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DEDICATIONS

I dedicate this research study to the most important people in my life, my parents, daughter and husband. Special dedication goes to my father and mother who played a crucial role in making this document possible.

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All glory and praise is given to the Almighty God who has been with me through my studies to this final year of my Bachelor of Commerce Honours Accounting degree. I managed to get through this dissertation only because God has no plans to fail me but to prosper me. I would love to express my sincere gratitude to my dissertation supervisor Mr R K Noko. Without his valuable time and guidance on this research this dissertation would not have been a success. I appreciate the valuable time he sacrificed to go through every chapter of my dissertation so as to make it a success.

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Last but not least I owe my gratitude to my husband and beautiful daughter for the love and support they gave throughout my dissertation.

GLORY BE TO GOD

ABSTRACT

This paper investigated on the use of Coaching for Performance as a tool for employee bonus allocations in an organisation. The argument was based on the over expenditures being experienced at World Vision Zimbabwe on bonus payments every year. The performance measurement tool in use at World Vision Zimbabwe was evaluated and its practicability on offices in the organisation that provide services that cannot be measured quantitatively was evaluated. The paper discussed the practicability of measuring individual performance so as to accurately allocate bonus payments. Different performance measurement techniques were discussed as according to literature. Furthermore, the different bonus allocation systems were also discussed as according to literature. The research brought to light the different problems associated with performance based bonuses. The research methodology that was used to carry out the investigation was discussed in the paper. The findings indicated that the half of the individual performance evaluations is based on managerial opinion which is subject to bias. The paper concluded that the organisation's supervisors are not well versed with the supervisory skills required as they have no supervising workshops. The paper also concluded that linking performance to bonuses can be based on individual interests and hence leading to conflicts between employees in the organisation. Recommendations were given to the organisation according to the literature reviewed in the paper.

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CHAPTER 1

INTRODUCTION

1.1 CHAPTER INTRODUCTION

Managerial accounting aims to provide information for internal decision making, primarily for planning and control purposes. For the purpose of enhancing effective decision making at World Vision Zimbabwe the researcher investigated on the bonus allocation system in the organisation, which happens to be performance based. Performance measurement is a tool to demonstrate and improve efficiency and effectiveness. Coaching for Performance (CFP) also known as performance coaching is defined by Brumpton as counselling that strives to help a person perform better. This chapter is an overview of the study which contains a brief background of this research and followed by the statement of the problem. Furthermore, the main research question, research objectives, sub research questions, delimitations and limitations of the study are included in this chapter.

1.2 BACKGROUND OF STUDY

Non-profit organisations today operate in an environment permeated by effectiveness and sustainability. Non-Governmental Organisations (NGOs) are under pressure to invest more in evaluating their work and measuring its impact. As a result the quality of work produced by each individual employee is of paramount importance. The effectiveness of a company to maintain a quality team of employees is linked to its ability to manage the staff as well as recognise the contributions of each individual. In the period studied from 01 October 2012 to 31 July 2013 World vision had a total of 5 evaluation sessions in the community and 3 individual staff evaluations, 'Coaching for Performance (CFP)'. The individual sessions were done so as to measure the performance of individual staff personnel in their designated offices. Each individual sets targets with respect to their job description and during the financial year management with the help of the human resources department evaluate how much has been achieved against the targets set. The coaching for performance template has an outstanding mark, commendable, fully

competent, needs improvement and unsatisfactory. As a plot to motivate World Vision employees in their work the human resources department saw it fit to proportionally link the CFP to the allocation of bonuses at the end of each year. This system was implemented on annual basis since 2010. The relationship of the two as used in the organisation is shown in table 1.0 below.

Table 1.0

PERFORMANCE BONUS RATINGS

RATING	BONUS %AGE
Outstanding	110%
Commendable	105%
Fully competent	100%
Needs improvement	0%
Unsatisfactory	0%
TNT (Too New To rate)	0%

Source: primary data

When an employee gets an outstanding mark on his/her work he gets his salary plus a 110% of the salary. However, the performance measurement tool becomes a problem when the budgets for bonuses are not met for 3 consecutive years. The table below shows figures drawn from the Robert Sinyoka ADP statement of income and expenditure for 2010, 2011 and 2012.

Table 1.1

Budgeted amounts vs actual amounts

	2010 (\$)	2011(\$)	2012(\$)
Budgeted amount (bonus payments)	9100	9200	9400
Actual amount (bonus payments)	9750	9825	9912
Over expenditure (bonus payments)	650	625	512

Source: primary data

Considering the employee bonus ratings the bonus amounts allocated to each individual are expected to even out resulting in an amount lower than the budgeted amount, that is, not every employee is expected to get a 110% of rating in normal circumstances. The over expenditures experienced in the years shown have since shown that there is a problem with the bonus allocation system being used. As a result the problem has led to an investigation on the accurateness of the CFP system as a bonus allocation tool, its level of reliability on allocating employee bonuses. The applicability of this system on offices in the organisation that provide services that cannot be measured quantitatively is questionable. For instance, the use of such a system on a Program Finance Officer in the organisation is questionable. Shown below is part of the Program Finance Officer's job description.

PROGRAM FINANCE OFFICER JOB DESCRIPTION

- Coordinate the holding of Field Financial Reports (FFR) meetings on a monthly basis and provide management advice in such meetings.
- Supervise and manage performance of lower level staff reporting to the Program Finance Officer.

- Analyse voucher interface transactions from the National Office and make the necessary adjustments through correctional journals in voucher interface format.
- Preparation and submission of the ADP cover memo, log frame report and reconciliations in line with the finance manual and support office requirements after receiving the financial tables from the regional finance officer on a monthly/quarterly basis. Analyse all over and under expenditures to enable stakeholders to know the performance of their projects.

By analysing the above job description a question arises on the performance measurability of the listed description. The unreliability of the CFP system affects the accurateness of the bonus allocations at the end of the year. Questions may arise on why the organisation is giving high levels of bonuses to their employees. By studying the bonuses issued in December 2012 at World Vision Robert Sinyoka ADP, a development program in Bulwayo, it shows that 5 of the 10 employees received 110% bonuses, 3 received 105% and the rest got 100%. Table 1.1 shown below shows the calculated CFP bonus payments in 2012 of some of the employees compared to the 2009 bonuses.

Table 1.2

2012 bonus payments compared to 2009 bonus payments

JOB DESCRIPTION	BASIC SALARY (\$)	CFP RATING (%)	BONUS RECEIVED	
			2012	2009
ADP Manager	2500	110	2750	2500
Program Finance Officer	1800	110	1980	1800
Health Officer	1750	110	1925	1750
Sponsorship Officer	1750	110	1925	1750
Office Orderly	430	105	452	430
STEP User	800	110	880	800
TOTALS			9912	9030
DIFFERENCE (9912-9030)			882	

Source: primary data

When comparing the sampled employee bonuses issued in December 2012 with those issued in December 2009 before the CFP system was put in place it shows that the use of the CFP system for bonus allocation increased the issue of bonuses. The increase has no solid basis as the system in use for bonus allocation is unreliable. The organisation may be spending more on bonuses than it should all in the name of ‘employee motivation’. The organisation has a high level of bonus payments but the funds cannot be justified.

1.3 PROBLEM STATEMENT

Coaching for Performance is a performance measurement tool that does not fully justify the allocation of employee bonuses as it does not cater for services that cannot be measured quantitatively or account for individual efforts of each employee. The problem with the performance measurement tool has resulted in the organisation failing to meet its employee bonus budgets for 3 consecutive years. Over expenditures have been experienced in the organisation since the use of the CFP system as a tool for bonus allocations as far as bonus expenditures are concerned.

1.4 RESEARCH OBJECTIVES

1. To evaluate the criteria used by management in measuring staff performance.
2. Examine the practicability of accurately measuring performance.
3. Examine the reasonableness of allocating bonus payment according to individual performance.
4. Identify problems associated with linking bonus allocation with individual performance.
5. Identify better strategies of bonus allocation in an organisation.

1.5 SUB RESEARCH QUESTIONS

1. How and with what experience does management measure staff performance?
2. What are the challenges that supervisors face when evaluating staff performance?
3. What are opinions or perceptions of WV staff on CFP and its use in allocating bonus payments?
4. What are the possible problems of linking allocation of bonus payments to individual performance?
5. How best can bonus allocation be achieved in the organisation?

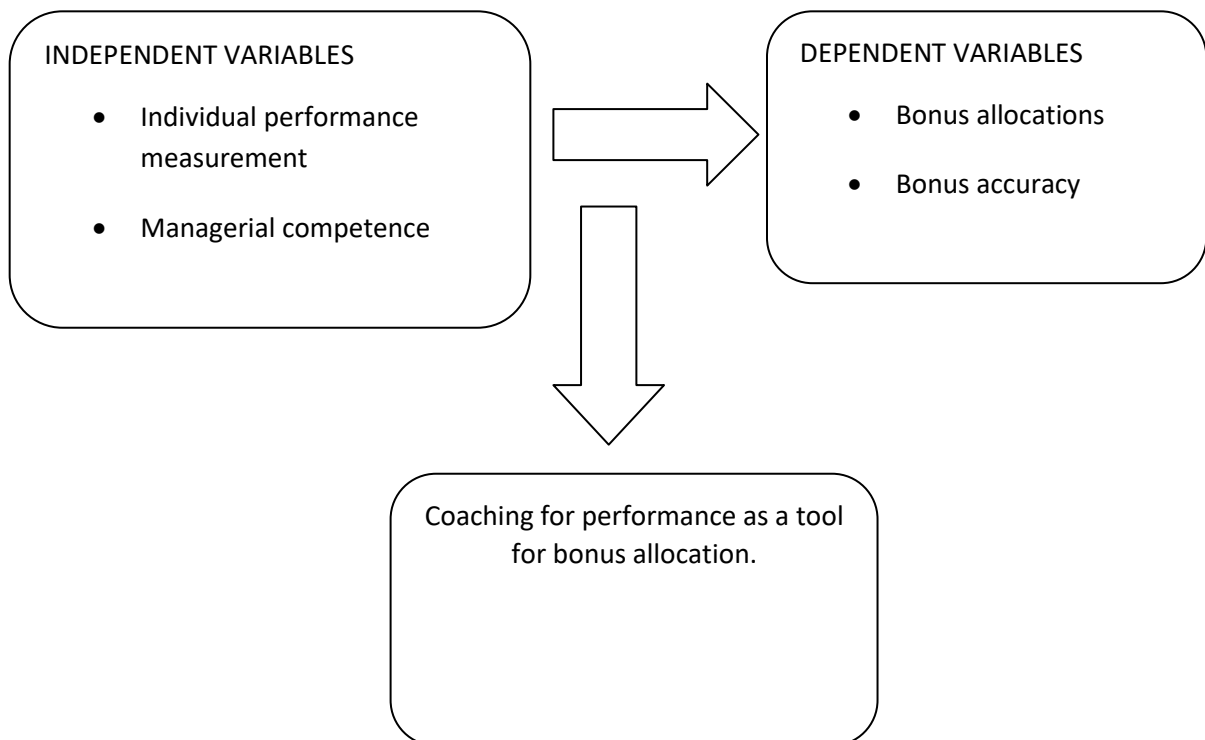
1.6 SIGNIFICANCE OF THE STUDY

World Vision will have to re-evaluate their bonus allocation system and this study will give the organisation a sound reason to look into this system and consider a different bonus allocation system. This study aims to bring out the impracticability of the CFP system as a system for bonus allocation. In addition, the study will bring to understanding the effect of the CFP system on the bonus allocations.

