Performance Management System, An Effective Service Delivery Tool in the South African Post Office: A Case of the North East Region

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Abstract: This paper argues that postal administrators around the globe utilise Performance Management System to measure their own performance in pursuance of good governance, standardisation and effective service delivery. In South Africa, statistics conclusively shows that postal service is continuously operating at a loss and in 2014 it operated on an overdraft of R250 Million and has recorded a net loss of more than R361 Million. For the South African Post Office to be profitable, it must develop strategies which will convert the undesirable state of affairs and become financially sustainable. It is against this background that Performance Management System should be used as an appropriate effective service delivery tool to measure performance by the South African Post Office. This paper is based on the study that was conducted in the South African Post office, North East Region. The primary objective of the study was to determine whether Performance Management System is an effective service delivery tool in the South African Post Office, North East region. The research method employed in the study was of both qualitative and quantitative approach. The majority of the respondents strongly agreed that Performance Management System is a trusted tool to measure performance. This paper concludes by providing suggestions towards improving Performance Management System in the South African Post Office, in the North East Region.

Keywords: Performance, Performance appraisal, Performance management, Service delivery

1. Introduction

The challenge of achieving good service delivery in the State Owned enterprise cannot be underestimated. It requires well formulated strategies and systems to accomplish the desired goals. It is in this context that Public Administration as a discipline ensures proper service delivery by highlighting various methods of achieving this. Cloete and Thornhill (2012) view public administration as a key element in ushering effective service delivery in public institution. Various authors such as Du Toit and Van Der Waldt (2008), Henry (2010) and Stillman II (2010) emphasise the importance of proper service delivery in the field of Public Administration and Management. Public Administration, performance management and service provision cannot be separated and for this reason, public institutions including State Owned Enterprises need to manage their performance in order to improve service delivery initiatives. Literature from the above stated researchers has contributed in laying the foundation of effective service delivery through performance management in the public institutions. This article agrees with these authors in that for postal service to function well there have to be a clear management guideline emanating from performance management. This will enable staff to work together in order to reach the common goal for the ultimate benefit of the postal service, the customers at large and eventually the service delivery goal of the institution.

It is in this context that performance management has profound implications for public administrators with increased duties and responsibilities on public servants, departments and SOEs. With particular reference to administrative responsibilities, functions are usually undertaken by departments/or divisions, and the functions allocated to these departments and divisions are based on specialisation (Cloete & Thornhill, 2012:32). The above affirms that public administration forms a critical component of the service delivery process and gives direction to public officials on how best to respond to societal needs.

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The White Paper encourages public servants to be empowered to efficiently service the citizens of South Africa (DPSA, 1997:23). Efficiency in public administration means that objectives must be achieved economically as effectively as possible (Du Toit & Van Der Waldt, 2008:107). The ideal of performance management in postal services have also found expression in international bodies. Such is asserted on the provision by the Universal Postal Union Management and Administration (UPU) to the effect that international postal administrators should utilise performance management to measure their own performance as a way of ensuring good practice (Universal Postal Union Management and Administration Report (UPU), 2008:9). Therefore, South African Postal administration has as well adopted this good practice to enhance performance management within its administration (SAPO, 2008:3). In order to enhance its performance, SAPO has to adopt what foreign postal administrators are doing and to comply with international standards performance as prescribed by the Universal Postal Union Management and Administration Report (UPU, 2008:1).

