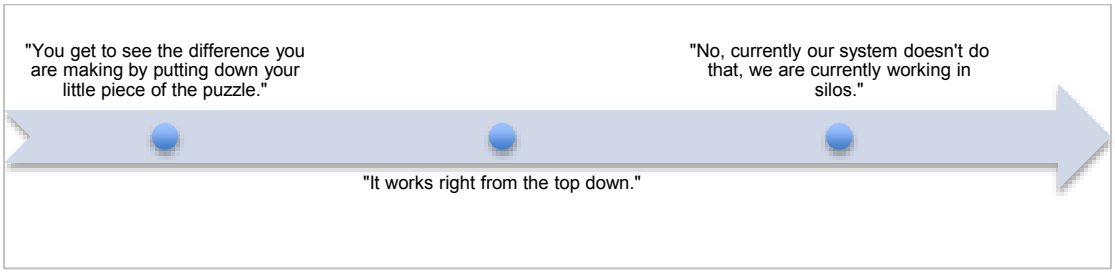
It was noted that previously the SSETA did not implement a process of planning that allowed for alignment of goals and objectives at various levels and across various divisions, but merely planning as silos. The recent work undertaken in the Services SETA in terms of performance management has seen the alignment of organisational and departmental objectives and activities. The process is not yet complete as the individual goals and objectives have yet to be considered and brought to bear on the system.

However, the process to date required a long period of time to inform employees of the process and convince them of its merits.

Respondents were in agreement that there is still some work that the organisation should undertake to ensure that the employees of the SSETA understand the bigger picture in relation to organisational, divisional, departmental, team and individual goals and objectives. What is lacking in the SSETA is alignment between the organisational and divisional goals with the individual goals and objectives.

One respondent indicated that once awareness of the PMDS develops amongst employees of the bigger picture and the performance management system, employees would become excited about the bigger picture and their individual role therein. In the final instance, one respondent indicated that through the leadership he received he was able to translate organisational goals and objectives into departmental and individual goals and objectives for his entire department. This was found to be an isolated finding with only one respondent.

Figure 18: Quotes from Respondents on PMDS Ability to Translate Organisational Goals



4.3.7 Services SETA PMDS allows for a continuous and evolutionary process in which performance improves over a period of time

One of the challenges highlighted was that the performance management system looks at a financial year from the perspective of the performance agreement that is signed between an organisation and an employee. The only area within that performance agreement that is carried over into a new

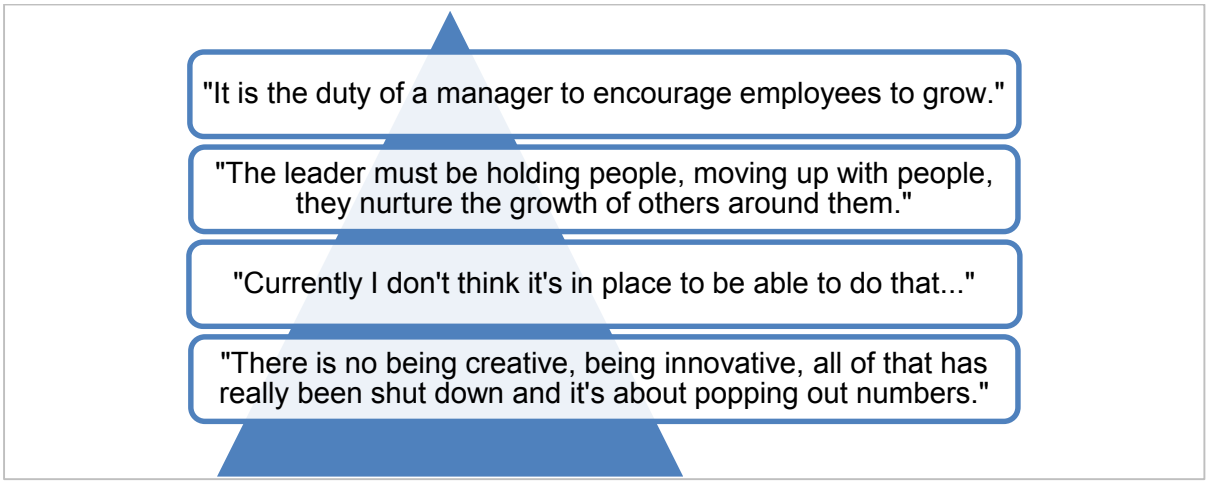
financial year is that of individual training and development. The review of performance is done for the financial year without any bearing on the next financial year and the related performance agreement. This in itself is not unique to the SSETA as it is the same for the public sector PMDS. It is a challenge in that performance is only viewed within a twelve-month cycle and not from a continuous and evolutionary perspective.

In the SSETA and the public sector, this lack of continuity and evolution in relation to performance negatively impacts succession planning for individual employees. An employee's performance assessment outcomes are not comprehensively documented in the current SSETA system, which means that an employee's performance history is dependent on a manager not leaving the SSETA, as records are wholly inefficient in terms of a continuous and evolutionary process of performance improvement. Equally, the current SSETA system is geared towards dealing with poor performers and top performers.

It was, however, stated by one respondent that once the SSETA implements the total performance management system that would allow for continuous and evolutionary performance improvement over time. In this regard the role of management and leadership was emphasised as important in terms of directing the development of employees both professionally and personally.

One respondent indicated that continuous and evolutionary performance improvement over time could only be realised if the organisation facilitates daily, weekly, monthly, quarterly and annual performance feedback. This allows for constant feedback on how to improve performance for the individual and the organisation as well as identifying areas where employees require additional development and training.

Figure 19: Quotes from Respondents on Performance Improvement Ability in PMDS



4.3.8 SSETA's PMDS is based on communication, co-operation and consensus or on control

Two respondents indicated that the SSETA PMDS is based on control in terms of targets and objectives being predetermined through the annual performance plan. One respondent agreed that the SSETA system is one based on control; however, in his own division it centred on communication, co-operation and consensus due to the leadership that was driving the process. A fourth respondent reiterated the role of management and leadership in terms of whether the system would be based on communication, co-operation and consensus or control. Another respondent indicated that the control dimension would apply when a manager misused the PMDS to settle scores with an employee.

The final respondent indicated that in the public sector, if the PMDS is implemented correctly, it would be based on communication, co-operation and consensus as there is a mutually beneficial engagement that focuses on organisational *vis-a-vis* individual objectives and targets for performance. This was supported by a respondent who indicated that this could only emerge when an organisation goes through a maturity phase, which includes employees feeling motivated within their organisation and therefore striving for optimal performance.

Figure 20: Quotes from Respondents on Communication, Co-operation & Consensus in PMDS



4.3.9 SSETA's PMDS promotes self-management of individual performance and team performance

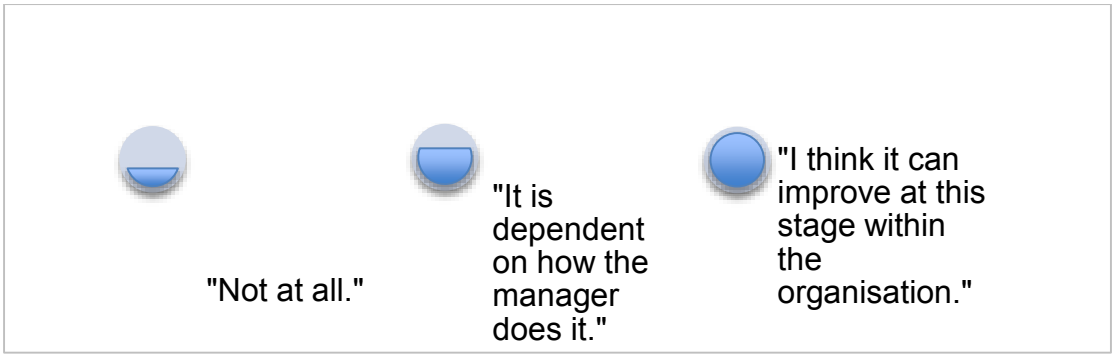
Two respondents noted that the SSETA PMDS, once it is comprehensively implemented, would promote self-management as does the public sector PMDS, as it requires an individual to first rate themselves and produce supporting evidence for their rating. This therefore means that an individual employee can manage and assess their individual performance.

However, two respondents indicated that the SSETA system does not promote self-management of individual performance nor does it promote the management of team performance as employees are not clear on what their targets are which makes it difficult to manage one's own performance, let alone team performance. An interviewee cited the problem with the absence of precisely delineated roles and responsibilities with regards to performance management. If one's roles and responsibilities are not clearly defined, and there are no targets that have been set, holding an employee responsible for their performance and holding them accountable becomes a critical challenge. One respondent indicated that this situation is exacerbated by the fact that managers have not assisted employees to understand what the organisational targets are and have not indicated exactly how individual employees and teams are affected.

According to one respondent, the promotion of self-management and the management of team performance depend on a manager and their implementation of the performance management system, which reinforces the role that managers are required to play, as explained above.

Another respondent took this issue further by stating that managers need to play a coaching role in assisting employees to perform well. Once this is achieved, managers may then engage employees on the targets they need to achieve. The respondent indicated that this must be seen as a journey of taking employees and the organisation from their current status quo to their ideal state and that each step of the journey requires a different leadership and management style.