1.7 DELIMITATIONS

- The research study will focus on the period from the year 2010 to July 2013.
- The geographic focus of study will be World Vision (Matebeleland South).
- The research will focus on World Vision employees.

1.8 THEORETICAL/CONCEPTUAL FRAMEWORK



The diagram shown above depicts the link of the independent and dependent variables relating to the study.

1.9 LIMITATIONS OF STUDY

The researcher may face challenges in carrying out the proposed research. The expected limitations are explained as follows:

- As a result of the level of confidentiality maintained at World Vision accessibility of relevant data may become a challenge.
- Interviews and questionnaires will be used as a data collection tool therefore there is a possibility of obtaining biased information from personnel.
- The unavailability of adequate resources such as time and money may restrict the accessibility of the relevant information to this study.
- Ignorance of personnel may affect the quantity of information obtained.

1.10 DEFINITION OF KEY TERMS

Bonus payment	- A monetary payment made to an employee over and above their standard salary or compensation package.
Performance measurement	- A process of collecting, analysing and/or reporting information regarding the performance of an individual, group, organisation, system or component.
Non-profit Organisations	- This is an organisation that is not allowed to distribute any money that it makes to its owners as profit.

1.11 CHAPTER SUMMARY

This chapter generally looked at the background of the study, stating the problem statement, objectives, sub research questions and the significance of the study. It also highlighted the limitations and delimitations to the study and gave an insight on the conceptual framework. The next chapter will look at the theoretical and empirical literature review of the practicability of the CFP system and different bonus allocation systems.

CHAPTER 2

LITERATURE REVIEW

2.1 **INTRODUCTION**

The concept of ‘coaching’ in the business world was introduced by Sir John Whitmore. This is a method of unlocking the unseen potential in an employee by managing their performance. Coaching for performance has been used at WV for a period of three years. This technique of managing employee performance has been a good tool for unlocking the innovative ideas in WV employees. The level of accuracy of performance measurement techniques has been questioned by many authors, which makes it a problem when performance measurement is linked to bonus allocation. This chapter explores what other authors say about coaching for performance and actual performance measurement, if performance can be linked to the allocation of bonuses and how best to allocate bonuses in an organisation.

2.2 **DEFINITIONS**

Coaching for performance

As cited on www.ucsfhr.ucsf.edu (accessed on 12 March 2014) ‘coaching is a method of strengthening communication between the manager and the employee. It helps to shape performance and the increase of likelihood that the employee’s results will meet the organisation’s expectations.’.

According to Brumpton, ‘Coaching for performance describes a precise activity. To unlock the potential in others through the delightful and rewarding art of coaching.....’ Furthermore Brumpton describes coaching for performance as a system that is expected to improve individual performance which can be assessed against tangible measurement of choice and deliver results within clearly defined timescales.

Performance measurement

Performance measurement is an element in the coaching for performance system therefore coaching for performance cannot be discussed without bringing in the performance measurement factor. The criterion for measuring performance has to be understood. Performance measurement according to www.wikipedia.com is analysing individual, group or organization performance and reporting on it so as to examine whether output is in line with what was intended to be achieved. In a nutshell this is comparing what has been done to what was expected to be done in a respective period of time.

Performance appraisal

www.businessdictionary.com (accessed 18 March 2014) defines performance appraisal as a process by which a manager or consultant examines and evaluates an employee's work behaviour by comparing it with pre-set standards, documents the results of the comparison, and uses the results to provide feedback to the employee to show where improvements are needed and why.

Performance related bonus/pay

According to the International Labour Organization Act/EMP Publications cited on www.workinfo.org (accessed 12 March 2014) , 'This type of bonus can be based on individual or group performance. Where it is individual based, the payment would depend on performance ratings. Since the 1980s there has been in the U.S.A. an increase in union agreements substituting bonuses for traditional wage increases. In many countries performance bonuses are commonest for executive staff.' A performance related bonus is defined as the variable part of pay which is awarded each year (or on any other periodic basis). Performance related pay is used by employers to reward employees on an individual and team basis." According to Marsden and Richardson (1992), 'performance related pay acts as a motivator. Performance related bonuses are used by organisations to reward employees on an individual and/or team basis.'

2.3 UNDERSTANDING COACHING FOR PERFORMANCE AS APPLIED AT WORLD VISION ZIMBABWE

With the goal of having an impact on the society WV takes individual performance seriously as one’s performance has great effect on the whole organization’s performance. The organization does staff appraisals which are linked to the bonus allocation of each individual every year. A performance rating template shown below is used to rate each employee.

Table 2.0

PERFORMANCE RATING CATEGORIES- A guide for managers

World Vision uses descriptive ratings for categorizing staff performance. The framework is set out below, with an explanation of what each category means and ‘looks like’. The expected distribution of staff across the categories is also given in terms of a ‘likely range’ percentage figure.

O	<p>Outstanding:</p> <p>Consistently and far exceeded the requirements of the role this year.</p>	<p>Outstanding performance resulted in extraordinary, exemplary and exceptional accomplishments with significant contributions to objectives of the department, division or the whole organisation (i.e., innovation, cost savings while increasing quality of service, achieving breakthroughs, etc.)</p> <p>The exceptional performance of these highest performers is likely to capture the attention of most people. Their achievements will be notable and they are likely to have excelled in both the “what” and the “how” of performance. Their performance will clearly stand out from their peers and suggest that they have really excelled in their work this year.</p>
	<p>Key words:</p>	<p>very high performance, stands out, exceptional, far</p>

		exceeded expectations
C	<p>Commendable:</p> <p>Consistently exceeded many of the requirements of the role this year</p> <p>Likely range 15-20%</p>	<p>Consistently generated results above those expected of the position. Contributed in a superior manner to both technical and functional capacity. Clearly performed well above expectations (in terms of “what and how”). Performance stood out above the rest and could be considered as one of the top (20%) performers in the organisation (and/or one of top 20% in a comparative peer group).</p> <p>This is a consistently higher level of performance across most areas for which the person holds responsibility, exceeding targets and demonstrating the core capabilities to a high level. Whilst this could mean high performance at the current level, it could well indicate potential for more responsibility.</p>
	Key words:	*excellent, high performance, consistently exceeded expectations

FC	Fully Competent: Successfully achieved the requirements of the role this year Likely range 60-70%	Good, successful, effective performance – employee Fulfilled all position requirements/objectives and sometimes generated results above those expected of the position (in terms of what and how). Employee's attitude and behaviours reflected interest in improving and attaining higher level of achievement for self and organisation. This is the kind of performance required and this is where the majority of the organisation (i.e. 2/3rds) will be. It is likely that many (or most) of the objectives have been well met along with clear demonstration of the capabilities and personal development. Good, successful performance can be encouraged and affirmed.
	Key words:	performing well, good, successful, meets/sometimes exceeded expectations
I	Needs Improvement: Working towards the requirements of the role this year, not consistently meeting the expectations Likely range 10-15%	Further development is required. Overall, performance did not meet the full expectations of the role this year. Performance may be improving but has not yet met full performance expectations (in terms of “what and/or how”). This performance level may be the result of a new or inexperienced employee still getting up to speed with the requirements of the job, typically in their first 6 months. Alternatively, it may be that as a result of a change in circumstances or in requirements, an employee has a steeper learning curve. Clear written documentation required as to what is expected to be successful.
	Key words:	improving, developing, growing, needs support, below full expectations

U	Unsatisfactory: The requirements of the role were not met this year and improvement has not been exhibited Likely range <3%	Clearly below performance expectations in terms of the what, the how, or both. Clearly less than acceptable, and well below minimum position requirements/expectations. Situation requires immediate review and formal action. One or several signs of unsatisfactory performance would be demonstrated: failure to meet goals; absenteeism, poor time management, challenges in relationships with others, inability to cope with workload, low motivation, low engagement.
	Key words:	significant concern, unsatisfactory performance, well below expectations

Source: World Vision Zimbabwe Human Resources Policy (2010)

As shown in the template above the ratings are descriptive and not figure specific to make it easier to directly link the ratings to bonus allocation. For example, when looking at the fully competent category part of the description, ‘it is likely that many or most of the objectives have been well met along with a clear demonstration of the capabilities and personal development’ but does not specify what percentage is many or most. This should be specified as two thirds or three quarters of the objectives should be achieved to get a 60-70%. By specifying it becomes clearer to the one performing the appraisal and incorporates fairness during the process. Using the same example above the description does not specify the percentage to give when an employee has achieved most of the goals but the goals are not well met. This gives room to give more points to an employee who has achieved most of the goals but has not done their job competently. The job might have been done but doing the job does not mean that the employee has produced high quality products.