2. The Nexus Between Goal-Setting Theory and Performance Management System

Goal-setting and performance management are world-wide topics and many authors have written about these concepts. Each of these authors has alluded to the meaning of the theory and contextualises it in varying perspectives. According to Hellriegel et al. (2012:423-424), goal setting theory is defined as the process of directing the performance of employees by assigning specific goals that employees accept and to which they are willing to commit. The theory as hypothesised by Locke and Latham (2000), cited in Smither and London (2009:90) maintain that goals established by employees play an important role in motivating them for superior performance. Goals can also be a source of motivation and provide employees with a more tangible target for which to strive (MANCOSA Manual, 2014:48). Employees will work harder for goals or objectives that they have participated in setting (Newstrom & Davis, 2002:141). Brown and Latham (2000) have used this theory to assess the implications of Goal-setting on the performance of employees within a public service. In their study, Brown and Latham (2000) found out that there is a positive relationship between goal level and performance; secondly that, specific, difficult goals lead to superior performance than do vague goals such as urging people to do their best. Through literature, it has been established that the Goal-Setting Theory works from the assumption that setting goals for employees provides a structure that directs actions and behaviors leading to improved performance (Machingambi, Maphosa, Ndofirepi, Mutekwe & Wadesango, 2013:265). This is premised on the ideal position that for an organisation to achieve its desired goals, performance management should be used as a machinery to reach the set goals (Aguinis & Pierce, 2008; Verbeeten, 2008; Hatry, 2010; Sebashe & Mtapuri, 2011; Panda, 2011; Saibou, 2011; Ahmad & Bujang, 2013). In today's competitive environment, every institution including companies strive continuously to be the best provider of services to the recipients of such services. It is through performance management that entities can position themselves and gear up to such a task of achieving their strategic goals which is to provide good service to their customers.

Bohlander and Snell (2013:322) affirm that performance management creates a work environment in which people can perform to the best of their abilities in order to meet company's goals. Wilton (2013:171) agrees that the fundamental aim of performance management is to assess and facilitate individual and organisational performance. It is notable that Performance Management System is a good service delivery tool which employers can use to measure and increase performance in the workplace. It assists in identifying competencies which can be used to the benefit of individuals and the organisation itself.

Organisational goals found its expression on Goal-Setting Theory. The core elements of the Goal-Setting Theory are priority, effort and reward. It is in this context that public administrators utilise performance management which encompasses the elements of this theory as a strategy to provide services to the citizens of South Africa and performing employees are rewarded accordingly. Stillman II (2010:1) postulates that Public Administration as a scientific discipline is concerned with the major goals of society and with the development of resources for achieving those goals. Robins & Barnwell (2002:69) postulate that the Goal-Setting Theory assumes that the organisations are deliberate, rational, goal-seeking entities and goals should be clear, identified,
manageable and defined clearly to be understood. It is therefore critical that management should probe deeper on what goals employees want to achieve; significance of achieving those goals; and the effort needed in achieving those goals.

### 3. Advances of Goal-Setting Theory

Theories are not static but are subjected to revision based on new evidence and research. Locke as the founder of this theory continually refines and develops his Goal-Setting Theory (Luthans, 2008:360). It could be argued that constant refinement and development of theories enhances the quality of existing theories. Similar to other theories, the application of Goal-Setting Theory has shown advancement in many areas of goal-setting. Locke and Latham (2006:266) have identified the following factors which moved goal theory forward:

#### 3.1 Learning Goals

Lunenburg (2011:4) affirms that a person with a learning goal orientation wants to develop competence by mastering challenging situations. Keeping the same idea, Latham et al. (2008:390) argue that a learning goal draws attention from the desired end result. Learning goal facilitates or enhances planning, monitoring, and evaluating progress toward goal attainment, especially in environments where there is minimal structure or guidance (Locke & Latham, 2006:266). By implications, this means that a learning goal directs the effort of employees especially where managers and supervisors lack capacity to take care of certain managerial and supervisory functions. Goals serve as sign posts towards the achievement of goals especially in institutions of a larger size staff complement. A learning goal requires people to focus on understanding the task that is required of them and to develop a plan for performing it correctly (Latham, 2004:127). Seijts and Latham as cited in Latham et al. (2008:390) argue that the purpose of a learning goal is to stimulate one’s intellect, engage in discovery, integrate newly acquired information with prior knowledge, and to “think outside the box”. Latham (2016:85) argues that a learning goal is about discovering or developing a new strategy, process or procedure for increasing performance. By implication, this means that “learning goals” normally dominate in the fraternity where some guidance or procedures do not exist and compels one to be innovative, creative and to devise new plans in achieving difficult and challenging goals.