Figure 21: Quotes from Respondents on PMDS Promotion of Self-Management of Performance



4.3.10 Type of management style ushered in by the SSETA PMDS

Generally the respondents indicated that the SSETA system would require a mix of management styles, especially at different points in the implementation of the PMDS. On one extreme, there have been experiences of democratic management styles that ushered in collaboration and consultation, whilst on the other extreme, there has been an autocratic style.

4.3.11 Service SETA PMDS ensures continuous feedback loop in organisational, divisional, departmental, team and individual performance

One respondent indicated that providing continuous feedback on performance is challenging in a public entity, much like the public sector generally, where there is a high vacancy rate and thus insufficient capacity. This does not allow for a situation where feedback may be given at the required levels with the necessary frequency, as there are staff who are appointed to temporarily fill a vacancy, which increases their scope of work and span of control. This therefore creates a situation where the sheer numbers adversely impact on providing performance feedback from a value creation perspective.

Another respondent indicated that previously the SSETA PMDS only catered for individual performance feedback and not for teams, departments, divisions and the organisation. Currently though, a respondent said that there is no form of feedback throughout the organisation. One interviewee stated that the SSETA cannot even begin to think about feedback at any frequency or at any level, if targets are not clearly defined or communicated and if roles and responsibilities are not determined. The silo effect and fragmented approach to operations are factors that further complicate matters and cannot allow for organisational performance to be assessed.

A third respondent stated that in his own division there is continuous feedback at individual, team, departmental, divisional and organisational level at periodic points in time. This is largely due to the manager's style of ensuring collaboration, consultation and communication. The final respondent indicated that once the full PMDS is implemented in the SSETA, it would allow for daily, weekly, monthly, quarterly and annual performance feedback for all employees.

Figure 22: Quotes from Respondents on Feedback in PMDS

"It depends on the context of a particular department."
"In my direct area it's through meetings, continuous feedback and communication."
"No, not at all. You might if you are lucky to get that from your manager or direct supervisor."

4.3.12 Recommended Performance Management Strategies for SSETA

A respondent stated that it would be important to build a performance management strategy by starting with educating employees on what performance management is and what it entails as well as creating awareness on individual, divisional, team and organisational performance. In this regard, employees would understand their individual roles within the organisational strategy. Ongoing communication and employee engagement around performance management and its system is necessary for employees.

It was noted that a successful PMS for the SSETA requires the recognition that there is both individual and organisational performance that the PMS must address from a developmental perspective. Two respondents cited that the PMS must consider organisational context and environment. Only two of the respondents cited the significance of building the development of soft skills into the PMS as well as focusing on the overall individual to enhance performance. One respondent indicated that reward mechanisms should be put in place for good performance but it should include establishing developmental mechanisms for under and/or poor performers. Respondents cited a number of recommendations around performance management strategies for the SSETA including the CEO's annual award, Divisional Performance Awards and Team Awards.

One of the ways that could build integration within the organisation was that of rewarding good performance for cross-functional teams. One respondent cited the importance of establishing a culture for recognising performance. The role of leadership driving performance management in the organisation

was cited as critical if the SSETA were to improve its performance and successfully implement a PMS.

4.3.13 SSETA PMDS addresses accountability and leadership

The SSETA ideal PMDS will focus on accountability. However, performance criteria must be defined and agreed upon, clear and immediate consequences for performance and non-performance must be defined and communicated, and the PMDS processes must be fair and consistent.

It was observed that the SSETA PMDS can only address accountability and leadership once the organisation places appropriately skilled individuals in the most appropriate jobs with the correct tools of the trade. This would set the tone for optimal performance. Once this is in place, the role of leadership is important in ensuring good performance by motivating achievers and developing poor performers in relation to their skills and competencies. There is also the group of employees who have become stagnant in their positions and the role of the manager is to identify this problem and find a developmental solution to improving the employee's performance.

An interviewee stated that the current situation in the SSETA is that there is a lack of accountability at every level of the organisation. This is exacerbated by the lack of leadership drive to implement performance management in the organisation.

Interesting to note was the response of one interviewee who observed that development and succession planning is critical to address accountability and leadership through a PMDS. The development of employees internally to operate at the level of management is a critical area that the HR practitioners must address so that employees are exposed to the necessary training and development that will inculcate leadership and accountability into individual and organisational performance management.

Organisational context was as a key factor in determining whether the SSETA PMDS could engender leadership and accountability. In an operating environment where there is much happening to get the basics right and putting in place the necessary mechanisms, systems and procedures, it makes accountability and leadership in performance management very difficult.

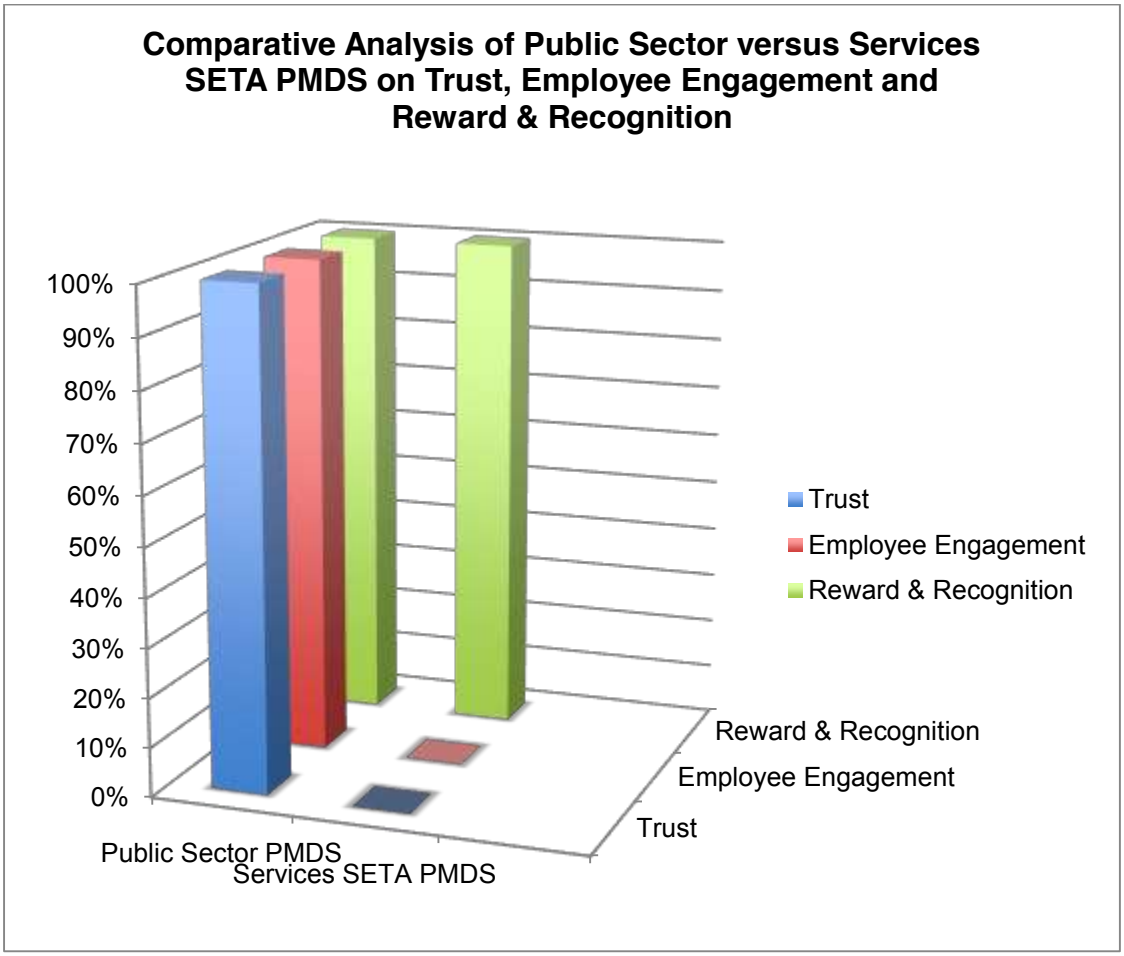
Figure 23: Quotes from Respondents on Accountability and Leadership in PMDS



4.3.14 Dimensions of trust, employee engagement and reward and recognition are engendered within the organisation through the public sector PMDS

In response to this question, respondents shared their experiences in relation to the dimensions of trust, employee engagement and reward and recognition and the extent to which these are engendered within the organisation through the public sector PMDS, within the public sector in general, and in the Services SETA specifically. This is represented in Figure 24 below.

Figure 24: Comparative Analysis of Public Sector versus Services SETA PMDS on Trust, Employee Engagement and Reward and Recognition



For one respondent, reward is seen as a good initiative, which could have a domino effect on employees motivating each other to perform. However, one respondent indicated that the allocation of rewards and recognition might not altogether be objective and fair as there is a human element involved and to mitigate this challenge it is useful to have 360° performance assessments to obtain assessments from peers, subordinates and managers. Another interviewee stated that the SSETA and public sector PMDS is rather prescriptive in terms of reward and is the antithesis of an incentive. Incentivising employees will impact consultation and communication, confidence and content in terms of performance and these dimensions lead to trust. However, the opposite is also possible.