2.4 UNDERSTANDING PERFORMANCE MEASUREMENT AS EXPLAINED IN LITERATURE

2.4.1 The supervisor's role in performance measurement

As cited on the www.businessdictionary.com (18 March 2014) a supervisor is defined as a person in the first-line management who monitors and regulates employees in their performance of assigned and delegated tasks. It further explains that supervisors are usually authorized to recommend and/or effect hiring, disciplining, promoting, punishing, rewarding and other associated activities regarding the employees in their departments. This means that a person entrusted with such responsibility should be highly skilled to perform such duties. Furthermore, 'It is important that all those undertaking appraisals should have been trained and that they have access to advice on the performance system and on the avoidance of bias.' cited on www.equalityhumanrights.com (accessed on 12 March 2014). According to Dessler (2011), appraising performance is both a difficult and an essential supervisory skill. 'Supervisors must therefore be familiar with appraisal techniques, understand and avoid problems that can cripple appraisals, and know how to conduct appraisals fairly'. 'The supervisor usually is in the best position to evaluate the subordinate's performance, and is responsible for that person's performance' *ibid*. Direct appraisal by the supervisor is subject to bias and halo effect. To avoid the above mentioned problems of appraisal by the immediate supervisor, rating committees can be used. 'Although there may be discrepancies among ratings by individual supervisors, the composite ratings tend to be more reliable, fair and valid.'

2.4.2 Performance Appraisal

Dessler (2011) views performance management as the continuous process of identifying, measuring and developing the performance of individuals and teams and aligning their performance with the organization's goals. According to Lucey (2003), employers appraise performance is to:

- Promote goal congruence

- Provide relevant and regular feedback to central management
- Encourage initiative and motivation
- Encourage long-run views rather than short-term expedients

Appraising performance is a suitable way of goal congruence which is defined by Lucey (2003) as a way of coinciding individual and group's goals with the goals and objectives of the organisation so that individuals and groups acting in their own self-interest are also acting in accordance with the higher organisational goals. The problem with appraising performance is giving soft appraisals. Dessler (2011) outlines the practical motivations for giving soft appraisals as:

- The fear of having to hire and train someone new
- The appraisee's unpleasant reactions
- A company's appraisal process that's not conducive to candor (the quality of being open, sincere and honest).

According to Cassidy and Kreitner (2010), 'supervisors have found that job performance and satisfaction can be improved with properly administered rewards'. Therefore appraisals can best serve their purpose if performance is directly linked to bonus and/or raise as, 'money is viewed by many as the universal motivator' *ibid*.

2.4.3 Performance measurement techniques

Employers are keen on measuring performance as this is the only way they can be satisfied that the employee is being paid for a job he/she is doing well and hence contributing to the success of the organization. Dessler (2011) points out that, 'many progressive employers, such as Toyota, have essentially eliminated formal appraisals, because doing so may not be practical for most employees'. Different techniques of measuring performance can be used on different types of jobs. For the purpose of this research we will focus on measuring the manager's performance as measuring such performance is a challenge. Horngren (2004) gives an example of a responsibility centre's results being easily measured but not being able to measure a manager's effect

on those results (that is, managerial performance). According to Lucey (2003), ‘budgets are one of the accounting measures which are used to assess a manager’s performance. The reward system of the organisation (i.e. pay, promotion) is often linked to the achievement of certain levels of performance, frequently measured in accounting terms’. Such a technique of measuring performance is accurate to a greater extent as there is a specific goal to be achieved, which is, attaining for example the budgeted profit or level of sales. The problem aligned to such a technique of measurement is that, ‘managers tend to focus their efforts in areas where performance is measured and where performance affects rewards’, as pointed out by Horngren et al (2004). Therefore, Horngren sees it best to motivate managers to make optimal decisions by making the methods of evaluating the performance of managers consistent with the decision analysis. This technique shall be illustrated by a replacement decision shown below taken from Horngren et al (2004).

Cost Comparison- Replacement of equipment, relevant items only.

	Keep	Replace	Difference
Cash operating costs	20000	12000	8000
Deposit value of old machine	-	-2500	2500
New machine, acquisition cost	-	8000	-8000
Total relevant costs	20000	17500	2500

Replacing the machine had a \$2500 advantage over keeping it. To motivate manager’s to make the right choice, the method used to evaluate performance should be consistent with the decision model, that is, it should show better performance when managers replace the machine than when they keep it. This technique can only be done in theory as it is a costly procedure.

2.5 **BONUS ALLOCATION SYSTEMS**

‘Bonus schemes and employee rewards strategies are usually established to improve business performance like productivity and sales and to focus employee efforts on key objectives such as customer service and quality. Furthermore, such schemes are used as a motivation factor by creating a clear link between pay and performance and to support stakeholder ideals by allowing employees to share in the success of the business to encourage change within the organisation.’ (cited on www.ashworthblack.com on 23 March 2014)

Pool and allocation

As cited on www.worldatwork.org (accessed on 23 March 2014) ‘Many companies use a “pool and allocation” approach for distributing annual incentives. In this approach, funds are pooled based on the company’s financial success (typically measured as some form of profitability) and then allocated to employees based on salary, job level, performance, management discretion or a per capita method. This approach offers definite advantages, especially for firms in cyclical industries:

- It ties compensation directly to company performance, providing for pay-outs only when the company reaches the necessary levels of profitability.
- It promotes awareness of the company’s profitability goals.
- It fosters a sense of shared destiny with fellow employees and the company as a whole.
- It is relatively simple to administer, especially compared to plans that require identifying and weighting performance goals across business units and job levels.

However, managers who use this approach often complain about the lack of a mechanism to differentiate rewards based on individual performance.’

Bonus based on salary

This is when bonuses are given as a certain percentage of one's salary, for example, the bonus policy may be 50% of one's salary given annually. This bonus payment is usually consistent yearly unless there is a change in policy. The advantage of this bonus allocation system is that it is simple to carry out as the bonus amount for each employee does not need any complex calculations. However, there is no direct performance motivation behind this bonus payment.

Bonus based on job level

This bonus payment bases on one's job title in an organisation. For instance, branch managers may be entitled to \$1500 bonus payment annually. Bonuses based on job levels do not directly motivate employees but creates rivalry between departments and job types.

Bonus based on performance

This bonus payment bases on the measured individual or group performance outcomes. The outcomes may be based on certain agreed upon objectives.

The following table 2.2 of comparison of bonus systems was quoted from Daron (2004). The table classifies the bonus systems into two classifications and compares them. Information cited on www.worldatwork.org (accessed on 2 March 2014).

Table 2.1

COMPARISON OF BONUS SYSTEMS	
Merit-based bonusing	incentive-based bonusing
Subjective	Objective
Dependent upon management opinions	Tied to actual performance/results
Bonus amount loosely related to previous year's amount	Bonus amount directly related to current year results
Unclear expectations of how bonuses are calculated	Clear expectations of how bonuses are calculated
Emphasizes individual performance	Based on firm, team and individual performance
Easy to implement	Challenging to implement
Management holds power/control	Employee holds power to influence outcome
No/low accountability	High accountability
Bonus pool	Bonus pool range
Avoids corporate taxes	Avoids corporate taxes
Lack of research support	Significant research support

Source: A Daron (2004)

As cited on www.forbes.com (17 March 2014) there are eight key elements of an effective bonus program. It says the program should have multiple levels so employees always have higher levels to aim for and not focus on a single level such that when it is achieved the employee relaxes. It should also be an equitable program that eliminates rivalry between departments or job types. This means that the bonus program should be

fair across the organization. Furthermore, the bonus program should vary the frequency according to job level. That is, lower level employees should get bonuses in every pay-check, mid-level managers should be given quarterly and senior executives annually. It is important that the program be of a simple nature and make sure that it is easy to explain and easy to understand. The bonus amount should also be large enough to make a difference to the worker for the bonus program to be effective. It should be structured to the lowest levels that are easy to achieve so almost everybody gets something and are motivated to achieve higher levels of reward. Moreover, there should be frequent sharing of progress against goals. Most importantly, the bonus should be based on measurable results and not subjective opinions.

2.6 LINKING PERFORMANCE TO BONUS ALLOCATION

Lucey (2003) emphasizes that it is conventionally assumed that by establishing formal performance measurement and rewarding individuals for their performance they will be encouraged to maximise their contribution towards the organisation's objectives. Cassidy and Kreitner (2010) criticises performance based bonuses on the issue of fairness when it comes to subjective appraisals. 'Rewards must be equitable (something is equitable if people perceive it to be fair and just)' *ibid*.

According to Grobber et al (2006) merit pay systems rest heavily on three assumptions which are the fact that employee differences in performance can be accurately measured, employees can effectively perceive pay differences as relating to performance differences and individuals will improve their future performance to gain more merit increases. When employee differences in performance cannot be accurately measured employees are likely to be rewarded for stunts that do not really affect their performance or contribution but show more devotion to their job. This is illustrated by an example cited www.equalityhumanrights.com (accessed on 12 March 2014), 'Simon and Sheila both started work for Company E's call centre as customer service operators. They were both placed on the same starting pay. Their annual increase was based on the same starting pay and a performance element of a small percentage of pay depending on the assessment of

a supervisor. Their supervisor was a white woman who had been trained in the performance appraisal system but, as she had so many staff to assess in a short period of time was not as rigorous as she could have been. Although both Simon and Sheila dealt with a similar number of callers and there was little objective data to differentiate their and sometimes stayed late, whereas Sheila left promptly to get home to her family. Although this did not affect their performance or contribution, the supervisor perceived Simon as the better performer, thus Simon received the higher pay award.’ According to the International Labour Act/EMP Publications, ‘Some of the criteria for the success of such bonus payments are: group over individual performance, the existence of objective criteria for distribution, and the fact that such criteria are capable of measurement to ensure that what is paid is related to it.’

These are some of the problems of linking performance to any form of payment as outlined by the International Labour Act/EMP Publications cited on www.workinfo.org (accessed on 12 March 2014):

- Inadequate criteria to measure performance, or criteria which are not easily understood, communicated and accepted. Performance pay should therefore be negotiated.
- Inappropriate performance appraisal systems in that the objectives of the appraisal system (e.g. where it is intended to identify training needs or suitability for promotion) do not match the objectives of the reward system.
- The absence of regular feedback on performance.
- The reward system is not designed to meet the objectives sought to be achieved. There could be a variety of objectives e.g. to satisfy distributive justice, attract and retain capable staff, match particular levels of pay in the labour market, change organizational culture (e.g. towards greater customer satisfaction) or to reinforce it.
- The absence of a right mix of extrinsic and intrinsic rewards.