#### 3.2 Group Goals

Goals motivate individuals to plan and likewise, goals motivate groups to become creative and plan. According to George and Jones (2002:323), group goal is a goal that all or most members of a group can agree on as common goal. As new developments are taking place within goal-setting paradigm, Goal-Setting Theory is seen to be more prevalent in groups and fits perfectly within performance management framework. It is important to understand the definition of the word “group” in a Goal-Setting Theory context. According to Robbins et al. (2009:218), a group is defined as two or more individuals, interacting and interdependent, who have come together to achieve a particular objective (see Martin, 2009:63). Similarly, George and Jones (2002:323) regard a group as a set of two or more people who interact with each other to achieve certain goals or to meet certain needs. The group-approach works from the assumption that performance should be analysed in terms of the total situation affecting performance rather than in terms of an isolated event or problem (Newstrom & Davis, 2002:16). By implications it means employees should work together as a group because the ultimate output is the combination of all contributions made by each and every member of the group. Nel et al. (2004:325) affirm that employees generally feel more motivated and satisfied when they work in groups. Locke and Latham (2006:266), argue that having high personal goals that are compatible with the group's goal enhances group performance, whereas having personal goals that are incompatible with the group's goal detrimentally affect group performance.

#### 3.3 Macro-Level Goals

From the previous discussions, it was seen that Goal-Setting Theory was mostly applied by individuals and groups. Another area explored in this section is the application of goal-setting at the macro-level where goal-setting seems to be making strides in improving organisational performance. George and Jones (2002:171) affirm that not only is it important that individuals learn to perform behaviors that contribute to organisational effectiveness, but also that the organisation has such responsibility. By implication, this means the effectiveness of goal-setting is not limited to individuals and groups but effective also at macro-level. From macro-level perspective, Mathis and Jackson (2012:126) affirm that goals
make clear what the organisation expects. By implication, this means that individual goals cannot be seen in isolation, they should merge to the group goals and ultimately to organisational goals. It is noteworthy that in order to determine the success of an organisation, it should be done by measuring the success of such organisation from macro-level's perspective.

3.4 Goals and Subconscious Priming

One of the solutions to expand employee’s capacity to process information is priming (Ford, 2016:351). Latham (2016:85) refers to priming as an external cue in the environment that activates a mental representation stored in the memory. By implication, the definition suggests that external cues which the memory captures subconsciously affect the way and manner in which we set our goals. A goal, once accepted and understood, remains in the periphery of consciousness as a reference point for guiding and giving meaning to subsequent and physical actions (Locke & Latham, 2006:267). Keeping the same idea, Latham (2016:85) correctly argues that primed subjects with hard and “do your best” goals have significantly higher performance than unprimed subjects with the same goals (Locke & Latham, 2006:267). Primed goal performance leads to a goal pursuit in the absence of conscious deliberation or awareness if the mental representation is motivationally relevant to, or valued by the individual (Latham, 2016:85). Sub-conscious performance goals are primed when the priming reminds people of past success and build their self-efficacy or belief that they can do the assigned goals (Ford, 2016:351).

Brown and Latham (2000:81) correctly argue that primed goals regulate behavior. Priming offers useful possibilities for managers seeking to enhance the value of goal-setting by reminding employees of the goals they helped set with appropriate sub-conscious primes (Ford, 2016:352). Basically, priming can be used by managers to enhance employee performance by continuously reminding employees of the goals they have set. In priming, employees react subconsciously and unaware towards achieving the goal. Primed goals lie somewhere in the mind of an employee and whatever the employee does comes from the stored memory. An employee might not be aware that his/her activities are guided by what is already stored. It is in this context that priming plays a pivotal role in encouraging performance of individuals through goal-setting.