Another respondent indicated that the SSETA PMDS does have aspects of reward and recognition, which are motivators for performance to other employees.

One respondent indicated that the SSETA PMDS does allow for trust and employee engagement insofar as the component of employee self-assessment is concerned as it provides a platform for honest and robust engagement between an employee and his/her manager. In sharp contrast, another interviewee indicated that there is no trust in the organisation, which leads to job insecurity. The respondent also indicated that the SSETA system previously would pay performance bonuses to staff whether they performed or not. Again the issue of malicious compliance in implementing the system was raised.

One aspect that is critical to the PMDS in the SSETA and for the trust relationship is the right to appeal for employees.

4.3.15 Role of Public Sector PMDS in bringing about innovation and creating a learning organisation

For one respondent reward and recognition is linked intrinsically to innovation and creating a learning organisation. The reward lies in employees bringing about new ways of doing things and obtaining recognition and acceptance amongst peers. A more effective performance management system should foster innovation and creating a learning organisation that values learning and innovation. Recognition and reward for innovation and learning may motivate employees to do things differently and better and thereby optimise their performance. It also allows employees to embrace and become involved in the organisation's bigger picture and become motivated to own their organisation.

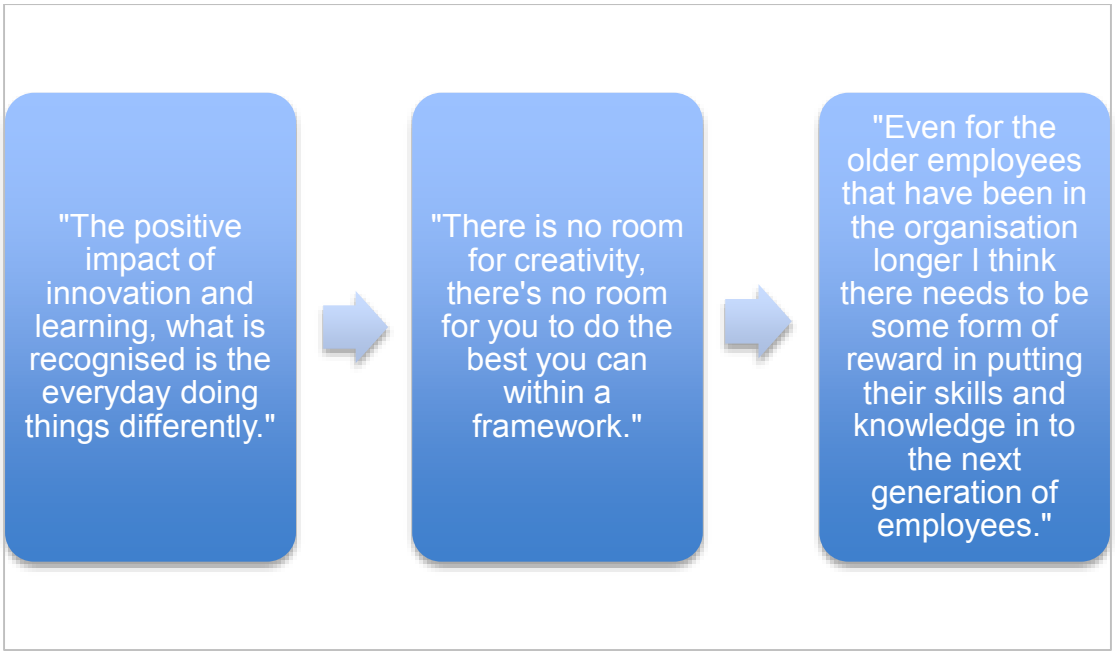
Another interviewee indicated that an organisation must create the space for innovation and creating a learning organisation and not confine employees to

their job functions. This flexibility will also motivate employees to perform better.

One respondent who linked the older generation to the younger generation observed that the former comes with institutional memory whilst the latter brings innovation to the organisation and that an ideal performance management system in any organisation should bring these two generations together for optimal organisational performance.

Two respondents indicated the importance of the organisation encouraging a learning environment where development of skills, capabilities and expertise is critical to performance.

Figure 25: Quotes from Respondents on Innovation and Creating a Learning Organisation through PMDS



4.3.16 Public Sector PMDS is aligned to best practices globally

In considering the responses of the sample to whether or not the public sector PMDS is aligned to best practices globally, there was a mixed response. Two of the six respondents were not sure; one of the six stated that the public sector PMDS is aligned to best practices; and three of the six indicated that

the public sector PMDS is not aligned to best practices and emerging trends globally.

One of the respondents noted the important role that the Department of Public Service Administration (DPSA) has to play in this regard, indicating that the public sector PMDS is aligned to global best practices and that whilst there is alignment, the main question was around implementation of the system insofar as it is used to manage performance or whether it is merely complied with, and was referred to as “malicious compliance”. This was cited by the respondent as an area that requires further investigation.

One of the respondents who responded negatively to this question indicated that one only needs to consider the challenges in the public sector to appreciate that the current public sector PMDS is not aligned to best practices globally. These challenges are noted in the earlier section on challenges.

4.4 CONCLUSION

From the results of the interviews it is evident that the sample shared varied responses and experiences pertaining to the PMDS of the SSETA specifically, and the public sector generally. One may deduce that the PMDS of the Services SETA is flawed in comparison to the PMDS as mooted by the public sector. These flaws range from the design of the SSETA’s PMDS, to its implementation, to the role of HR as champion of this HR system, and finally to a lack of leadership in driving the implementation of this critical tool in managing performance and ensuring accountability. In Chapter Five an assessment of the SSETA’s PMDS will be done within the contextual framework of the public sector PMDS, as well as identifying the successes and failures of the SSETA’s PMDS and articulating the need for improvement and enhancement of the SSETA’s PMDS.

In the final instance, the findings of the interviews support and prove the research question in that the SSETA PMDS is not, and should be, transformed to develop Executive Managers as public servants of the future.

Furthermore, there are significant weaknesses, as opposed to strengths, in the SSETA PMDS, which does not allow it to develop Executive Managers as public servants of the future. Lastly, the SSETA PMDS does not in any way link performance to innovation, and therefore does not contribute to the promotion of a learning organisation, nor does it link to trust or employee engagement.

Chapter Five will articulate the researcher's assessment of the SSETA PMDS within the above context.

CHAPTER FIVE

ANALYSIS AND INTERPRETATION OF RESULTS

5.1 INTRODUCTION

Chapter Five will present the adopted theoretical framework for the analysis of the Services SETA PMDS, which will be followed by an evaluation of the SSETA's PMDS strengths and weaknesses. The chapter will conclude with the identification of areas of the PMDS that will require improvement and indicate why this is important for the Services SETA.

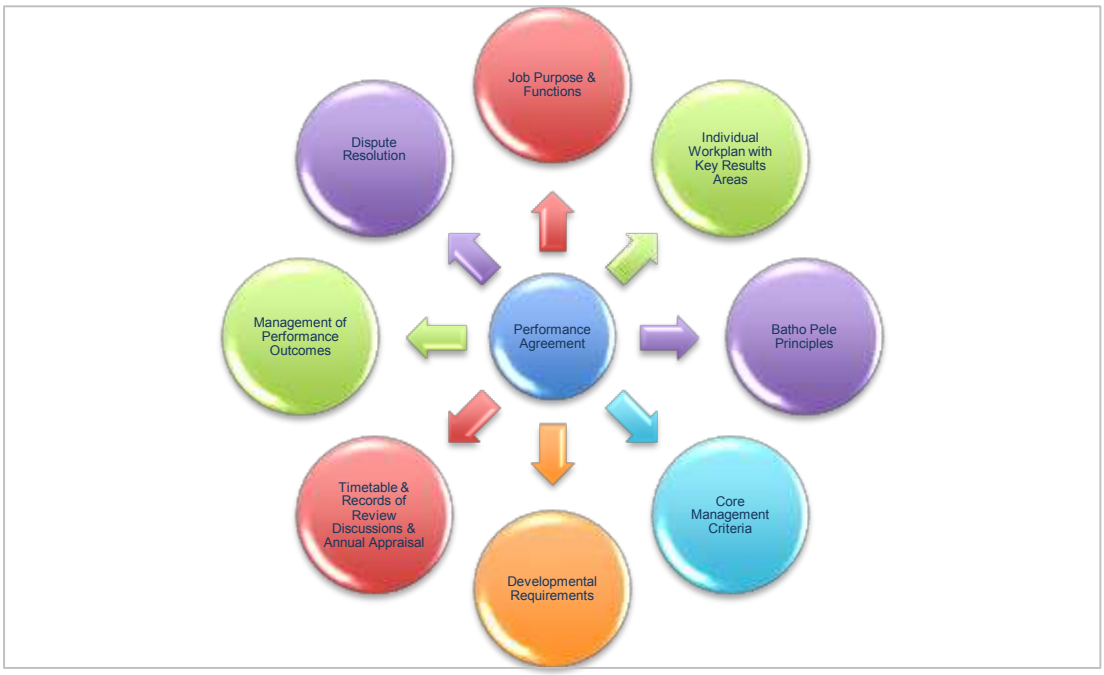
5.2 REVIEW OF PMDS IN SSETA AGAINST THEORETICAL FRAMEWORK

The theoretical framework of this research proposal is premised on the Performance Management and Development System (PMDS) that has been used by the South African Government since 2002 for its Senior Management Service (SMS) as it provides a framework for a PMDS that could develop public servants of the future.