- The lack of an appropriate quantum of pay which should be subject to performance criteria. This occurs when the amount which depends on performance is too small, or it is too large and therefore the amount placed at risk (when performance is poor) is not acceptable to employees.
- The absence of periodic evaluation of the scheme.
- Non-recognition of the fact that performance, especially profit, is sometimes (even often) dependent on factors outside the control of employees e.g. management decisions, exchange rates, recessions.

As cited on www.wiseGEEK.com (accessed on 17 March 2014) 'A standard tiered approach to the performance bonus involves a minimum bonus payment when an employee is within 80% of company targets for productivity, a standard bonus when the employee is at a 100% level of performance, and a maximum company bonus when the employee exceeds expectations by having a 120% or higher level of productivity. These bonus levels, however, are only offered in most cases to management and executive staff who are paid salaries, with ordinary wage-earners in a company often not receiving any performance bonus incentives at all. As of 2011, the typical scale for performance bonuses as a percentage of the yearly salary for an employee in the US ranged from 10% for the very lowest level of managers on up to 60% to 100% of a year's salary for top level officials in firms.'

2.7 **CONCLUSION**

Linking bonus allocation to measured performance outcome is a recommended employee motivation strategy which produces positive results in the organisation as money is viewed by many as the universal motivator in Cassidy and Kreitner (2010). However, such a strategy is only practical when the performance can be accurately measured and not dependent on the supervisor's opinion. Opinions vary with different supervisors hence making the system of bonus allocation unjust and unfair.

2.8 CHAPTER SUMMARY

This chapter generally reviewed the literature by other authors on their view on linking performance to bonus payment in an organisation. It looked at theoretical ways of measuring performance, allocating bonuses, advantages and disadvantages of the mentioned techniques. The next chapter will look at the methodology and presentation of this research.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter aims to establish the methods used for data collection and analysis processes. It brings to understanding the chosen research design and justifies it. This chapter describes all activities and procedures were used to carry out the research. It also looks at the data analysis plan.

3.2 RESEARCH DESIGN AND JUSTIFICATION

According to Creswell (2007), ‘Post-positivism, constructivism, advocacy/participatory and pragmatism represent the beliefs of researchers that they bring to the qualitative research.’ The philosophical framework brought to this research was the advocacy or participatory worldview. “The basic approach of this worldview is that research should contain an action agenda for reform that may change the lives of participants, the institutions in which they live and work, or even the researcher’s lives” *ibid.*

According to Kumar (2011), ‘The main function of a research design is to explain how you will find answers to your research questions.’ The research design will assist in setting out the specific details of this enquiry. It will provide answers to questions like, what techniques will be used for gathering data, the kind of sampling to be used and how time and cost constraints will be dealt with. A case study of World Vision was used to obtain information for this research. According to Creswell (2007), ‘a case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in depth data collection involving multiple sources of information (e.g. observations, interviews, documents and reports)’. Therefore, the use of Coaching For Performance (CFP) for allocating employee bonuses was explored qualitatively as a case of World Vision. This method was used to enable relevant information to be gathered as the area of study was clearly defined and relevant solutions were expected to arise which are suitable for the organisation under

study. A case study according to Kumar (2011), 'is a very useful design when exploring an area where little is known or where you want to have a holistic understanding of the situation, phenomenon, episode, site, group or community'. The qualitative method of research values the individual's point of view and gets closer to the actor's perspective through detailed interviewing and observation.

3.3 STUDY POPULATION

The research population was comprised of World Vision employees, that is, employees from all Southern Region ADPs and the Southern Region office. From these offices employees with different posts in the organisation were selected. These posts include managers, office orderly's, cashiers, procurement officers, development facilitators. Employees from the human resources management department were included in the research population to get a better understanding of the performance measurement system in the organisation. The employees were made to fill in simple questionnaires so as to make it easier to retrieve data.

3.4 RESEARCH SAMPLE

Sampling is defined by Kumar (2011) as the process of selecting a few (a sample) from a bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group. Sampling was done so as to reduce the costs of data collection and less time was taken for collecting the data. Furthermore, sampling was used as data from a sample is more accurate owing to the limited size. A proper sample must give a precise picture of the population from which it came. Therefore, with that in consideration a combination of the stratified sampling method and the judgemental sampling method was used for this research. The stratified sampling method was used to divide the employees into sub groups that are homogenous in accordance to the departments that they belong to namely Area Development Programs (ADPs), finance, administration, procurement, human resources and office orderly. The judgemental sampling was used to select the respondents for interviews for each stratum. As according to Kumar (2011) by using the judgemental sampling the researcher only goes to those people who in his/her opinion are

likely to have the required information and be willing to share it with the researcher. The writer continues to describe judgemental sampling as extremely useful when you want to construct a historical reality, describe a phenomenon or develop something about which only a little is known.

Table 3.0 Research sample size

Stratum	Population size	Population sample	Percentage to population
Administration office	5	3	60%
Finance department	12	10	83%
Procurement office	5	5	100%
Human resources	7	5	71%
Office orderly	6	3	50%
Management	5	5	100%
Operations	8	4	50%
total	48	35	73%

The total percentage of the sample to the population size was 73%. Therefore a total of 73% was a reasonable representation of all the employees at World Vision.

3.5 DATA COLLECTION METHODS AND INSTRUMENTS

Data is categorised in two, that is, primary and secondary data. This research was mainly conducted basing on the use of primary sources of data. According to Kumar (2011) none of the methods of data collection provides hundred per cent accurate and reliable information. However, interviews and questionnaires were used to gather primary data from the organisation as these methods were deemed by the researcher to be the best for attaining the required information.

Primary data

Primary data is information gathered using the first approach, which is using sources like observation, interviewing and questionnaires. This is raw data without interpretation that represents a certain position. This type of data is the most authoritative as it would have not been filtered or interpreted by a second party. This data provides current information and is free from bias. Interviews and questionnaires were used for the purpose of this research as the primary sources of data collection.

3.5.1 Questionnaires

Questionnaires fall under the survey method of data collection. According to Kumar (2011), ‘ a questionnaire is a written list of questions, the answers to which are recorded by respondents’. Questionnaires can have open questions and closed questions. Open questions allow for elaboration on area specific questions and are usually inserted at the end of the major section or at the end of the questionnaire. Closed questions ask and provide a number of possible answers and they require the respondents to select appropriate answers. The advantages and disadvantages faced by using the questionnaire were as follows:

Advantages

- Some questionnaires were emailed and therefore the administration was less costly.
- The questionnaires covered a large number of people.
- The administration needed no prior arrangements with the respondents.
- The avoided embarrassments on the part of the respondents.
- It permitted anonymity and this resulted in honest answers.
- There was no interviewer bias involved.

Disadvantages

- The questionnaires were limited to literate employees.
- A number of questionnaires were incomplete.
- There was no room to give assistance where it was needed.
- Several reminders were made to the respondents.
- There was a low response rate.
- Designing the questionnaires was a challenge as the questions had to be relatively simple.

3.5.2 Interviews

An interview is defined by Burns (1997) as “a verbal interchange, often face to face, though the telephone may be used in which an interviewer tries to elicit information, beliefs or opinions from another person.” Responses can be recorded by writing them down either during the interview, immediately after or tape recording can be used. Structured interviews were used as a data collection tool for this research. Interviews had their advantages and disadvantages during the research.

Advantages

- Interviews solicited for a curious approach by the respondent which resulted in accurate information.
- The interviews had a good response rate.
- The results were immediate and complete.
- The interviews also allowed for in-depth questions.
- The method gave room for assistance where it was needed.
- The method allowed for the assessment of the response as aspects like tone of voice, facial expressions and hesitations were also important hence analysed.

Disadvantages

- The interviews were time consuming.
- The method was expensive as each respondent had to be located in their respective offices.
- There was a need to set up questions before the interviews.
- The method left a possibility of embarrassment where personal questions were asked.
- The interviews had a possibility of biased information by the respondent.
- There was need for training or rehearsals prior to conducting the interviews.

3.6 DATA VALIDATION AND RELIABILITY

For research instruments to be valid they have to demonstrate the ability of finding out what they have been designed to find out. The main data collection method was the use of questionnaires; however interviews were also used to complement the questionnaires so as to enhance validation and reliability. Pilot testing was also used as a method of refining the questionnaires. This was done to make it easier for the respondents to answer the questionnaires. Pilot study involves experts commenting on the suitability of the questions. Therefore, the questionnaires were first administered to four fellow peers and two organisation employees before administering them to the final respondents.

The results of the pilot test were as follows:

Table 3.2

Pilot test results

	No. of suitable questions
Peer 1	10
Peer 2	11
Peer 3	10
Peer 4	12
Employee 1	12
Employee 2	11

Therefore, the ambiguous questions as per pilot study were rephrased to make them easier to understand and the unsuitable questions were removed from the questionnaire.

3.7 DATA ANALYSIS PLAN

The observational results were used to analyse, describe, present and interpret data. The gathered responses were presented through the use of graphs, tables and pie charts thus facilitating interpretation.

3.8 SUMMARY

This chapter of the study explained the research methodology giving a general framework on how data collection was undertaken. The data analysis plan was also highlighted in the chapter. The following chapter will present and analyse the collected data.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This chapter aims to present, analyse and interpret the data that was collected towards the research on Coaching for Performance being used as a tool for bonus allocation at World Vision Zimbabwe. The required data was collected using questionnaires and interviews as the data collection instruments for this research. The collected data is presented in graphs, tables, pie charts and narrations to facilitate interpretation.

4.2 RESPONSE RATE

Questionnaires and interviews were administered at World Vision Zimbabwe (Southern Region). The response rate of the targeted population is analysed below.

4.2.1 Response rate from questionnaires

The following table shows the number of administered and returned questionnaires.