3.5 Self-Efficacy

The first key to successful goal-setting is self-efficacy (Lunenburg, 2011:3). According to Latham et al. (2008:399), self-efficacy is the belief that achieving a specific goal is attainable. Goals in conjunction with self-efficacy often mediates or partially mediate the effects of other potentially motivating variables, such as feedback, participation in decision making, monetary incentives and job autonomy (Locke & Latham, 2006:265). Latham et al. (2008:388), affirm that high goals and self-efficacy energise people to search for strategies that will lead to goal attainment. According to Locke and Latham (2002:706), the concept of self-efficacy is important in many ways (a) people with high self-efficacy set higher goals than do people with lower self-efficacy (b) they are more committed to assigned goals, find and use better task strategies to attain the goals and respond more positively to negative feedback than do people with low self-efficacy. By implication, this means employees who have a strong desire to perform a particular task perform better that those with less desire to do their work. The strong desire is influenced by feedback received from employers as well as support received from employers.


The ideals of performance management in postal services have also found expression in international bodies. The concept of performance management has prompted international companies including Post Offices to develop performance policies to deal specifically with performance management (SAPO, 2008:20). Policies by its nature are not sufficient to deal with performance issues and therefore, it is in this context that the government had passed various legislations to improve service delivery in government departments and in the State Owned Enterprises like the South African Post Office. The role of government in modern society is best expressed in terms of legislation, for it is through legislation that the extent of governance in a country can be determined (Visser & Erasmus, 2002:46). Legislation is imposing certain obligations on the part of employees and companies in which those employees are employed. It is difficult to find any sector inclusive of the postal sector which is not regulated by legislation and other mandatory requirements. The enactment of legislation is premised on the assumption that
the government implements performance management through legislation. Legislation serves as a framework by which government is the granted legitimate right to execute policies in line with their established functions (Visser & Erasmus, 2002:47). Similarly, Gildenhuys (2004:145-146), postulates that political policy-makers increasingly follow the trend of designing the broad framework of legislation and using the executive authority to embody the legislation in the course of implementation, through various forms of executive orders, regulations. It is against this background that the implementation of Performance Management System in SAPO has found its basis on legislative and policy imperatives. It is important to note that the implementation of these pieces of legislation assist in guiding institutions to operate within the legal framework to avoid unnecessary litigations.

5. Performance Management in Postal Services - International Perspective

Performance management has increasingly become part of a more strategic approach to integrating human resources and business policies and may now be seen as covering a variety of activities through which organisations seek to assess employees and develop their competence, enhance performance and distribute rewards (Femi, 2013:89). The concept of performance management has prompted international companies including Post Offices not to stand aloof and to develop performance policies to deal specifically with performance management (SAPO, 2008:20). The Post Office global economic and financial crisis has deteriorated the conditions in mail markets, with postal operators losing up to 20 percent of their mail traffic, and forecasting losses of 30 percent over the next decade that could leave the industry with large excess capacities (Anand, Srinivas & Ramesh, 2013:5). Mail volumes are becoming low and profit margins continue to drop (SAPO, 2011:8). According to the United States of America (USA) 2012 Annual Report, employees are mixed in their feelings about the ability of their work units to adapt to change and many express concerns for the future of the postal service.

Similarly, Sullivan (2014) reported that the United States Postal Services posted a record yearly loss of $15.9 billion in 2013, and has lost over $41 billion since 2006. From 2007 to 2010, the USPS lost $20 billion, and its debt increased from $2.1 billion to $12 billion. This suggests that if necessary interventions are not put in place, postal services will be under a severe strain which will eventually lead to the paralysis of postal services. To avoid postal paralysis, employees should be well capacitated through development programmes to render services to the postal clients. It is in this context that performance management should be given a priority by international postal administrators so as to improve service delivery which should culminate in high profit margins and high mail volumes.


The South African Post Office (SAPO) is established in terms of the Postal Services Act 124 of 1998 to provide postal services to the society. Section 2 of the Postal Services Act 124 of 1998 designates the South African Post Office as the universal postal services operating in the Republic of South Africa. Since its commercialisation in 1991, the Post Office has been a State Owned Company with a Board of Directors in terms of the Act. The Act obliged the Post Office to provide a defined range of postal services such as delivering of basic letter of less than 1kg anywhere in the country as well as providing postal addresses to all citizens at an affordable price. Such an obligation is tantamount to a broad service delivery goal of the organisation.