The public sector PMDS is presented as a method of organising work for the SMS which includes KPAs with measurable outputs in quality, quantity and time, the *Batho Pele* Principles, CMCs and cascading organisational strategy into operations. The mechanism through which this is achieved is the Performance Agreement (PA) signed between the SMS member and his/her employer or direct manager. On a periodic basis − quarterly or every second quarter − and on the basis of the signed Performance Agreement, performance reviews are conducted throughout the financial year with a final performance assessment done at the end of the financial year. A rating scale, with 1 being the lowest score and 5 being the highest score, is utilised to score the employee's performance (see Chapter 4, Figure 9 for the rating scale). A key aspect of the PMDS is the inclusion of developmental requirements in the PA that ensures dedicated attention to the training and development of SMS, which is seen as an ongoing process.

Figure 26 below summarises the key dimensions of the Performance Agreement as defined by the Department of Public Service Administration (DPSA):

Figure 26: Public Sector PMDS Performance Agreement Dimensions



Key aspects of the public sector PMDS include increasing the accountability of managers; improving governance within government departments; and building a management cadre of managers and leaders who are able to traverse a multi-dimensional and complex terrain whilst ensuring high levels of performance and optimal levels of service delivery to a range of communities with diverse needs, expectations, cultures and backgrounds, with scarce and limited resources at their disposal. Thus, the PMDS is intended to be a consultative, developmental and supportive system that aims to improve organisational effectiveness and efficiency, promoting the achievement of targets and the delivery of results as well as ensuring accountability for allocated resources. The system also makes particular provision for the management of poor performance while also recognising excellent performance.

The public sector PMDS should be integrated with other organisational systems and processes, like HR, Strategic Planning and Budgeting. In this regard, there is a critical role for the HR Department in developing job profiles to inform recruitment and selection as well as informing the PMDS. The latter occurs with the job profiles, performance agreements and performance review outcomes informing the developmental aspect of the performance agreement. A related but distinct focus is that organisational learning should be effected through the PMDS. Heads of Departments, as the leadership of the organisation, should create an environment conducive to ongoing learning at every level of the organisation and this learning should be complemented by continuous and regular feedback on performance and communication on organisational strategy.

The Services SETA's PMDS is based to a large extent on the public sector PMDS, as evidenced by its Policy on Individual Performance Management. The SSETA PMDS is a system for managing organisational, teams and individual employee performance and building organisational capacity. The policy has the intention of guiding employees' work efforts; taking remedial action on poor performance; offering rewards and meting out sanctions where deemed appropriate; and building capacity. The PMDS is a five-step process that includes performance and development planning; monitoring performance; quarterly reviews and feedback; corrective action; and final appraisal and assessment. The main vehicle through which the system is implemented is the Performance Agreement, similar to the public sector. Performance is measured quarterly and annually through quarterly performance reviews and annual performance assessments that are effected utilising a five-point scale.

Figure 27 below presents the main aspects of the Performance Agreement within the Services SETA PMDS:

Figure 27: Services SETA PMDS Performance Agreement Dimensions



As seen in the SSETA Policy on Performance Management, there are specific roles and responsibilities for line managers and staff in utilising and implementing the system. Line managers must account for the effective management of their employees and team members and their performance. The onus is, however, on the employees to take direct responsibility for their performance and development. Neither the policy nor the system in the SSETA prioritises communication, regular feedback and ongoing organisational learning as fundamentals to the PMDS. This is unlike the public sector PMDS.

Similar to the public sector, the SSETA emphasises the link between organisational strategy and performance agreements, although the role of HR as envisaged by the DPSA is different from the SSETA environment. In SSETA, HR is not positioned as a strategic partner to the organisation and its employees in promoting organisational and individual performance and excellence.

In essence, there are similarities between the public sector and SSETA PMDS but there are also striking differences between the two systems insofar as their design and implementation are concerned.

5.3 ASSESSMENT OF SERVICES SETA PMDS

The Services SETA, as explained in Chapter One, has recently emerged from a period of administration during which attempts were made to improve the operating environment of the public entity with the ultimate objective of enhancing service delivery and organisational performance. Part of this process incorporated the development of a performance management system for the Services SETA. In Chapter Three an outline of the SSETA's system of performance management was given, referencing the organisation's Individual Performance Management and Development Policy. In the section that follows an assessment of the SSETA's PMDS will be presented along four dimensions, namely system design; system implementation; ownership and accountability pertaining to the system; and the role of HR.

5.3.1 Design of the PMDS

The SSETA PMDS as indicated in Chapter Four is aligned to the public sector PMDS. The SSETA's performance management system also has as its main mechanism the performance agreement which outlines the key performance areas, targets and activities for organisational strategy and transversal governance matters of the organisation, and a developmental plan for the employee. This shows that the SSETA PMS is beginning to translate organisational goals and strategy into divisional, team and individual goals and objectives. This is a positive development for the SSETA. However,, respondents indicated that this process of translation is not necessarily based on communication and consensus but in some instances it is based on control. The differentiating factor here is the type of management style used by the leader or manager. The system also uses a five-point rating scale with the same definitions as the public sector.

One of the distinctions from the public sector system is that the SSETA system for performance management, in relation to managers, splits the performance to focus 80% on the individual performance and 20% on organisational performance. This is a useful distinguishing factor in the SSETA's system, when one considers the development of public servants of the future through performance management. However, inasmuch as this is a good factor in the SSETA PMDS for developing public servants of the future, it is not sufficient to achieve this outcome. This is critical when one considers the role of accountability in a PMS. If Executive Managers are held accountable for organisational performance then the SSETA PMDS does not ensure that this happens. In fact, it is silent as to how Executive Managers will be held accountable for organisational goals and performance. This is further evidenced by the fact that the sample interviewed had more experience in the public sector PMS than that of the SSETA, which confirms that performance management at organisational and individual level is not at the required level for a public entity. At this point in time in the public sector, the SSETA should at the very least have a rudimentary but functional PMDS, which is clearly not the case. This too is supported by the research in that the SSETA PMS has a greater proportion of weaknesses than it does strengths.

Another differentiator in the public sector performance management system that is not instanced in the SSETA system is the application of the *Batho Pele* principles, which should drive government service delivery.

At a foundational level, the performance management system has the appropriate focus areas to develop public servants of the future. However, none of these focus areas comprises all the required dimensions to do so. It is important to reiterate that the public servant of the future is a special cadre of leader and manager, one who is able to exercise organisational leadership, professional leadership and personal leadership as described in Chapter One. The competencies and attributes of this leader and manager are significant to becoming the kind of executive manager and public servant that such a professional public sector in the making requires.

In addition, the SSETA PMDS, in its design, does not link performance to dimensions of innovation, creating a learning organisation, trust and employee engagement. None of the KPAs or CMCs in the PA assist in fostering innovation and the creation of a learning organisation in the SSETA PMS. Leadership development, as mentioned above, whilst it is addressed as part of the PDP of the SSETA PMDS, is wholly inadequate to develop Executive Managers with the requisite leadership competencies as public servants of the future. In this regard one may refer to Figure 1: Leadership and Management as presented in Chapter One. Respondents observed that the system does not facilitate trust at all in the organisation nor does it promote employee engagement, although it does recognise reward and recognition, which is in fact only financial and not non-financial incentives that are provided.

The SSETA PMS allows for periodic performance reviews throughout the year and an annual performance assessment. However, it is silent on the mechanisms and frequency for continuous and ongoing feedback on performance to employees. This is a weakness in the system.

In the final analysis, the SSETA PMDS is characterised by limitations, weaknesses and challenges and is therefore unable to develop Executive Managers as public servants of the future. At best, the SSETA PMS merely exists and offers no real assistance to the organisation or the individual in managing or facilitating performance.

5.3.2 PMDS Implementation

Implementation of the PMDS in the SSETA is varied, in that some divisions comply fully by implementing the system end-to-end, whilst other divisions only partially implemented the system by developing and signing performance agreements, and yet other divisions made no attempt to implement the PMDS at all. This was exacerbated by the non-committal and *laissez-faire* attitude by the HR department who did not deem it their responsibility in the very least to

improve the compliance rate and ensure implementation of the PMDS at every level of the organisation.

In engaging with employees whilst in the field within the SSETA on the factors contributing to the compliance with, and implementation of, the PMDS of the system, their responses are echoed in the themes emerging in the literature review as identified in Chapter Two. These factors include leadership, communicating the purpose and benefits of the PMDS, employee engagement, creating an awareness and understanding of the business of government, and reward and recognition.