Table 4.0: questionnaire response rate

Target department	Questionnaires administered	No. of questionnaires returned	Response rate in percentage %
Finance	10	7	70
Procurement	5	3	60
Human resources	5	4	80
Administration	3	3	100
Office orderly	3	3	100
Management	5	3	60
Operations	4	4	100
Total	35	27	77

Source: primary data

The above table shows that a total number of 35 questionnaires were administered at World Vision Zimbabwe and from those 35 a total number of 27 were returned. When presented in percentages the target population responded to 77% of the total questionnaires which was a fair response percentage according to the researcher. The 33% who failed to return the questionnaires were busy and could not fill the questionnaires and some were ignorant on the research topic. Most of the target population was able to respond to the questionnaires as the questionnaires were administered at the less busy time of the month, that is, mid-month. Moreover the research topic was less controversial and interesting to the target population. Administering the questionnaires in person was also a motivator in the response rate of the target population.

4.2.2 Response rate from interviews

Interviews were done to complement the administered questionnaires. The following table shows the number of targeted respondents for interviews and the number actual administered interviews.

Table 4.1: interview response rate

Target department	No. of planned interviews	No. of interviews conducted	Response rate in percentage %
Finance	4	2	50
Procurement	2	2	100
Human resources	2	2	100
Administration	2	1	50
Office orderly	1	1	100
Management	2	2	100
Operations	2	1	50
Total	15	11	73

Source: primary data

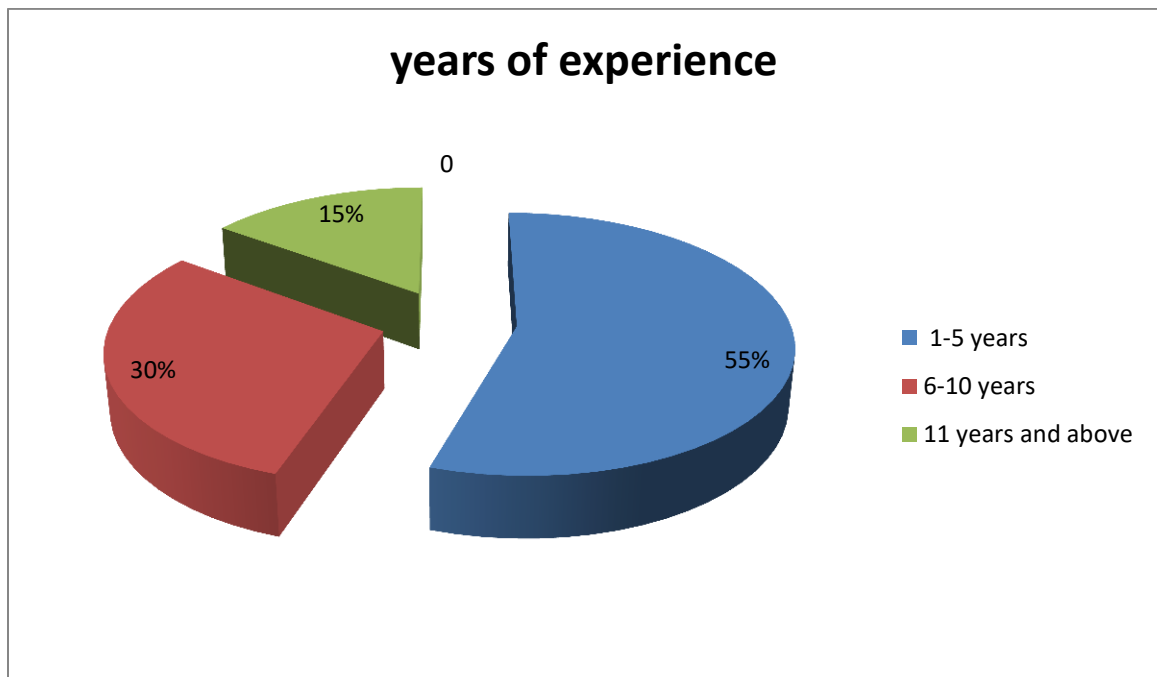
As shown in the table above an overall of 73% interviews were conducted with the procurement, office orderly, management and operations departments having a 100% response rate. The remaining target departments had a 50% response rate as some of the employees targeted for the interviews were not available due to the nature of the organisation's operations.

4.3 DATA PRESENTATION AND ANALYSIS

4.3.1 Presentation and analysis of questionnaire responses

To begin with the researcher enquired on the number of years that the respondents have served in the organisation so as to evaluate the respondent's knowledge on the Coaching for Performance tool as this system was first implemented in 2010. The respondents expected for this research needed to have at least one year of experience. The level of experience of the respondents is shown in the pie chart below.

Fig 4.0



Source: primary data

As shown above within the 27 respondents 15 of them have between 1 to 5 years of serving the organisation. Those that have served the organisation for more than a year were the best research target as they had better knowledge on the Coaching for Performance system as a tool for bonus allocation in the organisation. 8 of the respondents had 6 to 10 years of experience and these employees were also on target as they could give detail on the differences between the different tools for bonus allocation used and compare these tools to point out the best of the bonus allocation tools. 4 out of the 27 respondents have 11 and more years of experience. The contributions of this target group were valued as these employees have worked under all the different bonus allocation systems in the organisation and can clearly point out the most fair and accurate system.

The researcher also enquired on the performance measurement basis of each employee, to know if it is based on individual, team or organisation effort. The results received showed that each employee performance measurement was based on individual effort in the organisation.

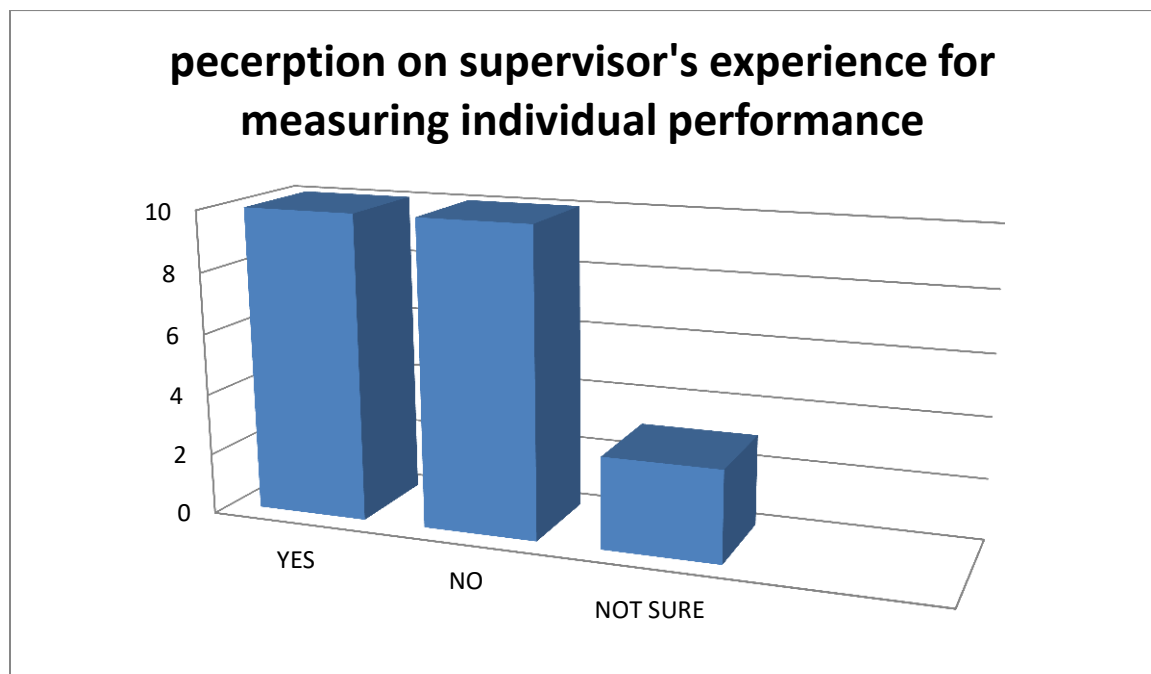
The remaining questions in the questionnaire will be analysed in a way that will address the research objectives of this research as listed in chapter 1. The research objectives as outlined in chapter 1 are listed as follows:

6. To evaluate the criteria used by management in measuring staff performance.
7. Examine the practicability of accurately measuring individual performance.
8. Examine the reasonableness of allocating bonus payment according to individual performance.
9. Identify problems associated with linking bonus allocation to individual performance.
10. Identify better strategies of allocating bonuses in an organisation.

Therefore the data analysis will be broken down according to the above mentioned objectives.

To understand who is responsible for measuring staff performance and if those responsible for measuring it have the suitable experience to perform this task the researcher asked each respondent who was responsible for measuring their performance. According to the responses given all respondents confirmed that the immediate supervisor of each employee has the responsibility of measuring the employee's performance. In addition the researcher asked the respondents if they thought that these immediate supervisors have the right experience for measuring staff performance. The responses are shown in the bar graph below.

Fig 4.1

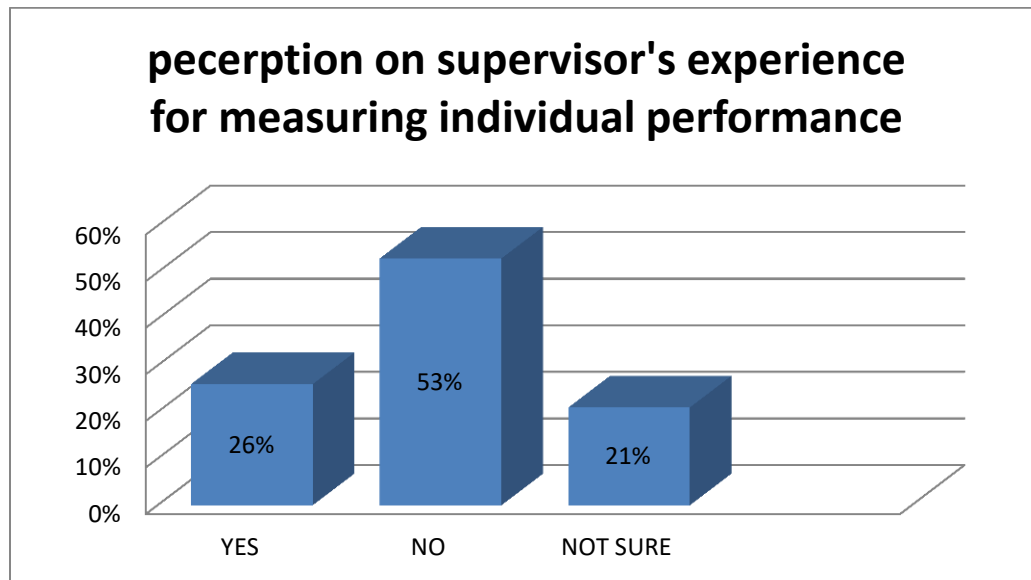


Source: Primary data

A supervisor's experience for measuring a subordinate's experience is of paramount importance as this determines the accuracy and fairness of the results of the appraisal. According to the graph shown above the 10 of the respondents were of the opinion that their immediate supervisors have the right experience for measuring performance. However, of these 10 respondents, 5 are responsible for measuring another employee's performance therefore; their opinion on this question was subject to bias. To rectify this

issue the researcher excluded respondents responsible for appraising another employee from the respondents of this question and came up with a different graph shown below.