To realise such service provision objective, SAPO adopted a performance management policy in 2006 and eventually revised it in 2008. As proclaimed in the preceding paragraph, Performance Management System is one of the cornerstones introduced in public administration to ensure that organisations achieve their service delivery goals. Visser and Erasmus (2002:11) argue that Performance Management Systems should be in place to secure a higher degree of service delivery in terms of effectiveness, efficiency, economy, and appropriateness, previously where the approach to results was laissez faire.

It is against this background that the South African Post Office introduced Performance Management System as a tool to improve service delivery which would culminate into achieving service delivery goals. In order for SAPO to achieve its strategic objectives of enhancing service delivery and maximising profit margins, individual key performance indicators should be aligned with corporate strategy and the operational plans of the business units.
Enhancing the strategy, SAPO has introduced performance management manual (2008) put an emphasis on zero defect service delivery. The emphasis is placed on six strategic themes aligned to performance management and according to SAPO (2014d:7), the six strategic themes entails achieving excellence in service delivery, to be government preferred partner, to be known as a trusted and well respected organisation, to achieve customer intimacy, to build a high performance culture and, to be a caring corporate citizen by being environmentally and socially responsible.

The above focus on service delivery to customers in that the Post Office as a government preferred partner should be caring to its customers and should be known as a trusted and respected organisation. Watling (2000:2) maintains that performances management keeps the vision focused and in place, sets performance standards, identifies training and development needs, maximise people potential, keeps the organisation competitive and aids morale. Similarly, Armstrong (1994:19) claims that performance management promotes flexibility by helping people to acquire new skills and supports innovation and growth by making sure that people are capable of implementing change and carrying out new tasks SAPO is using a Business Balance Scorecard (BBS) and is discussed briefly as follows:


The South African Post Office has adopted the Business Balanced Scorecard (BBS) as a performance rating technique. According to SAPO (2014b:11), the Business Balance Scorecard is a tool that translates the organisation's mission, vision and strategy into full set of performance measures that provide the frame-work for strategic measurement and management system.

According to SAPO (2014b:4), implementing the scorecard system involves translating the vision into strategic and operational goals and communicating the vision and linking it to individual performance.

The South African Post Office utilises a five-point Likert scale to measure the performance of their employees and the 5-point Likert scale is depicted in Table 1 below.

From the Post Office's perspective, this scale is used to assess performance around a central point which is three. Three is regarded by the Post Office as average performance which meets minimum requirements. In order to qualify for a performance bonus, employees must obtain a minimum of 3 and above. Category 1 and 2 are regarded as poor performance and such employees do not qualify for a performance bonus. Category 4 and 5 are for employees who have exceeded minimum requirements and are regarded as high performers. Massey and Johnston (2015:148) developed five categories which employers can measure the performance of their employees during performance rating and according to him category 1 is unacceptable performance, category 2 is performance not fully effective, category 3 is performance fully effective, category 4 is performance significantly above expectations, and lastly is category 5 which is outstanding performance.

8. Results and Discussion

The majority of the respondents (29.03 percent) agreed that Performance Management System provides a fair basis in which good performance is rewarded while 18.06 percent strongly agreed. 18.71 percent disagreed that Performance Management System provided a fair basis in which good performance is rewarded, 9.68 percent strongly disagreed while 24.52 percent were undecided. Although the majority of the respondents’ regard Performance management as a trusted performance tool, however, the majority of the respondents (34.84) disagreed that Performance Management System was satisfactorily implemented in the South African Post Office. It can therefore be inferred from the outcome of the study that employees are not happy in the manner in which Performance Management

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Table 1: Five-Point Likert Scale

Source: Authors (2020)
System is implemented in the South African Post Office. These findings suggest that Post Office management should be fair and consistent in the application and implementation of Performance Management System in the South African Post Office.