In divisions where the PMDS was fully adhered to with improvement in performance evident, leadership at its two highest levels played a prominent role in championing the performance management system within the SSETA. The first and second levels of leadership within the particular divisions took on the responsibility of being ambassadors for the organisation's PMDS and thereby took an activist role in driving the application of the system and ensuring that through the system there was improvement in individual, departmental and divisional performance.

Some executive managers communicated to employees within the SSETA the purpose and benefits of the PMDS. In some instances this communication yielded positive results and the PMDS was complied with and implemented according to its intended objectives and guidelines. In other divisions the communication effort was not as successful as employees refused to participate in the PMDS. However, in divisions where there was success, the benefits and objectives of the system were consistently communicated and it may be this consistent communication that bore positive results.

Similarly, these two levels of leadership ensured that communication and feedback on performance was done on a daily basis through informal feedback on activities and tasks; on a fortnightly basis through non-formal face-to-face meetings between the manager and employee; monthly through formal staff meetings and formal monthly performance reporting, and quarterly

through informal team-building sessions for all staff as well as formal quarterly performance reporting. In this manner employee engagement was an important driver for improved performance at the level of individual, department and division.

The divisional Executive Manager in some divisions ensured that he/she facilitated an understanding of the business of government by creating an awareness of the ruling party manifesto and government priorities and targets, to national and provincial government priorities, programmes and targets, to public entity priorities programmes and targets. From the public entity as an organisation, these priorities, programmes and targets were cascaded down to divisional, departmental and individual work plans, targets and activities. In this way the leadership in some divisions ensured that government and organisational strategy cascaded down to operational activities and plans so that an individual employee could understand his / her role in the bigger picture and relate their own performance to the organisation and the public sector at large.

Both formal and informal mechanisms of reward and recognition were evident in divisions that successfully implemented the PMDS. In these divisions, the two levels of management introduced informal mechanisms for reward and recognition within the departments and the overall division for those employees who excelled in their performance, for those who went above and beyond the call of duty, and those who had made significant progress in their performance. These informal mechanisms of reward and recognition were small tokens presented to these deserving employees by their managers or the executive manager who took the initiative, and with their personal resources, to recognise and reward their employees.

Collectively, these factors were levers for improved individual, departmental and divisional performance, which also had the unintended consequence of rebuilding employee morale and a positive culture and work ethic within the division.

5.3.3 PMDS Ownership and Accountability

Within the organisation there is a serious lack of understanding of the public sector PMDS, the significance thereof for both organisational and individual performance management, as well as how it should be managed and implemented within SSETA as a public entity. Considering the sample interviewed, this is an unexpected contradiction given that most managers interviewed in the sample have significant experience in the public sector. The resulting effect is that managers do not comply with the PMDS nor do they encourage compliance with, and implementation of, the system. This has the detrimental effect of performance not being managed in any form at an individual, departmental, divisional and organisational level. It is clear that no organisation can make any kind of progress without monitoring the performance of the individuals who make up the organisation as a minimum. In all likelihood this will have a negative effect on the performance assessment of managers who, according to the SSETA policy, will be evaluated against both individual and organisational performance with a performance bonus split on an 80% / 20% principle. This clearly shows that managers must focus not only on individual performance management but also on the performance of the entire organisation for which they must take shared responsibility.

Equally employees do not accept the PMDS as a system that is honest, fair and credible, given the organisation's recent history, which has been challenging at best. Employees and the union regard any performance management system with suspicion as in the past the system has been used to favour some employees whilst punishing others. This is exacerbated by the fact that the organisation is highly unionised, which under normal circumstances may be considered a constructive dimension to ensure an optimal working environment for the employees in an organisation. However, within the context of the SSETA, the unions and the employer have an unusually adversarial and tension-filled relationship which does not bode well for any new approaches, methods and systems that may be introduced by management, albeit one that is beneficial, positive and appropriate for the

effectiveness and efficiency of the organisation and the well-being of its employees.

Furthermore, the SSETA's policy on performance management places the responsibility on the employee to manage his/her performance and ensure his/her own upskilling and development. While the manager has the responsibility to oversee this, the policy clearly allocates more of this responsibility to the employee. The critical role of HR is silent in this regard.

There is thus little ownership of the system within the SSETA nor is there any form of accountability for performance at an individual and organisational level.

5.3.4 Role of HR in the PMDS

When one considers the role of HR as articulated in the SSETA Policy on Individual Performance Management it gives the HR Department the responsibility to proffer user-friendly tools to support the PMDS; oversee the PMDS timetable for the year; provide training to employees on the system; provide templates and guidelines to utilise the system; and facilitate performance discussions between employees and their managers should there be a need.

This role articulated for HR in the policy does not align to the role of HR as a strategic partner to the organisation and its employees. There is no golden thread reflected in the policy on the PMDS for HR to link critical HR practices like job profiling, recruitment, training and development, and facilitating organisational learning for enhanced individual and organisational performance.

The HR department should champion the PMDS at every level in the organisation, especially one such as the SSETA whose history is characterised by a lack of trust, a lack of governance, poor performance, and maladministration. There is a critical need for HR to play the role of a strategic

business partner to the organisation at large in order to mend the bridges and restore the faith of employees and managers in the organisation so as to reposition the organisation as an employer of choice.

An important issue that may need closer examination with regard to the role of HR is whether or not the HR practitioners are appropriately skilled and have the relevant attributes and competencies to assist the organisation and its employees to navigate the SSETA territory, and in this instance, to champion and manage a PMDS that is different to the system of the past and that can yield significant and positive results for both the individual and the organisation.

In the final analysis, it must be noted that the SSETA has attempted to develop and implement a performance management system which is aligned to the public sector PMDS, to address individual and organisational performance, promote accountability for resources and improve governance within the public entity. This attempt at least sets a basic foundation for performance management, though the entity will need to do much more if its PMDS is to yield any kind of success that can take the organisation forward.

5.4 AREAS FOR IMPROVEMENT

The SSETA, as a public entity, uses the same public sector performance management and development system. These performance management systems address individual and organisational performance. As conceptualised in previous chapters, the future public service is characterised by professionalism, the ability to deliver exceptional results, the ability to monitor and evaluate itself for greater levels of service delivery, and will be staffed by public servants of the future. However, the performance management and development system of the public sector and particularly that of the Services SETA does not develop Executive Managers as public servants of the future.

Themes emerging from the literature review include accountability, leadership including trust and employee engagement, reward and recognition, creating a learning organisation, and training and development. These themes are important to both individual and organisational performance, and the role of HR is fundamental to all. Thus, the areas requiring improvement that would lead to the success of the PMDS, in developing Executive Managers as public servants of the future, in the Services SETA specifically, and the public sector generally, relate to the dimensions presented below in Figure 28.

Figure 28: Improvements Required in PMDS



Performance management systems are varied and popular in both the public and private sectors, but they have a number of challenges and limitations. Performance management systems tend to require improved design and better implementation in order to be nimble in responding to the needs of the organisation and of the communities it serves. As indicated in Chapter Two, the public sector, and specifically the SSETA, needs to review its approach to performance management. There needs to be a strategic shift away from the management of performance to the facilitation of performance as the performance context is multi-dimensional and dynamic in that it includes emotional intelligence, task performance, contextual performance,

adaptability, and proactivity. Through all these aspects, employee engagement is important, as it is a key driver for organisational performance.

The emerging themes arising from the literature reviewed and evidence from the field support the premise that performance management systems do not focus on the development of an individual in general, and in particular Executive Managers in the SSETA, as public servants of the future, but rather on performance measurement in relation to strategy, targets and outcomes.

These factors underscore the importance of transforming the performance management system of the Services SETA to develop Executive Managers as public servants of the future. This research may assist the public sector, and its entities and specifically the Services SETA to review and enrich the current performance management approach and system utilised in order to develop public servants of the future at the level of executive management.

In conclusion, in this chapter an assessment was presented on the Services SETA PMDS against the theoretical framework of the public sector PMDS, as well as an articulation of the areas requiring improvement in the SSETA PMDs. This will form the basis of Chapter Six, which will reflect on the problem statement and purpose of this research, the literature review and research methodology, the findings of the research and its interpretation, and conclude with recommendations on how to improve the performance management system which could assist the SSETA and the broader SETA community, other developmental countries, and possibly lessons for the global community in the public sector in relation to a performance management system that will develop public servants of the future.

CHAPTER SIX

CONCLUSIONS, RECOMMENDATIONS AND LESSONS

6.1 INTRODUCTION

The purpose of this research was to investigate factors leading to the inability of the Services SETA, as a public entity within the public service, to use its Performance Management and Development System (PMDS) to develop public servants of the future; to present, interpret and analyse the findings; and to investigate how to transform the performance management system of the Services SETA to develop Executive Managers as public servants of the future by making recommendations. To this end, Chapter Six will present a summary of each of the Chapters in this Research Report which will be followed by a set of recommendations on the PMDS for the SSETA and the broader SETA community; other SADC countries in the region and countries on the African continent that can learn from this particular SETA; and lessons for the international community in the public sector in relation to performance management systems.