Fig 4.2



Source: primary data

The graph shows that out of the population of 19, 5(26%) respondents are of the perception that their immediate supervisors have the right experience to measure individual performance and 10(53%) respondents think that the supervisors have no adequate knowledge and experience for measuring individual performance. 4 of the total respondents were not sure or aware of their take on the question.

As highlighted in the literature review (chapter 2) that appraising performance is a difficult and an essential supervisory skill as according to Dessler (2011), the immediate supervisors therefore have to have the adequate supervisory skill which may be attained through training and access to advice on the performance system as mentioned in the literature review. Therefore, to back-up the question on supervisors having the right experience for individual performance the researcher enquired on the number of

workshops offered by the organisation since 2010 for those responsible for measuring one's performance. The results of this enquiry are shown below.

Table 4.2: Number of workshops attended by respondents

	No. of workshops attended	Job title
Respondent 1	5	Program manager
Respondent 2	2	Program finance officer
Respondent 3	0	Program finance officer
Respondent 4	0	Finance officer
Respondent 5	5	Finance manager
Respondent 6	0	Health officer

Source: primary data

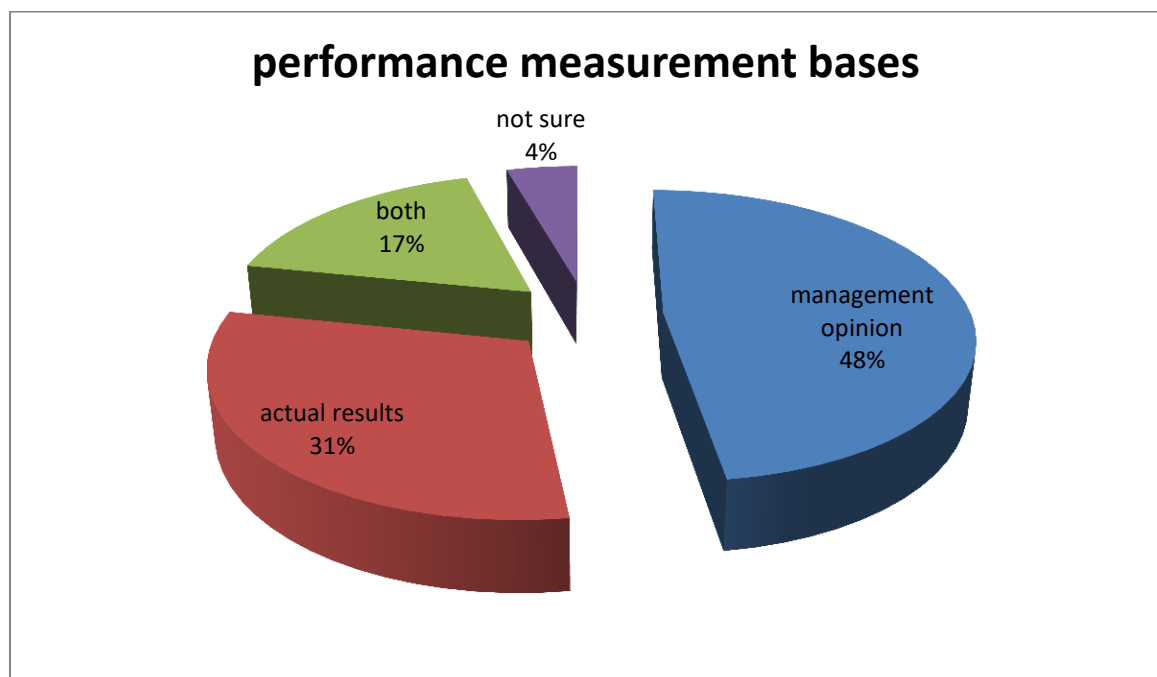
With reference to the shown above information it clearly shows that the supervisors in the organisation do not have adequate training for measuring performance. Of the total of 6 respondents, 2 were managers and the managers have had 5 workshops since 2010 meaning that they attended trainings that were not attended by the other 4 respondents who happen to be officers. Of the total of 6 respondents the 3 of the organisation's officers have attended none of the workshops required for them to have the adequate supervisory skill. This shows that 50% of the target population is subject to bias as it was highlighted earlier in chapter 2 that, 'It is important that all those undertaking appraisals should have been trained and that they have access to advice on the performance system and on the avoidance of bias' (Cited on www.equalityhumanrights.com). Lack of training for the organisation's supervisors leads to bias and bonuses cannot be allocated in using a tool that lacks accuracy.

The enquiry on the number of supervision workshops showed that half of the target population had not attended any of these trainings. This finding also highlighted on the fact that it is not practical to measure one's individual performance accurately if no knowledgeable information has been shared on how to do perform the task. One has to attain the adequate supervisory skill for individual performance to be measured accurately hence no adequate training, no accurately measured individual performance. If

there is no accurately measured individual performance then there is no accurate and fair allocation of bonuses in this organisation.

Furthermore, the researcher asked the respondents whether their performance measurement was tied on actual results or dependant on management opinion. This question was asked so as to address the reasonableness of allocating bonus payment according to individual performance. The findings of this question are shown in the chart below.

Fig 4.3



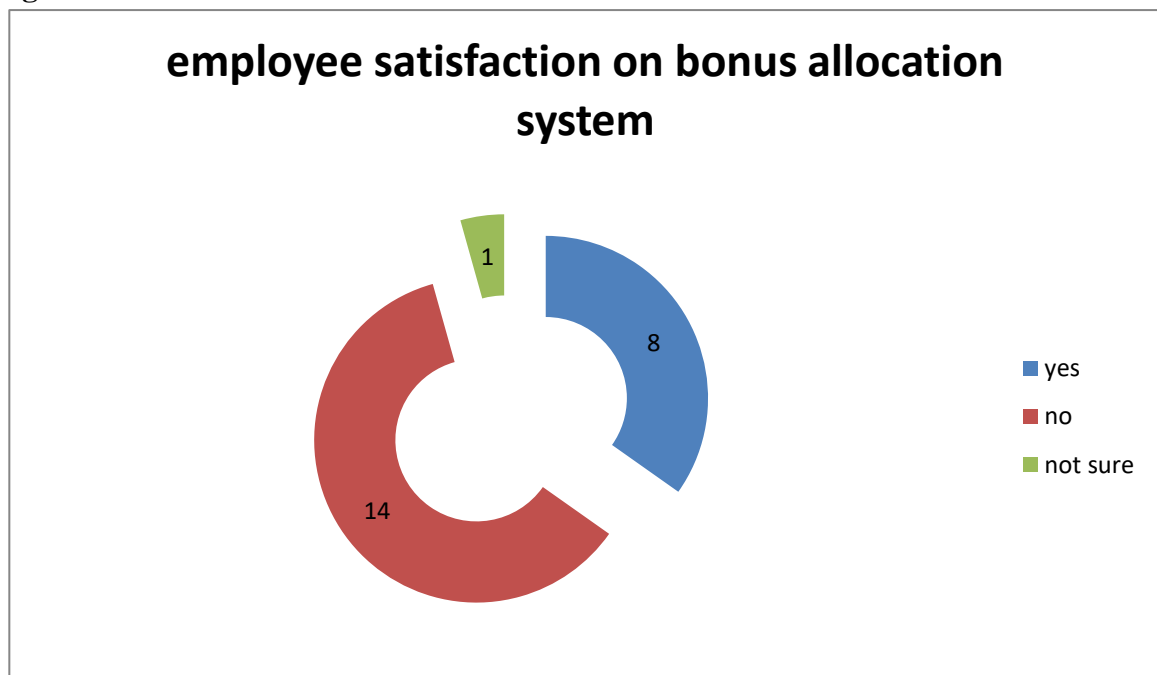
Source: primary data

According to table 2.2 in Chapter 2 an incentive-based bonus should be based on actual results or performance. As shown in the fig 4.4, 48% of the organisation's employee performance measurement is based on management opinion, 30% on actual results, 17% is based on both actual results and management opinion and 5% were not sure of their performance measurement bases. With a total of 65% (48% plus 17%) employee performance measurement based on management opinion it concludes that it is not reasonable to allocate bonuses according to individual performance. As highlighted in the

literature review, ‘rewards must be equitable (something is equitable when people perceive it to be fair and just’ Cassidy and Kreitner (2010). When employee differences in performance cannot be accurately measured employees are likely to be rewarded for stunts that do not really affect their performance or contribution but show more devotion to their job.

In addition, if a bonus allocation system is equitable then a large number of the employees in the organisation should be happy with this system. Henceforth an enquiry was made to see if the employees in the organisation are happy with the bonus allocation system. The results are shown in fig 4.5 below.