8.1 Performance Appraisal

Most of the respondents (33.55 percent) disagreed that performance appraisal score is a fair reflection of employee performance and 23.87 percent strongly disagreed. 18.06 percent agreed, 3.87 strongly agree while 20.65 of the respondents were undecided. One will observe that the two categories (disagree and strongly disagree) provides an overall percentage of 57.42 of the respondents who affirmed that performance appraisal score is not a fair reflection of employee performance. It can therefore be deduced that implementation of Performance Management System by managers was inappropriate and performance appraisal was negatively perceived by employees. It is evident that the majority of the respondents which is more than half of the employees were not happy with the way in which scores were awarded and doubted the credibility of the scores awarded during performance appraisals. Performance appraisal is a sensitive issue to employees and it should be conducted with care and objectivity.

8.2 Performance Management System is Implemented Across All SAPO Employees

The respondents (32.26 percent) strongly disagreed that Performance Management System is implemented across all SAPO employees, 35.48 percent disagreed. The minority of the respondents (3.23 percent) strongly agreed that Performance Management System was implemented across all SAPO employees, 9.68 percent agreed while 19.35 are undecided. It can be inferred from the outcome of this variable that more than half of the employees were not part of the performance management process in SAPO. This suggest to the Human Capital Department (HCD) to ensure that Performance Management System is applied to all employees in the South African Post Office irrespective of the rank or position one holds. Deducing from literature, it is pointed out that Performance Management System should be applied consistently throughout the organisation and fairly to all individuals within the organisation.

8.3 Performance Targets

Most respondents (32.90 percent) disagreed that there were adequate measures to improve performance targets in the Post Office, while 22.58 percent strongly disagreed that there were adequate measures to improve performance targets. 14.84 percent agreed while 0.05 percent strongly agreed. It is evident from the collected data that Post Office managers neglected their core responsibilities of ensuring that there were adequate measures to improve performance targets in the Post Office. Such a gross dereliction of duty should be accompanied by a disciplinary process on the part of managers. Institutions should set service delivery goals and individuals be held accountable through the use of clear performance targets.

8.4 Mail Volumes

The majority of the respondents (36.13 percent) strongly disagreed that mail volumes are increased by the introduction of Performance Management System in SAPO, while 31.61 percent disagreed. 1.94 percent of the respondents are of the opinion that mail volumes are increased by the introduction of Performance Management System in SAPO. The data above poses a challenge in that the introduction of Performance Management System does not necessarily increase mail volumes. Speckman (2013:1) affirms that mail volumes are very low and profit margins continue to drop. This assertion suggests that management should probe deeper and wider and find out why mail volumes continues to decline although performance management is in place.

9. Conclusion and Recommendations

This paper has proven that although Performance Management System is regarded by Post Office employees as a trusted tool to measure their performance however, it is not implemented to the satisfaction of the employees. In this article, it is argued Performance management is not implemented across all Post Office employees and does not improve customer satisfaction. Furthermore, mail volumes are declining and profit margins have continued to drop even though Performance Management System has been in place. Based on the preceding discussion and the responses from the employees, it was noted that Performance Management System provides a better tool on
which good performance can be measured and rewarded however, the employees are not happy about the implementation part thereof. It is against the background above that the following recommendations were made:

9.1 Performance Management to be Implemented Across All SAPO Employees

Emanating from this study, there was a serious concern that performance management is not implemented across all SAPO employees. It is a good business practice that all employees participate in Performance Management System irrespective of the position they hold in the company. As per study findings, not all Post Office employees were part of the performance management process especially the lower level employees. Participation by all employees in the performance management process encourages cross-departmental meetings which will strengthen a performance relationship across departments for the attainment of Post Office goals. It is in this context that it is recommended that performance management should be implemented across all SAPO employees to improve overall performance of SAPO.

9.2 Appraisal Score Should be Fair and Just

One of the fundamental elements of performance appraisal is that it should be fair and just. Emanating from the study, it was reported by the majority of the respondents that performance appraisal score is not a fair reflection of employee performance and employees were not happy with the way in which scores were awarded and doubted the credibility of the score. It is recommended that the South African Post Office should revive the trust of its employees by ensuring that appraisal score is fair and just and awarded without favour.

References