6.2 CONCLUSIONS

In recent years there has been a committed emphasis on governance, accountability and performance in the South African public sector. This has led to the development of various strategies to professionalise the public sector. This means the public sector needs a particular type of leader who is able to exhibit organisational as well as public and personal leadership, and thereby deliver exceptional results for government's agenda, priorities and targets. Each of these leadership dimensions requires different competencies but all require emotional intelligence. The anatomy of leadership requires a balance between one's character and competence, which are two critical elements for the public servant of the future. In line with this progression in the public sector performance management has moved beyond financial indicators of strategy success, to include non-financial measures. Collectively,

this has underscored the significance of transforming the performance management system of the public sector generally to develop public servants of the future.

From the time of their establishment, the SETAs have traversed challenging terrain characterised by poor governance and mismanagement, a lack of internal capacity, inadequate systems and an ever-changing legislative landscape. The Services SETA, as a public entity accountable to the Minister of Higher Education and Training, with the mandate to support inclusive growth and development through skills development in South Africa is one of these SETAs. The increasing importance of the services sector within the South African economy means that the future growth of the economy will increasingly depend on the growth performance and productivity of this sector. As a result, improving the functioning and performance of the Services SETA is a critical enabler within this context.

The Services SETA should position itself to meet the skills needs of the sector so as to successfully contribute to the economy. This is an opportune time to consider, review and enrich the performance management system for the development of Executive Management as public servants of the future within the Services SETA so that the entity meets its mandate and is able to deliver on its critical objectives.

The literature review used a Theoretical Review which is “a specialised review wherein the author presents several theories or concepts focused on the same topic and compares them on the basis of assumptions, logical consistency, and scope of explanation” (Neuman, 2006; p.112). A review of the literature was conducted focusing on performance management systems and models. The literature review was not intended to be comprehensive with regard to performance management systems, but has been undertaken to consider the make-up of performance management systems in international, regional and local literature. For purposes of this research, the definition of performance management sees a PMS as a way of constructing a work environment that acts as an enabler for performance.

The four performance management models and theories that were analysed included Kaplan and Norton's Balanced Scorecard; Cross and Lynch's Performance Pyramid; the Results and Determinants Framework by Fitzgerald et al; and the Performance Management and Development System for the Senior Management Services (SMS) in the public sector. In short, much of the literature reviewed defined performance management systems from a purely performance metrics perspective and focused on control, targets and indicators. It became increasingly evident that performance management systems are quite mechanical due to the emphasis on performance metrics regardless of the focus on individual and organisational performance. An interesting observation was that literature on performance management is based on Behavioural Theory, Institutional and Neo-Institutional Theory, as well as New Public Management. Despite these theoretical foundations, there is a significant lack of focus on the individual who is the most critical actor in the performance management system.

In the main, emerging themes within performance management models are accountability, leadership including trust and employee engagement, reward and recognition, and learning, with secondary themes of organisational and environmental context as well as issues pertaining to culture, values and diversity. The role of human resources practices and policies are essential to these emerging themes, which reinforce the idea that performance management systems do not focus on the comprehensive development of an individual as a public servant of the future, but rather on performance metrics in relation to strategy, targets, indicators and outcomes.

The theoretical framework of this research report was based on the Performance Management and Development System (PMDS) that is currently utilised by the South African Government for its Senior Management Service (SMS) in that it supports the transformation of a performance management system to develop public servants of the future.

There are different ways to learning something about the social world in which people live. Social research is defined by Neuman (2006, p.2) as “a collection of methods and methodologies that researchers apply systematically to produce scientifically based knowledge about the social world”. The steps in the research approach are based on the kind of social research that is undertaken but there are basic steps in each that are similar. Social research can be done through qualitative or quantitative approaches. The research strategy is the actual orientation regarding how social research is conducted (Bryman, 2012). The research design therefore provides a framework for every stage of data collection and analysis. Whilst sharing some similarities and in some aspects being complementary (Neuman, 2006), quantitative and qualitative research approaches utilise distinctive techniques.

A qualitative research strategy was used for this research as it presented a particular context, that is, the public sector and particularly the Services SETA, and provided a rich description of the ways in which the performance management system of the public sector may be transformed to develop public servants of the future. The researcher was able to place emphasis on context. The research findings research would be able to inform the theoretical approach within the public sector on performance management, as the recommendations for transformation are based on a rich understanding of the public sector performance management system, that is, understanding a social phenomenon which is the performance management system by gaining insight into the experiences of the actors, namely the Services SETA Executive Managers.

An instrumental single case study case study was used for this purpose, with the phenomenon of the performance management system of the public sector, whilst the social unit within their context was the Executive and Senior Managers at the Service SETA. A variety of data sources were used. The case study consequently became an important tool to inform the review of the performance management system and related theory, evaluate the current performance management system of the public sector and identify interventions to improve the system. The case study allowed for observations

and semi-structured interviewing, which greatly assisted with the generation of thick descriptions in the detailed evaluation of the particular case (Bryman, 2012). The case or unit of analysis for this research was the transformation of the performance management system of the public sector, particularly the Services SETA, to develop public servants of the future, especially Executive Managers. The research informed the case according to definition and context.

Fixed purposive sampling was used; the fixed sample was Executive Managers at the Services SETA as the context and the financial year 2013/2014 as the time period. The sample size was five as this was the number of Executive Managers at the Services SETA, which made the sample size appropriate. However, towards the end of the financial year two of the Executive Managers resigned. To mitigate this gap, two Senior Managers were selected to complete the sample based on their tenure in the public sector. In the end, a total of four Executive Managers and two Senior Managers were interviewed. Six semi-structured interviews were conducted with Executive Managers and Senior Managers, accompanied by observations of the researcher of the performance management environment, practices and processes within the Services SETA. A range of documents (Merriam, 1998) was utilised in the research including interview transcripts, policy documents and written and spoken texts. Multiple data sources were used.

The thematic analysis that the researcher used for this research focused on the themes emerging from the literature review, which included accountability, leadership including trust and employee engagement, reward and recognition, and learning.

For this research, internal reliability was difficult to ensure as there was only one researcher undertaking the study. External reliability and validity was a challenge as it is difficult to ‘freeze’ the context and setting of the research and the sample could offer different insights in another place and time, should the performance management system change over time and should they

operate within a different entity at another point in time. Internal validity was achieved, as there was a good relation between the researcher's observations and the theory that emerged, in this case the recommendations on how to transform the public sector performance management system. Validity and reliability was strengthened through triangulation and an audit trail (Baxter & Jack, 2008). The quality of the research facilitated trustworthiness through the audit trail that engendered dependability, transferability in the form of the rich descriptions that were generated and credibility through the triangulation that was done.

The analysis of the case study interviews has revealed the following findings:

- The Services SETA PMDS is closely aligned to, and based on, the public sector PMDS in South Africa.
- Whilst the SSETA's is a standardised system, the implementation thereof is very different from one public entity to another. It was indicated that the PMDS as a system could be effective if implemented correctly with correct tools and systems.
- The significance of the tool was highlighted in terms of facilitating both organisational and individual performance.
- The type of assessment inherent in the PMDS is not comprehensive nor does it provide an accurate assessment of performance of both the individual and the organisation.
- Views were expressed that the performance management system is implemented for malicious compliance purposes and the benefits of the system as seen by employees is only that of receiving a monetary reward.
- Respondents indicated that the public sector PMDS has ushered in a platform to actually measure and monitor performance.
- The PMDS if properly aligned to organisational goals and objectives could yield positive results.

- A significant number of interviewees felt that managers are not trained on the application and implementation of the PMDS, which leads to ambiguity and subjective implementation of the PMDS.
- Critically, the PMDS does not consider organisational context and environment.
- The role of HR in effecting a good PMDS cannot be over-emphasised but this is seriously lacking in the SSETA.
- Performance is only viewed in a twelve-month cycle and not from a continuous and evolutionary perspective.
- SSETA PMDS is based on control in terms of targets and objectives being predetermined through the organisational strategy, without organisational signs of communication, co-operation and consensus.
- The promotion of self-management and team performance management depends on an individual manager and leadership style.
- SSETA cannot undertake to provide feedback at any frequency or at any level if targets are not clearly defined and communicated and if roles and responsibilities of employees are not determined.
- There appears to be a lack of accountability at every level of the organisation. It was cited that the SSETA PMDS can only address accountability and leadership once the organisation has the most appropriately skilled individuals in the appropriate jobs with the correct tools of the trade.
- The organisation must encourage a learning environment, which is presently not the case.

From the results of the interviews it is evident that the sample shared varied responses and experiences pertaining to the PMDS of the SSETA specifically and the public sector generally. One may deduce that the PMDS of the Services SETA is significantly flawed in comparison with the PMDS as implemented by the public sector. These flaws range from the design of the SSETA's PMDS, to its implementation, to the role of HR as champion of this HR system, and finally to a lack of leadership in driving the implementation of this critical tool in managing performance and ensuring accountability. In the

next chapter, an assessment of the SSETA's PMDS will be done within the contextual framework of the public sector PMDS, as well as identifying the successes and failures of the SSETA's PMDS and articulating the need for improvement and enhancement of the SSETA's PMDS.