Fig 4.4



Source: primary data

As shown in the diagram, out of the study population of 23 employees only 8 employees (35%) are happy with the bonus allocation system and 14 employees (61%) are not happy with the bonus allocation system. Some of the unhappy employees had the following reasons as a base of their view of the bonus allocation system:

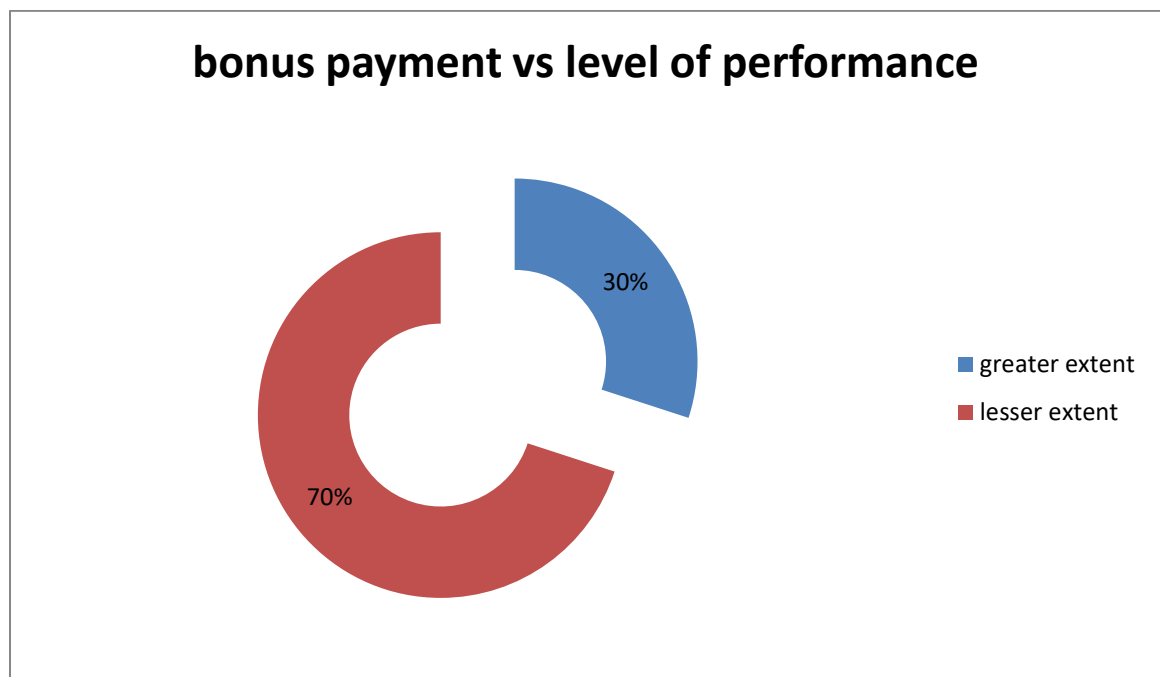
- It is based on a range of percentage, the highest gets a range of 4.5%-5%, the question is who determines who gets what.

- The system is not fair.
- Bonus should be based on salary and performance should also come separately
- It is based on a range of percentages whose criteria is highly subjective
- It can create conflicts between employees and can be based on individual interest
- The system depends on supervisor's perception on your work

The reasons mentioned above are a confirmation of the inappropriate tool being used for bonus allocation in the organisation.

If a bonus allocation system is accurate then it should accurately reflect the employee's level of performance. The researcher asked the respondents if their bonus payment for 2013 reflected their level of performance for the year and the results are presented in a chart below.

Fig 4.5



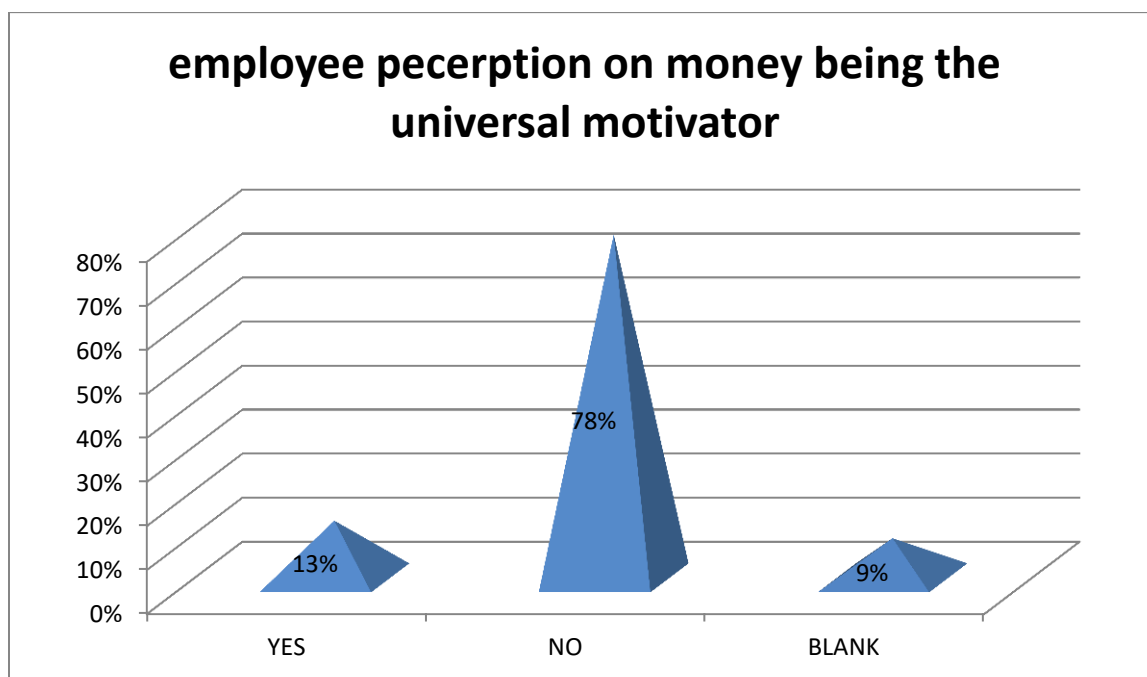
Source: primary data

The chart shows that 70% of the study population was of the opinion that their bonus payment for 2013 reflected their level of performance to a lesser extent. 30% were of the opinion that the bonus payment reflected their level of performance to a greater extent. This finding confirms that the bonus system being used in the organisation is failing to

accurately allocate the bonuses to the employees. As according to Grobblers et al (2006) merit pay systems rest heavily on three assumptions which are the fact that employee differences in performance can be accurately measured, employees can effectively perceive pay differences as relating to performance differences and individuals will improve their future performance to gain more merit increases. Therefore, if 70% of the employees do not perceive pay differences as relating to performance differences then the whole essence of the performance related bonus is lost.

However, the findings of the research also showed that performance can be linked with to other motivators in the organisation other than money. The researcher asked the respondents if money was the universal motivator and the findings are shown below.

Fig 4.6



Source: primary data

The findings of the question showed that from the study population 78% do not perceive money as a universal motivator. 13% of the population think that money is the universal motivator and 9% left the question blank. The 78% gave other motivators like:

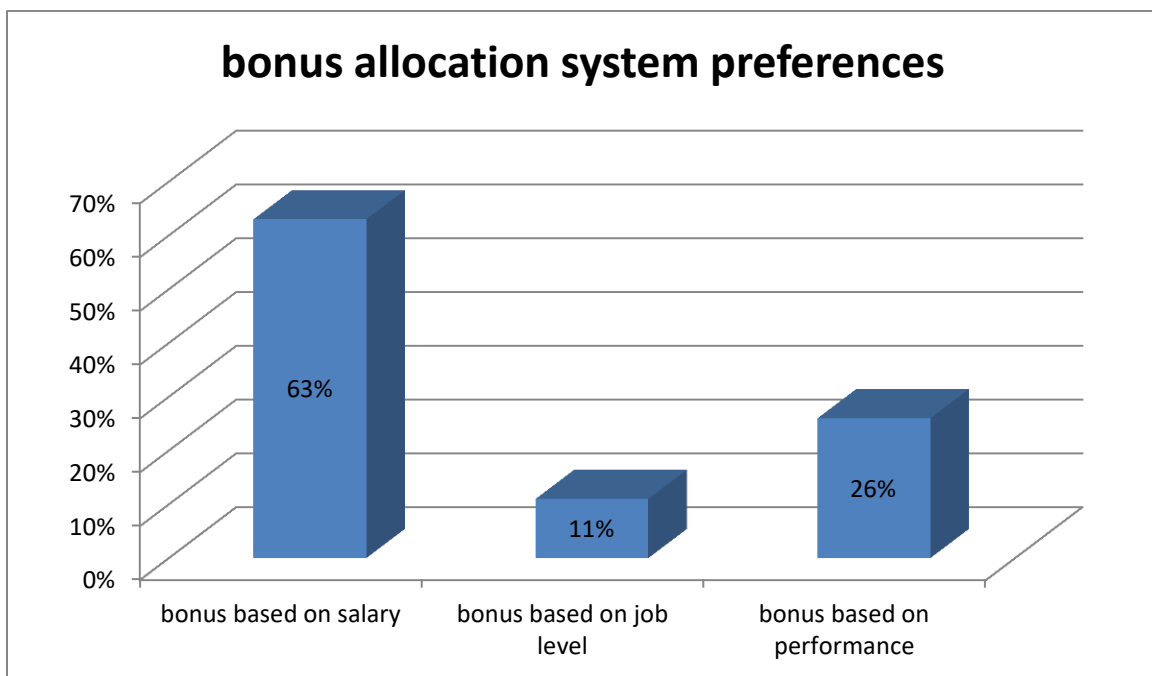
- Capacity building

- Recognition and appreciation
- Job satisfaction and a sense of belonging
- Job security
- Good working conditions
- Loans (i.e. educational, housing loans)
- Fuel allowances

This shows that an organisation can successfully link performance to any other employee motivator other than money.

Lastly, the respondents were asked to indicate their most preferred bonus allocation system from the list that was given and the preferences are shown in the bar graph below.

Fig 4.7



Source: primary data

The results of the research showed that 63% of the employees prefer a bonus based on their salary compared to basing it on job levels or performance.

4.3.2 Analysis of interview responses

The interview responses will be analysed according to the interview guide questions.

What do you understand by Coaching for Performance?

The CFP system was described as a system that mentors subordinates so as to achieve results and develop their career. It aims to attain intended results and professional development.

Can performance be accurately measured for all job descriptions in the organisation?

4 of the respondents were of the opinion that it can be accurately measured when there are expected targets. When a set of goals are set for each employee then performance can be measured against those goals. They were also of the opinion that the roundtables that include the supervisors, at-least two different managers and representatives of the human resources department are done to do away with any form of bias and victimisation. The score given as individual performance is thoroughly investigated. Furthermore, the 4 respondents argued that consistency of feedback from the supervisor, subordinates and stakeholder feedback is checked to avoid bias. However, the other 6 respondents argued that it is a challenge to accurately measure performance in an organisation like World Vision as the nature of business does not bring out actual measurable results. Bias and subjectivity can only be reduced but not wiped out completely.