There are both similarities and stark contrasts between the public sector and SSETA PMDS in terms of their design and their implementation. Unlike the public sector system, the SSETA PMDS has a split performance reward mechanism that ensures a focus on both organisational and individual performance, although the SSETA system is not adequately designed to ensure delivery on both dimensions of performance. The SSETA system does not address *Batho Pele* principles, which could assist in ensuring better performance levels for the organisation. The overall design of the public sector and SSETA PMDS is lacking in that it does not in any manner adequately quantify the activities, indicators and outcomes that will ensure both individual and organisational performance and the development of public servants of the future.

Implementation of the PMDS in both the public sector and SSETA is different as it is largely dependent on the organisation's approach to, and the level of leadership attached to, the implementation of the performance management approach. The critical role of HR, equally in the SSETA and the public sector, warrants closer scrutiny as it is deficient in ensuring a robust approach to performance management. Communication and feedback is necessary for managing performance and this dimension is lacking also within the SSETA system and that of the public sector. Creating an understanding of the business of government is an important enabler to performance, yet this is absent in the public sector and SSETA PMDS. Reward and recognition are important to employees in terms of their performance, yet this is implemented differently within the SSETA itself and within the public sector at large. The SSETA, much like the public sector, struggles with the concept and implementation of accountability.

It appears that a dynamic leader, a public servant of the future in the making, was the success story behind the more successful implementation of a PMS. In the final analysis, when considering the purpose of this research, the SSETA PMDS is unable to develop public servants of the future. The inability of the SSETA PMDS to develop public servants of the future is due to a number of factors, namely the design of the system; the implementation of the PMS; ownership and accountability relating to the system; and the role of HR.

6.3 RECOMMENDATIONS

As was indicated in the introduction to this chapter, the purpose of this research was to investigate factors leading to the inability of the Services SETA's Performance Management and Development System (PMDS) to develop public servants of the future; to present, interpret and analyse the findings; and to investigate how to transform the performance management system of the Services SETA to develop Executive Managers as public servants of the future by making recommendations in this regard. The next section of this Chapter will make recommendations on the PMDS for the SSETA and the broader SETA community; other SADC countries in the region and countries on the African continent who can learn from this particular SETA; and lessons for the global community in the public sector in relation to performance management systems that could develop public servants of the future.

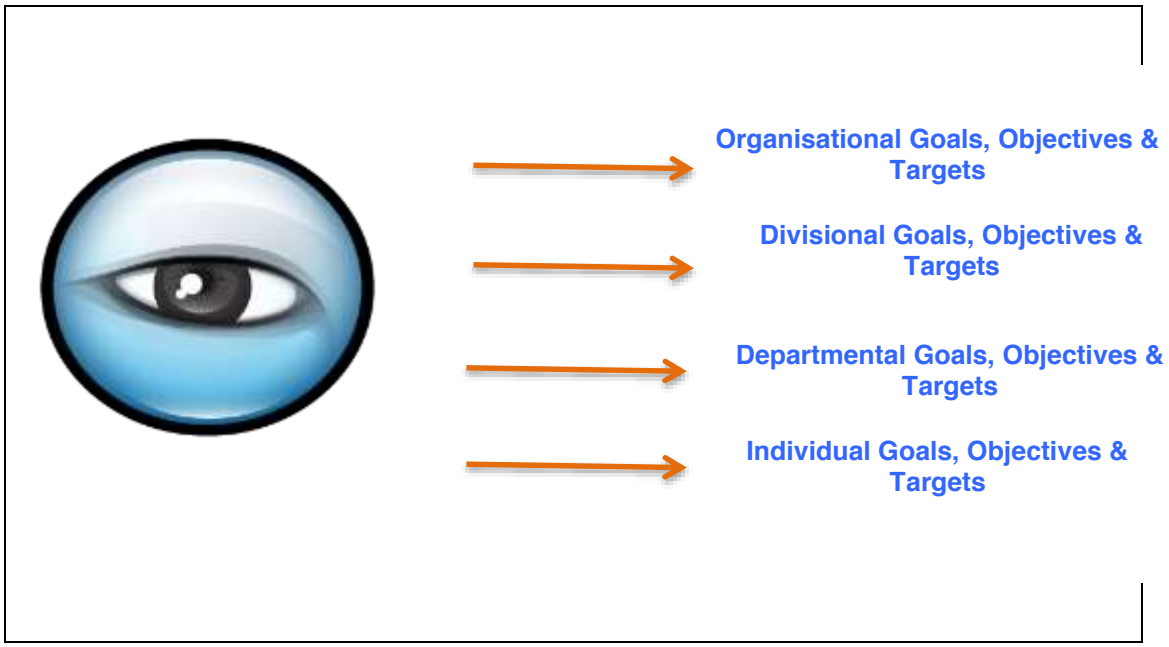
The recommendations for the enhancement of the performance management system for the SSETA, the broader SETA community, SADC countries in the region and countries on the African continent will focus on four areas, namely system design; system application; ownership and accountability pertaining to the system; and the role of HR. What will be addressed within these four areas are improvements to the SSETA PMDS with regard to roles and responsibilities of various actors within the SSETA PMDS; the dimensions of performance to be addressed; individual development and organisational learning; employee engagement; and reward and recognition.

6.3.1 Design of the system

The SSETA PMDS identifies various dimensions of performance in relation to KPAs and targets, as well as CMCs as they pertain to governance and transversal issues. While this is appropriate, the definition of these CMCs requires a review to ensure that they address aspects pertaining to the development of public servants of the future.

When reviewing the articulation of the individual's work plan in terms of his/her KPAs and targets, a recommendation is made to provide a clear trajectory from organisational and divisional goals, objectives and targets to those of the employee. This is shown in Figure 29 below.

Figure 29: Line of Sight for Goals, Objectives & Targets



It is recommended that the CMCs be reviewed to include *Batho Pele* Principles as well as attention being given to the following aspects as shown in Table 4 below on Recommended CMCs as prescribed by the SMS Handbook (2003).

Table 4: Recommended CMCs

CMC	Definition	Aspects to be Addressed
Strategic Capability and Leadership	Provides a vision, sets the direction for the organisation and/or unit and inspires others to deliver on the organisational mandate.	▪ Gives direction to team in realising the organisation's strategic objectives; ▪ Impacts positively on team morale, sense of belonging and participation; ▪ Develops detailed action plans to execute strategic initiatives; ▪ Assists in defining performance measures to evaluate the success of strategies; ▪ Achieves strategic objectives against specified performance measures; ▪ Translates strategies into action plans; ▪ Secures co-operation from colleagues and team members; ▪ Seeks mutual benefit/win-win outcomes for all concerned; ▪ Supports stakeholders in achieving their goals; ▪ Inspires staff with own behaviour – '"walks the talk"; ▪ Manages and calculates risks; ▪ Communicates strategic plan to the organisation; and ▪ Uses strategic planning methods and tools. In addition, through the HR Department specific leadership and management development programmes should be introduced for all levels of management.

Knowledge Management and Creating a Learning Organisation	Obtains, analyses and promotes the generation and sharing of knowledge and learning in order to enhance the collective knowledge of the organisation.	▪ Uses appropriate information systems & modern technology to manage organisational knowledge; ▪ Uses modern technology to stay abreast of world trends and information; ▪ Evaluates information from multiple sources and uses information to influence decisions; ▪ Creates mechanisms and structures for sharing of knowledge in the organisation; ▪ Uses libraries, researchers, knowledge specialists and other knowledge bases appropriately to improve organisational efficiency; ▪ Promotes the importance of knowledge sharing within own area; ▪ Adapts and integrates information from multiple sources to create innovative knowledge management solutions; and ▪ Nurtures a knowledge-enabling environment.
Financial Management	Compiles and manages budgets, controls cash flow, institutes risk management and administers tender procurement processes	▪ Demonstrates knowledge of general concepts of financial planning, budgeting and forecasting and how they interrelate; ▪ Manages and monitors financial risk; ▪ Continuously looks for new opportunities to obtain and save funds; ▪ Prepares financial reports and guidelines based on prescribed format; ▪ Understands and weighs up financial implications of propositions;

	in accordance with generally recognised financial practices in order to ensure the achievement of strategic organisational objectives.	▪ Understands, analyses and monitors financial reports; ▪ Ensures effective utilisation of financial resources; ▪ Develops corrective measures/actions to ensure alignment of budget with financial resources; ▪ Prepares own budget in line with the strategic objectives of the organisation; and ▪ Sets and manages service level agreements with contractors.
Change Management	Initiates, supports and champions organisational transformation and change in order to successfully implement new initiatives and deliver on service delivery commitments.	▪ Performs analysis to determine the impact of changes in the social, political and economic environment; ▪ Keeps self and others calm and focused during times of change or ambiguity; ▪ Initiates, supports and encourages new ideas and new opportunities for change; ▪ Volunteers to lead change efforts outside of own work team; ▪ Consults and persuades all the relevant stakeholders of the need for change; ▪ Inspires and builds commitment within own area for the change by explaining the benefits of change, and the process of implementing the change; ▪ Proactively seeks new opportunities for change; ▪ Coaches colleagues on how to manage change; ▪ Identifies and assists in resolving resistance to change with stakeholders; and ▪ Designs specific projects to enable change that are aligned to the organisational objectives.