In your own point of view do employees have a positive response to the Coaching for performance system as a bonus allocation tool?

Not all employees have a positive response to the system as some perceive the system as unfair and greatly subject to bias. In addition some resist the system as there are naturally non-performers. Those that have responded positively to the system have the system working in their favour in terms of their individual bonus allocation regardless of their performance.

Does the CFP system provide accurate ways of measuring individual performance?

More than half of the respondents were of the opinion that it does not provide accurate ways of measuring individual performance.

If not is it practical to link bonus allocation to employee performance levels?

Most of the respondents were of the opinion that it is not practical to link bonus allocation to employee performance levels if the base of performance measurement is not accurate and fair.

In your own understanding what is the best way of allocating bonuses in an organisation?

Some of the respondents were of the opinion that it is the best way for progressive organisations that have goals to be achieved. The performance bonus allocation system was said to be the best as it motivates employees to excel. However, the other respondents were of the opinion that the bonus based on salaries was the best as it is accurate and does not cause any conflicts among employees.

Can a bonus allocation system be fair and accurate?

Bonus allocation systems can be fair and accurate in a production environment and when the performance measurement scale used is the same for every individual employee.

4.4 CHAPTER SUMMARY

This chapter presented and analysed the findings of the researcher. The chapter addressed the research questions provided in chapter 1. An investigation on the accuracy and fairness of the bonus allocation system in the organisation and the respondents views were highlighted in the chapter. The main problems of linking individual performance and bonus allocation were highlighted in the chapter as employee conflicts, bias and victimisation. The preceding chapter will address the conclusion of this research and list recommendations basing on the literature review and findings of the research. The overall conclusion of this research study will also be included in this chapter.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

After having analysed and presented results on the investigation on Coaching for Performance as a tool for bonus allocation in an organisation the research shall be concluded by looking at four issues in this chapter. The chapter will summarize all information contained in chapters one to four. In addition to the summary, conclusions to this research will be drawn basing on the set objectives and the results presented in the previous chapter. Recommendations relevant to the organisation under study shall be provided basing on the results of the research objectives. The chapter will conclude by pointing out areas not covered by this study for the benefit of future researchers.

5.2 SUMMARY OF THE STUDY

This research was based on an investigation on the use of Coaching for Performance as a tool for employee bonus allocation in an organisation. World Vision Zimbabwe was used as the case study of the investigation. The problem statement in chapter one highlighted the thrust of the problem which centred on the over expenditures experienced by the organisation in the bonus payments area. The over expenditure problem resultantly led to the investigation on the system being used for the allocation of bonuses in the organisation. The research questions, limitations and the significance of study were also presented in the beginning of this research.

The literature review developed an informative discussion on the different performance measurement tools as presented by other authors. Literature available at WV Zimbabwe was also used to enhance an understanding on the CFP system as used at WV. The different performance measurement techniques provided by different authors were reviewed in the study and the challenges of each technique was pointed out. The different bonus allocation systems namely, bonus based on salary, bonus based on job level, bonus based on performance were compared in the literature review. Linking performance to

bonus allocations was discussed in the chapter and it was noted that when employee differences in performance cannot be accurately measured employees are likely to be rewarded for stunts that do not really affect their performance or contribution but show more devotion to their job.

A case study research was used to obtain information on this research study. Questionnaires and interviews were used as the research tools and their advantages and disadvantages to the researcher were mentioned in the research methodology chapter. Questionnaires and interviews were administered at WV Zimbabwe and a response rate of 77% was obtained. From the questions asked most employees were of the perception that the supervisors have no adequate knowledge and experience for measuring individual performance and this was evidenced by the few number of workshops done by non-managerial supervisors. The research also showed that 48% of the employee performance measurement is based on management opinion. The results of the research also showed that 70% of the employees felt that their bonus payment for 2013 did not reflect their level of performance in the organisation. Findings also presented that more than half of the employees prefer having their bonus payments basing on their salaries rather than performance.

5.3 CONCLUSIONS

Basing on the results presented in the previous chapter the following conclusions can be drawn:

- WV Zimbabwe supervisors are not highly skilled to measure performance as no adequate training to obtain the required knowledge has been done. Therefore, basing on this fact the supervisors are familiar with the appraisal techniques nor do they know how to conduct appraisals fairly.
- Performance measurement based on managerial opinion is highly subject to bias therefore the accuracy of the bonus allocations is compromised leading to either higher or lower than expected bonuses being issued to employees. Measures can be put in place to minimize bias in the appraisal proceedings but cannot completely erase the impact of bias and subjectivity. Therefore, when

performance measurement is based on managerial opinion a monetary value cannot be put on the outcome as this amount cannot be accurately linked back to the performance of the individual employee, that is, rewards must be equitable.

- With such a scenario the bonus payments will not be in the best interests of the shareholders, that is, not increasing shareholder's equity but serving the best interests of an individual. In a nutshell the organisation is suffering from the misuse of the organisation's assets.

5.4 RECOMMENDATIONS

- As cited on www.equalityhumanrights.com (visited 12 March 2014) it is in the best interest of WV Zimbabwe that the organisation facilitates more supervising trainings or workshops so as to equip the necessary staff with the adequate knowledge for appraising their subordinates.
- According to Dessler (2011) direct appraisal by the supervisor is subject to bias and halo effect therefore rating committees must be used.
- The organisation should use goal oriented performance measurement suggested in chapter 2 according to Horngren et al (2004) where the same goal is set for every other employee in the same line of office, for instance, managers should have the same goal of meeting the set budget of their department. Such a performance measurement technique has a way of coinciding individual and group's goals with the goals and objectives of the organisation so that individuals and groups acting in their own self-interest are also acting in accordance with the higher organisational goals (ibid). In this case performance measurement will not be based on management opinion but on a set goal, its either it has been achieved or not.
- WV Zimbabwe can also be recommended to explore the other options of bonus allocations suggested by the cite www.worldatwork.org which is basing it on the employee salaries as it is less strenuous and more accurate. Performance measurement can therefore be linked to other motivating factors like job security.

5.5 SUGGESTIONS FOR FURTHER STUDY

The study sought to analyse the challenges faced when using Coaching for Performance as a tool for bonus allocation in an organisation. However, the study did not analyse the use of the Balance Score card in the organisation. Further research can be done to analyse the use of the Balance Score Card and if it can be used to measure performance accurately, hence linking performance measurement to bonus allocation.

5.6 CHAPTER SUMMARY

This chapter marked the end of the study. It summarized all chapters in the research study and pointed out the conclusions drawn from the study. Recommendations to the organisation were also given in this chapter future researchers were given further research suggestions.

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APPENDIX 1: INTRODUCTORY LETTER



Midlands State University
Department of Accounting
Private bag 9055
Gweru

Date...../...../2014

To Whom It May Concern

REF: REQUEST TO SOLICIT INFORMATION FOR RESEARCH PURPOSES

This letter serves to request permission to gather information on a dissertation topic, ‘an evaluation on the use of Coaching for Performance as a tool for bonus allocation in an organization’ as a partial fulfilment of the requirements and completion of my Bachelor of Commerce Honours Degree in Accounting. My name is Bridget Musariyarwa and I am a final year student at Midlands State University.

Please may you therefore kindly complete the attached questionnaire for the purpose of this study. The information you will provide will be greatly appreciated and your personal views will be treated with utmost confidentiality and will be used for this study only.

Your co-operation will be profoundly appreciated.

Yours faithfully

.....

Bridget Musariyarwa

Student registration # R104133C

APPENDIX 2: QUESTIONNAIRE



P.Bag 9055
Gweru

Phone: (054) 260450
Website: www.msu.ac.zw

QUESTIONNAIRE FOR WORLD VISION ZIMBABWE

My name is Bridget Musariyarwa studying towards a Bachelor of Commerce Accounting Honours Degree at Midlands State University. The topic under study is ‘**An investigation on the use of Coaching for Performance (CFP) as a tool for employee bonus allocation in an organisation**’. May you therefore, assist me by completing the questionnaire.

NB. All responses will be treated with utmost confidentiality

Instructions

No identification is required on the questionnaire

Please kindly fill or tick the following questions.

- 1. State your department

.....

- 2. State your job title

.....

- 3. How long have you served in the organisation?

.....

- 4. Is performance measurement based on individual effort, team effort or organisational effort?

Team effort	
Organisation effort	
Individual effort	

- 5. As an employee do you understand how Coaching for Performance works?

YES

NO

6. Do you understand how Coaching for Performance is linked to bonus allocation?

YES

NO

7. Who is responsible for appraising your individual performance?

.....

8. Are supervisors in this organisation with the right experience for measuring staff performance?

YES

NO

NOT SURE

9. Are you responsible for appraising anyone's individual performance?

YES

NO

If yes then how many performance measurement or supervision workshops have you attended from 2010 up to date?

.....

10. The following questions are related to your job performance measurement.

	YES	NO	NOT SURE
Is your performance measurement tied on actual results?			
Is your performance measurement dependant on management opinion?			

11. Are you happy with the bonus allocation system in this organisation?

YES

NO

If not please explain why

.....
.....
.....
.....

12. Do you perceive money to be the universal employee motivator?

YES

NO

If not what other motivators do you have in mind?

.....
.....
.....

13. Has the performance based bonus system encouraged you to contribute more to the organisation as an employee?

YES NO

14. To what level does your bonus payment for 2013 reflect your level of performance for the year?

Greater extent

Lesser extent

15. Do you think the bonus allocation system used is fair and accurate?

YES NO

If not please explain why

.....
.....
.....
.....

16. Tick the most preferred bonus allocation system

Bonus based on salary	
Bonus based on job level	
Bonus based on performance	

Thank you for your co-operation

APPENDIX 3: INTERVIEW GUIDE

INTERVIEW GUIDE

1. What do you understand by Coaching for Performance?
2. Can performance be accurately measured for all job descriptions in the organisation?
3. In your own point of view do employees have a positive response to the Coaching for Performance system as a bonus allocation tool?
4. Does the Coaching for Performance system provide accurate ways of measuring individual performance?
5. If not is it practical to link bonus allocation to employee performance levels?
6. In your own understanding what is the best way of allocating bonuses in an organisation?
7. Can a bonus allocation system be fair and accurate?