Service Delivery Innovation	Champions new ways of delivering services that contribute to the improvement of organisational processes in order to achieve organisational goals.	▪ Consults clients and stakeholders on ways to improve the delivery of services; ▪ Communicates the benefits of service delivery improvement opportunities to stakeholders; ▪ Identifies internal process improvement opportunities to SDI; ▪ Demonstrates full knowledge of principles on service delivery innovations as well as Batho Pele principles; ▪ Implements innovative service delivery options in own department/organisation; and ▪ Creates mechanisms to encourage innovation and creativity within functional area and across the organisation.
People Management and Empowerment & Employee Engagement	Manages and encourages people, optimises their outputs and effectively manages relationships in order to achieve organisational goals.	▪ Promotes implementation of: ○ Performance Management and Development System; ○ Work Place Skills Plan; ○ Employment Equity Plan; ▪ Delegates and empowers others to increase contribution and level of responsibility; ▪ Supports and respects the individuality of others and recognises the benefits of diversity of ideas and approaches; ▪ Adheres to internal and national standards with regard to HR practices;

		▪ Applies labour and employment legislation and regulations consistently; ▪ Displays personal interest in the well-being of colleagues; and ▪ Manages conflict through a participatory transparent approach.

Source: SMS Handbook, 2003

Employee engagement, communication and feedback on performance-related issues should be facilitated on a regular basis and must be driven by the CEO and the Executive Management Team. It is recommended that this engagement takes the form of informal weekly one-on-one meetings between employee and supervisor; fortnightly formal management meetings with managers and senior managers; formal monthly staff meetings; and formal quarterly meetings with the extended management team which includes managers, senior managers, executive managers and the CEO. It is also recommended that the CEO convenes staff meetings on a quarterly basis to engage employees on organisational and employee performance.

The focus on individual development needs to go beyond job-specific technical training. It is recommended that training and development includes a focus on general management practices, for example, risk management or financial planning, as well as a focus on leadership development.

A platform must be created for organisational learning and innovation. This has to be driven by the CEO and Executive Managers in the SSETA.

6.3.2 Implementation of the system

A system is only as good as the information one puts into it and the quality of input will influence the quality of the information that comes out of it. It is the same for a PMS. If poor performance information is entered into the PMS, the result can only be a poor performance report, which could be seen as similar to malicious compliance. In this regard, it is recommended that Executive Managers be held accountable for implementing the PMS in the SSETA and this should become part of their KPAs. To leave the implementation of the PMS solely to the HR Department minimises the importance of the system that is a critical enabler and gauge of performance.

In addition, the HR Department should be compelled to provide the Executive Management Team with a monthly report on the status of implementing the

SSETA PMDS so that obstacles and limitations may be identified and addressed early enough during the financial year.

6.3.3 Ownership and accountability

Ownership and accountability for the SSETA PMDS must be driven by the CEO directly with the complete support of the Executive Management Team. It is the CEO and the Executive Managers who are held accountable for divisional and organisational performance and therefore the impact of the organisation's performance must be allocated to the Executive Managers within the PMDS. The SSETA's split performance bonus scheme must be translated into practical KPAs and targets for each Executive Manager to ensure that they take responsibility not only for their division's performance but for the organisation's performance as well.

The HR Department must be the champion for the PMDS within the organisation and play a robust and active role in driving organisational performance and the implementation of the system. The role of HR will be explained below.

Whilst employees are responsible for their own development and ultimately their performance, managers have a key role to play in managing performance. This therefore means that there should be a shared and equal responsibility between the manager and employee for performance management. Thus, it is recommended that clear roles and responsibilities of the different players in the PMDS be precisely articulated.

Reward and recognition should be enhanced to focus on good performance as well as poor performance. It is recommended that a developmental approach be taken to the management of poor performance. In terms of reward and recognition, a recommendation is made to focus on both financial and non-financial rewards to encourage a paradigm shift away from a monetary performance bonus to more meaningful rewards. Furthermore, reward and recognition may not always manifest itself in formal rewards.

Leaders, through the PMS, should be encouraged to reward and recognise performance informally through the various platforms that are suggested to improve communication, feedback and employee engagement.

6.3.4 Role of Human Resources

The role of HR in the organisation must be elevated to that of a strategic business partner who is able to provide the organisation with HR intelligence, that is, HR information and data which is analysed and interpreted through various tools and techniques into meaningful action that will improve individual and organisational performance, as well as the organisational culture and environment. In this regard, HR should be seen to be facilitating performance excellence.

In order to give effect to this requirement, it is recommended that HR practitioners undergo a skills audit to ascertain their level of competency, which should inform their own training and development. In an organisation like the SSETA, a poorly skilled and inexperienced HR team will not be capacitated to make the necessary organisational improvements.

6.4 LESSONS FOR THE GLOBAL COMMUNITY IN THE PUBLIC SECTOR

Performance management systems are used extensively in the public and private sectors. However, they are fraught with challenges and limitations. Performance management systems need improved design and better implementation.

These systems must be designed in a fashion that allows it to be agile and nimble in responding to the needs of the organisation and of the communities it serves.

The public sector, and specifically the SSETA, needs to review its approach to performance management. There should be a strategic shift away from the management of performance to the facilitation of performance as the

performance context is multi-dimensional and dynamic in that it includes emotional intelligence, task performance, contextual performance, adaptability and proactivity. Through all these aspects, employee engagement is important, as it is a key driver for organisational performance.

The emerging themes arising from the literature reviewed and evidence from the field support the premise that performance management systems do not focus on the development of an individual in general, and in particular Executive Managers in the SSETA, as public servants of the future, but rather on performance measurement in relation to strategy, targets, indicators and outcomes.

These factors underscore the importance of transforming the performance management system of the Services SETA to develop Executive Managers as public servants of the future. In the final instance, this research may assist the public sector, and its entities, and specifically the Services SETA, to review and enrich the current performance management approach and system utilised in order to develop public servants of the future at the level of executive management.

The findings of this research then support the notion that the PMDS of the SSETA specifically, and the public sector generally, is not designed to develop Executive Managers as public servants of the future.

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APPENDICES

APPENDIX NUMBER	TITLE OF APPENDIX
Appendix 1	Semi-Structured Interview Schedule
Appendix 2	Letter of Introduction

Appendix 1: Semi-Structured Interview Schedule

The purpose of this research is to investigate factors leading to the inability of the Services SETA Performance Management and Development System to develop public servants of the future; to present, interpret and analyse the findings; and to investigate how to transform the performance management system of the Services SETA to develop Executive Managers as public servants of the future by making recommendations.

1. What have been your highlights and challenges during this time?
2. One of the key programmes from a governance perspective in the public sector is that of performance management. What is your experience with public sector performance management?
3. In your view, what are the strengths of the public sector performance management system?
4. What are the weaknesses and gaps in the current system?
5. Does, and if so how does, the SSETA performance management system translate organisational strategic goals and objectives into divisional, departmental, team and individual goals and objectives?
6. Does the SSETA PMDS allow for a continuous and evolutionary process in which performance improves over a period of time?
7. Is the SSETA PMDS based on communication, co-operation and consensus or on control?
8. Does the SSETA PMDS promote self-management of individual performance and team performance?
9. What kind of management style is ushered in by the SSETA PMDS?
10. Does the SSETA PMDS ensure a continuous feedback loop in terms of organisational, divisional, departmental, team and individual performance?
11. What, in your view, are performance management strategies that you would recommend for Services SETA?
12. Issues of accountability and leadership are important at the level of executive management in the public sector. How do you think these aspects are addressed by the performance management approach in the public sector?
13. Within an organisation, dimensions of trust, employee engagement, and reward and recognition are important for staff. In your view, how does the performance management system of the public sector engender these dimensions within the organisation?
14. In latter years, innovation and creating a learning organisation have come to the forefront. What would you say the role of the performance management system is in ensuring that these aspects are built into the organisation's daily operations.
15. Lastly, do you think that the public sector performance management system is aligned to best practices globally?

Appendix 2: Letter of Introduction

"Performance Management in the Services SETA"

Dear Sir /Madam

I am a Masters Student, based at P&DM, at the University of the Witwatersrand. I am currently conducting research into the transformation of performance management in the public sector for development of public servants of the future. This research will partially contribute to fulfilling the requirements of a Master's Degree in Public and Development Management. The study will play an important role, as it may potentially assist the public sector in general, and the Services SETA in particular, in transforming and strengthening public sector performance management.

I hereby commit to comply fully with the Ethics Policy of the institution, which includes handling all information with the necessary confidentiality, sensitivity and anonymity. Within this context, you are kindly requested to participate in my research by participating in an interview. Please note that your identity will remain confidential. Kindly also note that your participation is voluntary.

Once the interview is completed, please feel free to contact me via email at yols0708@gmail.com in the event that you would like to share any additional information arising from the interview. Feedback on the interview, and/or the final research findings, will be availed, upon request, in the form of a consolidated final research report, upon its completion. Kindly forward request for same to yols0708@gmail.com

I thank you in advance for your participation and support in this study.

Kind regards

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